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consumer federation of america

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Consumers and Cattlemen Join for Cross-Country 'Beef-In'

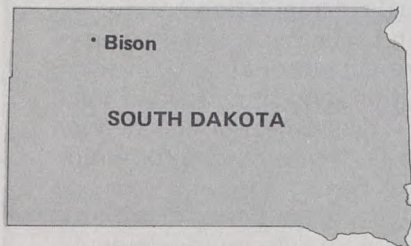
From the high plains around Bison, South Dakota comes a new kind of march on Washington. It's a "Beef-In"—a 2000 mile cross-country trip by 50 steers and a long caravan of cattlemen and consumers.

Under the joint sponsorship of CFA and the Meat Promoters of South Dakota and Montana, the "Beef-In" is being held as an educational measure to focus public attention on the gap between the price cattlemen are getting for meat and the price consumers are paying. The questions being asked is "Who is getting fat, the middlemen or the steers?"

The "Beef-In" is the first major example of cooperation between consumers and farmers. It is part of a continuing program by CFA to emphasize that both small farmers and consumers are facing similar problems. Many of these problems will be emphasized in detail at Consumer Assembly '75, January 30-31 at the Statler Hilton in Washington, D.C. CFA

has invited farm leaders to join with consumers in an attempt to examine and act on areas of mutual concern—especially regarding food and energy monopolies. In brief, the purpose of Consumer Assembly is education, cooperation, communication and action.

These same four goals were a foundation for the "Beef-In" project. A rally will take place in each major city along the route from Bison to

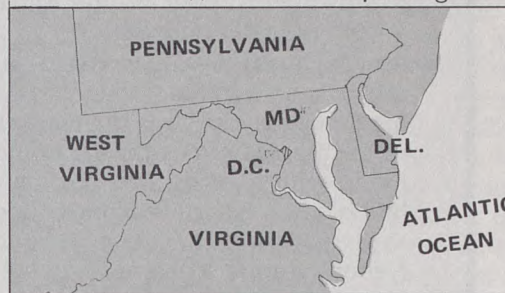


Washington to discuss the problems of cattlemen and consumers.

Once in Washington, the "Beef-In" will culminate in a noon rally at the Washington Monument on December

12. Speakers will include Senators George McGovern and James Abourezk, Representatives Peter Peyser, and James Abner, Carol Tucker Foreman, executive director of CFA and Frances Veal, president of the Meat Promoters of South Dakota. Invitations were also sent to all members of the House and Senate Agriculture Committees.

At the rally, a uniform package of



ten feeder steers will be offered to Secretary of Agriculture Earl Butz so that he may run a feeding test and publish the results of cost vs. market value. At the same time, plans are

underway to place another ten steers in a university-run feedlot to provide a continuing public yardstick of costs.

The balance of the shipment will be given to the District of Columbia Department of Human Resources and "Project," a group of Catholic, Protestant and Jewish charities for distribution as Christmas dinner to approximately 500 deserving families in the District. D.C. Mayor Walter Washington has been invited to accept the beef on behalf of the District's needy.

The meat will be slaughtered through the generosity of J.W. Treuth and Sons, Inc. of Baltimore. It will be cut and packaged by members of local chapters of the Amalgamated Meatcutters and Butcher Workmen and space will be provided by the Giant Stores.

At the rally, consumers and cattlemen will each submit a list of demands to Secretary Butz. Consumers have six major requests.

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CFA Declares Boycott on Sugar

Consumer Federation of America, called on all consumers to refrain from buying sugar from December 1-10, 1974.

In a statement before the Council on Wage and Price Stability's hearings on sugar prices, Carol Tucker Foreman, executive director of CFA stated, "This year, the four largest American sugar refiners recorded their highest profits since World War II. At a time when inflation is crippling the American consumer, it is cruel and unconscionable to take advantage of a favorable market situation to this degree."

Since only 25-30% of all sugar consumption is in pure form, CFA stressed that items with high sugar content should also be placed on the boycott list. This includes sweetened cereals, candy and soft drinks.

The National Sugar Boycott is intended as an educational measure. Local consumer groups across the country have been sent material to distribute at retail food stores in their hometowns. This material stresses the need for swift anti-trust actions against large corporations which control three-quarters of the sugar market. It also urges consumers to demand that the Food and Drug

Administration reconsider sugar labeling regulations to make it mandatory that all foods show percentage range of sugar content on their labels. At the present time, there is no way a consumer can know how much sugar is in food purchased.

In her statement to the Council, Ms. Foreman also urged President Ford to direct the Agriculture Department's Commodity Exchange Authority to request the cooperation of brokerage houses and sugar exchange in gathering data to determine the amount of sugar speculation and who the speculators are. The new Commodities Futures Trading Commission will begin to operate in April and will have power to regulate trading in sugar futures. "There is no reason to start from scratch in April," Ms. Foreman stated. "The President could order CEA to be collecting necessary data now so that the Commission can act expeditiously. Consumer resistance is not enough. We must know if there are illegal market manipulations."

"The American people have always been able to take the bitter with the sweet," Ms. Foreman continued. "Now, even the sweet has become a bitter pill."

94th Congress Augurs Well for Consumers

The November 5 congressional elections will bring more changes to the U.S. Congress than at any time in the past ten years. A review of the election results indicates that consumer legislation of all types should have an improved chance of passage. Long stalled programs such as the Agency for Consumer Advocacy, No-Fault Auto Insurance, National Health Insurance and tax reform should benefit from the election of new advocates and the departure of old foes. The role of the White House, still in the hands of a conservative Republican, not known as a friend of consumer programs, is the biggest question mark about the passage of these bills.

The 94th Congress will have 92 new members in the House of Representatives, 76 Democrats and 16 Republicans. The Senate will have eleven new members, nine Democrats and two Republicans.

Gone from the Senate, through retirement or defeat, will be nine member who have consistently ranked lower than 50 per cent pro-consumer on CFA's annual voting record. The

Senators and their 1974 voting records are: J.W. Fulbright (D-Ark.)—22 per cent; Peter H. Dominick (R-Colo.)—0%; Edward J. Gurney (R-Fla.)—0%; Marlow W. Cook (R-Ky.)—44%; Alan Bible (D-Nev.)—33%; Norris Cotton (R-N.H.)—11%; Sam J. Ervin (D-N.C.)—22%; Wallace F. Bennett (R-Utah)—11%; George D. Aiken (R-Vt.)—22%.

Most of these will be replaced by members who should be much stronger supporters of consumer legislation. Gary Hart (D-Colo.), Wendell Ford (D-Ky.), John Durkin (D-N.H.), Robert Morgan (D-N.C.) and Patrick Leahy (D-Vt.) are expected to be strong consumer advocates. Dale Bumpers (D-Ark.) and Richard Stone (D-Fla.) should at least better the averages of their predecessors. Paul Laxalt (R-Nev.) and Jake Garn (R-Utah), replacing Bible and Bennett, are not likely to be much better than the men they replace. Durkin's election is still subject to Senate review. His opponent, Louis Wyman, would be as bad as Cotton.

Last September, the Agency for Consumer Advocacy was lost when, on

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Consumers May Lose \$Billions in Fight Over Gas

In this winter of spiraling inflation and skyrocketing energy prices, Congress may be about to give in to oil and gas company blackmail to the tune of over \$75 billion in extra costs to consumers. Incredible as it may sound, this will be the very grave result of passage of the Buckley Amendment to deregulate natural gas, which will be before the Senate early in December.

The prospect of natural gas shortages is not a pleasant one, and many public officials are eager to grasp onto a solution for this supply threat. In this panic situation, Senator James Buckley's proposal to solve shortages by encouraging gas production through higher profits for gas companies is obviously attractive to a frighteningly high number of Congressional members. Boosted up by a full-scale campaign by the gas industry, the Buckley Amendment has gained numerous followers. An immediate campaign against gas deregulation *must* be launched by consumers to stave off the disastrous effects of this proposal.

The underlying assumption of Senator Buckley's proposal is that by allowing gas companies to earn a greater margin of profit from their production efforts, those companies will be encouraged to extend their exploration and production of gas, alleviating the threat of supply shortages. Gas and oil companies have flooded Congressmen with propaganda echoing this logic in an attempt to convince Congress that deregulation of natural gas is the only solution to a shortage situation. In effect, the industry has less-than-subtly announced that without higher gas prices, America will get little industry help in increasing its national flow of natural gas.

Though this logic has appeal as a simplistic solution to the shortage problem, the results of deregulation would be devastating for the economy as well as for the individual consumer. David Schwartz, Assistant Chief of the Office of Economics of the Federal Power Commission, estimates that deregulation would cost the consumers of America up to \$11.2 billion extra a year in gas prices, and a Library of Congress study commissioned by Representative John Moss for the House Commerce and Finance Committee approximated a cost to consumers of a staggering \$75.2 billion over a six-year period if deregulation were put into effect. This would mean as much as \$100 increase per year in the average American's gas bill. In addition, price rises in natural gas would have severe inflationary effects on the economy at large as they were reflected in items which use gas in production or transport. For example, 43 percent of the cost of fertilizer is natural gas, so deregulation would have an obvious effect on the price of

fertilizer, and, consequently, on the price of food.

But the Buckley Amendment only calls for deregulation of "new" gas, proponents of the proposal argue, so it couldn't possibly have such far-reaching inflationary effects. Though the amendment does indeed ask for deregulation of "new" gas, or all gas sold or produced after July 1, 1974, a closer look shows that the Buckley deregulation proposal also defines as "new" all gas which goes on the market as old contracts expire. Thus, loopholes would allow virtually all gas to be classified as "new" within a very short time period, resulting in the huge cost

What You Can Do To Fight Natural Gas Price Increases

With Congressmen getting a decidedly one-sided view of the deregulation debate from persuasive and well-funded industry spokesmen, it is crucial that consumers let their Public Officials know of the strong grass-root opposition to raising natural gas prices. In order to do this you can:

- **Write your Senators and Representative**, strongly urging them to
 1. Oppose the Buckley Amendment, and oppose any other move to deregulate natural gas
 2. Refuse to vote for cloture—Proponents of deregulation will try to cut off debate on the Buckley Amendment by calling for a cloture vote. Urge your Senator to vote against cloture.
 3. Engage in the "educational debate", or filibuster, against the Buckley amendment—Senators who oppose deregulation should be prepared to fight the Buckley proposal with extended debate in order to educate the American public to the serious consequences of deregulation.
- **Use your local media as a vehicle to fight deregulation**—Write letters to your local newspapers, radio and television stations opposing deregulation. Urge the media to present editorials in opposition to raising gas prices through deregulation, and provide your local media with relevant information on the disastrous effects deregulation will have on individual consumers. If you need information to give out, use CFA's Energy Policy Task Force "Gasgram" or Ralph Nader's Public Citizen "Gas News". Both are being distributed weekly to keep Congress and the public up to date on the deregulation issue. For copies or further information, contact Ellen Berman at CFA, 1012 14th St., N.W., Washington, D.C., 20005, (202) 737-3732.
- **Pass out pamphlets to inform your members and citizens of your area about deregulation**—The industry has been able to pressure Congress without letting deregulation become a real national issue. Make sure the people of your area know how serious the deregulation issue is, and urge **everyone** to write to Senators and Representatives opposing moves to raise natural gas prices. Again, CFA's "Gasgram" can be used as a model for pamphlets, or can be reprinted verbatim in your organization newsletter.
- **Find out when your Senator or Congressman will next be in your state**—Attend any public appearances and publicly ask him for his position on deregulation. Urge the audience, through pamphlets or speeches, to oppose deregulation.
- **Find out your local gas utility's position on deregulation**—Make known the utility's response: pass out pamphlets opposing deregulation at the utility's main office.
- **Above all, act quickly**—The vote on the Buckley Amendment as attached to the Trade Bill is slated for the very near future. Consumers must fight back **now**!

for natural gas production is clearly stretching the issue. The Federal Power Commission has periodically allowed rate hikes in the well-head price of natural gas, the most recently approved rate nationwide, being 50 cents per thousand cubic feet of gas. This allows the gas companies a solid 15 per cent rate of return on their investment. If deregulation were put into effect, and natural gas prices rose to a level which was comparable—BTU for BTU—with alternative fuels, the well-head price of gas would be approximately \$2 per mcf. This would result in the industry making a whopping 154 per cent return a year!

In addition, economists indicate that any natural gas shortage at present is not caused by current regulation. The major factors involved in current shortages are federal tax and leasing policies, the separate pricing systems set up for inter- and intra-state gas, and, significantly, the holding back of gas reserves by companies who are waiting to release their product until a time when hoped-for deregulation will make production more profitable than it is now. Because these factors leading to a shortage are not directly caused by regulation, raising gas prices by deregulation would obviously have little effect on the shortage situation.

Obviously, raising natural gas prices through deregulation is a move which must be stopped by Congress. At this time, it seems likely that Senator Buckley will use the Senate Trade Bill as the vehicle to which to attach his deregulation amendment, and the Trade Bill will come before the Senate in early December. It is imperative that Senators be made aware of the very serious ramifications of natural gas deregulation immediately, and that they be urged to oppose any action to deregulate natural gas, no matter what its form. Senators opposing deregulation are planning to engage in a filibuster in order to block passage. Deregulation will be a key factor in CFA's next consumer voting record. Any Senator who votes for the Buckley Amendment can expect a strong anti-consumer rating. Remember, consumers have the votes and are keeping track of which Senators bow to the pressures of big business.

Unfortunately, the gas and oil industry is at a distinct advantage in this battle, for its money and its lobbying staff can be used to inundate Congress with pro-deregulation propaganda. In contrast, consumers have much more limited resources for pushing their viewpoint. Consequently, it is extremely important for consumers to make their position strongly known. For specific actions you and your members can take, check the accompanying box. Congressmen must be made aware that consumers will not stand idle while the spectre of deregulation threatens to haunt the American energy scene.

to consumers mentioned above.

Other facts also belie the industry justifications for deregulation. Though advocates of deregulating natural gas argue that higher prices will increase production, no industry spokesman has dared to promise that larger profits will definitely be channelled into greater exploration or production. On the contrary, though oil companies have tripled their profits in the last year, production has actually decreased. There is no reason to believe the gas industry will be different.

Along these lines, the industry contention that present prices do not allow a fair rate of return to companies

State and Local Reports

CALIFORNIA

On September 30, San Francisco Consumer Action climaxed its nine-month investigation of the California Department of Consumer Affairs by releasing **Deceptive Packaging: A Close Look at the Department of Consumer Affairs**. The book, co-authored by Michael Schulman and John Geesman, casts new light on what many consumer activists feel will be the number-one consumer issue in California in the mid-1970's—the establishment of an effective consumer protection agency in state government.

The book presents an in-depth comparison of the duties given the Department of Consumer Affairs by the Consumer Affairs Act of 1970, with the actual performance of the state agency since that time. "On paper, the DCA represents one of the most forward-looking approaches to the problem of consumer protection yet put forward in this country. Yet in practice, it has proven to be among the most cruelly deceitful frauds ever perpetrated on the consumers of the state."

Other consumer organizations might be interested in reading the study so that they might understand what can go wrong as they propose similar offices across the country. Copies may be purchased from San Francisco Consumer Action, 312 Sutter St., San Francisco CA. 94108. The price is \$3.10.

Cynthia Hutzler of San Francisco Consumer Action delivered scathing testimony before FEA regional hearings at the Federal Building held there on October 10. Ms. Hutzler blasted the "regressive, short-ranged solutions to the nations' energy needs" espoused by the FEA. Citing the fact that our age will be viewed in the perspective of history as a bizarre period in which "people suddenly went wild, for a brief, perhaps 200-year people, and literally gobbled up almost every raw material on earth, like children let loose in a candy store." Ms. Hutzler went on to point out that "In the United States today millions of people have a living standard that would put the legendary oriental potentates to shame," and that "the way we have achieved that standard of living is by systematically raping the earth."

In response to the proclaimed theme of the FEA hearings, "Strategies for Energy Conservation-Reducing the US Demand for Energy", Consumer Actions had the following suggestions:

1. Institute a lifeline rate for all the basic energy necessities, including gas, electricity, and gasoline;
2. Set government restrictions on the size of gasoline engines sold in the US;

3. Make drastic changes in the State and Federal regulations that limit railroad efficiency, and make new regulations to severely limit the use of trucking;

4. Begin to plan for radically redesigning city public transportation so it will be practical to eliminate all private and private commercial traffic from cities;

5. Severely curtail commercial use of illumination, especially for advertising, and develop rigid new standards for commercial lighting efficiency;

6. Make sweeping changes in power usage and waste in the Military;

7. Establish a Federal Power Corporation to wrest control of our natural resources from the oil cartel.

MASSACHUSETTS

A Massachusetts legislative commission is studying what factors affect food prices and what can be done to bring them down.

The study is being conducted by eight legislators and two persons appointed by Governor Sargent. Barry Wax, research analyst with the Massachusetts Consumers' Council, said the commission will be investigating profits margins, mark-ups, cost of food advertising, between-store competition and the role of subsidiary corporations.

The creation of the commission was prompted by reaction to the conventional wisdom that "everyone says you can't do anything about food prices," said Wax. However, he said he is convinced that "things can be done."

The panel is hearing testimony from consumers and supermarket officials across the state. Evidence of fraud, price-fixing or other illegal activities will be turned over to the state attorney general's office for possible prosecution.

The commission's recommendations will be the basis for initiating legislation to correct and regulate food industry abuses where necessary.

MICHIGAN

One of the die-hard myths of the American economy has been disproved by "The Empty Pork Barrel," a PIRGIM study completed in May by staff member Marion Anderson. The results conclusively refute the "pork barrel" concept of military spending as a source of jobs.

The report utilizes a 1970 analysis by Professor Bruce Russett of Yale University, showing how spending in various sectors of the civilian economy is affected by rises and falls in military

spending. It concludes that almost any alternative use of the same military money, governmental or private, generates 20,000 more jobs per billion dollars spent.

Applying analytical methods developed by university social scientists to official government statistics, the PIRGIM study translated Russett's dollar figures into jobs, and examined the effects in terms of recent Michigan economic data.

She was able to calculate that military budgets averaging \$80 million caused Michigan to forego about 128,000 jobs per year in durable goods, 50,000 jobs in service fields, and 56,000 jobs in state and local government services.

NEVADA

The Consumers League of Nevada has just completed an extensive and damaging report on the Nevada Power Company in preparation for action against Nevada Power. Some of the major recommendations include: conversion to a public power; changing the rate base to force conservation of power; and to investigate alternative power sources. CLN is now organizing efforts to implement the recommendations.

NEW JERSEY

"Consumers are not going to put up with freezing in the dark while the industry or office building down the block is wasting energy," stated Guy Calcerano, project director of New Jersey PIRG's recently released study of industrial and commercial energy use. "Abuse of Power" charges industry and commerce have been wasting huge amounts of energy with government acquiescence.

Students from 7 New Jersey colleges in conjunction with the PIRG staff surveyed over 55 businesses regarding their efforts in 20 key aspects of energy conservation. On the basis of that sample the commercial establishment had only instituted 55% of the possible measures to conserve energy. Industry scored on the average 61%.

The 118 page report also documents almost total indifference to energy conservation on the part of federal and state governments. 60% of the firms surveyed had not received any energy conservation advice or help from government.

Further information on the "Abuse of Power" can be obtained at: NJPIRG, 32 Lafayette St., Trenton NJ 08608.

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a fourth cloture vote, proponents were two votes shy of the two-thirds needed to shut off debate. Dominick, Gurney, Cotton, Ervin, Bible, and Bennett voted against cloture. Fulbright was absent. Hart, Stone, Durkin, Morgan and Bumpers have all indicated support for the legislation and indicated they would vote for cloture. None of the Senators replacing members who supported cloture are expected to oppose shutting off debate.

House Improved

The House of Representatives is expected to be generally much more liberal than previously and the outlook for consumer legislation is substantially improved. Of 55 members of the House who scored zero on CFA's 1974 voting records, 17 either retired or were defeated. In addition, 51 members who scored lower than 50 per cent are gone as a result of retirement or defeat. Of the total 68 members with scores lower than 50 per cent who will not return in January, it is expected that 55 will be replaced with new members more inclined to vote for the consumer. Only three staunch consumer allies appear to have been replaced by individuals less likely to support consumer issues.

Perhaps the most telling consumer vote of 1974 was that on the Brown Amendment to H.R. 13163,

the Consumer Protection Agency. The amendment would have stripped the agency of access to information held by other Federal agencies, limited authority to seek judicial review and deleted indirect subpoena power. The amendment was rejected 176-223. This was the key vote on H.R. 13163.

Opponents of the bill, knowing they could not kill it, hoped to make it toothless. Those supporting this amendment would be likely to support a Presidential veto of the legislation.

Of the members of the House who retired or were defeated, 46 supported the Brown amendment and 10 were absent. In the 94th Congress there should be an increase in consumer oriented votes, but not enough, alone, to override a veto.

Committee Changes

Important changes will occur in key committee assignments relating to consumer issues as a result of the election. Perhaps the most important is that Senator Sam Ervin, a staunch opponent of the ACA who used his position as chairman of the Senate Government Operation Committee to impede its

progress, will be replaced as chairman by the bill's chief sponsor, Sen. Abraham Ribicoff. Sen. Allen, another opponent and committee member, was re-elected. Chairman Warren Magnuson of the Commerce Committee was re-elected. Norris Cotton, ranking minority member of Commerce and an opponent of ACA, will be replaced by James Pearson of Kansas, an ACA supporter, who received an overall CFA rating of 71%.

One of the most important changes will be on the Senate Banking Committee where Sen. Proxmire will become chairman when Sen. Sparkman moves to the chairmanship of the Foreign Relations Committee. Sen. Bennett, who was consistently anti-consumer and a minority member of the committee, retired.

Bennett was ranking minority member of the Finance Committee. He will be replaced by Carl Curtis of Nebraska, whose record is worse than Bennett's. Democrats will have to choose a replacement for Sen. Fulbright on the Finance Committee and this choice will affect chances for passage of National Health Insurance.

In the House, Chairman Chet Holifield, a leader of the pro-ACA forces, will be replaced by Jack Brooks of Texas, also a supporter. The Government Operations Committee should remain supportive of the ACA.

Money Back Bottles Make Sense

In keeping with the thrust of the state and local organizing project of CFA we have put together a description of the "bottle bill," legislation of important state and local concern which we believe is an excellent issue for consumer groups to utilize.

In the U.S. Senate, in almost every state legislature, and in several city and county councils there is legislation pending which would require a mandatory deposit on all beer and soft drink beverage containers. In effect, this would put a well deserved end to the expensive, wasteful, "one-way" can while instituting a refillable system in its place. This legislation provides an issue, and an important one, for both environmentalists and consumers.

The national bill, "The Nonreturnable Beverage Container Prohibition Act" S. 2062 and H.R. 9782 respectively, is modeled after the "Bottle Bill" enacted by the Oregon Legislature in 1971. The Oregon law, which has been the subject of intensive study since its enactment three years ago, has proved to be in the words of Oregon Governor Tom McCall, a "rip-roaring success." Documented evidence illustrates that the law has resulted in a substantial reduction in litter and solid waste. Many tons of valuable resources have been saved. Savings to consumers have been considerable, and huge amounts of energy have been conserved. In light of serious threats to our economic well-being conservation of this sort is especially important.

Today energy is a rallying cry. At President Ford's recent economic summit the President called for all of us to make a list of energy-saving suggestions and to share it with our friends and pass the list on to the White House. While the President looks to the grass

roots for innovative conservation measures there is a proposal lying dormant on Capitol Hill only a few blocks away which could easily lead to a savings in energy equivalent to 92,000 barrels of oil a day. Some sources suggest the savings could go as high as 150,000 a day in an efficient, nationwide "return to returnables."

For consumers, the returnable/refillable bottle is an important money-saving mechanism. Under the present "throw-away" system the consumer is paying 30 to 40 per cent more for beverages in disposable containers. He is paying for packaging. In the case of beer production, the beverage itself makes up only 12 per cent of the total cost, while the container accounts for 56 per cent. In 1969 consumers paid \$1.5 billion more for beverages in throwaways than they would have paid for an equivalent amount of beverage in returnable bottles. In a study done for Environmental Action, a lobbying organization based in Washington, D.C., it was discovered that citizens in the nation's capital were paying an average of \$.80 more per case of beer in throwaway containers than they would have had they purchased the same beer in returnable bottles.

The benefit for consumer groups taking up the cause of returnable bottle legislation would be twofold. First, the benefits to consumers in terms of decreased prices and a cleaner environment which would accompany its passage is obvious. Second, the issue provides an excellent opportunity for the local organization to strengthen itself. The energy-saving aspect of a returnable/refillable container system is very important. Energy is a visible issue. A measure

such as this which Oregon has shown can save enough energy to space heat with gas the homes of 40,000 of its residents is sure to win the active support of a great many people. The demand for retail outlets to carry returnable bottles and to boycott those stores which refuse is an immediate action consumer groups can initiate. Informing local consumers of the immediate savings associated with the purchase of returnables and the benefits of a local bottle bill would be a worthwhile activity for all groups to undertake. This would involve increased activity on the part of the local consumer organization and could easily lead to increased membership.

For a detailed description of "bottle" legislation, Oregon Student Public Interest Research Group (OSPIRG) has published a book entitled *Oregon's Bottle Bill: "A Riproaring Success."* It provides an excellent analysis of all phases of the legislation and its effects. Included within the report is legislative background, detailed economic effects of the law on all relevant sectors of the economy (pros and cons), environmental effects, the opponent's arguments, and court challenges. It can be obtained for \$3 at the following address:

Oregon Student Public Interest Group
408 S.W. Second Avenue
Portland, Oregon 97204

Support of both local and national bottle legislation, for action oriented consumer groups, can be just the beginning of an organized program designed to combat wasteful packaging, built-in-obsolence, and throw away products, all of which contribute to needlessly inflated prices.

Throwaway Facts

S.2062-H.R.9782 Nonreturnable Beverage Container Prohibition Act

Mass marketing of the throwaway, nonreturnable beverage container began in the late 1950's. Promoted for its convenience to the consumer, the nonreturnable beverage container is in reality a matter of profit and convenience to the producers of aluminum, steel and glass containers. The throwaway allows these industries to substantially increase the number of containers to be produced by their companies. At the same time, these industries have contributed and continue to contribute significantly to the current shortage of energy supplies.

In the last decade, a dramatic shift has taken place in the packaging of beer and soft drinks. In 1965, throwaway containers made up only 5% of the soft drink market. By 1973, throwaway containers represented 65% of the U.S. soft drink market. Consumption of beer and soft drink beverages increased only 29% between 1959 and 1969. During the same period, consumption of beer and soft drink beverage containers increased a phenomenal 164%. The shift from refillable to throwaway packaging has had the following effects.

Energy Waste: 244 trillion BTUs of energy are wasted annually producing throwaways. A complete change to returnable/refillable container use would save the equivalent of 150,000 barrels of oil per day. The energy wasted in the U.S. just on beer and soda containers exceeds the combined energy requirements of 15 countries in Africa, Asia and Central America.

Resource Waste: In 1972, 6 million tons of glass, 1.6 million tons of steel and 575,000 tons of aluminum were used in beverage container production.

Solid Waste: In 1972, 8.2 million tons of beer and soft drink containers were produced and discarded in the U.S. Beverage containers are the most rapidly growing segment of all municipal solid waste, growing at the rate of 8% annually. Throwaways are approximately 8% of all municipal refuse.

Litter: A mandatory deposit system creates a positive, economic incentive not to litter. In Oregon, where mandatory deposit legislation has been in effect since October, 1972, a reduction of between 75 and 85% in the beverage container portion of litter has occurred.

Consumer Cost: Because the consumer is paying for the container, he/she spends 30 to 40% more for beverages in throwaway containers than in returnables. In 1969, consumers paid an estimated \$1.5 billion more for beverages in throwaways than they would have paid for the equivalent amount of beverage in returnable/refillable containers.

Employment: A job loss of 11,200 accompanied the brewers' switch to throwaway containers, between 1958 and 1967. While sales increase in both the soft drink and beer markets, there has not been a similar growth in employment. Mandatory deposit legislation will result in increased employment within the distribution and retail industries (60,800) and decreased employment in the container industry (60,500).

Resource Recovery: There has been a huge push to encourage the recycling of one-way cans and bottles, spearheaded by container manufacturers. The success of these programs has depended primarily on volunteer recycling centers. However, the amount of materials reclaimed under these programs has been relatively small. In terms of energy conservation, the reuse and refilling of containers is far less energy consumptive than the recycling of containers.

Consumer Choice: Despite the claims of industry that consumers "demand" the convenience of throwaway containers, returnables are often no longer available for consumers to purchase. A mandatory deposit system insures the right of consumers to purchase whatever type of container he/she prefers.

Resources

The names and addresses of over 500 public interest and governmental groups in a listing compiled by the Commission for the Advancement of Public Interest Organizations. The 150 page Information Resources for Public Interest can be purchased for \$5.00 from the Commission, 1875 Connecticut Avenue, NW; Washington, D.C., 20009.

The Incredible Rocky, 50 pages of history and information on the Rockefeller family, is available for \$1.00 from the North American Congress on Latin America; Box 57; Cathedral Station; New York NY 10025.

How to Save Money on Your Telephone Bills is a good primer for consumers or anyone who has occasion to use a telephone. It is available from the Telephone Users Association, 816 National Press Building, Washington, D.C., 20004. The price is \$.60.

The Blue Cross Association is providing free, to all who ask, a copy of Herbert Denenberg's *A Shopper's Guide to Health Insurance*. All that you have to do is write for it to: The Blue Cross Association, 840 N. Lake Shore Drive, Chicago IL 60611.

FOOD DAY: April 17, 1975

by Michael Jacobson, Director
Center for Science in the Public Interest

The world food dilemma and the energy crisis have dramatized like nothing else before, the interdependence of all nations. For Americans, who had been accustomed to perpetual food surpluses, the food crisis has taken the form of soaring food prices. For less fortunate nations, the food crisis has meant hunger and starvation. The novel state of affairs in which the world finds itself is forcing Americans to question traditional assumptions regarding national goals and personal lifestyles.

The Federal government has never articulated a national food policy, covering agricultural production, nutrition education, and aid to needy nations. Instead, our policy resembles a patchwork quilt that reflects disparate political pressures more than careful thought and planning. And these political pressures are usually wielded by multi-billion dollar, multi-national corporations. Our current "food policy" consists of such elements as a lack of governmental control over giant grain exporters; a poorly publicized food stamp program; uncontrolled TV advertising that induces small children to buy foods that are bad for their health; and no nutrition education whatsoever. Until recently, a laissez-faire attitude on the part of the Federal government was tolerable, although costly and undesirable. Events of the past two years, however, make it clear that this situation is no longer tolerable.

The lack of a rational food policy has resulted in prices that have fluctuated widely and moved steadily upward, devastating both farmers and consumers. Only a few middlemen made windfall profits. Inflation-caused price hikes are compounded by a lack of competition in certain segments of the food industry. This, according to government reports, results in billions of dollars worth of consumer overcharges each year. The Administration's conscious effort to liquidate our once-enormous reserve of grain has contributed to unstable prices, and has contributed to the world food crisis by pricing our grain out of reach of the nations which most need it. Thousands of people have died; and millions are living at the brink of death. We are learning how American policies and lifestyle affect unseen millions in a hundred other nations. As Secretary Kissinger said at the World Food Conference in Rome, "We are faced not just with the problem of food, but with the accelerating momentum of interdependence."

Finally, leaving nutrition education to the food producers has encouraged the consumption of sugar-rich and fatty foods. General Foods, for example, spends \$180 million a year on advertising for Jell-O, Kool-Aid, coffee and other foods. For sake of comparison, FDA's Bureau of Foods budget is \$66 million, and the National Institute for Dental Research spends a grand total of \$40,000 a year on dental education. Our modern diet is contributing to obesity, tooth decay, diabetes, heart disease, bowel cancer, and other health problems. These diseases, which may be largely avoidable, are epidemic in this country and costing us billions of dollars a year.

Ever-rising food prices and the World Food Conference have awakened the public to the need for a coherent American food policy based on human needs, both in this country and abroad. To help translate this new awareness into deeper understanding and concrete actions, the Center for Science in the Public Interest—with the cooperation of Consumer Federation of America and

dozens of other groups and individuals—is coordinating FOOD DAY, a national action day on the food crisis. FOOD DAY is April 17, 1975.

Because of last year's energy crunch and this year's food crisis, Americans have begun to understand what ecologists have been saying for several years: mankind has now reached "the limits of growth." Beyond the environmental facts of life is the moral dimension of the current crisis. Should our surplus grain feed Soviet livestock or African children? Questions like these are difficult because they balance moral imperatives against personal sacrifices and problems facing mankind, fasts and discussions have been organized at a few colleges and churches. We are now urging students and teachers in schools and colleges across the country to begin developing activities that will culminate in a day of teach-ins and actions next April. Students at the Universities of Michigan and Wisconsin have already begun planning such teach-ins.

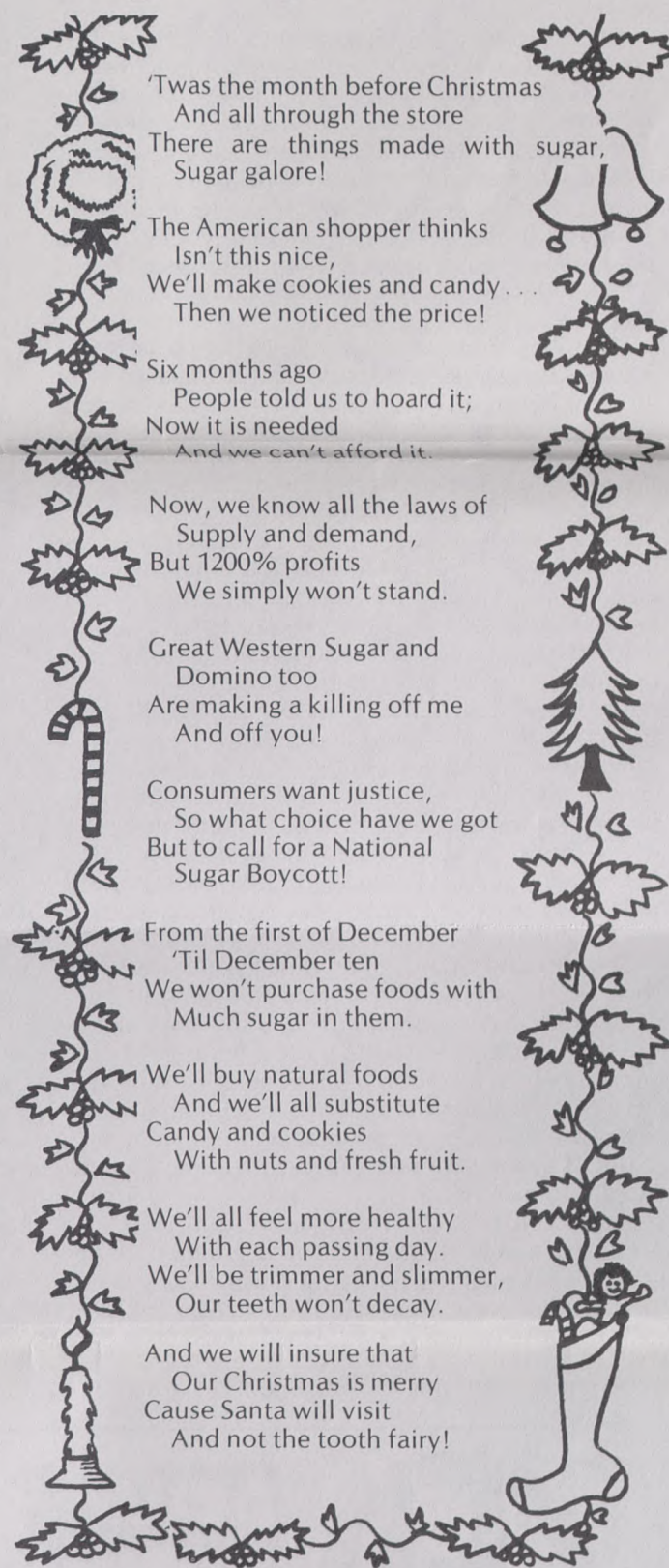
We are also urging members of church, anti-poverty, environmental, consumer, world food, civic, lay and professional health associations, and youth groups to organize activities on FOOD DAY that will help dramatize or solve the food crisis. Some of the ideas that we are suggesting include:

- planting community gardens (perhaps in conjunction with the school system) and starting food coops and farmers markets.
- demanding that local TV stations regularly broadcast good-nutrition spots and programs, and eliminate junk food advertising from children's shows.
- making nutrition a standard part of a medical education.
- investigating the influence that giant corporations have over the price, variety, and quality of the food we eat.
- organizing task forces that will encourage cities and states to formulate their own food policies aimed at improving health, lowering prices, and conserving farmland and energy.

We anticipate that FOOD DAY will be a catalyst for on-going activism at the local and national levels, just as Earth Day was the catalyst that crystallized the environmental movement. FOOD DAY is not as much a solitary event as the high point of continuing activities.

FOOD DAY can be a watershed in understanding the food crisis, in increasing competition and responsibility in the food industry, in improving the nation's eating habits, in aiding millions of people overseas, and in eliminating hunger in the U.S. We hope that all Americans will participate.

The Lament of the Sugar Plum Fairy



'Twas the month before Christmas
And all through the store
There are things made with sugar,
Sugar galore!

The American shopper thinks
Isn't this nice,
We'll make cookies and candy...
Then we noticed the price!

Six months ago
People told us to hoard it;
Now it is needed
And we can't afford it.

Now, we know all the laws of
Supply and demand,
But 1200% profits
We simply won't stand.

Great Western Sugar and
Domino too
Are making a killing off me
And off you!

Consumers want justice,
So what choice have we got
But to call for a National
Sugar Boycott!

From the first of December
'Til December ten
We won't purchase foods with
Much sugar in them.

We'll buy natural foods
And we'll all substitute
Candy and cookies
With nuts and fresh fruit.

We'll all feel more healthy
With each passing day.
We'll be trimmer and slimmer,
Our teeth won't decay.

And we will insure that
Our Christmas is merry
Cause Santa will visit
And not the tooth fairy!

What better way to say Merry Christmas than to give someone you know a year's subscription to the CFA News. With 1975 promising to be a banner year for inflation, skyrocketing cost of living and increased unemployment, it is more important than ever to stay in touch with what Congress, agencies and courts are doing to protect or ignore the interests of the American public.

With each \$15 subscription, the CFA News will be delivered to concerned consumers once a month. It includes up to date information about both grass-roots and national consumer programs and what people are doing to bring about change. Subscribe now, it's a gift that teaches, informs and encourages positive action all year long.

Please send a gift subscription to:

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Address _____

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Please make all checks payable to Consumer Federation of America. Subscriptions should be mailed to CFA, 1012 14th Street, N.W., Washington, D.C. 20005. Subscriptions are available at \$15.00 a year.

USDA Beef Grades Spell Price Disaster

On September 11, 1974, the U.S. Department of Agriculture (USDA) issued a proposal to revise Beef Grading Standards. After close examination of the USDA's recommendations, Consumer Federation of America has concluded that they would be an economic disaster for consumers. To head off the catastrophe which would result from adoption of the new USDA standards, CFA and a coalition of other consumer groups have asked USDA to establish a new separate quality grade for beef.

Each USDA grade, according to the Department of Agriculture, is "a measure of a distinct level of quality." Currently eight grades are in use. Grading is based upon a combination of marbling and maturity. Marbling is determined by how many flecks of fat there are within the meat. Maturity is based upon the age of the animal.

PRIME beef is the most expensive and is described as "the ultimate in tenderness, juiciness and flavor." The next grade, CHOICE is the one most widely sold in supermarkets. Most supermarkets (especially in metropolitan areas) carry only these two grades. The rationale for this very limited selection is that consumers demand beef that is tender, juicy and flavorful—even though it is higher in fat (cholesterol). GOOD grade meat is leaner, still relatively tender and can be juicy and flavorful when prepared in stews or other dishes in which moist heat is used during cooking. This economical grade, however, is not widely available so its cost and caloric savings to consumers are largely hypothetical.

The current USDA system, thus has evolved into an expensive proposition for consumers and livestock producers alike. In order to make the current CHOICE grade, cattlemen must keep their cattle on the feedlots for a minimum of 40 days. With the price of feed grains at record levels, many cattle raisers are being forced to sustain crippling losses, go out of business or take drastic measures such as slaughtering baby calves.

In its typical backwards manner, the USDA is proposing a new standard of beef grading which would benefit neither the farmer or the consumer. Specifically, we object to the section of the proposal which seeks to change the minimum level of marbling for grade CHOICE while at the same time proposing to change the minimum

marbling requirement of GOOD for the very youngest carcasses classified as beef.

While we strongly support increasing the production of leaner beef, CFA feels that the proposed change would obscure the fact that this leaner beef costs less to produce. Under this proposal, producers can be insured their cattle will fall into the CHOICE category while they can reduce production costs by cutting off two weeks of feeding time. This translates into an 8% reduction in feeding time or an 8% reduction in production costs. And, if this savings were passed on to the consumer at the retail level, it could be a savings of as much as \$.11 per pound. *However, if the current USDA proposal were adopted, this leaner beef, previously graded GOOD would fall into the CHOICE price range and consumers would continue to pay today's current high CHOICE prices rather than the reduced prices.*

CFA, in conjunction with several other consumer groups, has submitted the following plan for the Department of Agriculture to consider before taking any action on the Department's pending proposal. The following recommendations would encourage the production and marketing of leaner beef which uses less grain, costs less to produce and at the same time would allow prices to reflect this producer-cost reduction.

We recommend that the quality grading system be modified so that one additional grade designation

be added between CHOICE and GOOD, thus making nine designations.

We recommend that once any changes in the quality grading system for beef are approved, that the Department of Agriculture undertake a full scale consumer education program

What Can You Do?

1. Write to Hearing Clerk, USDA, Room 113, Administration Building, Washington, D.C. 20250 and tell them you agree with the new proposal to designate a separate grade of beef between CHOICE and GOOD.

2. Send a copy of your letter to Consumer Federation of America so that we may list your group among our national consumer coalition of groups opposed to the pending USDA proposal.

3. Conduct a consumer survey in your local area supermarkets to see if consumers are in favor of a new grade of beef.

4. Tell the Department of Agriculture that consumers are not fully aware of what quality grades mean. Though beef grades are used more than any other USDA grades, consumer knowledge of these grades is appallingly low. When the USDA does undertake an information program, it would be helpful if it was done in cooperation with local consumer groups.

5. Suggest that a whole new grade system be developed on the basis of nutrition labeling, which is the only method that will tell the whole story.

Continued from page 1

1. The Secretary of Agriculture should monitor wholesale meat prices and inform consumers through public service announcements in the media whether specific meat prices are rising or falling in their area. Consumers should be told to write the Council on Wage and Price Stability if retail meat prices in their city do not reflect the wholesale prices. This would force retail stores to pass legitimate savings on to customers.

2. The Department of Agriculture should examine all data from its many information gathering sources (Agricultural Research Service, etc.) to determine if there is price fixing or anti-competitive practices. All suspected information should be reported to the Federal Trade Commission and the Department of Justice. If the Department of Agriculture does not have the authority or funds to do this, they should go to Congress and request the necessary power and appropriations.

3. The Department of Agriculture should design a meat grading system based on consumer needs for nutritional information. An independent scientific study with consumer participation to determine the

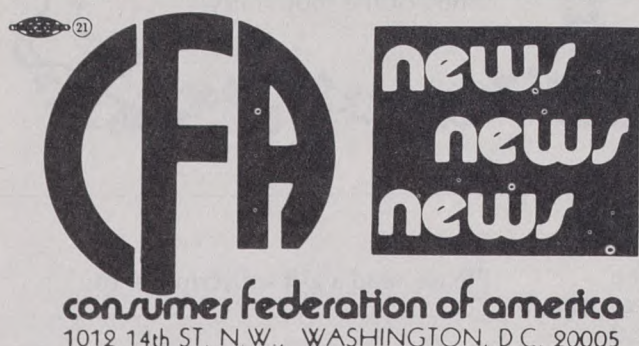
best means of doing this should be commissioned immediately.

4. The Department of Agriculture should encourage the development of producer-consumer cooperatives. Grants should be made available to groups of farmers and consumers who are trying to start direct buying cooperatives. This would eliminate the middlemen in certain food lines and save consumers as much as half of their food dollar.

5. There should be direct consumer-producer representation of meat boards which have the authority to determine what quotas will be set.

6. Congress should prohibit vertical integration of the beef industry under the authority of the Packer and Stockyard Act. This would prohibit meat packers and processors from raising their own cattle and would insure more competition in the production sector of our economy.

The Beef-In is one of the few positive things that have come out of the crisis situation in the animal protein industry. Instead of slaughtering baby calves, chickens and turkeys, the Meat Promoter of South Dakota and Montana and CFA decided to join together for an educational voyage across America.



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You Are What You Eat

Federal Trade Commission Calls For Comment on Proposed Food Advertising Rule

[Note: This article was prepared by the staff of the Federal Trade Commission and does not necessarily represent the views of the Commission, any individual Commissioner, or Consumer Federation of America.]

On November 7, 1974 the Federal Trade Commission issued a proposed Trade Regulation Rule on Food Advertising and related FTC Staff Statements and Proposals aimed at regulating the claims and information contained in food advertisements. These documents reflect two years of investigation into the types of claims which are being made by food advertisers and the information which consumers need in order to make nutritionally sound purchase decisions.

These proposals and accompanying statements were published in the Federal Register on November 11, 1974 (16 CFR Part 437, 39 Fed. Reg. 39842) and consist of the following documents—

(1) Proposed Trade Regulation Rule on Food Advertising (pp. 39842-39845)

(2) Explanation and Basis of Proceeding and Analysis and Statement of Issues by Section (pp. 39845-39851)

(3) Staff Statement of Fact, Law and Policy in Support of the Proposed Rule and in support of Affirmative Disclosures in Food Advertising (pp. 39852-39859)

(4) Staff proposals concerning Natural and Organic Food Claims, Fat, Fatty Acid and Cholesterol Content Claims, and Health and Related Claims (p. 39862).

(5) Staff Proposal for Affirmative Disclosure of Nutrition Information in Food Advertising (not endorsed by the Director of the Bureau of Consumer Protection or the Assistant Director for National Advertising). (pp. 39860-39862)

Comments are solicited on all parts of this

document, including the staff statements and proposals. These comments should not necessarily be limited to positive or negative comments concerning the published proposals but should also include suggestions of alternative forms of regulation.

The Federal Trade Commission became especially concerned about food advertising after the White House Conference on Food and Nutrition highlighted studies by the federal government showing that many Americans' diets are not providing enough of certain basic nutrients which people need to be healthy, that this problem is getting worse rather than better, and that the appearance of more and more new food products makes it increasingly difficult for the consumer to determine the nutritional value of items on the supermarket shelves. Furthermore, the sharply rising cost of food has made the task of providing a nutritionally adequate diet for oneself and one's family even more difficult.

Therefore, the Commission and its staff are attempting to assist consumers in their efforts to eat nutritionally and economically by developing a Trade Regulation Rule on Food Advertising, a set of rules regulating the advertising of foods. Failure of advertising to comply with these rules would be unfair or deceptive, in violation of the Federal Trade Commission Act. In pursuing this goal, the FTC has set two basic objectives which its proposal tries to fulfill:

DEFINING CLAIMS—Food advertisers would be prohibited from making certain claims about their products unless they meet the criteria which the FTC has specified. For example, an advertiser would be permitted to say that a food is a good source of certain vitamins only if a serving of that

food provides at least 35% of the U.S. Recommended Daily Allowance (U.S. RDA) of each of those vitamins.

INFORMATION DISCLOSURE—Food advertisers would be required to disclose specific information in certain advertisements. In the above example, the advertiser would have to tell the consumer which vitamins the food is a good source of and what percentage of the U.S. RDA of each of those vitamins a serving provides. In this way, consumers would be able to evaluate and compare foods that claim that they are good sources of certain nutrients.

The Commission is now calling upon the public to comment on the proposals which it has published and to evaluate the proposed rule and suggest ways in which it might be improved. Consumers can and should play a vital role in this process because in order to develop a rule which reaches the two objectives discussed above, it is necessary that the Commissioners and the staff (1) know whether they have accurately pinpointed the advertising claims which are confusing and misleading to consumers, (2) know what information consumers feel it is necessary that they have in order to make intelligent purchase decisions, and (3) know as much as possible about the food purchasing habits of consumers and their sources of information for making decisions.

The Commission encourages consumer groups and individuals to take the time to reflect on their food purchasing habits and participate along with food producers and manufacturers and advertisers in the decision-making process currently going on at the Federal Trade Commission. Consumers should attempt to answer certain basic questions such as the following about their food buying patterns.

Food For Thought—And Comment

How do you get your information about various foods? From advertisements? If so, what types of advertisements (television, radio, magazines, newspaper)? Do you clip and save advertisements? How do you use advertisements? For example, do you take them with you when you go shopping? From what other sources do Americans get their information about foods?

Do you try to plan meals and make shopping lists of necessary ingredients before you go to the store? Do you add products to these lists based on commercial messages which you have seen?

What characteristics do you look for in the

foods that you purchase (taste, appearance, caloric content, and nutritional value, for example)? Do you try to compare foods on the basis of these characteristics? How do you make these comparisons?

When shopping, do you try to check the information you have received from advertisements and elsewhere? How do you do this? Do you compare foods in the supermarket? On what bases? Do you read food labels where they provide information on ingredients and/or nutrition?

What purchase decisions do you find confusing? Why? What kinds of information would be useful to you in reducing this confusion?

To what extent do you prefer "brand name"

products? For all foods or only certain ones? Which products? If there is such a preference, why does it exist? Do you assume that brand name products are high in nutrient value or are better nutritionally than others?

Do you believe that you know what foods provide little or no nutritional value? Do you buy these foods anyway?

Do you look for particular nutrients in deciding which foods to buy? Which ones? Do you know in which nutrients many Americans are deficient? Do you believe that you are getting adequate amounts of the basic nutrients from the foods which you eat? Do you take any steps to ensure this? If so, what are the steps?

The Commission's Proposed Rules Governing Nutrition Claims

The Commission's proposed Rule covers several types of claims which frequently are made voluntarily in food advertising. These claims are emphatic nutrient content claims; comparisons between foods; nourishment claims; claims for foods which are used in combination with other foods; and energy and calorie claims.

Under the proposed Rule, before these covered claims can be made, specific requirements or criteria established by the proposed Rule must be met. Once these are met, the proposed Rule will allow certain claims to be made—but only if, along with the claim, specific nutritional information is disclosed. There are also general criteria established by the proposed Rule for all claims which mention nutrients. For example, such claims are limited to nutrients for which there is an established U.S. RDA, and the percentage of the U.S. RDA of that nutrient in a serving of the advertised food must be stated.

This part of the article will briefly summarize the effect of the proposed Rule by first giving an example of a food advertising claim which is covered by the proposed Rule and then by listing the criteria required to be met by the proposed Rule before that claim can be made and the disclosures required to go along with the claim.

It should be remembered that the examples given are only examples and that various other claims which carry a *similar* meaning are also covered by the proposed Rule.

Emphatic Nutrition Claims

Example

- "High in Vitamin C"

Proposed Criteria

Under the proposed Rule, an advertisement could not claim that a food product is a good source of a nutrient unless that nutrient is present at a level of 35% of U.S. Recommended Daily Allowance (U.S. RDA) for that nutrient. On the other hand, an advertisement may merely state that a food contains a nutrient (for example "Contains Vitamin C"), if it contains at least 10% of the U.S. RDA of that nutrient.

Proposed Disclosure

The advertisement must specifically name the nutrient and state the percentage of the U.S. RDA of that nutrient present in a serving of that food.

Nutrient Comparison Claims

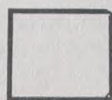
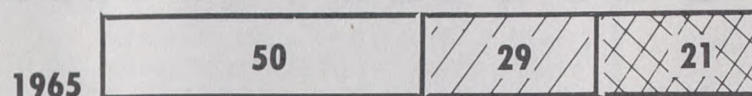
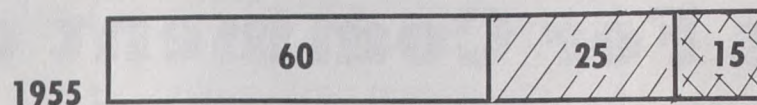
Example

- "Food X has more iron than Food Y"
- "Food X is as nutritious as Food Y"
- "Food X is more nutritious than Food Y"

Proposed Criteria

For each of the types of claims covered in the 3 examples, above, the advertiser would have to compare equal serving sizes for both foods.

In order for an advertiser to say that his product, Food X, *has more of a particular nutrient* than Food Y, a serving of his product would have to contain at least 10% of the U.S. RDA more of *that nutrient* than a serving of Food Y. In addition, both Food X and Food Y must normally serve the same purpose in the diet. Furthermore, Food X cannot



GOOD DIETS (Met RDA's (1963) for 7 Nutrients)



FAIR DIETS (2/3 RDA's for 7 Nutrients, but below RDA for 1-7)



POOR DIETS (Below 2/3 RDA for 1-7 Nutrients)

(Taken from U.S.D.A. Household Food Consumption Survey 1965-66)

make the claim if a serving of Food Y has at least as many calories as and 10% or more of the U.S. RDA of more than two other nutrients than a serving of Food X, or if a serving of Food Y has fewer calories and a greater amount of more than two nutrients for every 100 calories than a serving of Food X.

In order for an advertiser to say that his product, Food X, is *as nutritious* as Food Y, a serving of Food X would have to contain at least equal amounts of all nutrients present in a serving of Food Y in measurable amounts, and, if Food Y contains protein, then the protein in Food X would have to be of at least as good quality.

In order for an advertiser to say that his product, Food X, is *more nutritious than* Food Y, a serving of his product would have to provide at least 10% more of the U.S. RDA for each nutrient present in a serving of Food Y in measurable amounts and, if Food Y contains protein, then the protein in Food X would have to be of at least as good quality.

Proposed Disclosures

The ads must specifically identify both foods being compared.

Where it is claimed that Food X has more of a particular nutrient than Food Y, the particular nutrient being compared must be disclosed, as well as the percentage of the U.S. RDA which a serving of Food X provides.

Where it is claimed that Food X is *as nutritious* as Food Y, or *more nutritious than* Food Y, the ads must state the number of calories in equal servings of both foods, and also disclose its fat content if Food Y has less fat than Food X.

Nourishment Claims

Examples

- "Food X is wholesome."
- "Food Y provides complete nutrition."

Proposed Criteria

Before a claim that a food is "nutritious" or "wholesome" could be made, that food would in

fact have to provide good nutrition. The food must contain protein and at least three other nutrients in amounts of at least 10% of the U.S. RDA for each 100 calories, and a serving of the food must provide at least 10% of the U.S. RDA of at least one nutrient.

Before a claim that a food provides complete nutrition could be made, (1) the food must provide 100% of the U.S. RDA for protein and for all of the vitamins and minerals for which U.S. RDA's have been established and (2) there must be scientific tests which show that the food is a total diet replacement.

Claims for Foods Intended to be Combined with Other Foods

Foods Which Must be Combined With Other Foods to be Properly Served

Example

- A food such as a "meat extender" or a "meat helper."

Proposed Criteria

This part of this section of the proposed Rule applies only to products which *must* be combined with other foods in order to be properly served. Claims concerning nutrition may be based on the nutrient composition of the product as served (i.e. after it is combined with the other food).

Proposed Disclosure

The fact that the advertised food (the "helper") must be combined with another food must be disclosed.

Where the "helper" does *not* provide at least half of the value of any nutrient mentioned in any ad for the "helper," that fact must be disclosed.

Foods Which May Be But are not Necessarily Combined With Other Foods

Example

- Cereal (with milk or fruit)

Proposed Criteria

Any claim concerning nutrition must be based on the nutrient content of the advertised food alone.

Energy and Calorie Claims

Prohibited Claims

Two types of claims that are prohibited by the proposed Rule

- Ads that represent that a food or nutrient by itself or energy from its calories provides health, general vigor, alertness, etc.
- Ads for foods containing sugar, including sorbitol, mannitol, or other hexitols, cannot use such terms as "sugar-less," "sugar free," etc.

Permitted Claims

Two kinds of claims are allowed only if the ad gives the number of calories per serving and also makes clear that the benefit claimed as a result of consumption of the advertised food is supplied by calories. The two claims are:

- Claims that a food or nutrient contains, produces, provides, enhances, or is a source of "energy" or "food energy" or words of similar impact.
- Claims that eating a food contributes to short-term vigor, energy, alertness, strength or endurance.

Diet Claims

Claims such as "diet," "dietetic," "low calorie," "artificially sweetened" are prohibited unless the food complies with FDA regulations for such foods and unless the advertisement discloses the number of calories in a serving of the food. Foods which contain artificial sweeteners must also disclose the number of calories in an equal-sized serving of the same food made with sugar or other nutritive sweeteners.

If the food contains any sugar or other nutritive sweetener in addition to the artificial sweetener, the ad must also say "This food contains sugars and should not be used by diabetics without the advice of a physician."



WRITE NOW!

The Federal Trade Commission and Consumer Federation of America are anxious to hear from you. You may comment upon the entire proposal, any section that interests you, and/or the questions raised above. (Food for thought and comment) Comments may be in letter form and need not be typewritten. Comments, which must be submitted no later than February 5, 1974, should be addressed to: William D. Dixon, Special Assistant for Rulemaking, Federal Trade Commission, Washington, D.C. 20580.

Staff Proposals Governing Voluntary Claims

The Commission has also published a staff proposal which states that certain other food advertising claims should be regulated.

"Natural" or Organic Claims

Example

- "Food X is a natural food."
- "Food Y is organically grown."

Under the staff's proposal these claims would be prohibited. However, an advertisement could state truthful facts about the food such as:

"Does not contain any artificial or synthetic ingredients" or "not grown with pesticides."

Fat, Fatty Acid and Cholesterol Claims

Example

- "Eating Food X will help prevent the risk of heart attack."

The staff's proposal prohibits all claims that a food or use of a food as part of a total dietary plan will prevent or contribute to the prevention of heart attacks, or that a food will not increase the risk of or help cause heart attacks.

The staff's proposal allows food advertisers to state the cholesterol, fatty acid, or fat content of a food product—but only so long as that statement complies with the requirements set up by the Food and Drug Administration for disclosing cholesterol and fat content. The FDA regulation requires the following statement along with any disclosure of cholesterol or fat content:

"Information on fat (and/or cholesterol, where appropriate) content is provided for individuals who, on the advice of a physician, are modifying their total dietary intake of fat (and/or cholesterol where appropriate)."

"Health" and related claims

Example

- "Food X is a health food your children need."

The staff's proposal prohibits several kinds of claims, including claims that a food promotes health, is a remedy for disease, or is a "health food."

Examples of prohibited claims are

- "Food X contains Vitamin A which is effective in preventing disease."
- "Food X naturally contains Vitamin A which is superior to added Vitamin A."
- "Food X is a health food."



"Another thing. Let's lay off the health foods for a while."



Staff Proposal for Requiring Disclosure of Nutrition Information in Food Advertising

[Note: The staff proposal is not endorsed by the Director of the Bureau of Consumer Protection or the Assistant Director for National Advertising.]

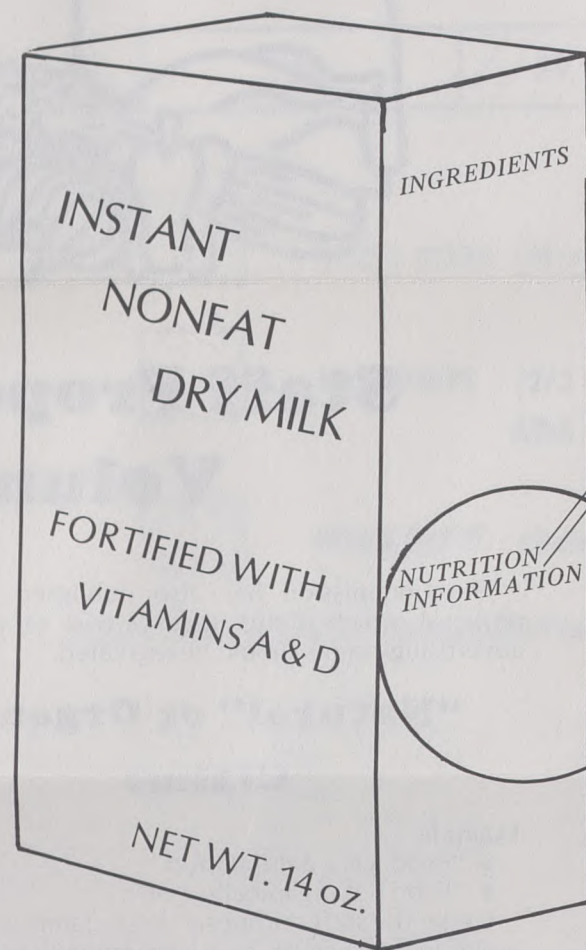
The staff proposal for requiring disclosures of nutrition information in food advertising would apply to most foods and most types of food advertising. It is tied closely to the nutrient labeling program of the Food and Drug Administration which becomes mandatory on January 1, 1975.

The extent of the required disclosures is tailored to the media in which a given advertisement appears. For example, a fortified cereal product advertised in a 60-second television advertisement would be required to give a partial nutrient profile. A radio advertisement for the same product would be required to make only the following disclosure—"Read the label for nutrition information." The staff has attempted to provide for as much information in each type of advertisement as can reasonably be expected to be understood and utilized by the consumer without disrupting the primary selling message of the advertisement.

Example

• 30-Second Television Advertisement

The video portion of this advertisement must disclose (1) the identity of at least 4 of the 8 primary nutrients (Protein, Vitamin A, Vitamin C, Thiamine, Riboflavin, Niacin, Calcium and Iron) which are present in a serving of the food in amounts of 10% or more of the U.S. RDA, (2) the percentage of the U.S. RDA of each such nutrient in a serving, and (3) the number of calories in a serving. This information must be disclosed for a minimum of 6 seconds. Immediately upon conclusion of the video disclosure, the audio portion must make the following disclosure: "Read the food label for more nutrition information." The



NUTRITION INFORMATION PER SERVING	
Serving Size	8 oz
Servings per Container	12
Calories	80
Protein (gms)	7
Carbohydrate (gms)	12
Fat (gms)	0
PERCENTAGE OF U.S. RECOMMENDED DAILY ALLOWANCES (U.S. RDA)	
Protein	15
Vitamin A	10
Vitamin C	2
Thiamine	4
Riboflavin	25
Niacin	*
Calcium	25
Iron	*
Vitamin D	25
*Contains less than 2% of the U.S. RDA of these nutrients.	

disclosures for a canned spaghetti and meat ball product might appear as follows—

If the product did not contain any of those 8 nutrients at 10% or more of the U.S. RDA per serving, a disclosure of that fact would be required simultaneously in audio and video. This must be followed by an audio disclosure to "Read the food label..."

As an alternative to either of these disclosures, the advertiser may disclose the nutrient label

required by FDA for 15 seconds in the video portion followed by an audio disclosure to "Read the food label..."

Example

• Print advertisement

Subject to print size requirements set forth in Section 437.2 (h) of the Rule, a print advertisement must disclose the identity and percentage of the U.S. RDA of the 8 primary nutrients in a serving of the advertised food and the number of calories per serving. As an alternative, the advertiser may disclose the nutrient label required by FDA. Such a disclosure might appear as in the above illustration of non-fat dry milk.

Any comments directed to the specific regulations proposed by the Commission or by the Staff or to issues dealing with the subjects covered by those regulations are encouraged. Issues are set forth in the Analysis and Statement of Issues by Section, 39 Fed. Reg. 39845-39851. These issues are considered to be particularly important questions raised by the proposals but are not intended to limit the scope of comments. Are any additional regulations governing food advertising necessary? If so, what subjects should they cover and what form should they take?



VIDEO: one 7½ oz. serving provides
the following percentages
of the U.S. RDA:
Protein 15
Niacin 10
Iron 10
and 200 calories



AUDIO: Read the food label for
more nutrition information.