

CFA Targets Indoor Pollution

Calling indoor air pollution the number one hidden hazard in American homes, the Consumer Federation of America launched a major new campaign in early September to increase public awareness of the pollution problem and to encourage the Federal government to make the clean-up of indoor air a top priority. CFA opened its campaign by submitting a petition to the Consumer Product Safety Commission, which has jurisdiction over many of the consumer products that are a source of pollution in the home. Later this month, CFA will also submit a petition to the Environmental Protection Agency, calling on the EPA to reduce consumer exposure to radon, a naturally-occurring source of radioactivity, now identified as the second leading cause of lung cancer in the U.S.

In its petition to the CPSC, CFA urged the Commission to give its investigation of indoor pollution ongoing priority status and to commit significant financial and manpower resources to that investigation.

"Indoor pollution is a major—if little known—health problem in this country," said Anne Averyt, CFA's Product Safety Director. "It also is a significant economic problem— carrying a price tag of as much as \$100 billion in added health care costs and lost productivity. By some estimates, indoor air pollution accounts for half of all illness in the U.S. each year, yet most Americans don't know their homes are making them sick."

According to Averyt, the U.S. government will spend a quarter of a billion dollars this year to clean up outdoor air and only 2¢ per person per year to clean up indoor air. "Yet, Americans spend up to 90 percent of their time inside, and the pollution in their homes isn't a result of dirty outside air filtering in; it comes from consumer products in the home, building from materials used to construct the home, and even from the soil the home is built on."

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Common sources of pollution in the home include cigarette smoke, kerosene heaters, unvented gas, coal and wood-burning stoves, aerosol products and cleaning compounds, radon in the soil, formaldehyde in pressed wood products, gas stoves and gas dryers vented indoors, auto exhaust from attached garages, paints and hobby equipment, and even dog hairs and bathroom mold which contribute to allergies and asthma.

"Scientists and health researchers are only beginning to understand the magnitude of health problems associated with indoor air pollution," said Mary Ellen Fise, CFA's new Product Safety Specialist. "In addition to breathing problems, asthma and allergies, possible heart and central nervous system disorders, and even the increased risk of cancer that are all associated with indoor pollutants, headaches, memory loss and even the vague malaise we often feel, may all be a result of polluted indoor air."

Of special concern, Fise added, are the special populations that are at highest risk of developing adverse health effects from indoor pollution—the elderly, young children and people with existing health problems. "These people are the most vulnerable," Fise said, "and they are also the ones who spend the most time indoors."

In its petition, CFA criticized the Consumer Product Safety Commission for dropping indoor air quality from its list of FY 1986 priorities, and called on the Commission to both reinstate the investigation as a priority and to give it full funding and adequate manpower. "CPSC has been the



leader in the area of indoor air quality. It is crucial now that progress is under way on the issue, and now that public awareness is beginning to develop, that the Commission does not retreat," Averyt said.

Recent studies by the Commission show some pollutants are present at concentrations ten times higher indoors than out.

"We have a national mandate to clean up outdoor air. We need that same kind of mandate to clean up indoor air!"

"The Commission report is alarming, but now the staff must look deeper into the problem to identify the specific pollutants, identify the source of the pollutants and develop methods to reduce consumer exposure," Averyt said.

The petition, in addition to calling for further study of these volatile organic compounds, urges the Commission to continue, as a top priority, its investigation of chlorocarbons. More than 500 million pounds of methylene chloride alone are produced in the U.S. each year, with most of the chemical finding its way into consumer products such as paints, paint stripper and aerosols. Yet, according to the petition, a new study in-

dicates methylene chloride may be a powerful carcinogen.

Another area of concern, according to the CFA petition is pollution from gas-fired appliances. "The National Academy of Sciences calls gas appliances and heaters a major source of indoor air pollution," Averyt said. "But while we know these appliances significantly increase the level of pollution in our homes, there is no clear data correlating the pollution with adverse health effects." The CFA petition urged the CPSC to undertake, with the cooperation of industry, a major long-term exposure study using laboratory animals exposed to pollutants such as nitrogen dioxide, carbon monoxide and sulfur dioxide at levels commonly found in American homes. CFA also petitioned the Commission to participate in a national health survey scheduled to begin in 1987. The survey could provide epidemiological data on the number of homes with gas appliances, the level of pollutants in the home and adverse health effects that might be related to indoor pollution from gas appliances.

"The CPSC has to create a fast track for the clean-up of indoor air," Fise said. "It also has to undertake a major campaign to increase public awareness of the problem and to inform consumers what they can do about it."

"The United States adopted a national mandate to clean up outdoor air during the past decade," Averyt added. "That same kind of mandate, backed by Congressional involvement, Federal dollars and broad agency participation, is needed to cope with the problem of indoor air pollution."

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CFA Calls For Strong Truth-in-Savings Bill

On August 8, consumer leaders testified before a House Banking subcommittee in support of meaningful "truth-in-savings" legislation. The hearing was called by House Banking Chairman Fernand St Germain (D-RI) to consider a savings disclosure bill (HR 5232) introduced by Rep. Richard Lehman (D-CA).

CFA Executive Director Stephen Brobeck characterized the legislation as "a promising beginning that, with improvements, would prove extremely beneficial to consumers without imposing onerous burdens on banks and thrifts." Professor Richard Morse of Kansas State University, who has championed "truth in savings" for many

Consumer witnesses offered several suggestions for improving the legislation. Morse urged that "annual" in annual percentage rate be defined as a 365 day year, not as a 360 day year or some other definition reducing interest earned. He also proposed that the yield be expressed, not as an annual rate, but as "cents per \$100 per day."

Among other recommendations, Silbergeld urged that institutions be required to disclose, on each periodic statement, the method of determining the balance on which interest is paid and the periodic rate used to calculate this interest. This information would help savers verify that they had been credited with interest to which



CFA Executive Director Stephen Brobeck tells House Banking Committee that proposed "truth-in-savings" bill is "a promising beginning." Mark Silbergeld (R), long-time CFA board member and Director of Consumers Union's Washington office, expressed similar views.

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The purpose of HR 5232 is to "provide for the uniform disclosure of the rates on interest payable on savings accounts." It goes beyond existing or proposed Federal regulations in two important respects.

"With improvements, the bill would prove extremely beneficial to consumers without imposing onerous burdens on banks and thrifts."

It requires disclosure of the annual percentage yield and method of compounding when interest rates are published in advertisements or other announcements. The Federal Reserve requires only that the simple interest rate be disclosed when yields are published. But the method of compounding can vary annual yields by more than a percentage point on multi-year certificates of deposit.

It requires disclosure of the period when advertised rates are in effect. This is especially important on demand deposits, such as money market deposit accounts, on which banks can change rates at any time.

they were entitled by the terms of the account.

Brobeck proposed that the legislation be extended to NOW and SuperNOW accounts as well as to savings accounts, and that disclosure be required to be "conspicuous" as well as "clear and uniform."

He also recommended the disclosure of important conditions limiting interest paid by requiring ads for accounts containing these conditions to include the statement, "special conditions may limit interest paid." The purpose of such a disclosure would be to alert savers to terms such as a low-balance method of computing interest, infrequent crediting, or large fees. These conditions would not be spelled out in the legislation, but would be determined by the Federal Reserve, which is required by HR 5232 to carry out the provisions of the Act.

Brobeck also stressed that the bill needs to be supplemented by another "truth-in-savings" bill requiring disclosure of all rates and other terms on accounts, and any changes in these terms. HR 5232 does not require this disclosure; it only specifies what form disclosure should take.

Finally, Brobeck noted that the bill applies only to Federally-regulated banks and thrifts. Money market funds, insurance companies, and other non-bank institutions should also be required to disclose the terms on savings instruments.

On assessing HR 5232's chances, Brobeck noted that "truth in savings is an idea whose time has come. It may even be incorporated into comprehensive banking legislation currently being considered by Congress."

Used Car Rule Criticized By Consumer Groups



After more than a decade of skirmishing between public interest groups and industry representatives, a final used car rule is expected to be issued by the Federal Trade Commission in mid-September. While the rule will contain some safeguards for consumers, a defects disclosure requirement will not be among them. For years consumer groups have argued that used car dealers be required to tell prospective buyers of known defects in cars they are selling. The current FTC rule, in fact, grew out of an industry-wide investigation by the Commission which uncovered numerous abuses, including sales of cars with known defects.

As a result of that investigation, in 1976 the Commission proposed a rule that would have required a 52-point inspection of each used car, with an indication of estimated repair costs and disclosure of all dealer repairs over \$100. The proposed rule would have also required disclosing prior use, major damage and warranty terms.

After intensive lobbying by the National Association of Automobile Dealers (NADA), Congress intervened to halt publication of the rule. The FTC then proposed a new rule which would allow the dealer to say "don't know" to defects, rather than requiring an inspection of each used car. But the proposed rule would still have required the disclosure of warranty policy and major defects known by the dealer at the time of sale.

That rule was challenged in court by the industry as soon as it was issued, and the courts deferred to Congressional consideration. In 1982, following one of the most expensive lobbying efforts in history, members of NADA convinced both the Senate and House to veto the FTC rule, under a veto provision that has since been ruled unconstitutional by the Supreme Court.

"A used car rule without a defects disclosure requirement is like a used car with no engine or brakes."

—FTC Commissioner Michael Pertshuck

Once the high court overturned the legislative veto provision, the FTC began consideration of reimplementing the rule, but in a "watered down" version. The FTC of 1984 was not the same as the FTC of the late 70s, however. And the Commissioners, under the leadership of Chairman Jim Miller who cast the deciding vote, eliminated the known defect clause from the new version of the rule.

Consumer group reaction to this newest version of the used car rule has been uniformly critical. "Without the known defects clause, the new rule offers little additional help to the American used car buyer," said Jack Gillis, CFA Director of Information and author of *The Car Book*. "Under this rule, buyer beware continues to be the codeword in the used car marketplace."

FTC Commissioner Michael Pertshuck—who was Chairman of the Commission when the original rule was finalized—also voiced criticism of the FTC vote. "A used car rule without a defects disclosure requirements is like a used car with no engine or brakes." The proposed FTC used car rule now requires that used car dealers place a sticker on each car with the following information:

- "Spoken promises are difficult to enforce. Ask the dealer to put all promises in writing."
- "Ask about the current mechanical condition of the following major mechanical and safety systems: (followed by a list of the systems)"
- The sticker must indicate whether the car is being sold "as is" or with a limited or full warranty. If a warranty is provided, the dealer must specifically state what items are covered and what percentage of the repair cost he will be responsible for [Note: Seven states—ME, MA, MS, KS, WV, MD, NY and DC—do not allow "as is" sales.]
- The sticker reminds the purchaser to ask about having the car inspected by an independent mechanic.

Legislative Update

Congress will face many important consumer issues when it returns to Washington for a one month, pre-election session after Labor Day. The pressure will be on to pass legislation involving privately negotiated deals between business, trade associations and other influential interest groups (i.e., cable telecommunications and generic drug/patent extension), priority legislation for the business community (the product liability bill) and a major Democratic Party election initiative (an expanded Superfund program). Also, the Congress may address key pocketbook (electricity and natural gas rates) and disclosure (truth-in-savings) issues.

ISSUE	BILL SPONSOR	DESCRIPTION	LIKELY LEGISLATIVE ACTION
Product Liability	S 44 Sen. Kasten (R-WI)	Would preempt state law, make it more difficult for victims of defective products to recover monetary damages from lawsuits against manufacturers.	The Senate is likely to bring S 44 to the floor in September. If it passes, the business community will pressure the House to consider the bill immediately.
Cable	HR 4103 Rep. Wirth (D-CO) S 66 Sen. Packwood (R-OR)	Would set federal standards for the regulation of cable television rates, franchising procedures and franchise renewal standards.	The cable industry, which previously reached an agreement with city negotiators to accept HR 4103, now is demanding that the legislation be modified to reduce local regulatory power. If a new agreement is reached, the bill will be considered on the House floor in September and then sent immediately to the Senate.
Superfund	HR 5640 Rep. Florio (D-NJ) S 2892 Sen. Stafford (R-VT)	Would reauthorize and strengthen the hazardous waste clean up program, including strong citizen provisions	Passed the House on August 10. The Senate will be pressured to consider this bill before the election.
Generic Drug/Patent Extension	HR 3605 Rep. Waxman (D-CA) S 1306 Sen. Hatch (R-UT)	Would streamline the regulatory procedure to approve generic copies of brand-name drugs, driving drug prices down through competition, but would also extend the marketing monopoly for brand-name drugs from 2 to 5 years by extending the patents on these drugs.	The Senate passed S 1306 on August 10, after making a number of concessions to dissident pharmaceutical manufacturers. The House bill is scheduled for floor action in September, when the drug manufacturers are expected to push for further anti-consumer amendments (e.g., further extension of patents, additional restrictions on the marketing of generic drugs, eliminating restrictions on the sale of unapproved drugs abroad).
Pesticide Patent Extension	HR 6034 Rep. Glickman (D-KS) Rep. DeWine (R-OH)	Would allow pesticide manufacturers to reap enormous economic windfalls through generous patent extensions of up to 5 years for many pesticide products, thereby driving up food prices.	Riding on the coattails of the Drug Patent Extension bill, this legislation was favorably reported out of Committee in early August, and may reach the House floor in September. If the House passes the bill, the Senate is likely to give it expedited attention before the election.
Food Safety/EDB	HR 5495 Rep. Waxman (D-CA)	Would tighten the regulation of toxic pesticides such as EDB that are used on foods.	Bill may be combined with Pesticide Patent Extension bill (see above) to avoid committee votes in the House and reach the floor in September.
Truth-in-Savings	HR 5253 Rep. Lehman (D-CA)	Would require uniform disclosure of interest rates on savings accounts, and require banks to disclose annual percentage yield and method of compounding in all advertisements.	The bill may be folded into banking deregulation legislation now before both Houses.
Natural Gas Rates	HR 4277 Rep. Sharp (D-IN) Rep. Madigan (R-IL)	Would reform certain contracting practices of natural gas pipelines. A Gephardt amendment also would roll back prices to September, 1982 levels and hold them there for two years (adjusted for inflation).	Pressure is building for a floor vote in the House, but Democratic leadership is resisting. If passed by the House, the Senate will be pressured to consider similar legislation.
Construction Work in Progress	S 1069 Sen. Chafee (R-RI)	Would prevent the Federal Energy Regulatory Commission from authorizing CWIP in wholesale sales of electricity, except under conditions of financial distress. Would also impose least cost planning requirements on utilities and would prevent price squeezes on publicly and cooperatively owned utilities.	After a much stronger bill passed the House by a 2-to-1 margin, movement in the Senate has slowed down. Hearings were held, but committee action is unlikely. It may be possible to attach the bill as an amendment to other legislation considered by the Senate in September.

CFA Testifies On CPSC Priority Programs

The Consumer Federation of America, in testimony before the Consumer Product Safety Commission in early July, called on the Commission to adopt indoor air pollution, chlorocarbons and toxic smoke as priority programs for Fiscal Year 1986. "The work the Commission is doing in these areas is crucial," CFA Product Safety Director Anne Averyt told the Commission hearing. "But it is essential that the work continue at the same or at an increased level of funding. Designating these investigations as priorities will help insure that happens."

In deliberations following the hearings, the Commissioners voted to reduce the number of priority programs for FY 1986 to five, four less than the nine priority projects adopted for FY 1985. Chairman Nancy Harvey Stoerts explained the cut in priorities would enable the Commission to better focus its scarce resources. While toxic smoke was adopted as a priority for FY '86, neither indoor air pollution nor chlorocarbons were earmarked as priorities. In a petition submitted to the Commission in early September, CFA urged the Commissioners to reinstate the priority status of both programs and maintain them as priorities until significant strides are taken to reduce the level of pollution in American homes. (See page one.)

In her testimony, Averyt also expressed concern about the Commission's commitment to an ongoing program of poison prevention. Averyt advocated Commission involvement in developing and mandating a single, well-designed child-proof cap that would be difficult for children to open, yet would provide easy access for senior citizens or consumers with health problems such as arthritis. "Child-proof caps are only effective if they are used," Averyt testified. "But more and more often they are not being used, and as a result child poisonings are on the increase. We urge the Commission to confront this problem and work with the industry to reduce these poisonings."



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Air Bag Rule Issued But Controversy Remains

by Jack Gillis, Director of Information

On July 11, following a strong remand from the Supreme Court, the U.S. Government finally issued a decision on the controversial automobile passive-restraint issue. Beginning in 1989, all automobiles sold in the U.S. must automatically prevent serious injury and death to front seat occupants in collisions of 30 MPH or less, either through the use of passive restraints or air bags. Transportation Secretary Elizabeth Dole was hailed as a "miracle worker" for obtaining Presidential approval for this landmark decision in the face of intense opposition from car manufacturers, OMB Director David Stockman and the President himself. The decision comes in the wake of a recent Gallup poll indicating that the majority of Americans favor a law requiring all new cars to be equipped with air bags.

Dole's plan, timed to diffuse auto safety as an election year issue and described as a masterpiece of political finesse, was designed to contain something for everyone. It comes after 15 long years of debate on the issue by consumer advocates and insurance companies who want the devices, industry which does not, and countless government regulators, lawyers, legislators and judges who have been divided on the issue.

In brief, the decision requires automobiles of the future to be equipped with any means of automatic crash protection which will protect the driver and front-seat passenger in a 30-MPH collision into a fixed barrier. To meet the standard, car manufacturers may use airbags, automatic seat belts or new automatic protection technology. The rule will apply to 10 percent of all cars sold in the United States after September 1, 1986. The following year, 25 percent of all cars must be equipped with the automatic crash protection, and by 1988, 40 percent of all cars must meet the standard. By 1989 every new car sold in the U.S. will be required to have automatic crash protection.

The decision also contains some special provisions, including an incentive plan to encourage the use of airbags rather than automatic seat belts. The government will credit the manufacturer with 1.5 cars for every one car that meets the standard on the driver's side by any means other than an automatic belt. Thus, by installing driver side airbags, a manufacturer need only equip 6.7 percent of their cars to meet the Federal standards in 1986.

One element of the proposed plan that created the most heated controversy is an escape clause which rescinds the law if states with two-thirds of the U.S. population enact mandatory safety belt laws by April 1, 1989. Critics charge this escape clause reduces manufacturer incentive to develop and install the automatic protection systems, particularly since Secretary Dole pledged to spend up to \$40 million a year in government and private funds to push for mandatory state seat belt laws which would nullify the rule. New York has already passed such legislation and other states are considering it.

Reaction to the Dole decision was mixed. State Farm, the principle litigator in the U.S. Supreme Court case that forced Secretary Dole to make a decision, immediately filed

suit against the Department of Transportation claiming that it is illegal for the federal government to issue a safety standard that can be rescinded by state legislative action.

Senator John Danforth (R-Missouri), Chairman of the Senate Surface Transportation Subcommittee, was "overjoyed" with the decision. On the House side, Consumer Protection Subcommittee Chairman Timothy Wirth (D-CO) applauded the decision but said it comes too late to save the thousands of lives and tens of thousands of injuries that occurred when former National Highway Safety Administrator Ray Peck revoked the standard.

Consumer advocates generally took a dim view of Dole's plan. Ralph Nader, whose efforts began the quest for automatic protection, called the decision a "bloody snare and mischievous delusion." He also said that it was designed to prevent the introduction of automatic safety devices, because states with seat belt laws in place would be exempt from the requirement that new cars be equipped with automatic protection devices. Joan Claybrook, President of Public Citizen and former NHTSA administrator, called the plan "illegal", asserting that the Department of Transportation lacks the legislative authority to set automobile standards that depend on state action.

One of the most positive responses to the decision came from a Ford spokesperson. Ford was the only manufacturer to bid on a government request for air bag cars. Because of the low volume of cars, Ford expects to lose money on the contract. By selling air bag cars (probably on the Tempo) under the new standard, Ford can recoup its investment. A spokesperson for Ford said "we went to work today (July 11) to try to meet our requirements." But Joan Claybrook's prediction that the Dole decision would encourage manufacturers to spend money on the passage of state laws rather than the development of safety technology, was fulfilled when a General Motors spokesperson said that GM will be working wholeheartedly for the passage of the state laws.

Never before has such a simple concept generated such heartfelt controversy. The idea behind the passive restraint rule was to design cars to automatically protect people in accidents. Automobile injuries and deaths are a result of the "second collision." In an accident, the occupant continues to move forward and eventually collides with the inside of the car. Reducing the impact of this "second collision", would result in fewer injuries. Because the "second collision" occurs within milliseconds and because most people (90%) do not use belts, providing automatic, rather than manual protection, dramatically improves the chances of escaping injury.

The concept of automatic protection is not new — automatic fire sprinklers in public buildings, automatic release of oxygen masks in airplanes, purification of city water and the pasteurization of milk are all commonly accepted forms of automatic safety protection. Ironically, of all the products we buy today, the one most likely to kill us is not equipped with automatic safety protection. Advocates of automatic protection technology are ready to point out that we incorporate better technology in safety transporting electronic equipment, eggs and china than we do in packaging humans in automobiles.

Legislation Would Ensure Safer Amusement Rides

The House is currently considering legislation that would reduce the thousands of injuries caused annually by amusement park rides. More than 150 million people a year visit amusement parks throughout the United States, yet many of the rides are not regularly inspected for safety. As a result, there were 6,763 injuries associated with amusement park rides last year in the U.S. The Consumer Product Safety Commission had jurisdiction over fixed-site parks until 1981 when a massive lobbying effort convinced Congress to strip the Commission of that authority. The CPSC can now only conduct safety investigations on rides that move from site to site.

This summer, legislation was introduced in the House to restore CPSC's authority over fixed-site theme park rides. Rep. Henry A. Waxman (D-CA), chairman of the House Subcommittee on Health and the Environment, held hearings in July on HR 5790, and supporters of the bill hope it can reach the House floor before the session ends. House passage of the bill would pave the way for possible Senate action early in 1985.

"Passage of this bill is essential to guarantee that people who get the thrill of going up in a ride, also get the assurance of coming down safely," said CFA Legislative Director Gene Kimmelman. He added that while Congress should reinstate the Commission's jurisdiction over fixed-site rides, it is also necessary for Congress to provide adequate funds for the CPSC to conduct regular inspections.

The Commission has the authority to inspect mobile rides, Kimmelman said, but "in point of fact they are so limited by budget and manpower restraints, that inspections usually occur only after an accident has taken place." Half of the 50 states now have no state inspection programs of mobile rides at all. In some states, the only requirement for licensing is a \$1 million insurance policy carried by either the owner or operator. Some states, like Maryland, do have very strong inspection programs, with rigid safety standards and trained inspectors to assure compliance. States with no mandatory standards often become dumping grounds for junk rides rejected by states with stronger safety standards.

Write your Congressman to urge House passage of HR 5790, restoring CPSC jurisdiction over fixed-site rides. Swift Congressional action will help insure inspections are under way before next summer when the billion-dollar carnival industry reopens its gates—and its rides.



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