



# consumer news and comment

AUGUST 1972

CONSUMER FEDERATION OF AMERICA

WASHINGTON DC

## Dems' Platform OKs Consumer Agency, National Health Insurance

CFA asked the Democratic platform committee to give "firm commitment for more effective consumer protection legislation, adequate funding of federal programs, and vigorous government regulation and enforcement." A similar appeal will be made to the Republican platform committee when it meets in Miami August 14-16.

Democrats meeting in Miami in July committed the party on several consumer fronts.

Rights of Consumers. Consumers need to be assured of a renewed commitment to basic rights and freedoms. They must have the mechanisms available to allow self-protection against the abuses that the Kennedy and Johnson programs were designed to eliminate. We propose a new consumer program:

The executive branch must use its power to expand consumer information and protection:

- Ensure that every policy-making level of government concerned with economic or procurement decisions should have a consumer input either through a consumer advisory committee or through consumer members on policy advisory committees;
- Support the development of an independent consumer agency providing a focal point on consumer matters with the right to intervene on behalf of the consumer before all agencies and regulatory bodies;
- Expand all economic policy-making mechanisms to include an assessment of social as well as economic indicators of human well-being.

## CFA Opposes Taxpayer Payoff to Industry

CFA urged defeat of the cyclamate indemnification bill in a letter to all Congressmen, July 21.

"Consumers suffered risks to their health for many years because food manufacturers added cyclamate before they had adequately tested its long-range effect," CFA said.

"The cyclamate industry should not be rewarded for adding a substance with these serious risks to our food. If they are reimbursed with taxpayers' money, Congress will be rewarding incompetent business decisions and disregard for consumers' health."

USDA has the authority to aid small farmers, as they did in the cranberry case in 1959, CFA pointed out. "Paying the cyclamate industry will establish a precedent for government obligation to pay all manufacturers when the government restricts products because they are dangerous."

If you want good consumer laws, tell your lawmakers now.

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## CONSUMERS JOIN FTC In OCTANE APPEAL

National Petroleum Refiners Assn and 34 big oil refiners challenging Federal Trade Commission's rulemaking authority oppose the intervention of consumers in FTC's appeal.

CFA, Consumers Union, and the Environmental Defense Fund asked to intervene on behalf of FTC in the case now before the US Court of Appeals. NPRA and the oil refiners objected. The Government has not objected to the intervention.

At stake is FTC's right to promulgate trade regulation rules. The agency relies on development of trade regulation rules, rather than trying to fight unfair and deceptive practices case by case. These rules spell out precise practices that FTC says violate the law. Companies thus know what FTC considers legal and illegal. If a company ignores the trade rule, FTC orders it to cease and desist without having to prove the practice illegal.

FTC adopted a rule requiring posting of specific octane ratings on gasoline pumps. Octane posting, FTC said, is necessary to protect consumers from having to pay extra money for a higher octane product than their cars need. The agency also pointed out that some gasolines marketed as "regular" are below standard for that fuel grade.

Before the ruling could go into effect, the companies sued and US Dist. Court Judge Aubrey Robinson decided FTC did not have authority to promulgate trade regulations for entire industries.

Without the power to issue and enforce trade rules, FTC can act against violators only on a case by case basis. FTC Chairman Miles Kirkpatrick calls the decision "a severe blow" to the agency's efforts to protect consumers and foster fair competition. He says resolution of the matter in the courts can take a long time.

Consumers believe the House Interstate & Foreign Commerce committee has a swifter solution, if it will send HR 4809 to the House floor before recessing for the

## CFA URGES MANDATORY NUTRITION LABELS

While supporting Food & Drug Administration's nutrition labeling proposal, CFA's food & marketing committee urged labels be mandatory -- not voluntary.

"CFA believes any trial period authorized by FDA should have a specific cut-off date and, following re-evaluation, the finalized regulations should be mandatory."

Other recommendations of the 4-member committee chaired by Mary Gullberg, Consumers Cooperative of Berkeley home economist, included:

- building into the regulations a means of periodically re-evaluating both the information presented and the form in which it is presented;
- developing a serving size for each food category;
- requiring protein to be listed by both weight and percentage;
- requiring all ingredients to be listed by percentages, including foods with standards of identity;
- requiring all identified nutrients to be listed by percentages, including 0% for those not present;
- urging FDA and the Office of Education to initiate a series of projects to develop and test the most effective consumer education programs to help consumers understand and use nutrition labeling.

Republican convention. This bill -- Consumer Product Warranties and Federal Trade Commission Improvements Act -- confirms FTC's rulemaking authority. A similar bill passed the Senate last November.

Under the bill, which Rep. John Moss (D Calif) terms "the most significant revision in FTC authority since the 1914 act creating it," FTC could seek preliminary injunctions and temporary restraining orders to prevent unfair or deceptive acts. Its legal jurisdiction would be activity "affecting commerce" rather than the present limited "in commerce." The bill specifically authorizes FTC to issue rules defining acts or practices that are deceptive or unfair to consumers.

## ASKS FCC to LIFT PRESSURE on NEWS

CFA asked the Federal Communications Commission for a ruling "immunizing newsmen from retaliatory dismissals based on stories critical of station sponsors and other commercial interests."

The formal request, filed July 18, stemmed from a complaint of James Lange who was fired by WQWK(FM) in State College, Pa., Nov. 6, 1971, after broadcasting a story noting that many State College stores were not complying with government price control regulations. The dismissal followed cancellation of \$48 worth of advertising by a merchant named in Lange's report.

Lange filed a complaint with FCC and CFA supported this complaint. Lange and the station reached an agreement April 4, 1972, and he was rehired.

Initially, CFA told FCC its primary concern about the media and the consumer "is safeguarding the legitimate right of listeners, viewers or readers to be freely informed. We reject any form of censorship. We share equal concern for any journalist forced to compromise his professionalism." We believe that "economic intimidation of the news process is no less pernicious than political intimidation."

Although Lange has withdrawn his complaint, CFA "believes that the requested declaratory ruling is vital to the freedom and integrity of the news dissemination process, and that such a ruling would protect the right of broadcast audiences to receive accurate and truthful news coverage. Moreover, we believe a strongly-worded Commission statement affirming the rights of newsmen to report the news, without fear of economic reprisals, would go a long way toward deterring stations from engaging in such conduct in the future."

Anti-consumer lobbyists, spending in six figures, we're told, are in every corridor and office on Capitol Hill opposing consumer bills. Your support is needed.

## TEXAS CONSUMERS FIGHT RATE BOOST

Texas Consumer Assn. is on the warpath against rate increases. It's taking complaints to the Price Commission, Internal Revenue Service, and Congress.

So far it's succeeded in getting a telephone rate increase rolled back and is now trying to stop a 78.3% premium rate increase on hospitalization insurance.

Following the TCA complaint, IRS investigated for the Price Commission and found procedural violations in the Continental Telephone Co.'s rate increase affecting rural areas and more than 100 exchanges. Rates soared 45.8% in some areas and 85.9% in the town of Ballinger.

Texas is the only state that does not regulate its utilities. It depends on local regulation. TCA is seeking to strike down the state utility laws and get state regulation.

TCA President Leon Sanders recently told the Joint Economic Committee that it should investigate business accounting procedures. "We must not blindly assume that bookkeeping figures given to seek higher price or higher rates or lower taxes are accurate," he said. "Or even that they are the same figures given to stockholders."

## To Push Prepaid Legal Work

The National Consumers Conference on Legal Services agreed to establish a center to provide advice for consumers on legal services July 21-22 in Washington.

The center would also work to improve delivery of quality, low-cost service, act as a clearing house; sponsor research and pilot programs for prepaid plans; and devise ways to minimize costs, train legal workers, and promote preventive law.

CFA President Helen Nelson joined labor, women's, religious, student, cooperative, older citizens, rural and urban leaders in sponsoring the conference.

# McGOVERN HAD CONSUMER

When Sen. George McGovern entered the 1968 Presidential race, CFA asked for a statement of his views on consumer issues. Excerpts from this statement follow:

**I propose that we give the American consumer a voice in our economic system through a major five-point program of consumer assistance highlighted by the creation of a cabinet-level Department of Consumer Affairs.**

To this end, I submit the following "New Bill of Rights for the American Consumer" and pledge to work for its implementation:

**1. The right to help from his government, and a voice in its councils.** We must create a new cabinet-level Department of Consumer Affairs responsible for the interests of the consumer. Thirty-three government agencies now administer a patchwork of laws which were originally intended to protect certain areas of consumer interests. Unfortunately, each of these agencies has developed a major commitment, not to the American consumer, but to other groups and economic interests, all to the disadvantage of the consumer.

The new Department of Consumer Affairs will hold the consumer's interest first. It will be responsible for the recommendation and development of programs and policies to benefit and assist the consumer. As a member of the President's cabinet, the Secretary of Consumer Affairs will be able to represent the American consumer at the highest level of government.

In addition, I urge immediate enactment of legislation now pending in the Congress to provide matching funds as an incentive to state and local governments to establish their own consumer advocates. This would include attorneys and financial experts beholden only to the consumer to represent his interests before regulatory boards and commissions, where far too often the public has not been represented. Passage of such legislation would stimulate and improve the regulatory commissions of this nation.

We should also, through all of our government agencies, increase support for programs of consumer education.

**2. The right to expect fair value for his purchases of goods and services.** The food buyer in today's supermarket has a right to expect wholesome food at a reasonable price, without cranking in excessive profits to processors or distributors through whatever subterfuge. The price multiplication which occurs between the farmer and the consumer must be fully and accurately reported to the consumer. I have in the past suggested that the farm value of food products be indicated to consumers on the retail packages, i.e., bread, farm value 3¢, retail price 22¢. Stronger enforcement of packaging and labelling standards is essential, so that the maze of confusing sizes, shapes and brands is minimized.

The government must assure adequate state or federal enforcement of food inspection laws to insure that any food the consumer buys, whether in a store or in a restaurant, is wholly safe and nourishing. As one of the authors of meat and poultry inspection laws, I pledge my continued support of reasonable legislation to guarantee the wholesomeness and safety of all food purchased by consumers.

The consumer must have assurance that whenever he calls a repairman to work on his material, that work will be performed honestly and accurately and that the price will be fair to both parties.

The consumer has the right to expect that when he purchases a used car, its speedometer accurately represents the true mileage. When he buys toys for his children, he has the right to expect that they will not break under normal conditions. When he buys an appliance, he has the right to expect that a warranty means that the seller stands behind it and that the product will perform to its advertised specifications.

The consumer has the right to expect that games, lotteries and promotional schemes are fair. The consumer believes "someone" is looking out for him and that the oil company

# BILL OF RIGHTS IN 1968

and grocery store games are honest. Unfortunately, nobody is looking out for him; we must create that somebody.

The American housewife must be adequately protected against high pressure door-to-door sales agents, who frequently offer goods of lower quality than retail merchants at a higher cost.

The consumer deserves protection against unsolicited credit cards mailed to him, and from unsolicited merchandise for which he is later billed.

**3. The right to good health and adequate medical care without regard to his income.** Legislation is needed to reduce the high cost of prescription drugs, one of the significant items which has pushed the cost of medical care higher than any other service essential to life in America. A Senate committee recently found that a drug manufacturer was quite able to cut its price on an arthritis drug from \$169.98 for 1,000 pills to only \$34.50. Prescribing drugs by generic name, which could be made possible by requiring generic names on all drug labels, could save the consumer as much as 50 percent on some of his medical costs.

The consumer needs to know why, from an impartial source, the cost of hospital and doctor's care has risen so astronomically. The government must also take the lead in correcting the imbalance which finds the ratio of doctors to patients sharply lower in rural states and poverty areas than in suburban and wealthy areas. We need an incentive program to stimulate relocation of our medical services to where the people are.

**4. The right to derive benefits from the public's natural resources.** Several trillion barrels of oil can be extracted from shale on public lands in the western United States at a cost which would, some experts believe, sharply reduce the cost of gas and oil for the American motorist and the cost of some petroleum products. The government should quickly expand

research into extracting this oil and insure that the benefits derive to all the people, who are its natural owners.

The government has invested more than two billion dollars in atomic research. Legislation must be passed to insure that all electric consumers reap the benefits of atomic power. Action is also needed to insure the reliability of electric service to all consumers.

We need a new commitment to develop our major rivers and water resources for the benefit of all the people through public power generation, recreation, irrigation, household and industrial water supply, and other multiple purposes.

**5. The right to safety.** Stringent enforcement of recently passed automotive safety legislation is needed without delay. Any nation that can build vehicles to take men into outer space and bring them back safely can build automobiles that will not contribute to upwards of 40,000 deaths and hundreds of thousands of maimings and injuries every year.

We must pass radiation safety legislation now. Walter Reed Army Hospital recently found radiation emissions above acceptable safety maximums in 34 of 40 electronic ovens of a type which housewives can buy on the market. Independent laboratories have reached similar conclusions regarding color television sets.

The consumer must have the right to expect that cosmetics are safe when he buys them, that toys and other products are not flammable or prone to breakage which would cause injury, and that medical devices and prescription drugs are adequately tested and safe.

The time has come to give the American consumer some of the protection he deserves. Let us not forget that last year he spent more than \$313 billion on retail purchases, or about 40 percent of the Gross National Product. No longer can the consumer remain the forgotten man in America's miraculous economy. We must put him first."

## Consumer platform from Page 1

We support legislation which will expand the ability of consumers to defend themselves:

- Ensure an extensive campaign to get food, drugs and all other consumer products to carry complete informative labeling about safety, quality and cost. Such labeling is the first step in ensuring the economic and physical health of the consumer. In the food area, it should include nutritional unit pricing, full ingredients by percentage, grade, quality and drained weight information. For drugs, it should include safety, quality, price and operation data, either on the label or in an enclosed manual;
- Support a national program to encourage the development of consumer cooperatives, patterned after the rural electric cooperatives in areas where they might help eliminate inflation and restore consumer rights; and
- Support federal initiatives and federal standards to reform automobile insurance and assure coverage as first part, on a no fault basis.

The Courts should become an effective forum to hear well-founded consumer grievances.

- Consumer class action: Consumers should be given access to the federal courts in a way that allows them to initiate group action against fraudulent, deceitful, or misleading or dangerous business practices.
- Small Claims Court: A national program should be undertaken to improve the workings of small claims courts and spread their use so that consumers injured in economically small, though individually significant amounts (e.g. \$500), can bring their complaints to the attention of a court and collect their damages without self-defeating legal fees.

Health Care. We endorse the principle that good health is a right of all Americans. America has a responsibility to offer to every American family the best in health care wherever they need it, regardless of income or where they live or any other factor. To achieve this goal the next Democratic Administration should:

- Establish a system of universal National Health Insurance which covers all Americans with a comprehensive set of benefits including preventive medicine, mental and emotional disorders, and complete protection against catastrophic costs, and in which the rule of free choice for both provider and consumer is protected. The program should be federally-financed and federally-administered. Every American must know he can afford the cost of health care whether given in a hospital or a doctor's office;
- Incorporate in the National Health Insurance System incentives and controls to curb inflation in health care costs and to assure efficient delivery of all services;
- Continue and evaluate Health Maintenance Organizations;
- Set up incentives to bring health service personnel back to inner-cities and rural areas;
- Continue to expand community health centers and availability of early screening diagnosis and treatment;
- Provide federal funds to train added health manpower including doctors, nurses, technicians and para-medical workers;
- Secure greater consumer participation and control over health care institutions;
- Expand federal support for medical research including research in heart disease, hypertension, stroke, cancer, sickle cell anemia, occupational and childhood diseases which threaten millions and in preventive health care;

- Eventual replacement of all federal programs of health care by a comprehensive National Health Insurance System;
- Take legal and other action to curb soaring prices for vital drugs using anti-trust laws as applicable and amending patent laws to end price-raising abuses, and require generic-name labeling of equal-effective drugs.

Energy Resources. The Democratic Party should:

- Promote greater research and development, both by government and by private industry, of unconventional energy sources;
- Reconcile the demand for energy with the demand to protect the environment;
- Redistribute the cost of power among consumers, so that all, especially the poor, may be guaranteed adequate power at reasonable costs;
- Develop a national power grid to improve the reliability and efficiency of our electricity system;
- End the practice of allowing promotional utility advertising as an expense when rates are set;
- Find new techniques to encourage the conservation of energy. We must also require full disclosure of the energy needs of consumer products and home heating to enable consumers to make informed decisions on their use of energy.

Transportation. The Democratic Party pledges:

- To create a single Transportation Trust Fund, to replace the Highway Trust Fund, with such additional funds as necessary to meet our transportation crisis substantially from federal resources. This fund will allocate monies for capital projects on a regional basis, permitting each region to determine its own needs under guidelines that will ensure a balanced transportation system and adequate funding of mass transit facilities.

Editors Note: The September CFA News and Comment will include the Republican consumer platform and the consumer positions of their Presidential and Vice Presidential candidates.

## LAWMAKERS REFUTE CHARGES against SHEA

A special bi-partisan Mass. Senate committee named to investigate the firing of Dermot Shea filed a 37-page report supporting him. The veteran executive secretary of the state's Consumer Council was dismissed, the Committee said, because of personality conflicts and not for cause. The report says the committee "found no evidence" to support inferences that Shea was a one-man institution.

"On the contrary, evidence gathered by the Committee underscores the fact that Shea made concerted and continuous efforts to ensure that chairmen and members were informed and amenable to the manner in which he conducted his day-to-day work.

"The Committee finds it necessary to refute most strongly any inference that the executive secretary 'served himself.' This is entirely inconsistent with public opinion, with statements of former chairmen and Council members, and with an overwhelming absence of evidence which would indicate that Shea personally benefitted, financially or otherwise, from his position as executive secretary. Indeed, it is felt that a man who 'served himself' would have had uppermost in his mind the seeking of security, in the form of laxity, compromise, and easy friendship, which would have guarded him against so abrupt a dismissal. The Committee cannot assert strongly enough the repugnance of such an inference, in gross opposition to the highest definition of public service."

The firing came shortly after Governor Sargent named Professor William Willier chairman of Mass. Consumers Council.

Attorney Gladys Kessler told the Federal Trade Commission to "close, not open, loopholes" in the Fair Credit Reporting law. Testifying for CFA at hearings called on interpretations of the law, Kessler said it's a weak law thus the FTC must be forceful in its implementation.

## McG-EAGLETON VOTE RIGHT for CONSUMERS

Democratic nominees for President and Vice President racked up excellent consumer voting records, according to CFA studies made of the 90th, 91st, and 92nd Congresses (1967-1972).

Sen. George McGovern (D SDak), Presidential nominee, voted right 21 times and was absent for 12 of 33 votes counted. Sen. Thomas Eagleton (D Mo), Vice Presidential nominee, voted right 23 times and was absent for one of the 24 votes counted after he entered the Senate Dec. 28, 1968.

Neither cast a wrong vote on consumer issues.

## Legislative update

- \* Product Safety--HR 15003 needs House Rules committee OK before going to House floor. Senate passed S 3419 June 21, setting up an independent product safety agency responsible for foods, drugs, cosmetics and hazardous products. (See votes in July 10 "On the Record.")
- \* Consumer Protection Agency--Senate Government Operations committee still in executive session on S 1177 at press time. Watch "On the Record" quick sheets for developments. House passed bill last October.
- \* Warranties-FTC Authority--HR 4809 bottled up in House Interstate & Foreign Commerce committee; Senate passed bill last winter. (See FTC story, page 2).
- \* No Fault Auto Insurance--S 945 scheduled for vote in Senate August 1. House Commerce subcommittee hopes to act in early August on HR 3968.
- \* Toxic Substances Control--Senate passed S 1478; House Commerce subcommittee now considering HR 4809 which strengthens regulation of toxic chemicals, requires pre-market testing.

# Sandbach Resigns as GM's Cole Gets DOT Award

Walker Sandbach, Consumers Union executive director, performed his last duty on the National Motor Vehicle Safety Council by resigning. After four years of service, he quit in protest of the Council's choice of Edward Cole as its first recipient of an award for outstanding contribution to automotive safety.

Cole is "known in the automotive industry as the 'father of the Corvair,' one of the most dangerous cars produced in recent years," Sandbach told Judson Branch, the Council's chairman and an Allstate Insurance executive. Sandbach said Cole knew of "the roll over potential of the Corvair when he made the decision to remove the car's front roll stabilizer on a safety-be-damned cost basis." Cole contended, Sandbach continued, there was no safety problem associated with the failure of engine mounts that led to the recall of 6.7 million Chevrolets. The choice of the president of General Motors for such an award, said Sandbach, "makes a mockery of the Council's efforts to stimulate the development of safer cars."

The recipient of this award should be "someone who is truly outstanding in the effort to develop safer cars. By no stretch of my imagination could that person be Edward Cole."

Ralph Nader also denounced the award as "outrageous" and said it had been initiated by Trevor Jones, a GM official who is the Council's vice chairman. Nader also criticized the Department of Transportation's investigation of the stability characteristics of the Corvair. DOT's study clearing the Corvair of unsafe charges, declared Nader, is a "whitewash," and "the testing system has numerous defects." He complained in a letter to Senator Magnuson that the tests were "rigged" to benefit GM. He said DOT reached its conclusion despite evidence he presented showing proving ground tests of "Corvair roll overs," a recommendation of "GM's chief litigation lawyer that the cars be recalled," "statistical highway data showing single car Corvair crashes in excess of other small cars," and massive cash settlements GM has paid to Corvair victims.

## Michigan Consumers Fight for Clean Meat Funds

A delegation of Michigan consumers flew to Washington in late July in an effort to convince Congress not to pass a law that would restrict Federal meat inspection funds for states imposing better labeling, marketing, packaging or ingredient standards than the Federal government.

The bill in question provides 80% federal money for state meat inspection programs. The present law provides only 50%. An amendment would cut off all federal funds for states imposing standards different from the federal standards. Michigan consumers want to keep high standards and federal funding.



**consumer federation of america**

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