# new/ new/new/new/ consumer federation of america

Washington, D.C.

May, 1975

Senator Lee Metcalf

Senator Lee Metcalf, Representative John E. Moss, Jacob Clayman and Consumer Reports magazine will be honored for their outstanding contributions to American consumers at the Fifth Annual Consumer Federation of America Awards Dinner on June 11, at the Mayflower Hotel in Washington, D.C.

Senator Metcalf and Rep. Moss will each be honored with the Distinguished Public Service Award, which is traditionally presented to an elected public official.

In the field of energy, Senator Metcalf has been a dedicated advocate of improved regulation of utility companies since his election

# CFA to honor Metcalf, Moss, Clayman and Consumer Reports



Representative John Moss

to Congress in 1952. As Chairman of the Subcommittee on Materials, Minerals and Fuels of the Senate Committee on Interior and Insular Affairs, he has been a staunch advocate of the rights of utility consumers. The Montana Democrat, who was elected to the Senate in 1960, has also led consumers in their quest for a cleaner environment through his sponsorship of air and water pollution control.

Senator Metcalf has also been active in such diverse consumer protection areas as improved meat



Jacob Clayman

inspection, truth in advertising and packaging and fair interest rates.

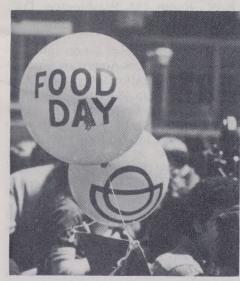
As Chairman of the consumer protection subcommittee of the House Commerce Committee, Rep.

John E. Moss has consistently championed a wide variety of legislation aimed at the protection and advancement of the interests of American consumers. His leadership has led to the passage of the FTC-Warranties Act and the widely acclaimed Freedom of Information Act. He was also the author and major sponsor of the Consumer Product Safety Act, which led to the creation of the Consumer Product Safety Commission.

The California Democrat is a major supporter of No-Fault Automobile Insurance and the continuing investigation of the energy industry and its competitive structure.



## Consumers join in Food Day



Food Day in San Francisco

From street fairs, with balloons and rock music to teach-ins and serious speeches on American food policy, Food Day, 1975 had something for everybody. Designed as a national day of awareness and action, Food Day was an opportunity for people to get involved in an issue of basic

concern and broad consequence.

From San Francisco to New York, consumers, students, community and religious organizations participated in a wide variety of activities centered on food cost, availability, quality and supply.

In New York City's Bryant Park, New York Consumer Assembly and other groups sponsored Meals in the Park, where a crowd of over one thousand was served a meatless, high-protein lunch at nominal cost. Participants strolled among booths with information on food stamps, food legislation, junk foods, co-ops, nutrition, famine relief and world food policy. They also heard Congressman Fred Richmond (D-NY), tell them, "What we need is a national food policy, that provides adequate production, fair consumer prices, a decent return to the farmer, stability in the marketplace, a thorough investigation of the corporate role in agriculture, and a successful humanitarian food assistance program both

(Cont. on p. 5)

## Legislative Wrap-up

Agency for Consumer Advocacy

It is expected that the Consumer Protection Act creating an Agency for Consumer Advocacy (S. 200), will come to the Senate floor in early May. A substantial majority of the Senate is committed to its passage and in recent weeks, several new industries including Mobil Oil and Stop and Shop Supermarkets have endorsed the legislation.

Despite the fact that President Ford voted for similar legislation when he was a Congressman, he has now apparently yielded to pressure from some segments of industry and is attempting to kill the bill. Writing to Senator Abraham Ribicoff (D-Conn), the Chairman of the Senate Committee which has jurisdiction over S. 200, the President requested that action on the bill be delayed. Instead, he proposed to direct Federal

executive branch agencies to improve their responsiveness and accountability to the American consumer.

Again on April 28, the President took the opportunity to address the Chamber of Commerce of the United States and reiterate his position. Using the same language which appeared in an obviously biased Opinion Research poll, sponsored by the Business Roundtable, the President claimed that the American people do not want the ACA.

In spite of the President's opposition, consumer advocates remain confident of the ACA's passage. It is now more important than ever to write your Senators to enlist their support, as the bill must pass by an overwhelming majority so Mr. Ford will realize the enormity of consumer support.

(More on p. 3)

### SPEAK OUT!

### What's the difference between investor-owned and consumer-owned utilities

With electric rates of all utilities—public and cooperative as well as private power companies—rising, consumers may well ask: What's the difference between investor-owned and consumer-owned electric service? The quick answer is plenty—both in theory and in fact.

Basically, of course, investorowned utilities—as private power companies choose to call themselves and critics have abbreviated to "IOUs"—exist to earn a profit for their stockholder-owners. Consumerowned electric systems exist solely to serve their consumer-owners. To understand how these radically different objectives affect consumers, it is helpful to look at the origins of consumer-owned electric systems publicly owned electric utilities and rural electric cooperatives.

#### Began in 1882

Publicly owned systems go back to the beginnings of central station electric service in 1882 when municipal electric utilities were organized to provide lighting in their communities. Later, public utility districts and public power districts were formed in some areas, and several state power agencies were established in connection with the development of water power resources. In each year since 1882, one or more new local publicly owned electric utilities has been established. In the early years the motivation was simply to get more electric service; more recently, local public power systems have been formed to secure better service or

By the 1930s, half a century after the beginning of modern electric service, urban areas were highly electrified but only about one in every 10 farms had electricity. The Rural Electrification Administration was created in 1935 to loan funds for extending electric lines into rural America, where the IOUs said it was unprofitable to serve. At first, it was expected that the funds would be used by the IOUs, but they were adamant. Then groups of farmers organized their own rural electric cooperatives, borrowed funds from REA and built their own electric systems. Today, rural America has been electrified, and power from the farmers' own cooperative systems plays a major role in producing the Nation's food and fiber. Rural electric cooperatives serve nearly half the Nation's farms.

The most obvious benefit of consumer-owned electric service to consumers is lower rates. Rural electric systems provide economical service in areas where the IOUs contended it couldn't be done, and the municipal electric utilities and otherlocal publicly owned systems have long led the electric utility industry in providing low-cost power to consumers.

By Alex Radin General Manager American Public Power Association

Since 1946, the Federal Power Commission has compiled comparable statistics for publicly owned and privately owned electric utilities, and each year for more than a quarter of a century, the local public power systems have had substantially lower rates than the IOUs. The most recent figures, for the year 1972, show that the average residential consumer of a power company paid nearly half again as much (48.5% more on the average) for each kilowatt-hour of electricity than the consumer served by his own local publicly owned electric utility.

Why are local public power rates lower? Some IOU spokesmen contend that public power systems "don't pay taxes," but this is incorrect. The publicly owned utilities make payments in lieu of taxes or other contributions to local governments generally equivalent to the tax payments of the power companies. Consumer-owned systems don't pay Federal income taxes because they are non-profit organizations—the net income belongs to the consumers. In recent years, Federal income taxes have not been a major expense item for the IOUs either, thanks to a growing number of tax benefits under various laws and regulations. FPC reports indicate that for the 12month period ending December 1, 1974, IOUs paid only 1.4% of their total electric operating revenues for Federal income taxes, and about 50 power companies paid no Federal

One factor in the publicly owned utilities' lower rates is more efficient operation, as measured in the Federal Power Commission statistics. Local public power systems, for example, have lower accounting and collections costs and spend far less for promotion and advertising than the IOUs.

#### Consumers are Stockholders

The most important factor accounting for the difference in costs between local publicly owned electric utilities and privately-owned companies is the fact that public power systems do not have to pay dividends on common stock, and have lower financing costs. In a consumer owned utility, such as a municipal utility or a rural electric cooperative, the consumers are, in effect, the "stockholders," and they reap the benefits of any "dividends" paid by the utility.

A major difference between consumer and investor ownership of electric utilities in a period of growing public concern about energy policy is responsiveness to consumers. In an IOU, decisions affecting a consumer's service are made by a remote management reporting to widely-scattered stockholders. Consumer-ownership means, of course, that each consumer has a share in the decisions and can influence rates and policies

The responsiveness of consumerowned electric systems takes on new meaning in a time of growing conflict between economic and environmental values. People continue to seek reliable electric service at the lowest possible cost, but they also are concerned about air and water pollution and esthetic considerations. There is no "either-or" answer to the conflict, and compromises must be made.

#### Citizen Input

An environmental group critical of consumer-owned utilities as well as IOU environmental policies recently noted that publicly owned electric service has "provisions for citizen input into the decision-making process" and concluded, "Any power system which will be truly responsive to environmental concerns will have to be controlled by the public."

In Nov., 1973, when scheduled oil shipments were embargoes and the Los Angeles Department of Water and Power, the Nation's largest local publicly-owned electric utility, faced the threat of a power shortage, the Los Angeles City Council adopted an electric conservation ordinance, and power use in the city was reduced by 17% within a month. A study by the Rand Corporation for the Federal Energy Administration points out that this prompt and successful conservation program was possible because the municipal utility is regulated by the City Council. This emergency action illustrates the responsiveness of consumer-owned electric systems in a period of energy

Although the direct beneficiaries of consumer-owned electric service are the consumer-owners of this systems, all electric users benefit from having strong local publicly owned and rural electric utilities. This is because of the institutional competition provided by these systems in an otherwise monopolistic industry providing a vital service. Even more important than the real and significant differences between consumer ownership and investor ownership is the right of consumers to choose whether to be served by an IOU or by their own consumerowned electric system.

# Thinking of forming a co-op?

More and more people are recognizing food co-ops as a practical way to beat the inflation, over processed foods, agribusiness monopolies, and price fixing often encountered in their local supermarkets.

There are three major forms of food co-ops, as well as all sorts of variations. They are a buying club, a pre-order buying club and a store-front. Each type of co-op has its own advantages and disadvantages. Before starting your own co-op you should know all about the different options so as to make the best choice for your group.

Reams of information about newly formed food co-ops is available from the Food Co-op Project, Loop College, 64 E. Lake St., Chicago, Ill. 60601. They publish a biannual, computerized, nationwide **Directory of Food Co-ops** and six issues of the "Food Co-op NOOZ" for a \$3 one year subscription.

For those interested in a larger effort such as co-op depot which requires some 300 to 500 families, about \$50,000 in capitol and paid management and labor force, The Cooperative League, 1828 L St. N.W., Suite 1100, Washington, D.C. offers an extensive list of publications.

Write to Nutritional Development Services, Archdiocese of Philadelphia, 222 N. 17th St., Philadelphia, Pa. 19103 and The Self Help Action Center, 11013 South Indiana Ave., Chicago, Ill. 60628 for help on getting a co-op started or keeping one going. You can order the National Consumer Directory and the Operations Manual Co-op Stores and Buying Clubs from Caroline Ramsey, Community Services Administration, 1200 19th St N.W., Room 332, Washington, D.C. 20506.

Another source of co-op information is the North American Student Co-op Organization, Box 1301, Ann Arbor, Michigan 48106.

The Food Conspiracy by Lois Wickstrom, one of the people who helped to organize a food conspiracy in Berkeley is available at 101 Productions, 832 Mission St., San Francisco, Calif., 94103, 1974 copyright, \$4.95.

Food Co-ops: An Alternative to Shopping in Supermarkets is a more inclusive, overall view of the co-op movement by William Ronco. That's available from Beacon Press, 25 Beacon St., Boston, Mass. 02108. 1974 copyright, \$9.95.

The Reader Service, OGF, 33 E. Minor St., Emmaus, Pa. 18049 offers a list of organic producers in your area or a listing of regional co-op organizations. Send them a stamped envelope.

### Special FTC Supplement-2

# What about Unfair Credit Contracts?

# Federal Trade Commission Calls for Comment on Proposed Credit Practices 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.)

The Federal Trade Commission invites your comments on its proposed Credit Practices Rule. The Rule would provide consumers who borrow money or make installment purchases with protection from unreasonable collection practices. It would do this by changing the terms of form contracts used by the consumer finance industry.

The Proposed Rule Would:
Restrict or eliminate wage assignments and attorney's fees charged for collecting;

• Limit the amount of collateral a creditor could take as security for a loan or credit purchase, with special limitations applying to security interests in "household goods;"

 Prohibit the use of confessions of judgment, or waivers that allow seizure of property exempted under state law;

• Limit deficiency judgments by requiring creditors to credit consumers with the fair market retail value of repossessed property;

 Restrict late charges or extension charges imposed by contract;

 Prohibit collection calls to employers and persons other than the debtor, the debtor's spouse or attorney;

• Impose the following requirements for cosigner agreements where the co-signer is not the spouse of the principal debtor:

 creditor must give co-signer a statement of liability and then wait for a three-day "cooling off" period;

(2) creditor must limit co-signer's liability to the amount owed by the principal debtor at the time the co-signer agreement is signed;

(3) creditor must give to the co-signer copies of all documents signed by the co-signer or given to the principal debtor;

(4) creditor must give prompt notification to the co-signer when the principal defaults

(5) creditor must make a diligent effort to collect from the principal debtor before seeking payment from the co-signer.

A final decision on the proposed Rule will be made by the Commission after receiving comments and conducting informal hearings. Comments and testimony based on the following questions would be especially helpful.

Have You Experiences, Facts, Data, or Views

- Wheter consumers have a meaningful opportunity to bargain with creditors about collection remedies contained in credit contracts?
- Whether consumers receive a reasonable measure of value in return for these collection remedies?
- Whether consumers are injured by the practices covered by the Rule?
- Whether creditors could collect if these practices were prohibited?
- The effect of the Rule on the cost and supply of credit?
- Why the practices covered by the Rule may be unfair under the FTC Act?
- Better ways of protecting consumers from unreasonable collection practices?
- Other credit practices which the Rule should cover?



The proposed Rule also appears in the Federal Register which is available in many libraries. Ask for 40 FR 16347 dated April 11, 1975, for the proposed Rule, and the 40 FR 15232 dated April 4,

1975, for the new FTC Procedures and Rules of Practice.

Permission is granted to reprint this, in whole or in part, in a legal and nondeceptive manner.

## Legislative Rap-Up

(Cont. from p. 1)

VARIABLE RATE MORTGAGES

Hearings were recently held on the proposal Federal Home Loan Bank Board regulations which would authorize Federal savings and loan associations to issue variable rate mortgages. CFA appeared before both the Senate Subcommittee on Housing and Urban Affairs and the House Subcommittee on Financial Institutions. Instead of the prevailing fixed mortgage where the interest rate is constant for the life of the loan, the interest rate on variable rate mortgages (VRM) would fluctuate according to an index specified in the mortgage contract, a maximum increase of the interest rate of 21/2%. The Board must approve the index but to date no index has, over a period of time, demonstrated compliance with the board standards that: 1) the index have proven reliability in moving with market interest rates; 2) is beyond the influence of the Federal savings and loan using it; and 3) is explainable to the borrower in clear and simple terms with the aid of publicly available information.

CFA opposes the VRM because it would work to the severe disadvantage of most consumers. Since the VRM would add a major additional uncertainty to the budget planning of potential homeowners it is unlikely that it would be attractive to sufficient numbers of consumers so as to stimulate the sagging housing industry. The underwriting policies would institutionalize discrimination against racial minorities, the elderly, women, and those seeking loans in older neighborhoods. This follows because in determining whether to issue a VRM, s & 1 officials will select only those borrowers who have sufficient upward mobility to absorb not only the rising monthly mortgage payment (it could rise to as much as \$40-\$50 mth within 21/2 yrs!), but also to absorb a rising monthly mortgage payment in the years to come. Even Chairman Bomar has acknowledged that the VRM will lead to tougher standards. VRMs shift the risk from the lender to the borrower, the party least qualified to analyze and assess the economic factors involved. Finally, CFA emphasized that alternative measures should be examined which would help alleviate the mortgage credit situation without imposing the entire burden on the consumer.

#### FEDERAL RESERVE AUDIT

On April 23, Kathleen F. O'Reilly, CFA's legislative director testified before the House Subcommittee on Domestic Monetary Policy in support of legislation calling for an annual audit of the Federal Reserve System by the General Accounting Office. In the more than sixty years since its creation the "Fed," unlike other governmental bodies, has never been the subject of a comprehensive independent audit, despite the billions of public dollars which go through the system each year.

CFA cited examples of seemingly unjustifiable Federal Reserve Board expenditures, including membership dues, fees or contributions to such organizations as the Miami Association of Industrial Nurses and the National Association of Power Engineers. The Board also spent taxpayer money on athletic equipment (ping pong balls in Dallas), Halloween parties, baseball games, boat cruises, and an annual card party. The "independent" shield of the Board has cloaked its activities in secrecy for too long at the expense of the consumer. An independent and thorough audit by the GAO would provide Congress with the information it needs to assess whether Fed is complying with law in its determination of monetary policy, and whether its operation could be improved.

#### How To Respond To This Call

- Submit written comments on any aspect of the proposed Rule until at least June 10, 1975.
- Participate in informal hearings on the Rule (times and places to be announced in the Federal Register) after the comment period is over.
- Propose "issues of specific fact" to be resolved at the informal hearings.\*Proposals must be received by June 10, 1975.

Mailing Address: Wm. Dixon, Rulemaking, Federal Trade Commission, Washington, D.C. 20580. Copies of the proposed Rule, a list of questions on which the Commission particularly desires comment, the *Statement of Reason* for the Rule and instructions on how to participate in the hearings may be requested from the above address. Copies may also be obtained by calling (202) 962-4495.

\*In accordance with Section 1.13(d)(5) and 1.13(d)(6) of the Federal Trade Commission Rules of Practice, as amended.

## **State and Local Reports**

by Nick Apostola, Jeff Howard and Jim O'Donoghue

**Arkansas: A Report on Consumer Legislation** 

Judging from the setbacks suffered by various consumer bills, 1975 has not been the year of the consumer in Arkansas. As the 70th session of the General Assembly draws to a close, consumer groups are still fighting to educate legislators. Arkansas Consumer Research: Public Interest Citizen Action (ACR:PICA) is one such organization that lobbies for consumer legislation. Although the victories have been few, they feel that real progress has been made in orienting the Legislature to the concept of consumer representation.

The organization worked closely with the Governor's Office in the drafting of a bill to establish an Office of Public Counselor to represent the interest of consumers in all proceedings before state regulatory commissions. Although the concept has the support of the Attorney General and of the regulatory commissions it affects, opposition has poured in from the various utility companies. The bill is still in committee, and one major obstacle to final passage is that there is very little time left

Particularly disappointing defeats include a bill which would have prohibited the usage of Universal Product Code unless the price remained on the item and one to improve the procedure used by the Public Service Commission to evaluate the rate increase applications by the various utility companies. However, the changes for passage of the UPC legislation next session look favorable.

#### California

One example of consumers banding together to solve common food purchasing problems is a group of 35 South San Francisco families who formed their own food co-operative. The grou purchases produce wholesale and divides it into a dozen boxes, each of which represent a week's produce for either 2, 3, or 4 families. They distribute this from a warehouse on a completely non-profit basis. Each week they also have farm fresh eggs and once a month meat orders and dried food orders are taken.

Ms. Pat Coates, one of the organizers of the group feels that "our method succeeds through its simplicity and the enthusiasm of our members." She is convinced that food co-ops represent one solution to the food shortages and rising prices that are making it increasingly difficult for families to eat well. Because her group has had success getting substantial savings in their food bills as well as more nutritious food, Ms. Coates is now helping others in her area to set up their own co-ops. For more information on how to set up your own co-op see "Thinking of Forming a Co-op?" elsewhere in this issue of the News. For more specific information on this particular co-op write: Ms. Pat Coates: Co-op Advisory Service, 205 Utah Ave; South San Francisco, CA 94080.

San Francisco Consumer Action has moved to new offices "due to rising rental costs and the need for more space." The new address is: SFCA; 26 Seventh St.; San Francisco, CA 94103.

#### District of Columbia

The Center for Science in the Public Interest (CSPI) has organized a group to fight the Potomac Electric Power Company's latest rate increase request. D.C. POWER (People Organized to Win Equitable Rates) was spawned as part of a project concerned with recruiting technical people to help citizen groups. To date, the group has circulated petitions and surveys in DC neighborhoods, held community rallies against the rate increase request and talked to local politicians to gain their support. They claim to represent "about forty community organizations and action groups, a total constituency of over 200,000 annoyed PEPCO customers." From D.C. POWER, CSPI hopes to learn more about how local citizen groups work with professional scientists and economists. They feel that from the way the project is developing, D.C. POWER will serve as a good model which local groups in other areas can copy.

Activities that DC POWER plans to undertake are: acting as an intervenor for the people against PEPCO's rate increase case, asking the Public Service Commission for the introduction of Lifeline service in the area, and working for the inverting of the declining block system currently in use. CSPI; 1779 Church St., NW; Washington, DC 20036.

A "Creative Living Fair" was held on the Mall in Washington, DC on May 3rd and 4th, 1975. The purpose of this Fair was to bring together local group "who are creatively building alternative models to the traditional structures in America which have lost much of their 'humaneness' and social consciousness" with interested people in the community. The Fair was sponsored by Resources for Creative Living, a group which seeks to encourage people "who are frustrated with 'things as they are now' to search out alternatives to the traditional structures and lifestyles." They feel that a good way of doing this is by putting these people in touch with

"decentralized, non-hierarchical, humane, and communityconscious groups so that a learning dialogue can be started."

Groups which attended represented decentralized anti-profit businesses; people-oriented health care; co-operative living, communes, and communities; urban and rural self-sufficiency; and collective non-hierarchical organizations. A stage set at the center of the Fair provided an area for music, dance and dramatic productions and added flair to both afternoons. RCL, 1500 Farragut St., NW; Washington, DC 20011.

#### lowa

The Iowa Consumer League (ICL) has hired Sheila Sidles of Centerville to serve as its Executive Secretary for one year. Ms. Sidles, a member of ICL's Board of Directors since its inception in 1969, will work at the organization's state office in Corydon. Funds for the position were made available through a one-year Title VI grant by the Iowa Employment Service office in Ottumwa. ICL President Bob Mumma ways the creation of a full-time position will make it possible to "make the voice of the consumer heard in Iowa." Ms. Sidles duties will work on the monthly publication of an Iowa Newsletter, assist consumers with product and service complaints and help promote legislation in the interest of the consumer. She will also be promoting individual and organizational memberships in the ICL and will work with existing consumer groups throughout the state.

"The League has used all volunteers up to this point, but its task has grown beyond the point where only volunteers can take care of it:" she stated. ICL; Box 189, Corydon, Iowa 52544.

#### Massachusetts

Following their successful campaign to get Boston's Logan Airport to ban the SST, members of the MassPIRG and Citizen's Against the Sonic Boom would like to see similar efforts in other areas. David Burwell, Staff Attorney for MassPIRG conducted an investigation of SST problems and merits for the Boston campaign and has concluded that the airplane should not be scheduled to land anywhere in the world. He recommends that groups in major cities which face possible SST landings pursue the following course of action: 1) Oppose requests for landings by Concorde for their certification flights being conducted this spring; 2) Support federal legislation to ban all SST flights; 3) Sue the Secretary of Transportation if he/she allows such flights in violation of F.A.A. noise and emission standards. For more information contact: Dave Burwell, MassPIRG, 233 N. Pleasant St., Amherst, Mass 01002.

#### **New York**

On May 17th The New York Consumer Assembly will hold its annual conference at the Commodore Hotel in Manhattan. The topic of the meeting will be "Consumers Versus Inflation and Recession." After a keynote address to be given by Rosemary Pooler, the Executive Director of the New York State Consumer Protection Board, the conference will split into three sections covering more specific consumer issues.

The first of these, entitled "Rising Utility Prices—Is there any Hope for the Consumer?" will be moderated by Ralph Lipman, the President of the East River Housing Company. Other panelists on that topic will include Jerry Coleman of the United Hatters, AFL-CIO and Ed Berlin, a Public Service Commissioner in New York State. "The Challenge of Full Employment" will be moderated by Shirley Kronburg, Director of Neighborhood Service Council of New York Hotel and Motel Trades Council. She will be joined by Howard D. Samuel, the Vice-President of the Amalgamated Clothing Workers of America, AFL-CIO, among others. The third topic to be discussed in the sectional meetings is "High Food Prices; Who is Making the Money?" Moderated by Henry J. Stern, the Councilman-at-large for Manhattan, that panel will also include New York State Secretary of Agriculture and Markets, John Dyson. New York Consumer Assembly; 465 Grand St.; New York, NY 10002.

#### Vermont

A major development in the nation's growing debate over nuclear power came on April 3, 1975 when Vermont's Democratic Governor Thomas P. Salmon signed the first nuclear control bill in the nation. The bill stipulates that both Houses of the legislature must voice approval before the Public Service Commission can issue a permit for nuclear power plant construction. The bill was prepared by the Vermont Public Interest Research Group (VPIRG) and it stipulates that unless the legislature acts on petitions before the end of the legislative session, the permit will be automatically rejected. The nuclear control bill was introduced after a series of Town Meetings which illustrated the concerns of many citizens of Vermont over nuclear power. The State's lone nuclear plant, the Vermont Yankee Power Corporation facility, cost \$220 million to build, ather than the original estimate of \$80 million. One of the two private power companies which together own 55 per cent of the stock in Yankee is in deep financial trouble as a result of the excessive costs of the nuclear facility.

In view of the overwhelming support of the legislature and the citizens of Vermont, the Governor, who is an advocate of nuclear power, signed the bill into law.

#### Resource.

1. A detailed guide to possible actions for private citizens entitled *How to Challenge Your Gas or Electric Bill* has been

published jointly by the New York Consumer Assembly and New York PIRG, Inc. The pamphlet includes sections outlining how to read a utility bill, how to file and follow complaints, consumer rights, and general guidelines for citizen action. Copies are available for 50 cents, along with a stamped, self-addressed envelope, from:

NYPIRG 5 Beekman St. Room 410 New York, NY 10038

2. A humorous playlet on agribusiness monopoly, junk food, and food policy entitled *Butz and Pieces* is now available to folks who would like to put on a production. This series of skits was written by Shirley Katz and covers both the serious and the lighter sides of America's current food crisis. Copies are available for \$1.00 from:

The Alliance for Consumer Protection P.O. Box 1354 Pittsburgh, PA. 15230

3. CON\$UMER NEW\$WEEK, a weekly Washington newsletter, has announced a special section to serve as an information exchange to help coordinate and strenghten efforts of consumers and consumer groups contesting prices and practices of public utilities, particularly electric power companies. The special section will focus on news of special interest of fuel users of a particular area and news from one area that may be useful to residents in another area, and will include notices of meetings, hearings, and appeals for funds and members. Ted Rowse, publisher of the newsletter, said that such a service was urgently needed to improve the effectiveness of citizen efforts in obtaining just treatment from wealthy power interests and unrepresentative public regulatory agencies. CON\$UMER NEW\$WEEK is published by Consumer News, Inc.; 813 National Press Bldg.; Washington, D.C., 20045.

4. "Steering Clear of Lemons," a new consumer education film complete with a teacher's guide, for classes, parents and consumer groups, examines such issues as: Why buy a 10-speed bike? Do pain relievers really help? Is grade labeling an aid or a rip-off? The film was prepared with material from the technical and editorial staffs of Consumers Union, the non-profit organization that has been testing products and publishing Consumer Reports for 38 years. The 16-minute color film uses seven practical marketplace situations to show why consumers must look further than the ads.

"'Steering Clear of Lemons' is special because it comes from an organization whose only purpose is to inform and serve consumers," says Rhoda H. Karpatkin, executive director of CU. "Most consumer education films in use today come from commercial sources. We offer the perspective of the customer's

"Steering Clear of Lemons" may be purchased for \$220 or rented for a three-day period for \$25 plus \$1 postage and handling. The teacher's guide includes introductory activities and lesson plans. For more information, write:

Consumer Reports Films 256 Washington Street Mount Vernon, N.Y. 10550

5. Small is Beautiful by E.F. Schumacher, 1973. 290-page pocket edition, Harper and Row. This book challenges many assumptions of Western economics that "bigger is better" or that large industry is more efficient than small. "My thumb grew a lot when I was a boy, but thank God it stopped when I became a man. It reached the size that was best for it and then stopped growing. Like my thumb, there is a natural size for technology, a size that is best for the people who use it. When it's too small, it's of no use, but when it grows too large, it's also unusable." Schumacher stresses that smaller technology will allow rural areas to process their products locally, and therefore keep money in the community. He further emphasized community self-help such as a community organizing itself in order to form a senior citizen's woodworking shop, or a garage where members could work on cars or farm machinery with member-owned tools. Copies of the book are available in many bookstores, or for \$3.75 from:

International Independence Institute Box 183 Ashby, Mass. 01431

The World's Other Efficient Farmers

7. A fascinating article on the world food situation appeared in the Washington Post on Oct., 1974. In the article, "World's Lilliputs Hold the Answer to Famine Threat," the author, Edgar Owens, states, "The world food problem can only be solved by doubling and trebling the pitifully low per acreage yields on the 150 million small farms of the developing world." Owens pointed out that there are a few crowded developing countries that don't have a food problem. These countries, such as Egypt and Taiwan, actually produce more food per acre than the U.S. If India, for example, could produce as efficiently as the Egyptians, the Indians would have enormous surpluses of grain. Debunking the myth that the world's population is larger than can be supported, Owens claims that if all land was cultivated as efficiently as the land in Holland, there would be enough food for 67 billion people—17 times the world's population.

The secret to the startling efficiency of countries such as Egypt, Taiwan, Japan, and Korea is that they have a small farm,

(Cont. on p. 6)

## Food Day

(Cont. from p. 1)

here and abroad...We need a food policy that we can stomach.

In San Francisco's Union Square, over forty groups joined together for a Food Awareness Fair. More than two thousand people came to see the colorful booths, such as the one sponsored by San Francisco Consumer Action which featured materials on item pricing, labelling and advertising. SFCA took the names of interested people and hopes to get them involved in Food Task Force activities such as neighborhood negotiating teams which will work with local supermarkets on issues of concern to consumers.

Maryland Citizen's Consumer Council's observation of Food Day brought together over 250 consumers to participate in a Workshop on the Dual Challenges in Food Marketing: Price and Quality. The keynote address was given by consumer advocate James S. Turner who spoke on the politics of food and nutrition. After the talk, the audience broke into two separate workshops on price and quality to provide guidelines for an MCCC food policy.

In Washington State, a Food Day Workshop sponsored by the Washington Committee on Consumer Interests led to the formation of the Inner City Farmers Market Coalition, which is currently studying the feasibility of developing a farmer's type market in Seattle's Central Area, and exploring other alternatives for the purchase and distribution of

The Consumer Affairs Unit of the Department of Law of the City of Syracuse, New York, held an all-day teach-in to spread the word about co-ops to the community, especially to groups on fixed incomes, such as the unemployed and the elderly. Speakers talked about the food problems of these groups, tying them to the possibility of setting up food co-ops for elderly housing projects and the local Indian reservation.

In Pittsburgh, the Alliance for Consumer Protection sponsored a public meeting at the University of Pittsburgh called "Food Policy '75-From Farmer to Consumer." As a related activity, school systems held a contest on nutrition.

The Virginia Citizen's Consumer Council distributed a Supermarket I.Q. booklet to its entire membership. The booklet demonstrated how much consumers need to know in order to shop intelligently. The group also sponsored a program at a local shopping mall designed to help consumers analyse their eating habits and plan nutritional diets.

Consumer groups also participated in Food Day activities in Cincinnatti, Milwaukee, Raleigh and several other cities throughout the country.

There was extensive media coverage of Food Day at both local and national levels. Dr. Michael Jacobson, director of Food Day and the Center for Science in the Public Interest appeared on the Today Show and CFA's Executive Director, Carol Tucker Foreman, joined Dr. Jacobson and other consumer advocates for "The Last American Supper," aired nationally by the Public Broadcasting

Through the efforts of Food Day, many people learned about national and world food problems. The important thing for all of us now is to make certain that Food Day was only the beginning of a continuing campaign to solve the problems which caused Food Day to take

## **CFA** challenges construction work in progress

Electric utilities and natural gas companies already have considerable leverage over the average consumer. But these utilities may soon add another advantage to their roster-an advantage which would cost consumers billions in higher gas and electric rates by making them pay for power facilities which are not even yet working.

This new break for the industry comes in the form of a proposed new ruling by the Federal Power Commission. The rule would allow gas and electric companies under FPC jurisdiction to include money spent on construction - work - in - progress (CWIP) in the formulation of their rate base. The rate base then determines what rates the company is allowed to charge customers. Since the staff of the FPC itself calculates that CWIP funds amounted to \$23 billion in 1974, and construction requirements are increasing, the staggering effect this would have on consumers' pocketbooks is obvious.

As noted by the Consumer Federation of America in comments on the proposed rule which were filed with the FPC, permitting CWIP to be considered in electric and gas rate base calculations is unjustified for numerous reasons. Most importantly, it is obviously unfair to consumers already burdened by excessive energy costs to force them to pay for plants and pipelines which are not yet in use. Additionally, allowing companies to get a return on construction work in progress encourages companies to continue expanding, while charging consumers for facilities which may be badly

planned or even unnecessary when they are completed. The companies are never forced to make hard decisions in determining what types of energy facilities should be built, for they are guaranteed a return on construction investment, regardless of whether that construction is needed—or even finished.

CFA also pointed out in its comments that arguments used by Industry and FPC spokesmen to justify allowance of CWIP do not stand up under close scrunity. To begin with, industry argues that it needs the added revenues to attract capital to keep solvent. Yet, since the FPC's jurisdiction is over wholesale rates, which are only 7.5% of total electric company sales, this is surely not enough to raise all the capital the

utilities say they need.

Industry also argues that they must finance construction through revenues from users because financing through regular channels is too tight in the present economic climate. Though this may have been true when the rule to allow CWIP was first proposed last fall, the financial picture for utilities has now changed since that time, with stocks selling at a much higher rate than last year's low, and the costs of both short and long term financing lower than last

Finally, CFA noted that construction through consumer revenues is as inefficient for the utility as it is costly to the consumer. Because a power company must raise rates two dollars for every dollar it wants to keep after taxes, consumers would end up paying twice as much for construction of facilities as would more traditional sources of financing.

While the FPC has authority for regulating utilities' wholesale rates, retail rates are set by state Public Service Commissions. So the greatest portion of consumer charges will be determined at the state level. Proposals by state Public Service Commissions to include construction work in progress are brewing around the country, particularly in light of the fact that President Ford, in his energy message, advocated legislation requiring state utilities to include construction work in progress in the rate base.

Challenges to such proposals are being made by local consumer groups before state Public Service Commissions.

Such a challenge was recently completed successfully by one local group, Arkansas Consumer Research.

Anyone wishing more information on the efforts of Arkansas Consumer Research should write

Tim Holcomb **Utilities Project Coordinator** Arkansas Consumer Research 1919 W. 7th Street Little Rock, Arkansas 72202

## What this country needs is a good 5 cent newsletter

This month marks the one year anniversary of the new expanded CFA News. By the comments we have received, we believe it is of significant value to people wishing to keep up to date on national, state and local consumer news.

Unfortunately, the CFA News often reaches only the president or a few major officers of each local consumer organization. We think your members might like to receive it too, so we are happy to announce a SPECIAL ANNIVERSARY OFFER.

Additional copies of the CFA News will be mailed to your consumer group for only \$.05 a copy. That's what we need to cover the cost of printing and mailing. Thus, you can get 100 copies of the newsletter for your membership for only \$5.00 per month. You can send them out with your own newsletter, distribute them at meetings or keep them in your office for visitors. Just fill out the coupon below and indicate the desired quantity. Please allow one month for processing.

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### **Awards Dinner**

The Distinguished Consumer Service Award is presented annually to an individual who has made a significant contribution to the interests of consumers. This year's recipient is Jacob Clayman, first president and one of the founding members of Consumer Federation of America. Mr. Clayman performed the unique and valuable service of helping to establish what is now the nation's largest consumer organization.

In addition to his many responsibilities as Secretary-Treasurer of the Industrial Union Department of the AFL-CIO, Mr. Clayman has continued to serve CFA as a vice-president since 1969. His dedication to fair labor practices and improving the quality of life have consistently been linked to his commitment to consumer rights.

For the first time, CFA has added an award for Outstanding Media Service to American consumers. It is only fitting that the first recipient of the new award is Consumer Reports magazine, which has long been our country's primary source of objective information on consumer goods and services. Established in 1936, Consumer Reports provides the invaluable service of providing the necessary information to help consumers function confidently and intelligently in the marketplace. Through independent product testing, information on health, safety and marketplace economics, and articles on legislative, judicial and regulatory activities, Consumer Reports strives to educate the public on matters which affect its welfare and standard of

CFA's Fifth Annual Awards Dinner will be held on Wednesday, June 11, 1975 at the Mayflower Hotel in Washington, D.C. Tickets are \$60 each and tables of ten may be reserved for \$600. For reservations or further information, contact CFA at 1012 14th St., N.W., Washington, D.C. 20005 or call (202) 737-3732.

## **State and Local Reports**

(Cont. from p. 4)

labor intensive system of agriculture. The average-sized farm in those countries is only two or three acres. Owens asserts that these countries, rather than the U.S., should be the model for undeveloped countries. American agriculture, with its huge farms and expensive machinery, is not suited for the poor countries. Four-fifths of the farms in the developing world are 12 acres or less. By emphasizing labor intensive techniques and the development of small machinery to assist farmers rather than replace them, the world could increase the efficiency of poor countries' small farms, and thereby alleviate the world food shortage.

Copies of Owens' article are available from the Center for Rural Affairs, P.O. Box 405, Walthill, Nebraska 68067.

The National Consumers Congress is publishing a series of four reports entitled Consumer Action for Improved Milk Marketing. The reports are designed to stimulate consumer action to stop the rip-offs in the \$17 billion dollar dairy industry.

Report #1, "The Consumer Milk Dollar," describes how a state or local group can analyze what has been happening to the price of dairy products in their area. It suggests immediate actions to expose and perhaps eliminate excessive profits in the dairy industry.

Report #2, "Major Influences on the Dairy Dollar," described in detail the pricing of milk by federal and state governments, large cooperatives and retailers.

Report #3, "The Milk Monopoly: Consumers Pay the Price," focuses on abusive practices by large milk cooperatives and dairy corporations.

Report #4, "Consumers Fight Back," is a description of successful consumer action projects and outlines legislative, legal and direct market intervention strategies citizen groups can take to fight back.

Copies of the Reports are 75 cents each, and \$2.50 for the set of four. Contact National Consumer Congress, Room 1019, 1346 Connecticut Ave., N.W., Washington, D.C. 20036.

#### Eat-In

As middle income consumers picket and negotiate with local supermarkets, attend conferences and meetings, and form consumer cooperatives to solve their food problems, some poor consumers are turning to more drastic measures. Beginning on March 24th, poor consumers in Washington, D.C.; Endfield, Connecticut; and Worcester, Massachusetts: began a compaign of EAT-Ins. In their words: "we will enter the premises of supermarket monopolies (Safeway, Giant, A&P, etc.) and gather basic foods (bread, milk, etc.) claim them and eat them while refusing to pay." Claiming that people have a basic right to that food and calling for a National Food Policy that will be in line with that right, the Eat-Ins have been coordinated by the Community for Creative Non-Violence (CCN).

For three weeks members of that organization entered various stores with groups of poor consumers, took bread, ate it there, leafletted and talked about the issue. Corporate leadership decided not to prosecute, apparently to minimize press coverage. On April 24th in Washington, two members of CCN attempted to take bread out of the store for use in a free soup kitchen the group runs for the unemployed. They were arrested, as others of their group have consequently been, for petty larceny.

Edward Ginan, a member of CCN feels that "we are not creating an issue, it is already there." With several groups in cities on the West Coast now beginning similar programs, CCN plans to continue Eat-Ins until 'some action is taken' toward: "enough food at reasonable prices for all people."

#### More UPC News

Significant new developments in campaigns for price-marking legislation have ocurred in Illinois and California. The Illinois lower house passed a price-marking bill for that state on March 25th by a 99-58 margin. A similar measure was introduced in Chicago on the 19th of April. The bill reportedly has Mayor Daley's blessing.

In California, the State Senate's Finance Committee passed legislation for their state by a 6-0 vote. With the endorsement of the State Department of Consumer Affairs added to the committee's overwhelming recommendation, chances for the bill's passage look "very promising" according to Ruth Yannetta of Fight Inflation Together (F.I.T.) That Los Angeles consumer group has worked many long hours toward the passage of such a measure. They conducted letter campaigns to both Lucky Supermarkets, the chain which has begun to install the system in their stores, and to the State Department of Consumer Affairs. Ms. Yannetta said that these efforts "succeeded in putting pressure on them", although she stresses the fact that lobbying is not one of her group's main activities. Working in coordination with the local Retail Clerks, F.I.T. helped to win passage of a resolution by the Los Angeles City Council supporting the state bill. F.I.T. also organized their efforts to coincide with those of San Francisco Consumer Action whenever possible. They exhibited their joint strength at the bill's introductory hearing in Sacramento, with over 200 consumers turning out. Fight Inflation Together; 1434 Westwood Blvd., Suite No. 4; L.A., CA

#### If Sam Adams Were Around Today...

As the nation prepares to celebrate its two hundredth birthday, there is at least one group which is seeking to move the focus from idle reverence to active support for our revolutionary heritage.

On the anniversary of the beginning of the American Revolution, the People's Bicentennial Commission (PBC) sponsored a "Midnight Ride to the Concord Bridge." The gathering of 30-40,000 spent the entire night by the Minuteman Memorial listening to patriotic songs and speeches. The theme for the demonstration was "Send a Message to Wall Street" and as the morning arrived, they not only managed to send a message to Wall Street, but also to President Ford, who had come to pay homage to those revolutionary farmers who fired the "shots heard round the world."

The peaceful gathering on 19 April 1975 was another of the counter-commemorations planned by the PBC. Some other actions the PBC has been responsible for include: the Boston Oil Party where some 5,000 persons came out in a snow storm to call for the impeachment of "King Richard I" and the dissolution of the oil monopolies; and a counter send-off of the Freedom Train, the multi-million dollar public relations stunt funded by big money in honor of the American Revolution. People's Bicentennial Commission; 1346 Connecticut Avenue, NW; Washington DC 20036.

#### Gray Panthers Hold First Annual Meeting

The Gray Panthers, a national network of groups involved in social action and the movement against agism (discrimination on the basis of age) held their first annual meeting on May 3rd at the Calvary Baptist Church in Washington, DC. The focus of the meeting was health care.

Late morning workshops covered such topics as "How to Get Started with Financing"; "How to Get Grass Roots Participation"; "How to Get Medicare, Medicaid, and Blue Cross Participation"; and "How to get Participation from Agencies, Groups, Hospitals and Doctors."

The balance of the meeting was dedicated to formulating directions for the Network for the coming year.

Gray Panther Network 3700 Chestnut Street Philadelphia, Pa. 19104



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