consumer news and comment
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consumer assembly

see program, page 5

CPA in new trouble

Legislation creating the long-fought for independent consumer protection agency faces new peril in the coming session of Congress. The dangers are in fact so great that consumer action is required now.

The best information available to public interest sources in Washington is indeed gloomy. It appears that Sens. Abraham Ribicoff (D-Conn), Jacob Javits (R-NY) and Charles Percy (R-Ill) -- the legislation's most vigorous Senate supporters -- may have agreed to compromise S. 707 beyond recognition. This version was once regarded as the strongest CPA legislation with a chance of passage by the Senate. A reported compromise with the White House appears to have gutted most, if not all, the important principles of CPA legislation. CFA and other public interest lobbyists are concerned that proponents of the weakened bill may have also locked up support in the House Government Operations Committee which in the past has demonstrated far less commitment to a strong CPA than the Senate.

CONSUMER GROUPS ARE URGED TO BUTTONHOLE CONGRESSMEN AND SENATORS DURING THE RECESS OR WHILE ATTENDING CONSUMER ASSEMBLY 74. Affirm CFA's long-standing position: We endorse creation of an independent consumer protection agency with full powers of advocacy and capable of representing consumers before all government agencies and the courts. The new agency must have full powers of investigation, subpoena and intervention in formal and informal proceedings. It must have full access to judicial review and maximum independence from the Executive Branch.

CFA Annual Meeting January 26

CONSUMERS WIN REVIEW OF INDUSTRY DATA - GIVE SIMON AN EAR FULL

Ever the skeptic that government advisory committees are often public relations stunts, CFA is watchdogging Energy Czar William Simon's new consumer advisory panel.

True, the group is headed by Federation energy expert Lee White. Among its members are CFA President Helen Nelson and V-President Currin Shields. So far there's been one meeting with Simon. The next is set for 10 am, Wednesday, January 23, opening day of CONSUMER ASSEMBLY 74. This meeting is open to the public and press to the extent space is available.

Still to be determined is whether the consumer group can exert any real impact on federal policies.

On the positive side, Simon has set up a special economic advisory panel to consider the accuracy of industry-supplied government data on fuels. His office says this action is in response to a proposal by Consumers Union President Colston Warne, another member of the new consumer committee. In the meeting with Simon last month, Warne hammered at the necessity for verification of industry data and urged Simon to create an independent, blue-ribbon committee of numbers people.

White says mere existence of the economists to provide an independent review of often confusing, conflicting and seemingly self-serving industry information may be a consumer victory.

The economists are: Walter Heller, U. of Minn; Les Taylor, U. of Mich; Paul MacAvoy and Maurice Adelman of MIT; John Meyer, President of National Bureau of Economic Research; Kermit Gordon, President of Brookings Institution; Joseph Fisher, President of Resources of the Future; and Ted Eck, Chief Economist, Standard Oil.

cont, page 2

consumer meeting, from 1

Mrs. Nelson urged Simon to assure consumer representation on state-local energy boards. During the consumer committee meeting she gave him these comments on mandatory fuel regulations:

"We are concerned...that proposed regulations are silent as to the availability of petroleum products (principally motor gasoline) for use in pleasure recreational vehicles. . . At a minimum, " she said, "sales restrictions should be imposed." Additionally, Mrs. Nelson recommended:

- an analysis of competition in the petroleum industry;

- selection of temperature level rather than degree reduction as the triggering mechanism for heating fuel allocation;

- temperature standards sensitive to the needs of the poor, elderly and sick, and efforts to encourage landlords to correct defective and poorly maintained housing;

- precautions against letting business receive priority allocation for vehicles used for personal, non-business purposes through the proposal to allocate "100% of base period use for other businesses;"

- requiring businesses to file periodic statements detailing efforts to conserve energy through modification of industrial processes, lighting standards, recycling and other means;

- against giving the Department of Defense a blanket 100% allocation unless qualified to insure against use for recreational and other non-essential activities.

The Interior Department, said Mrs. Nelson, should be required immediately to assess the production capability of all outstanding but non-producing federal leaseholds and explain its failure to require immediate production.

She further recommended that Simon secure Administration support for pending legislation requiring all manufacturers of energy consuming items--from autos to electric appliances--to label that characteristic.

A final recommendation was that the Administration be persuaded to sponsor a new program of grants to low-income homeowners and loans to other home owners to aid in purchase and installation of wall and ceiling insulation and storm windows.

MUST EDUCATION BECOME FUEL PINCH SCAPEGOAT

In many places, school kids have been the first to make the greatest sacrifice to the energy crisis.

According to a recent 50-state survey by the National Education Assn., Delaware, Maryland, Maine and New Jersey extended school Christmas vacations statewide to conserve fuel. Other scattered large and small localities and colleges followed suit. Delaware also plans two extended February holidays by declaring Feb. 1 and 15 "Energy Conservation Days".

Only public and legal protests, says NEA, have stopped similar and more stringent actions elsewhere.

Some states are "suggesting" fuel reductions ranging from 15% in Washington state and Texas to 25% in Massachusetts. Mainly, though, schools are lowering thermostats, cutting down on electricity, limiting or cutting out after school, athletic and evening activities, installing insulation, reducing bus transportation, serving some cold lunches, closing on cold days, changing school hours so students do not go to school in the dark under daylight saving time.

There is "extensive talk, " according to NEA, but no implementation of such drastic contingency measures as 4-day school weeks.

"Even during World War II when shortages were worse, " says NEA, "schools maintained their normal programs. . . schools should be one of the last ways to save fuel, not the first."

Cutting school time as a primary energy conservation measure has been blocked by citizens and teachers in Connecticut and Oregon when they challenged the authority of state officials to close schools and demanded that education not be assigned a greater responsibility to sacrifice than other segments of the economy. Maryland's Legislature was the first to give its governor powers broad enough to include school closings.

TECHNICAL TOOLS FOR CONSUMER COOPS

If you or your friends are thinking about starting a new cooperative--or have already--write for the above flyer to: The Cooperative League, 1828 L Street, NW., Suite 1100, Washington, DC 20036. The League's materials can help you do a better job and increase your chances for success.

Safety group named

Fifteen advisors to the Product Safety Commission have been named as required by the law setting up this new agency.

Representing consumers:

Brad Baker, Bloomington, Ind., a graduate student and part time instructor in public administration, previously a summer intern in the Department of Commerce, and a member of the steering committee of the National Committee on Student Consumer Action;

Roberta Madden, Baton Rouge, La., Director of the Consumer Protection Center in that city. She is Acting Exec. Dir., Louisiana Consumers League, member of the Council for Low Income Consumers, founder and 1st VP of the Baton Rouge Chapter of NOW;

Buelah Sanders of NYC, chairperson of the National Welfare Rights Organizations and active in citizens groups working with the elderly and anti-poverty groups;

Margaret Robson, Washington DC, a Consumer Assistance Specialist for the National Consumer Assistance Center and involved in programs for the elderly;

David Swankin of Reston, Va., an attorney and member of the American National Standards Institute Board of Standards Review. Until 1973 he was with Consumers Union and in pre-Nixon years, held positions in the Department of Labor and the Office of Consumer Affairs.

Industry representatives are from Hilti Fastening Systems, AMWAY Corp., Maxwell House Division of General Foods, Mammoth Mart, the Gitkin Co.

Government representatives are: Barbara Dunn, Connecticut State Commissioner of Consumer Protection; E. E. Carlton, California State Safety Engineer and member of Underwriters' Labs, Inc; Peter Pryor, Chairman & Exec. Dir., N. Y. State Consumer Protection board.

Exec. Dir., of the New York State Consumer Protection Board; Polly Craighill, Exec. Dir. of the Prince George's County, Md., Consumer Protection Commission; and Dr. Mervyn Silverman, Dir., Wichita-Edgwick County Dept. of Community Health.

New cfa executive on board

The Board of Directors of CFA has named Carol Tucker Foreman as the new Executive Director of the organization. Ms. Foreman, who was appointed to the position October 26 began work November 28, 1973.

The Board cited her experience in organizing, organizations, research, writing, politics and lobbying as the basis for their unaminous decision.

Carol Foreman

Most recently as executive director of the Citizens' Committee on Population & the American Future, Ms. Foreman developed, organized and directed a 1-year project to educate the public, Congress and Administration on findings and recommendations of the Commission on Population Growth & the American Future. Earlier, Ms. Foreman served as a member of the Commission staff, where she was responsible for developing recommendations for local, state and federal action.

Organizing state and local groups for more effective action in dealing with regulation and legislation at those levels was among Ms. Foreman's chief responsibilities when she was head of information liaison for the Center for Family Planning, Program Development, Planned Parenthood-World Population.

These and other positions make Ms. Foreman no stranger on Capitol Hill. When she was congressional liaison aide for the Department of Housing & Urban Development during the Johnson Administration, she worked full time on legislation.

In 1966-67 she was director of research and publications for the Democratic National Committee and has worked in political campaigns ranging from local races in Arkansas to congressional and presidential

"Beyond our control"

Nutritionist Bob Choate's campaign to air a series of public service messages intended to improve children's eating habits, isn't entirely successful. Choate and a group he mobilized called "On Second Thought" which includes CFA, hoped to offset saturation advertising for products loaded with sugar.

While Choate has received good response from a few local stations, the networks and most other stations aren't about to concede that any of the 5000 food commercials they air every year may be detrimental to health.

Of the 70 TV stations asked, 29 said they would air one or more Choate spots, 28 said they would not broadcast any, and 14 didn't bother to answer. For different reasons, the networks oppose airing the series of three announcements. In the series, cartoon characters relate sugar to dental health, attack overeating of snacks and deal with hidden sugar content.

"The energy crisis caught us with our parameters down. The food crisis caught us, too. This was a year of infamy in inflation forecasting. There are many things we really just don't know."

Walter W. Heller
President, American
Economic Association

OIL IN CHARGE

The men most responsible for national energy policy, charges American Public Gas Association, are either former colleagues or trusted friends of major oil company decision-makers.

An APGA analysis prepared by Ed Rothschild describes who are (and were) some of the Nixon Administration's key energy experts. Where did they come from? Where have they gone?

Peter Flanigan

He is Assistant to the President for International Economic Affairs. This title, says APGA, "barely suggests his overall control of the Administration's energy policy. As chief long-range planner and architect of the Administration's energy policy, Flanigan is similar to Henry Kissinger in terms of foreign policy. Yet, while Kissinger also appears frequently in public, Flanigan remains behind the scenes. Public statements before the press, before Congress, and before private groups were usually left to former Gov. John Love, a past director of White House Energy Policy, Interior Sec. Rogers Morton, Asst. Sec. of the Interior Stephen Wakefield, and Duke Ligon, Director of Interior's Office of Oil & Gas. "They are the day-to-day tacticians who carry out the overall strategy," says APGA.

Before Flanigan's assignment to the White House, he was President of Barracuda (oil) Tanker Corp. Even though he resigned his position, he retained $80, 000 worth of Barracuda stock. Further, he was a partner in the New York Wall Street Investment banking firm of Dillon, Read and Co., which organized Barracuda. According to Robert Easton's book, Black Tide, "Flanigan's stock in Barracuda Corp. was sold to other company officers (all of them Dillon, Read officials) on February 25, 1970, five days after Flanigan announced Nixon's decision to make no changes in the national oil import program, a controversial decision highly beneficial to the oil industry."

Vic Reinemer, Exec. Dir., of a Senate government operations subcommittee, wrote in the October 1972 issue of The Progressive:

"The fulcrum of regulatory power in Washington today is at neither the commissions nor the Commerce Committees of the Congress, but at the White House, or wherever Presidential Asst. Peter M. Flanigan is at the moment. It is Flanigan who meets regularly with CAB Chairman Secor Browne to discuss airline matters, and with SEC Chairman William J. Casey to discuss the financial community whence both came. FPC Chairman John Nassikas reports to Flanigan. . ."

John Love

APGA turns up no evidence of a background in energy matters for Love, a 3-term Republican governor from Colorado who came to the White House with the help of Flanigan and Flanigan's brother, Bobby, a political power in Colorado. Love resigned as the Administration's energy chief in December, less than a year after his appointment.

Wm Simon

President Nixon's new energy czar was named in December 1973. Before appointment as Deputy Secretary of the Treasury, Simon was a partner of the Wall Street investment banking firm of Salomon Brothers, Inc. On January 27, 1972, he contributed $15, 000 to Nixon's re-election campaign; 15 other Salomon partners added another $82, 000 on the same day. On December 6, 1972, Nixon announced nomination of Simon to the Treasury post. Salomon Brothers, says APGA, is a large underwriter for oil and energy corporation securities. "Thus," says APGA, "it did not surprise many people when Secretary Simon was involved in an ex parte communication warning FTC Chairman Lewis Engman that the FTC's investigation and suit against the major oil companies might worsen the energy shortages."

Wm Clements

Prior to being named Deputy Secretary of Defense, Clements was chairman of the board of Southeast Drilling Co. He contributed a total of $16, 562 to the Nixon re-election campaign on successive days (November 2 and 3, 1972). On December 12, 1972, Nixon nominated Clements to the DOD post. In addition, three other members of the Board of SEDCO contributed $17, 772 on November 21 and two others contributed a total of $750 on November 3. The three contributions, totally $17, 772, were all identical contributions of $5, 924 each.

"It's difficult to tell where the oil industry ends and the Interior Dept. begins."

. . . LEE WHITE

consumer
assembly

January 23-25, 1974 / S
16th & K Streets N.W. /

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Wednesday, January 23	
1-5 PM	Registration
5:30 PM	Congressional Recept Rayburn House Office
Thursday, January 24	
9:45 AM	Opening Session Keynote: Rep. Barba
10:45 AM	CREDIT CRISIS Sen. William Proxmi Rep. Leonor Sullivan Neil Gendel, Attorney Francisco Consume
Noon	Luncheon Speaker: Sen. Henry
2:15 PM	FOOD CRIS Sen. Richard Schweik Rodney Leonard, Dir Nutrition Institute (James Hightower, Co Campaign James Wishart, Rese Amalgmated Meatcu Workmen Robert G. Lewis, Na Farmers Union
Friday, January 25	
9:30 AM	ENERGY CRISIS William Simon, Dire Office Sen. Adlai Stevenson Lee C. White, Chair Task Force, Moder David Schwartz, Ass Federal Power Com Edward Berlin, Envi Alex Radin, America tion General Manag Ms. Barbara Bland, Institute
Noon	Luncheon Speaker: Richard O. Consumer Product accompanied by rer Lawrence K. Kush Newman, a Davi
2:15 PM	Consumer Workshop Credit . . . Food . .

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974 / Statler Hilton Hotel
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NSUMER IN CRISIS"

Reception
Office Building (B-339-340)

n
Barbara Jordan (D-Texas)

roxmire (D-Wis)
llivan (D-Mo)
torney-Chairman, San
nsumer Action

Henry Jackson (D-Wash)

chweiker (R-Pa), Moderator
d, Director, Community
tute (invited)
er, Coordinator, Food Action

Research Director,
Meatcutters & Butcher

s, National Secretary,
on

S
Director, Federal Energy

enson (D-Ill)
Chairman, CFA Energy Policy
Moderator
, Asst. Chief Economist,
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or how to become an energy policy maker

Other current and former government officials with close ties to oil:

Duke Ligon

Director, Office of Oil & Gas, succeeding Gene Morrell; also Executive Secretary of the Oil Policy Committee; previously a Director of Treasury's Office of Natural Resources, coming to his government positions from Continental Oil Company, whose Chairman J John McClean was Chairman of the National Petroleum Council's energy study.

Gene Morrell

Washington lobbyist and vice president of the Lone Star Gas Co. whose president is a member of the National Petroleum Council; from October 10, 1971 until March, 1973, he was Director of the Office of Oil and Gas; from March, 1969, until December 15, 1972, he was Deputy Assistant Secretary for Mineral Resources; and prior to his job at the Interior Department, he was an attorney for the oil industry.

Hollis Dole

A vice president of Atlantic Richfield in charge of oil shale development; member for the 1974 fiscal year of the National Petroleum Council; from March 21, 1969 until March 12, 1973, Assistant Secretary of the Interior for Mineral Resources (including, of course, oil shale).

Stephen Wakefield

Assistant Secretary of the Interior for Energy & Minerals (Dole's old job); from November 17, 1970 until March 12, 1973, special assistant to Gordon Gooch, General Counsel of the Federal Power Commission; prior to the FPC job, he was an associate in Gooch's Texas law firm of Baker, Botts, Shepherd and Coates, whose clients are some of the nation's largest oil and gas corporations.

Kenneth Lay

Deputy Undersecretary of the Interior; previously chief assistant to FPC Commissioner Pinkney Walker; from 1965-1968, he was employed by the nation's largest oil company, Exxon, then known as Humble Oil & Refining Co.

Senate government operations subcommittee hearings in July, 1971, resulted in this list of employees of the Office of Oil and Gas. According to APGA, most are still there.

JOHN RICCA--Deputy Director, 2 years with Oasis Oil Co., 15 years with Aramco;

J. ROY GOODEARLE (1973)--Associate Director (a political appointment from the Office of VP Agnew, formerly an Assistant to Agnew for political affairs), formerly Executive Vice President of Midland Production Co. of Houston;

HERBERT ASHMAN--Industrial Specialist (Economics & Coordination), 14 years with Shell Oil Co;

WILLIAM DARBY--Industrial Specialist (Economics & Coordination), 5 years with Mobil Oil Co;

ROBERT E. EBEL--Industrial Specialist (Organization), 10 years with the CIA;

EARL G. ELLERBRAKE--Industrial Specialist (Distribution and Consumption), 13 years with the Sohio Pipeline Co;

DOUGLAS H. HARNISH, JR--Industrial Specialist (Production), 5 years with Pure Oil Co (now Union Oil of California);

RICHARD F. MEYER--now with the USGS, formerly an Industrial Specialist (Domestic Oil), 10 years with Humble Oil & Refining (Exxon);

DAVID R. OLIVER--Assistant Director (Program), 18 years with Atlantic Refining Co (Atlantic Richfield);

EUGENE L. PEER--Industrial Specialist (Distribution and Consumption), 25 years with Standard Oil of New Jersey (Exxon).

Concludes APGA:

"There are many other positions in the government that have been filled by men closely associated, intellectually committed, or financially tied with the oil and gas industry. And although the Nixon Administration is more deeply intertwined with the forces of the oil and gas industry, previous administrations have always considered the oil and gas boys as their friends, advisors, consultants, associates, employees and contributors."

Not forgotten: John Connally

. . . editor's postscript

Deregulate natural gas?

Another 1973 fight that is spilling over into 1974 is whether or not to deregulate natural gas.

Opposing deregulation are consumer-minded legislators and public interest groups. On the other side are the formidible major oil companies, the Nixon administration and a coalition of oil state senators.

Last fall when the Federal Power Commission decided--without public notice or opportunity for reaction--to permit pipelines to pay any price for natural gas without FPC approval and without FPC authority to withdraw those volumes of gas from the interstate market after 6 months, CFA said:

"Since, under FPC procedures, pipelines can automatically pass on to their customers the increased prices paid for gas, the consumers of this country will have to absorb the vastly increased costs of natural gas under this order."

Lee White, CFA's energy expert, charged: "In effect, the Commission has capitulated to the industry that has been unwilling to make natural gas commitments at the prescribed area rates, determined by the commission to be just and reasonable. The order...forces the consumer to pay any price that the producer exacts for his gas."

White also claims the FPC order will in effect repeal a part of the Natural Gas Act. And if anyone is going to do that, say Sens. Hubert Humphrey and Walter Mondale of Minnesota, George McGovern of Sough Dakota, Lee Metcalf of Montana, Frank Moss of Utah and William Proxmire of Wisconsin, it's going to be Congress. These are the same Democratic senators who want FPC to rescind its order to deregulate.

But there are six more senators--all Republicans and except for Buckley, all from oil states--actively working for legislation to end regulation of wellhead prices of natural gas on grounds that higher consumer costs will insure more adequate supplies. This group is led by Sen. John Tower of Texas. It includes Paul Fannin of Arizona, Cliff Hansen of Wyoming, Henry Bellmon and Dewey Bartlett of Oklahoma, and James Buckley of New York.

Since the FPC issue its order on deregulation in September, a CFA -led coalition has won court "stays" to block the Commission's action. The Supreme Court, however, has decided against a permanent stay, so a final round takes place soon in the Court of Appeals.

Safety Commission takes on White House

The infant U. S. Consumer Product Safety Commission -- not yet one year old -- is locked in battle against White House and Administration political clearance of its key staff officials.

Sens. Warren G. Magnuson (D-Wash), Frank Moss (D-Utah) and Rep. John Moss (D-Ca), co-sponsors of the Consumer Product Safety Act, have protested to President Nixon "evidence that statutory appointments of key management personnel to the Commission are being held up for White House political clearance in direct violation of the manifest intent of Congress that the Commission be an independent non-partisan agency."

Four of the five Commission members have chronicled what the legislators call "a process of polical extortion . . . which is in our judgment intolerable." That's what the senators and congressman have told President Nixon. The fifth Commissioner -- Barbara Franklin -- has returned from an overseas trip but as of CFA press deadline, had not declared support for the charges filed by the other commissioners.

Carpools & Insurance

So Garden State motorists know where they stand when they join carpools, New Jersey Insurance Commissioner Richard McDonough has issued this regulation:

Whenever an approved private passenger classification system used by a company licensed to write automobile insurance in the State of New Jersey includes a rating criterion based upon use of the automobile in going to and from work, use of an automobile in a carpool shall not result in a change of classification or affect the coverage or premium.

New Jersey Rx

No company shall refuse to renew an automobile insurance policy on the basis of use of the automobi'e in a carpool.

Payments among the members of a carpool under a share-the-cost arrangement usually found in connection with such use of automobiles shall not constitute a consideration that would subject the private passenger car to classification as a public conveyance nor shall such share-the-cost arrangement remove the private passenger automobile from the application of the New Jersey Automobile Reparation Reform Act with respect to Personal Injury Protection Benefits.

Inflationary health costs spark action

The continuing rise in medical costs--up another 11% in the year ending last June 30--has consumers and government pressing for alternatives.

New estimates released by the government show per capita spending for health has reached $441 a year, up $41 over the previous year. After medical costs showed some restraint in early 1973, the loosening of economic controls since then has seen hospital, physician, drug and other costs rise sharply. The accompanying box summarizes growth in the outlays for services and supplies over the past two fiscal years.

hmo

Pressure for alternative methods of financing and delivering health services produced one of 1973's few compromises between Congress and the White House. Legislation providing families comprehensive health care for less money through health plans--a measure advocated by CFA for many years--became law late in December.

Proponents of Health Maintenance Organizations estimate the new law will lead to about 300 more HMOs accross the country. Some 115 are said to be operating now. These serve about 2.5 million people.

Under HMOs, families pay a flat monthly sum for coverage of most, if not all, medical services. This amount usually exceeds the cost of private insurance, but because most medical needs are provided under the HMO, the annual health tab is cut. Group Health, for example, costs about $25 a month for individuals and about $65 for families of two or more.

The new HMO law provides less money than congressional supporters wanted, but more than President Nixon wanted to include. It carries a $375-million price tag--about a third what the Senate passed under leadership of Sen. Edward Kennedy (D-Mass). Reps. Paul Rogers (D-Fla) and William Roy (D-Kan) were major House sponsors. The bill:

- provides over $300-million in start-up money for HMOs, available over 5 years in grants, contracts and loans with $50-million earmarked for quality studies;

- makes HMOs possible in states which restrict or outlaw free development, including: Alabama, Alaska, Arkansas, Georgia, Idaho, Indiana, Kentucky, Maine, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Texas, West Virginia, Wyoming;

- permits employees covered by minimum wage laws to elect to apply the employer share of customary health insurance contribution toward HMO costs.

national plans

As of the end of October, meanwhile, 13 national health insurance bills had been introduced in the 93rd Congress. Of these, 5 are mixed public and private plans, 2 are mainly public plans, 2 are tax credit plans, and 4 are catastrophic protection plans.

The Administration is reported to have assigned "high priority" to a new health plan of its own, which may be sent to Congress this month. It is expected to mandate group health insurance for workers through their place of employment, provide publically supported care for the poor and aged, and to abolish the existing Medicare and Medicaid programs.

NATIONAL HEALTH EXPENDITURES

(In millions)

	1971-72	1972-73
Total	$84,710	$94,070
Health services and supplies	78,649	87,562
Hospital care	32,691	36,200
Physicians' services	16,626	18,040
Dentists' services	5,048	5,385
Other professional services	1,598	1,680
Drugs and drug sundries	8,157	8,780
Eyeglasses and appliances	2,034	2,109
Nursing-home care	3,480	3,735
Expenses for prepayment and administration	3,156	4,198
Government public health activities	2,273	2,811
Other health services	3,586	4,624
Research and medical-facilities construction	6,061	6,508
Research	2,049	2,277
Construction	4,012	4,231
Publicly owned facilities	994	971
Privately owned facilities	3,018	3,260

Office of Research & Statistics
Social Security Administration

The issue is likely to provoke a major confrontation between supporters of the existing programs who would like to expand them and organized suppliers of medical services such as the American Medical Association.

generic

Indicative of the maneuvering resulting from the pressures produced by skyrocketing costs is the Department of Health, Education & Welfare announcement in December concerning prescription drugs provided under Medicare and Medicaid. HEW Secretary Caspar W. Weinberger told the Senate health subcommittee the government will no longer cover the cost of trade name prescription drugs if lower-priced generic medicines are available. This turnabout in HEW policy, says Weinberger, will save taxpayers $25 to $60-million in the remaining months of FY 74 and more later. The federal government spent $1.2-billion for Rx drugs in a recent year.

CFA and other consumer advocates have long urged steps to facilitate generic drug prescribing. The HEW policy change was promptly denounced by the pharmaceutical industry, said by Weinberger to be the nation's most profitable. Industry insists its higher priced trade name drugs are more reliable.

In another step, Sen. Gaylord Nelson (D-Wis) is proposing legislation to shorten the time period during which any company can corner the market for a drug by means of patent. Present law permits a company which has developed a drug to have exclusive rights for 17 years even when another firm develops a way to make it just as well for less.

"Break the Banks!" - a shopper's guide

Compares the cost of consumer services charged by banks, savings and loan associations, credit unions and other financial institutions . . . Reveals many unfair and deceptive banking practices and tells how to avoid them . . . Useful to consumers everywhere.

Published by and available from: SAN FRANCISCO CONSUMER ACTION, 312 Sutter Street, 4th Floor, San Francisco 94108. $1.50 each to cover guide, tax and handling. SFCA is a CFA-member organization.

Brace for higher food $$

Analysis from the Department of Agriculture confirms what consumers already know: the price of food consumed at home averaged 16% higher in 1973 over 1972.

And 1974? USDA's Economic Research Service predicts food prices in the first three months of the new year will be up 15% over the same period of 1973. Red meat is expected to lead the new price advance. Economists at ERS forecast a stabilization of food prices later on in 1974 if:

- farmers get fuels vital to farm operations;
- foreign trade policies (i.e. Russian wheat deals) do not affect normal supplies;
- severe weather does not hamper crop production.

The experts note that surpluses no longer exist to fall back on in case of poor harvests.

Looking back at 1973, USDA notes the following average price increases over 1972:

red meat	- 22%	fish	- 14%
pork	- 33%	fresh potatos	- 50%
veal	- 20%	fresh vegetables	- 20%
poultry	- 42%	fresh fruits	- 10%
eggs	- 50%		

Oil Profits

As Sen. Walter Mondale (D-Minn) sees it, when oil company profits reach 91%, industry "is profiting from the energy shortage."

Not so, says American Petroleum Institute:

"The fact is that the petroleum industry's profits, as a percentage of net worth, were at a 10-year low in 1972. The increases of 1973 barely bring the industry back to the level of previous years."

Gulf Oil's gains for the third quarter of 1973 were 91%; Exxon's 80%; Mobil's 64.1%.

No-Fault SOS

National no-fault legislation is supposed to clear Senate Judiciary Committee by February 15. Consumers must let the Senate know they support S. 354. WRITE YOUR SENATOR NOW. Oppose more delays; urge passage this year.

consumer assembly

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