CONSUMER FEDERATION of AMERICA

CFA

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In This Issue . . .

Urgent!

After barely one year in existence, the National Consumer Cooperative Bank is threatened with extinction. President Reagan has called for termination of the Bank as part of his economic recovery program which he unveiled on February 18th. In a directive from the Office of Mangement and Budget, the bank has been informed that nearly $90 million of it's funding has "been withheld pending recision." This includes monies that the bank has already committed to borrowers.

More than four years of concentrated work by a wide coalition of groups, in-

See CO-OP BANK, page 5

Consumer Assembly '81:

Analyzing An Uncertain Future

The New Politics: What's Ahead for Consumers? was the question raised by Consumer Assambly '81. For more than 500 in attendance, the answer became clear as they listened to a diverse group of speakers join in a call for greater consumer education and a reorganization at the grassroots. Such a program is essential to insure that the consumer's voice is heard above the clamor of the New Right's rhetoric to "get government off the backs of the people" by ending regulation and cutting the government budget for social programs.

Return to the Trenches

Longtime civil rights leader James Farmer, Director of the Coalition of American Public Employees set the tone of the conference with a call "to return to the trenches."

"The New Right," he warned, "has cut across the old coalitions of consumers, blacks and labor and women through the sophisticated use of public relations, the media, and computer technology."

The only answer for survival of public interest groups is to organize at the grassroots, Farmer said. This method was developed in the 60s by civil rights and consumer groups but in the last decade it has been adopted and sophisticated by monied special interest groups. . Public interest groups need to mobilize the grassroots once again if they are to contain the growing influence of the New Right and the special business interests.

End of the Golden Era

The Golden Era in government is over, Joan Claybrook admitted to the Consumer Assembly audience. The former Administrator of the National Highway Traffic Safety Administration said that in the past, people were hired in government who believed the government's role was to serve people, and who believed they could make government work. The present Administration, she said, does not share that belief.

"There is no move to organize for consumers in the White House," said Esther Peterson, longtime consumer advocate and Special Assistant to the President for Consumer Affairs under the Carter Administration. While she predicted a move backward for consumers in the new Administration, she did add, "there are still all kinds of consumers moving forward under their own right and their own stream throughout the country."

Photo by Bob Gibson, NRECA

Senator Chris Dodd (D-CT) told Consumer Assembly '81 that a "carving knife" should be used for regulatory cutbacks, not a "meat ax" as proposed by members of the new Reagan Administration.

Jim Boyle, CFA's Director of Governmental Affairs, agreed. "We are in a new period of outreach," he said. "It is vital that we begin reaching out to people where they are, not just being a public interest movement here in Washington."

The emphasis on grassroots organization carried through the workshop meetings at Consumer Assembly '81 as well as in the general sessions. Workshops on *Strategies for Grassroots Advocacy, Education for Consumer Citizen Participation* and *Tapping Federal Funding Sources* which included on the panel Dustin W. Wilson, Jr., Director of the U.S. Office of Consumers' Education —were interspersed with workshops on specific issues of importance to state and local groups.

A Diverse Agenda

Diversity was a unifying thread which ran throughout the fabric of this year's Consumer Assembly: diversity of format, of topics and of opinion. For the first time industry representatives were included in several of the conference sessions. "We wanted to present a greater variety of perspectives this year," explained CFA Executuve Director Stephen Brobeck, "to stimulate and sharpen our thinking about consumer issues."

The innovation proved particularly effective in several general session debates. Congressman Toby Moffett (D—CT) debated Exxon Senior Vice-President W.T. Slick, Jr. on the implications of energy decontrol for consumers, while Alan Morrison, Director of Public Services Litigation met Jack Meyer, Research Fellow at the American Enterprise Institute in a debate on Government Regulation and the Consumer Interest. Tom Bendorf of the American Trial Lawyer Association also debated Victor Schwartz on *Product Liability: Should Congress Intervene?*

In the afternoon workshops, Karen Brown, Vice-President of Consumer Affairs for the Food Marketing Institute, discussed her group's interest in food stamps, and Ted Harvey, Director of Tariffs and Costs for American Telephone and Telegraph, sat with consumer advocates on a panel considering the implications of *Local Measured Phone Service: Bone or Bane to Consumers?*

See CONSUMER ASSEMBLY, page 2

Energy Decontrol:

Moffett vs. Slick Consumer Assembly '81

Photo by Bob Gibson, NRECA

W.T. Slick, Jr., Senior Vice President, Exxon

WHO MARCHES TO THE REVEILLE OF THE MARKET?

"Decontrol does operate to the consumers interest by encouraging conservation and the use of alternative technologies and by giving both the consumer and the supplier the right signal about supply availability and requirements. In short, the market system that made this country as great as it is today can and will work if we let it."

—*Slick*

"We hear so much about this wonderful market . . . Why is it when we have a tremendous surplus and a glut, why is it that the market doesn't work in the way free markets really work? Why don't some of these companies seek to drop their prices significantly and capture a much bigger market share. Instead they all seem to move back like a group of soldiers standing at attention—they move back and then they march forward."

—*Moffett*

A LOT OF ACTIVITY, BUT HOW MUCH OIL?

"I think that it can be demonstrated rather clearly that as prices have increased, activity in the oil industry has kept apace. One of the most interesting correlations is the one that plots drilling activity against petroleum prices and when the one goes up, the other goes up every time."

—*Slick*

Exxon". . . is about to spend . . . 3.5 billion in exploration and production abroad and less than that here—3 billion here . . . that, in part, is a reflection of the fact that there is not a lot of oil to find in the United States. And if you look very carefully at the exploration and production that is going on, very little of it would come in the Riverboat gambler category . . . If Exxon goes out and buys Murphy Oil, Mesa Petroleum, Nova or Falcon Oil tomorrow, Exxon is going to put that under the category of exploration and production, the purchase of other companies and their reserves."

—*Moffett*

Photo by Bob Gibson, NRECA

Toby Moffett, U.S. Representative, 6th District, Connecticut

The Hidden Costs of Credit

One of the first actions taken by the Republican majority in the U.S. Senate—a group professing free enterprise—will be to continue a governmental regulation prohibiting merchants from charging their credit card customers for the cost of using credit cards. Under the Cash Discount Act, which would remove the former 5% ceiling on cash discounts, the ban on credit surcharges will be extended for three years.

CFA, which was instrumental in the passage of the initial cash discount legislation five years ago, proposed before committees in both the House and the Senate that the surcharge ban be repealed. In its testimony, CFA stressed the need for a dual program of cash discounts and credit surcharges in a time of unprecedented interest rates and double digit inflation.

David Greenberg, testifying before the House Subcommittee on Consumer Affairs, argued that "credit surcharges could ultimately provide a more effective signal than cash discounts about the real costs of credit."

Before the Senate Banking Committee, Jim Boyle drove home the costs of credit. "The ban," he said, "is a government dictated prohibition against what the merchant may decide is in the best interest of free and open competition. It is anti-free enterprise and is, in essence, special interest protection for credit card issuers who do not wish purchasers to know the true costs of buying on credit."

Senator Proxmire (D-WI)—in agreement with CFA, the FTC, and the Fed—introduced an amendment to the Senate Banking Committee which would lift the surcharge ban. Proxmire called the Act, in its present form, "an anti-free enterprise, pro-regulation, anti-cash customers and pro-inflation package."

Citing the fact that the only witnesses for banning the surcharge were "the good, old American Bankers Association and the credit card companies," Proxmire called this first action on consumer legislation "a defeat for consumers, for the fight against inflation and especially for the free enterprise system. It is also," he said, "a smashing victory for a well-heeled billion dollar special interest group—the high-riding credit card business."

A study of credit surcharges and the costs of credit was approved by the Senate committee, though, and will hopefully prove the need for credit surcharges. CFA is confident that this study will reinforce its position and show that the general public pays for the costs of credit through higher retail prices.

—*John Tomko*

Consumer Assembly, *from page 1*

The wide array of speakers at Consumer Assembly '81 included Congressional leaders, consumer leaders, labor leaders, and past and present Administration consumer leaders. Senator James Sasser (D—TN) spoke on the role of high interest rates in creating our current economic crisis, and newly-elected Senator Chris Dodd (D—CT) told a luncheon meeting that the American people want better government and better benefits, not less government. He called for a "carving knife approach" to regulatory reform, analyzing each regulation on its own merit, rather than the "meat ax approach" of the Reagan Administration.

William H. Wynn, President of the United Food and Commerical Workers, talked about the shared interest of the labor and consumer movements in dealing with inflation and the current national economic problems.

Senator James Sasser (D-TN) attacked high interest rates as a contributor to our current economic crisis.

Photo by Bob Gibson, NRECA

Carol Tucker Foreman, past Assistant Secretary for Food and Commercial Services in the Department of Agriculture, and Commissioner David Pittle of the Consumer Product Safety Commission, joined Joan Claybrook in the discussion of the *Future of Federal Consumer Programs*. And Carol Greenwald, President of the Consumer Co-op Bank, took part in a panel which looked at what lies ahead for the new Co-op Bank.

Foreman, Claybrook, and Esther Peterson, Special Assistant to the President under the Carter Administration, were all honored at a special luncheon ceremony for their contributions to the consumer movement during the past four years in government.

Murray Weidenbaum, Chairman of the Council of Economic Advisors, also addressed Consumer Assembly, defending the Reagan Administration's plan to cut the budget and taxes. He said he does not expect to set up a consumer panel to advise on monetary matters but that consumer input is welcome.

Taking Home the Challenge

Analyzing an uncertain future was the task of Consumer Assembly '81. But the news which consumer representatives took back with them to share with their state and local groups was not all bleak. Although consumers face an uphill battle in Washington to retain the advances of past decades, great opportunities for forward movement exist at the state and local level. The challenge repeated by each speaker is to educate consumers, to increase not only their awareness but also their grassroots involvement.

CONSUMER FEDERATION of AMERICA CFA CFAnews

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WASHINGTON PERSPECTIVE

The Promise and Reality of Oil Decontrol Or, How the President Sidestepped the Law

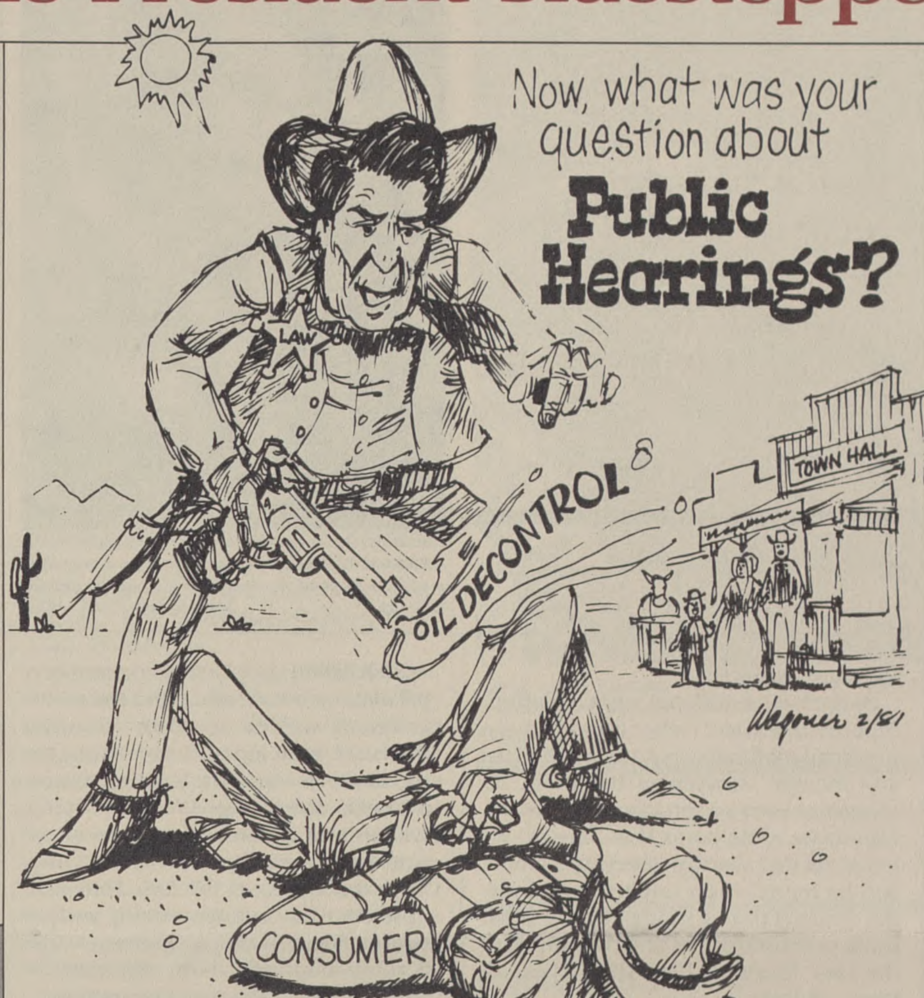
By David I Greenberg,
Legislative Representative, and
Ann K. Lower,
Information Director

Reprinted from the New York Times, March 19, 1981.

When Ronald Reagan ordered the decontrol of crude oil, gasoline and home heating oil, he did so independently, without the formal counsel of either Congress or the public. Reagan's desire to act on his own came at the expense of explicit public hearing requirements set out by the 1971 Economic Stabilization Act which Congress later incorporated into the two statutes governing oil price controls.

The Administration's accelerated decontrol program also comes at a great expense to American consumers. It will add $11.7 billion to the price of oil products, providing an immediate 1% shock to inflation.

If our national experience with oil decontrol has taught us anything, it is the wisdom of public cross examination of Presidential initiatives. In April 1979, when Jimmy Carter instituted *his* program to accelerate oil decontrol, Energy Secretary Schlesinger estimated the cost to consumers at $16 billion.



Bill Wagoner, CFAnews 1981

Later, Congressional hearings forced the Administration to revise its estimates upward to $48.9 billion, more than three times that much.

That same set of hearings brought the President's tepid inflation projection to full boil. Under public scrutiny, the Carter promise of a 3/10 of 1% rise in the Consumer Price Index proved to be fanciful. A House Subcommittee demonstrated that the direct and indirect impact of energy price increases added nearly 4% to inflation in 1979, wholly accounting for its rise to double-digit levels.

Following in Carter's footsteps, the Reagan Administration has offered the public a set of decontrol promises that also borders on the fanciful. In and of themselves, these forecasts underscore the wisdom of Congress in requiring public hearings "to the maximum extent possible" prior to an executive action likely to raise prices or affect the national economy.

Price Fantasia

When the President signed Executive Order 12287 on January 28, his advisors projected price increases of from "almost nothing" to 3¢-5¢ per gallon of gasoline. "That was ridiculous," said John Lichtblau of the Petroleum Industry Research Foundation. "They were wrong within a week."

Actually, they were wrong within two days. On January 30, Standard Oil of California increased wholesale gasoline prices by 6¢ and home heating oil prices by 5¢ as a "direct result" of the decontrol order.

Within two weeks, gasoline prices were up an average of 7¢ and the price of jet fuel had major airline companies clamoring for a fare increase. The Congressional Budget Office projected increases of 9¢ a gallon by the end of the first month.

At the very least, then, the actual impact of decontrol will double the Reagan team's projections.

Barrels of Oil or Just Gallons?

A similar fate appears to await Administration estimates of increased production, as well as Energy Secretary Edwards' projected savings of between 50,000 and 100,000 barrels of oil per day.

Even the industry greeted these promises with skepticism. A Gulf Oil executive put the Administration's "increased incentives" argument into perspective: "There aren't too many rigs occupied currently," said Charles Campbell. And a petroleum industry researcher added that he anticipated only "slight" improvements in either production or conservation.

These industry comments fit the present reality of oil economics. While the price of crude oil has jumped 1600% in the past ten years, the number of exploratory wells has risen only 10%.

If this is the kind of production response to expect from decontrolled profits, then the public has a right to know before oil decontrol is locked into place.

The Challenge to Reagan's Sidestep

Ultimately, the Administration's decision to forego hearings on decontrol makes sense. No President wants to defend an inflationary energy program that produces neither exploration nor conservation.

What the President's program *does*

See OIL DECONTROL, page 5

3 CENTS, 5 CENTS, RAISE YOU FOUR

"... pump prices may rise three to five cents a gallon in the next few months..."

David Stockman,
Director
Office of
Management and Budget
The Wall Street Journal
1/28/81

" 'That was ridiculous,' said John H. Lichtblau of the Petroleum Industry Research Foundation. 'They were wrong within a week.' "

John Lichtblau
Executive Director
Petroleum Industry
Research Foundation
The New York Times
2/5/81

"Since President Reagan lifted controls on crude oil and oil products two weeks ago, wholesale gasoline prices have climbed an average of seven cents a gallon."

Wall Street Journal 2/9/81

Immediate decontrol..."will raise product prices by approximately 9 cents per gallon within 30 days of implementation."

"Effects of Immediate
Decontrol"
Congressional Budget
Office
January 29, 1981

WISHING UPON AN OIL WELL?

"...the move was necessary 'to provide more incentive for production' and to 'increase incentives for conservation.' "

David Stockman
Director
Office of
Management and Budget
The Wall Street Journal
1/28/81

"Edwards told reporters that the price increases permitted by decontrol will promote energy conservation, saving between 50,000 and 100,000 barrels of oil a day. He wasn't able to explain the grounds for this estimate, however."

Dan Edwards
Secretary
Department of Energy
The Washington Post
1/29/81

"What decontrol won't do, observers say, is improve the nation's energy-supply picture much...'There aren't too many rigs unoccupied' currently..."

Charles Campbell
Gulf Oil Executive
The Wall Street Journal
1/28/81

"The Myth: Decontrols, higher prices and greater profits will create an 'incentive' for the oil companies to drill for new resources.

"The Reality: The Mobile Oil Corp's higher prices stimulated the 'incentive' to drill, to probe, to dig, to explore until it struck Montgomery Ward, which it promptly purchased and has since magnanimously presented with an 'interest-free loan' of $200 million."

Article by Joel R. Jacobson,
Commissioner
New Jersey Department
of Energy
Printed in *The New York Times* 1/11/81

Reaganomics Fails Cost Analysis

by John Tomko

Supply-side economics, the Reagan administration's prescription for the ailing economy, will aggravate rather than heal the nation's economic ills, according to three leading economists addressing Consumer Assembly '81.

In a panel discussion entitled The Economic Crisis: Is Another Dunkirk Inevitable? Leon Keyserling, Gar Alperovitz and Robert Reich all warned of the dangers inherent in the Reaganomics and stressed the need for an educated consumer awareness. They also urged collaboration between public and private interests in order to confront the Reagan Administration policies and offer alternatives.

Feed the Fat Starve the Lean

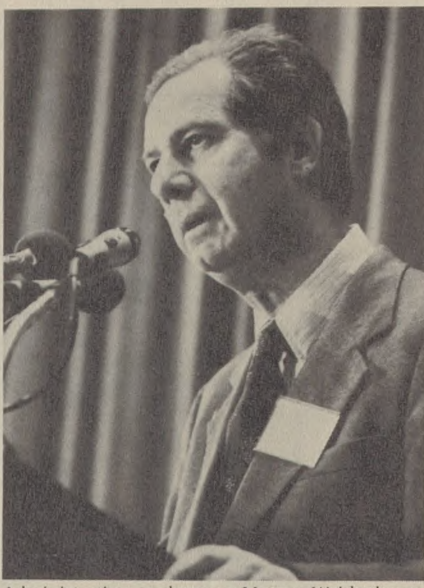
Leon Keyserling, Chairman of the Council of Economic Advisors under Truman and one of the authors of Roosevelt's New Deal economic plan, explained the real cause of our present economic problems.

"Inflation is not the key problem," he said. "Rather, it is the maldistribution of income—the government policies which fed the fat and starve the lean."

Keyserling also warned that the interest rate policy of the Federal Reserve Board only exacerbates inflation. He attributed two-thirds of the budget deficit to high interest rates.

Gar Alperovitz, the Co-Director of the National Center for Economic Alternatives, reiterated this concern. He said that the Reagan Administration's economic policies "will be inequitable, disastrously inflationary and destructive." And he warned that "unless we have a clear view of our priorities, we will succumb to a campaign that will tell us that undermining the American economy and cutting the budget will somehow solve our problems."

"It is a fallacy that social justice must be traded off against growth and productivity."
—Robert Reich



Administration spokesman Murray Weidenbaum defended the Reagan economic program, but other speakers warned it would lead to an economic Dunkirk. Photo by Bob Gibson, NRECA

Budget cuts will not cure inflation, Alperovitz argued; rather they are just a powerful political tool that penalizes low income consumers the most. As Reagan's economic program progresses, Alperovitz anticipates that "the experience of the average American family will be increasingly impacted by inflation, energy prices, food prices, interest rates, unemployment and the cutting of the very funds to help the victims of these projects."

A view of the future in terms of social justice was offered by Robert Reich, Director of Policy Planning and Evaluation for the Federal Trade Commission. "Other countries have a high standard of living yet have not sacrificed social amenities," he said. "It is a fallacy that social justice may have to be traded off against growth and productivity."

Reich called supply-side economics a "pernicious fraud" and cited the distribution of wealth in other countries which are growing and exceeding the standard of living in the U.S. Consumers in these countries—West Germany, Sweden and Japan—have more social security, job security, and vacation time than consumers in the U.S. They also experience less infant mortality and job hazards. Social justice programs prosper in these countries with no negative impact on their growing economies.

Shortsighted Fed

All the speakers were critical of the Federal Reserve Board's policy of high interest rates, as was Senator James Sasser (D-TN) who spoke later in the day. "It is the consumers of this country who are bearing the brunt of high interest rates," Sasser said. He called the Fed "shortsighted" and spoke of the plight of American farmers and small businesses who feel the weight of expensive credit most heavily.

To relieve this burden, which has a strong ripple effect throughout the economy, Sasser expressed his support for a Senate bill to study the membership and structure of the Federal Reserve Board.

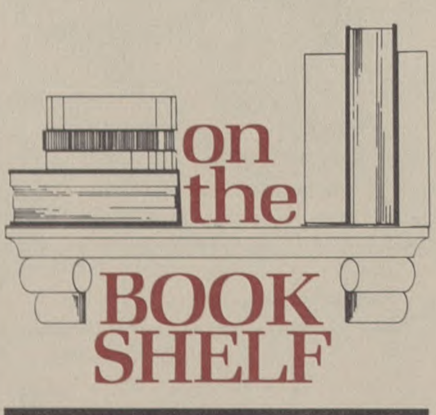
Like Sasser, each of the other speakers proposed remedies to the present economic situation. Keyserling called the Fed's policies "the single greatest travesty done to the consumers and the American public" and suggested a policy of "compatible coordination of public and private activity."

Alperovitz called for wage and price controls instead of budget cutting rhetoric and said that "the Dunkirk will end when we make it." He warned, though, that we "must offer a serious answer to the Reagan administration policies and educate people to the realities of the U.S. economy.

Reich echoed Keyserling as he called for "not just increases of capital investment but a collective commitment to increased productivity." In place of the "insidious" supply-side economics of the Reagan administration, he urged an awareness of social problems and the need for workers to have a "personal stake" in their work and the economy.

The speakers agreed that the bleak economic outlook for the U.S. will persist unless there is a fundamental change in the economic policies of the Reagan administration. To stimulate that change consumers need to develop an economic awareness at the grassroots level; they also need to offer alternative policies and to urge the development of long-range economic planning.

John Tomko, a junior at Yale University majoring in political economy, is working as a legislative intern at CFA.



The Car Book

Next to buying a home, purchasing a car is probably the most important financial deicision you will make. You have to look for a car which fits your budget, not only in terms of the sticker price, but in terms of fuel efficiency, maintenance costs and insurance rates.

The Car Book, published recently by the National Highway Traffic Safety Administration, helps you get the best buy for your dollar. It also provides information on buying a safe car.

Last year more than 75 billion dollars was spent on new car purchases. An additional 50 billion dollars was spent on car maintenance and repair. The economic costs are high The human costs are higher. During 1979, a person was killed in an automobile crash every 10 minutes; every nine seconds someone was injured. On the average, each person can expect to be in a serious crash at least once every ten years.

Information to help you select the safest car and the most economical one is essential. That information can be found in The Car Book.

The well-illustrated, 68-page book provides comparative buying information on domestic and foreign cars. It is organized into chapters on safety, fuel economy, preventive maintenance costs, insurance surcharges and discounts, buying used cars, and if you need to, complaining effectively.

Single, free copies can be obtained by writing to: The Car Book, Pueblo, CO 81009.

How to Stop the High Cost of Dying

While most Americans may not be able to control the high cost of living, they can have some control over the high cost of dying. Funeral and burial costs now average $2,500 and bills of $5,000 are not uncommon. But the costs need not be that high. Many people want to protect their families from the anguish and undue expense of making funeral arrangements, but they don't know how. All too often they don't know that there are dignified but economical alternatives—or that making funeral plans before the time of need can save considerable sums of money. Under a grant from the Administration on Aging, the Continental Association of Funeral and Memorial Societies (CAFMS) has published resource materials about funeral costs, alternative plans and a summary chart of funeral laws in each state.

The materials, which were developed by the CAFMS Consumer Federal Information Project, are geared to professionals who work with consumers, particularly the elderly. *Helping* is for providers of care and services for the elderly; *Where There's a Will* is designed for legal advisors and attorneys, and *A Multitude of Voices* is for religious leaders of all faiths.

Also available from CAFMS is a chart identifying and comparing the state laws and regulations concerning funeral practices. The chart, which identifies and compares 24 crucial consumer protection provisions of funeral laws on a state by state basis, is designed both to answer the questions individuals ask, and to serve as a tool for consumer action groups lobbying for legislative reform.

The Continental Association, a member of CFA, is a non-profit network of nearly 200 memorial societies across the country. These local societies, run by volunteers, assist people in obtaining simple, dignified and economical funerals through advanced planning.

To order copies of the resource packets or chart, write: CAFMS, 1828 L Street N.W., Washington, D.C. 20036.

Bringing Back Hunger

by Carol Tucker Foreman, former Assistant Secretary for Food and Commercial Services, USDA

The Reagan administration's "New Beginning" proposals to cut the food stamp program by $1.8 billion is a prescription for a return to the old days of hunger and malnutrition in America. In order to justify cuts in this essential nutrition program, opponents portray the food stamp program as rife with fraud and abuse and soaring out of control. The facts do not support the allegations.

- Food stamp recipients are poor. A majority of the households in the program have incomes of under $3,600 per year. Nearly half have no assets. None owns a car worth more than $4,500. Over two-thirds of all households in the program are headed by people who are elderly, disabled, or responsible for caring for young children. Another 16% work full or part time. Strikers constitute well under one percent of the case load.
- Critics would have you believe that if you just get the students off food stamps, the entire federal deficit could be cut by half. In fact, there are only 47,000 students receiving food stamps—out of a caseload of 22 million. Students make up two-tenths of one percent of food stamp recipients.
- Contrary to the claims of Sen. Jesse Helms, the food stamp program is not riddled with fraud, abuse and errors. A recent study showed that the loss to the taxpayer for all food stamp errors was less than 8 percent of the cost of the program. That is too much and laws enacted last summer will reduce the loss even further. Fraud and mistakes in the food stamp program have been reduced by twenty percent in the four years since Earl Butz left the Department of Agriculture.
- Nor has the program grown because of lax administration or do-gooder liberalism. There are six million fewer people eligible for food stamps today than in 1977 and 1.4 million people have been dropped from the program during that time.

The food stamp program is larger and costs more today because of high unemployment and high food prices. Each one percent increase in unemployment nationwide adds 1.5 million new recipients to the food stamp program. Each one percent increase in the CPI for food raises the cost of the food stamp program by $150 million.

SPEAK OUT

"Food stamps, the most reviled and denigrated of all the social programs, has worked. It has ended hunger in America. The new Administration may bring it back."

The 39¢ Meal

Food stamp recipients are not the cause of inflation. They are its victims. And they should not be asked to bear disproportionately the costs of fighting inflation. The Stockman/Reagan proposals do just that.

For example, the new budget proposes eliminating food stamp benefits to families who have children who get a free school lunch. This snatches food from the poorest of the poor. The average food stamp benefit is about 39 cents per person per meal. What mother can feed a child on that amount? When Congress based the food stamp benefit on the very low-cost Thrifty Food Plan a few years ago, they stated as a rationale the availability of the free school lunch to help make up the difference between the benefit and the actual cost of food. Now the administration seeks to reduce assistance to poor children.

In addition, the administration has proposed to freeze at present levels the food stamp deductions that now increase annually to reflect increases in prices for shelter and other expenses. With heating costs rising rapidly, food stamp families will have to use food money for fuel.

Photo by Bob Gibson, NRECA

Carol Tucker Forman defended the Food Stamp program in her address to Consumer Assembly '81. Portions of her text are reprinted here.

"Food stamp recipients are not the cause of inflation. They are its victims."

Grand Old Days of Starvation

The new administration promises to make life better, to return us to the grand old days of 1960. Some remember 1960 as a time when hundreds of thousands of Americans were not just hungry. . . they were, by medical definition, starving to death.

In 1981 Americans are not starving to death. They are not starving to death because of the food stamp program. Two years ago, a group of doctors traveled to the poorest sections of this country. Although they found poverty and poor housing and poor health care, they found that people were not hungry. The reason, according to the doctors, is the food stamp program. Food stamps, the most reviled and denigrated of all the social programs has worked. It has ended hunger in America.

The new administration may bring it back.

Co-op Bank, *from page 1*

cluding cooperative, consumer, labor, minority, community, church and civil rights organizations, was required to win Congressional approval to establish the bank. Already, during its infant year of operation, the Co-op Bank has demonstrated tremendous potential as an effective tool for community economic development.

The Friends of the Co-op Bank coalition, of which CFA is a member, has been formed to reunite and expand the original coalition. Hundreds of letters, mailgrams and phone calls have been generated in the past few weeks, expressing support for the survival of the Bank.

The Co-op Bank asserts that it will be self-sufficient by next year and no longer dependent on Federal funding. Continued funding for this fiscal year is crucial, however, for the Bank to reach this goal.

The Friends of the Co-op Bank coalition is calling for a massive campaign to stress to members of Congress the importance of maintaining the Co-op Bank's vitality. The Reagan plan for dismantling the Bank requires Congressional approval and will be debated before a number of House and Senate committees.

"We need individuals and organizations to contact their Representatives and Senators," stressed CFA Legislative Assistant Ken Barcus, a member of the Steering Committee of the Friends of the Co-op Bank coalition. "The Bank issue is grossly misunderstood. The Bank is *not* a federal grant or aid program and funding for it is not a subsidy. The funding is seed money that will be repaid in full with interest, and the Bank will become private as these loans are repaid. We cannot afford to lose the Co-op Bank. Everyone's help is urgently needed for the Bank to survive."

For further information and a list of Congressmen to contact, call the Coalition at (202) 872-0550.

Oil Decontrol, *from page 3*

produce is tax revenue—$7.7 billion in windfall profits and corporate income taxes that oil companies collect from consumers. But a President who cherishes his image as a tax-cutter is unlikely to seek public comment on a tax plan posing as energy policy.

In the end, President Reagan only postponed the challenge to immediate decontrol. That challenge has already begun.

On February 26, Federal Judge Harold Greene heard arguments in a lawsuit to overturn the decontrol order filed by Senator Howard Metzenbaum, Congressman Toby Moffett, the State of New York, Consumer Federation of America and others.

Whatever is ultimately decided in the courts, a broader challenge will come from consumers as they feel the pinch of energy costs and energy-fueled inflation. At that point, President Reagan may well wish he had placed his decontrol policy before the public.

From Capitol Hill To CFA Staff

Capitol Hill veteran Ann K. Lower has been named Director of Information for the Consumer Federation of America. Lower, who served as Administrative Assistant to Congressman Bob Eckhardt for four years before joining CFA in early January, will direct press and public relations, and the State and Local Resource Center.

"My top priority," Lower said, "is to clearly establish CFA as a newsmaker. An organization can merely respond to news or it can be a newsmaker that actually breaks news itself."

Photo by Anne Averyt, CFAnews

Newsmaker not Reactor

To establish CFA as a newsmaker, Lower wants to develop surveys and opinion polls on vital issues, join worthy lawsuits, do investigative research, and take the time to discern that an apparently minor action in a state legislature has national impact. "Coordinating with the CFA legislative head, Jim Boyle, we did that on the Delaware credit card legislation," Lower said, "and while we weren't successful in stopping the legislation we drew a great deal of national press attention and alerted consumers across the country to the real impact of the legislation. If we hadn't picked up on this, it would have gone unnoticed."

Creating a National Image

Lower believes CFA can contribute to its state and local member organizations by accumulating consumer information the groups can use in organizing and broadening their home base, and by keeping them informed on national issues.

She also believes the state and local groups can contribute a great deal to CFA. She hopes to involve the member groups in opinion polls and surveys, and wants to launch a pilot press program. "The press does not have an image of CFA as a national organization with 200-plus groups," Lower said. "I want to pick four or five states with active organizations and get them to hit hard at the local level on an issue that we have started here in Washington."

Lower brings an extensive background in publicity and press relations to her job at CFA. As Eckhardt's top aide, she developed a highly visable press, public relations and coalition-building strategy for the Congressman. She also created a popular public relations program for the Parks Department of the city of Houston where she worked as Assistant Director.

Lower holds a B.A. degree from the University of Texas at Austin in History and has done extensive graduate work in economics. In addition, she has been a free lance writer and a legal researcher. While in Eckhardt's office she also worked on consumer issues, constituent communications and fundraising.

When Congressman Eckhardt was defeated in his re-election bid in November, Lower decided to look to the public interest movement for her next job. "The two areas that will be impacted the heaviest by the Reagan Administration are the consumer and environmental areas, she said. "I wanted to work in the consumer movement because of my background in economics and my long working ties with labor."

Abandon Conventional Wisdom

Inflation and the causes of inflation are the key consumer issues according to Lower. "But I think we have to depart from the conventional wisdom of monetary policy in solving these problems." she said. "We need to do an analysis of the energy, food, housing and health sectors and to hit the causes of inflation where they live—in the oil companies' pockets, interest rates, exorbitant medical fees and the middleman profits in the food industry."

Although she has been at CFA less than two months, Lower has set high goals. But she believes they are reachable goals. Does she like CFA after her brief exposure? Her instant reply, accompanied by a broad smile: "I love it."

Credit Card Law: Pure Deception

Consumers throughout the country may soon be paying a lot more to use their credit cards as a result of legislation passed in the Delaware state legislature in February.

"This legislation is the first in the nation since banking deregulation went into effect to clearly remove all interest rate ceilings on national credit cards issued by banks chartered in a state," said CFA Director of Governmental Affairs Jim Boyle who led consumer opposition to the bill before the Delaware Senate.

"As a result of this bill's passage," Boyle added, "consumers can expect dozens of other banks to seriously consider such a move. Effectively, then, the Delaware law would pre-empt all other state laws regulating bank credit card charges and other policies.

The legislative package is particularly ominous, Boyle warns, because it "contains an assortment of deceptive charges that if added to a disclosed interest rate could well mean a 50%, 60%, or even 70% rate of interest for the cardholder."

Banks chartered in Delaware will now be able to impose a variety of costs on the creditor including: monthly fees for credit cards, separate transaction fees, variable rates, collection fees, prepayment penalties, minimum charges, and a number of late charges, including retroactive increases in the interest rate on outstanding balances. They will also be able to place liens on household property, automobiles, and homes, and to impose unlimited default charges.

"This means if you miss a payment on your credit card balance, Chase Manhattan Bank can say you are in default and take away everything you own," Boyle said.

The action also affects consumers throughout the country. If you live in Iowa but have a credit card issued by a bank which has moved it's credit card headquarters to Delaware, the interest rate and fees you pay on your credit card are determined by Delaware law, not the laws of the state of Iowa.

"Any way you look at it, any way you slice it, this legislation is pure deception," Boyle said.

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