CFA news news news news news
consumer federation of america

Washington, D.C. November, 1974

Consumer Assembly '75

Today's inflation crisis is the inevitable result of shared monopoly control of America's basic industries—energy and food. While farmers and consumers are struggling for economic survival, the oil and food giants are reaping enormous profits and paying record dividends to stockholders.

President Ford has repeatedly told the American people to drive less, turn off lights and clean their plates. However, he has failed to mention that while you and I are tightening our belts and obeying the new speed limits, major oil and food corporations are getting fat and racing to the bank.

Farmers and consumers are natural allies in the fight against corporate power. From opposite ends of the economic spectrum, they share the inability to determine their own economic fates. This dismal picture can only be changed if attention and action from both the farmer and consumer sectors focuses on the root of the problem.

To this end, Consumer Federation of America's annual meeting, Consumer Assembly '75 will become a public forum aimed at education, review and reform of the monopolistic structure that controls America's food and energy supplies.

Further, Consumer Assembly hopes to bring together 100 representatives of farm interests and 100 consumer leaders to explore the common and divergent concerns of farmers and consumers. Being equally victimized by the system, it is clear that these two groups should be exploring the problems and attempting to establish areas of mutual concern. It is time to establish a national farmer-consumer dialogue which will lead to the alliance of these two groups in efforts to protect their common interests.

There are many of these. Farmers are currently at the mercy of skyrocketing prices in farm machinery, petroleum-based fertilizers, pesticides and other necessary supplies. They are further squeezed by the highest interest rates in modern times and by the wildly fluctuating prices they receive for their harvests. In the last three years, the production expenses have increased over 50%. The extinction rate is staggering: 1000 farmers per week go out of business.

At the same time, the cost of food and fuel to the American consumer is high and continuing to climb. Food prices have increased more than 30% in the last two years and the 1974 drought promises another round of increases for 1975. The price of fuel is expected to increase from 100-400% in the next few months. This exorbitant rise in prices may force many low and middle income Americans to have to make a choice between food and fuel this winter.

While the list of horror stories about the effects of inflation on consumer and farmers continues to grow, the corporate profit picture remains rosy. Third quarter profits for 1974 show unconscionable gains for America's large oil companies. Exxon

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Congress Clashes with Ford on Freedom of Information Act

On October 17, just minutes before the Congressional recess, President Ford vetoed legislation to amend the Freedom of Information Act (FOIA). The FOIA amendments, designed to facilitate public access to government information, had passed both houses with overwhelming support. Public interest and consumer groups as well as news media consider the vetoed legislation of critical importance to their function of informing and protecting the public.

FOIA Amendments: Congressional Showdown Scheduled—The timing of Ford's veto message was carefully calculated to minimize anticipated adverse Congressional reaction. However, Congressional supporters of the vetoed bill joined by public interest organizations and several news groups have mobilized their forces for a post-recess veto override.

In a survey reported by the National Newspaper Association, firm commitments were obtained from nearly 200 members of Congress to vote to override the veto. The commitments were made despite the fact that most members of Congress were busy campaigning in their home districts, others are out of the country, and still others maintain a policy of not announcing their votes in advance. Commenting on the survey results, NNA President Walter W. Grunfeld said, "There appears to be an overwhelming bipartisan Congressional sentiment in favor of overriding the veto."

Additional support was generated by Senators Mathias (R-Md), Case (R-NJ), Javits (R-NY), Baker (R-Tenn), Kennedy (D-Mass.), Muskie (D-Maine), Hart (D-Mich) and Ervin (D-NC). The four Republicans and four Democrats circulated a letter enlisting Congressional support for the override.

"We have too recently seen the insidious effects of government secrecy run rampant," the eight Senators concluded. "Enactment of HR 12471 can do much to open the public's business to public scrutiny, while providing appropriate safeguards for materials that should remain secret."

1966 FOIA: A Costly Exercise in Bureaucratic Obstruction—The administration of the 1966 Freedom of Information Act over the past seven years is replete with evidence demonstrating that public access to government information under the act is the exception, not the rule. The government has cultivated an extraordinary adeptness at manipulating the various exemptions to preclude even the most innocent of documents from public scrutiny. In the rare cases where access is permitted it is delayed (frequently over a year) and costly (search and duplication fees as well as legal fees often running to thousands of dollars).

In one case Harrison Wellford at the Nader funded Center for the Study of Responsive Law

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Tentative Agenda

Thursday, January 30, 1975
Focusing on Food

- Registration
- Address, "Are Farmers and Consumers Victims of Food and Energy Monopolies?"
- Panel, "Is There Adequate Competition in the Food Industry?"
- Luncheon, "Farmers and Consumers: A Winning Coalition"
- Issue Panels, "Managing Food Supplies"
  - "The U.S. in a Hungry World"
  - "Agribusiness: The Skeleton in the Food Cupboard"
  - "Food Quality: Less Nutrition, Higher Prices"
- Congressional Reception

Friday, January 31, 1975
Examining Energy

- Keynote Address, "The Administration's Role in Anti-Trust Enforcement"
- Panel, "Is There Adequate Competition in the Energy Industry?"
- Luncheon, "What's Wrong With Federal Energy Policy"
- Issue Panels, "People Power: Putting More Public in our Utilities"
  - "Alternatives to Conventional Pricing Systems"
  - "Current Priorities in Federal Energy Legislation"
  - "Improving State Anti-Trust Enforcement"
- Plenary Session, "Where Do We Go From Here?"

Saturday, February 1
CFA Annual Meeting

Sunday, February 2
Executive Committee Meeting

Legislative Wrap-Up-93rd Congress

Agency for Consumer Advocacy Killed in Senate; President Calls for Establishment of National Commission on Regulatory Reform

On September 19 supporters of the Agency for Consumer Advocacy (ACA) bill fell two votes short in the fourth attempt to break the Senate filibuster, and the ACA is dead for the present session of Congress. Three weeks later, in his October 9 economic message, President Ford called for the creation of a national commission on regulatory reform. Supporters of ACA see this as a move to divert Congressional and popular support from a strong ACA to a weak reform commission. CFA strongly supports the concept of regulatory reform, but such reform will not take the place of an independent non-regulatory agency whose only legislative mandate is to further the interests of the consumer.

Despite the President's attempts at regulatory reform, consumer groups will continue the fight for ACA this January with the commencement of the new Congress. ACA passed overwhelmingly in the House last April, and missed cloture finally by only one vote (discounting the Kennedy error). Next Congress consumer issues will be even higher on the public's list of priorities and strong ACA legislation will have no trouble passing both houses. In addition, the retirement of ACA filibuster leader Sam Ervin (D-NC) can only help the consumers' cause.

Motor Vehicle and Schoolbus Safety Amendments Approved by Both Houses; Consumer Safety is Placed in Jeopardy

President Ford has put his signature on a bill that rejects two of the most important safety features advocated by consumer groups since the passage of federal safety standards in 1966. The Motor Vehicle and Schoolbus Safety Amendments outlaws seatbelt interlock systems and continuous buzzer systems, permitting only an eight second buzzer and a continuous dashboared light to indicate the seatbelts are not fastened. It is largely due to the anti-consumer efforts of Rep. Louis Wyman (R-NH). In addition, the report mandates the Department of Transportation to hold public hearings before requiring installation of air bags or any other passive restraint system and gives Congress the power to veto such passive restraints.

Consumer Product Warranty and Federal Trade Commission Amendments Pass House; Conferees Appointed

On September 19 the House passed S 356 (HR 7919) to set minimum federal standards for consumer product warranties, and to revise the power of the Federal Trade Commission. The House passed bill represents a small step forward in setting standards for warranties on a federal level and a large step backward in reducing the FTC's power to protect consumers. Senate conferees appointed October 4 are Senators Magnuson (D-Wash), Moss (D-Utah), and Stevens (R-Alaska). House conferees appointed October 8 are Representatives Staggers (D-W.Va), Moss (D-Calif), Stuckey (D-Ga), Eckhardt (D-Tex), Broyhill (R-NC), Ware (R-Pa), and McCollister (R-Neb).

House and Senate versions contain similar provisions which establish minimum federal requirements for "full" or "limited" warranties. A "full" warranty requires the warrantor to remedy the product within a reasonable time and without charge in the case of a defect or malfunction. Any express warranty that is not a "full" warranty must be designated as a "limited" warranty. The bill prohibits any limitation on the duration of an implied warranty and provides for a refund or replacement if the product is found to be defective after reasonable attempts at repair.

Both versions expand the jurisdiction of the FTC from "in" commerce to those "in or affecting" commerce.

The House bill sets up a formal trial type procedure for rule-making which goes well beyond present requirements under the Administrative Procedure Act. It includes new rights for the parties affected by a proposed rule, such as the right to cross-examine and the right to call rebuttal testimony. The granting of these rights to all parties affected would severely hamper FTC regulation. Business, with its substantial monetary and legal resources, could insist on every "procedural safeguard" available. If parties with similar interests are unable to reach agreement as to group representation, under the legislation these parties must be allowed to cross-examine witnesses individually. A typical FTC proposed rule affects, at a minimum, hundreds of companies. Business could easily kill a proposed rule by excessive delay via cross-examination or at least tie up the Commission indefinitely. These rights would be of little use to consumers, since the consumer movement has neither the time, nor the resources to take advantage of the procedures. The Senate bill contains no comparable provision. Both the United States Chamber of Commerce and the National Association of Manufacturers support the House version. CFA opposes the House rule-making provision.

Under present law, the FTC has some autonomy in controlling its own legal operations. If the Justice Department does not act within 10 days after the Commission notifies it of an impending action, the Commission has the power to argue its own case. The House version of the bill would eliminate this important power, making the Commission dependent upon the Justice Department which, in turn, is closely allied with and subject to the political pressures of the White House.

The Senate version would allow the FTC to be represented by its own attorneys. CFA supports the Senate provision on self-representation to insure an effective, independent FTC.

The Senate bill includes a provision that would authorize a wide range of remedies for consumers who are injured through acts in violation of Commission orders. These include refund of money or return of property, reformation or recision of the contract, payment of damages and public notice of the violation.

The House bill provides for the issuance of cease and desist orders by the Commission as the only form of consumer relief. An amendment to restore the consumer redress provision and provide self-representation for the FTC offered by Rep. Eckhardt (D-Tex) was defeated by a conservative coalition 180-209. CFA supports the Senate provision on consumer redress.

Two more amendments were defeated. Rep. Preyer (D-NC) offered an amendment to exempt "third-party guarantors" who endorse products they do not manufacture or sell from the provisions regulating warranties. For example, this amendment would relieve the *Good Housekeeping* magazine people from the legal duty to stand behind products they endorse. CFA opposed this amendment. The other amendment, supported by CFA and offered by Rep. Kyros (D-Maine) would stgrengthen a provision requiring the Federal Reserve Board to issue rules for banks that correspond to rules issued by the FTC.

Rice Act of 1974 Tied in House Rules Committee; President's Economic Plan Calls for End to Rice Quotas

The Rice Act of 1974 which passed the House Agriculture Committee narrowly, tied in the Rules Committee 6-6. However, the bill received new impetus when President Ford endorsed its major provisions as part of his October 9 economic message. The legislation would benefit consumers by promoting a more plentiful supply of rice and corresponding decreases in the cost of rice.

Under present law rice growing is strictly controlled by the federal government. Allotments are prorated on the basis of rice production from 1951 through 1954. Only 13 states are allowed to grow rice under the present federal program, and of these states, Louisiana, Texas and California are receiving the major benefits. Others with land suitable for rice growing, such as Arkansas and Mississippi, suffer from lack of acreage allotments. The Rice Act would open up rice growing to all farmers, thus ensuring a greater supply of rice and enabling decreases in price.

The Rice Act would also change the price support system to a target price system, similar to the system created in the Agricultural Act Amendments of 1973. The present price support system requires the federal government to buy all rice produced when the market price falls below the support price. The government may destroy the rice or give it away under the foreign aid program, but is legally prevented from selling the rice to recoup any part of the price subsidies. This results in an outlay of millions of federal dollars to subsidize rice growing in selected states. The target price system contained in the Rice Act of 1974 would ensure the rice farmer against drastic losses by paying him the difference in price between the target price and the market price, should the market price go below the target price. Under this procedure the government would spend substantially less money (assuming an anticipated floor amendment to set the target price at $.07 a pound) and would not be involved in the buying and disposal of rice.

The Rice Act of 1974 also contains a grants provision which would enable consumer groups to obtain money for consumer education on storage, marketing, and usage of rice.

Grassroots Action:

It is likely that the Rice Act will be brought up again before the Rules Committee when Congress reconvenes—after Nov. 18. Swing votes who should be urged to vote yes are: Representatives Delaney (D-NY), Bolling (D-Mo), Matsunaga (D-Hawaii), Murphy (D-Ill), McSpadden (D-Okla), Martin (R-Nebr), Latta (R-Ohio), and Clawson (R-Calif). It is also necessary to show your support for this bill to Speaker Carl Albert (D-Okla).

The Unfriendly Green Giant

Everytime the jolly Green Giant bellows out a ho-ho-ho, he is laughing at you, the American consumer.

This jovial hyperthyroid mutant is laughing because his parents, the Green Giant Company of Le Sueur, Minnesota are using some of their profits to pay for a Washington lobbyist to work against the establishment of an Agency for Consumer Advocacy and other consumer protection legislation.

Congressional Quarterly of October 12, 1974 states that this is the first lobbying registration of the Green Giant Company. They have now joined many of their co-manufacturers in the Grocery Manufacturers Association in working against the health, safety and economic well-being of the American consumer. That's hardly anything to laugh about.

Broadcast License Renewal Bill Passes Senate; License Terms Increased to Five Years; Public Interest is Loser

On October 8 the Senate approved the Broadcast License Renewal Act (HR 12993) which eliminates most of the safeguards designed to promote the broadcaster's responsiveness to the public interest.

Similar legislation passed the House on May 1, 1974. Both versions of the legislation sacrifice the public interest in preserving the right to challenge incumbent license holders. CFA opposes both versions, but would prefer the Senate over the House bill if necessary.

The extension of the license term from 3 to 5 years is contained in both versions. This gives more security to the broadcasters and less opportunity for consumers to challenge license renewals.

The Senate bill grants a presumption in favor of renewal to any broadcaster who fulfills certain requirements including whether the broadcaster's programming has "substantially met" the problems, needs and interests of its audience. A Tunney amendment specifying that this presumption is "rebuttable" was defeated in committee 3-12. However, Chairman Pastore (D-RI) stated during floor debate that the presumption is not meant to be binding on the FCC.

The House bill gives greater security to incumbent license holders. Where there are competing license applications the FCC must conclude that a broadcaster has been "substantially responsive" to the public. However, where there is no petition to deny or no challenge the FCC is required to ascertain whether the station has been of "minimal service" to the public.

On the issue of cross-ownership and monopolies in the media, the Senate provision is far better than the House provision The House bill would prevent FCC consideration of cross-ownership as a factor at license renewal time unless it promulgates rules governing such cross-ownership. The Senate version dropped the House provision and includes an amendment offered by Sen. Lee Metcalf (D-Mont) which directs the FCC to consider a bank, mutual fund or insurance company as having a controlling interest in a station license if it holds more than 5 percent of the licensee's outstanding voting stock.

Grassroots Action:

A conference will convene when the recess ends—November 18. Contact Senate and House conferees and urge no action at all on this legislation or if action must be taken, urge adoption of the Senate version. Senate conferees are; Senators Pastore (D-RI), Hartke (D-Ind), Magnuson (D-Wash), Stevens (R-Alaska), and Baker (R-Tenn). House confereees have not yet been designated, but are expected to include Representatives Staggers (D-W.Va.), Devine (R-Ohio), Broyhill (R-NC), Brown (R-Ohio), Collins (R-Texas), Rooney (D-Pa), Van Deerlin (D-Calif), Frey (R-Fla), and Goldwater (R-Calif).

Real Estate Settlement Costs Bill in Conference; Repeal of Federal Regulatory Authority is at Issue

S 3164 to reform real estate settlement costs is in conference. Unfortunately, the reforms contained in the legislation are largely cosmetic and do not attack the basic problem of unnecessarily high closing costs.

There is one major difference between the two versions of the bill. The House version repeals section 701 of the Emergency Home Loan Act of 1970, the only existing federal authority to curb excessive settlement costs. The repeal of 701 has been pushed for by the powerful bank lobby as well as title insurance companies and realtors. With 701 off the books the government would lose its only weapon against high settlement costs. The Senate version does not contain this repeal provision.

State & Local Reports

by Nick Apostola

Massachusetts

The Massachusetts Public Interest Research Group (Mass PIRG) concluded in a study of citizen access to public records that the state's new Freedom of Information Act "has had almost no effect on the availability of documents requested from state agencies, but has increased availability from cities and towns." MassPIRG Executive Director Ronald Bogard stated that, among state agencies, there is widespread misunderstanding, misinterpretation and ignorance of the act, which was enacted and went into effect on July 1, 1974. The new study was contrasted to a similar one done by MassPIRG in 1973 before the enactment of the act. Documents selected in the new study were those that the average person might select in an attempt to make government more responsive to the citizenry, such as bids for public contracts, building inspections and tests of town water supplies. Since agencies not in compliance in 1973 continued to deny documents in the follow-up, several recommendations were forwarded by MassPIRG to help state and local governments alleviate this problem. These recommendations include asking for the appointment of state public information officers to facilitate citizen access to public records, local appeals structures to which citizens can turn if access is denied and more information dispersal to state agencies about the impact of the act. Copies of this report are available from: MassPIRG, 233 North Pleasant Street, Amherst, Massachusetts 01002.

New England

A coalition of several dozen consumer and environmental Study (NECES). The focus of the coalition is a citizen's evaluation of New England's future electricity needs and strategies for meeting those needs. Believed to be the first of its kind, the Citizens Energy Study of New England is expected to be ready for release later this fall. The President of the NECES, Jonathan Souweine, commented that "the time is long overdue for citizens, state utility commissions and other regulatory bodies to be exposed to more realistic and independent projections." The first part of the study will be prepared by independent experts working at the Dartmouth College Environmental Studies Program and will be prepared for and supported by the Environmental Fund of Washington, D.C.

Washington D.C.

One out of ten doctors listed in the District of Columbia telephone directory is not licensed to practice medicine in the District. Selecting a ten per cent random sample, a research team from Washington-based WMAL television station discovered these startling results by simply checking the files at the local Board of Medical Examiners to see if those advertised as doctors in the yellow pages had actually received their licenses. Prior to the WMAL revelation, advertisements for the yellow pages were taken by phone and no medical credentials were required to be listed under the "Physicians and Surgeons: MD" heading. According to a telephone company representative, they had assumed that the medical profession would know immediately if unlicensed doctors were listed. The profession did not know and, following the WMAL revelations, the Metropolitan Council of Medical instituted their own review of requests by doctors to be included in the D.C. yellow pages.

The study was replicated by a team from the *San Francisco Bay Guardian* in their area with similar results (5% of those reviewed had no license).

The Consumer Affairs Committee of Americans for Democratic Action and the D.C. Democratic Central Committee charged economic deception and breaking the law against two of the major supermarket chains, A&P and Safeway.

This charge is based on a report of a Survey of Advertised Specials in D.C. Supermarkets, a survey released today by the Consumer Affairs Committee. Half of the Supermarkets in the District were surveyed on two weekends in June by 13 experienced surveyors who shopped for specials advertised in huge ads in the newspapers.

The resulting statistics were revealing. Although there is a Federal (FTC) Regulation forbidding out-of-stock specials in supermarkets, A&P had 18% of its specials out of stock, Safeway had 11% of its specials out of stock and Giant had 8% of its specials out. Each out-of-stock special constitutes an infraction of Federal law. A&P's record of availability of specials in the inner city was even worse: 27% of A&P's inner specials were unavailable.

California

Representatives from San Francisco Consumer Action (SFCA) and the All People's Coalition (APC) recently delivered a study on gasoline prices to each member of the city's Board of Supervisors. The study estimated that San Francisco consumers spend over five million unnecessary dollars on gasoline each year. Both SFCA and APC demanded that the supervisors take immediate action on a proposed ordinance just drafted by the city's attorney to require conspicuous posting of gasoline prices.

The report based the five million dollar figure on a number of facts garnered from and about the area's gas stations. They found that "far less than half" of the stations samples post their prices so they can be read from the street and that the stations which do post prices tend to sell the cheapest gas. Using figures from various U.S. government sources and from *Road and Track* magazine, the report concluded that there is very little difference between brands of regular gas. They found that stations selling the same brand exhibited wide differences in price from station to station, and advised that consumers who use only one brand of gasoline to shop around to find the station in their area that carries that brand at the lowest price. Because of these facts and because of the wide differences between pump prices for regular gas between stations, the report calculates that families in San Francisco with two or more cars may possibly waste more than $200 annually. The SFCA and APC recommend that consumers purchase the cheapest gasoline in the area where they drive frequently. They also urge drivers to patronize only those stations which post their prices. According to the study, savings can be substantial.

A coalition of California public interest organizations opposing nuclear power recently announced that they are demanding air time to respond to Pacific Gas and Electric's pro-nuclear radio advertising campaign.

The 60 second radio spots, aired by 59 radio stations in every major market served by PG&E claim that nuclear power created no dangers to human life or the environment. These ads come at a time when Californians are being asked to sign "Initiative" petitions in favor of holding a referendum on the construction and use of nuclear power plants in California. If a sufficient number of signatures are obtained by February 1974, the initiative will go on the ballot in the Spring of 1976.

Opponents of nuclear power assert that the PG&E ads present only one side of this controversial issue. The consumer/environmentalist coalition has requested that the 59 stations meet their responsibilities under the Fairness Doctrine by broadcasting a series of pre-recorded spots on the dangers and diseconomies of nuclear power prepared by Public Media Center. "The public deserves to know that not everyone thinks nuclear power is safe," says Roger Hickey of Public Media Center.

A formal complaint will be filed with the FCC for an order that stations now broadcasting the PG&E spots make time available to the critics of nuclear power.

Arkansas

A major consumer victory has been won in Arkansas. The coalition of 29 persons who are members or representatives of consumer, labor, senior citizens', poverty, women's, and student organizations formed to oppose Amendment 57, which proposes to give the General Assembly blanket authority to raise the interest rates in Arkansas above the present 10 per cent limit, have convinced 86% of Arkansas voters to vote against the proposition. The group adopted the name of People United Behind Leaving Interest Rate Ceilings in the Constitution (PUBLIC Against 57). Coalition members discussed the adverse effects of the amendment on various segments of the Arkansas population and mapped out a strategy for their campaign this fall. In a statement, the groups declared that "the soaring interest rates resulting from the approval of this amendment would hit hardest at the pocketbooks of low and middle income families. This has happened in our neighboring states, where legislatures have set interest rates that are among the highest in the nation." The statement went on to say that "higher interest rates would only make our economic situation more unbearable" and called for all political candidates and platform committees of each political party to make their position known concerning the amendment. The group charged in the statement that "the only support for Amendment 57 has come from businesses and individuals involved in lending money."

The organizational meeting of the coalition was convened by Fred Cowan, Director of Arkansas Consumer Research: Public Interest Citizens Action, which announced its opposition to the amendment earlier this year.

Ohio

Four more Greater Cleveland automobile dealers have been accused of deceptive and illegal practices in their repair departments by Ohio Attorney General William J. Brown in his statewide crackdown on the auto repair business, reports *Voice of the Consumer,* the official publication of the Consumer Protection Association of Cleveland. All four dealers are accused of charging for unnecessary repairs and service, charging substantially excessive prices, performing repairs improperly, charging for repairs and services not authorized by the consumer, failing to itemize bills as required by law and failing to return replaced parts. The lawsuits are similar to those filed against four other area auto dealers last month. The suits ask the court to issue permanent injunctions against the alleged deceptive and illegal practices, to require dealers to adopt a quality-control program which would include periodic inspections by the attorney-general's office, and to require dealers to identify and reimburse all customers who have been victims of deceptive and illegal practices.

The suits also ask the dealers to help pay for the costs of the investigation. Brown estimates about $13,000 has been spent on the investigation thus far.

Louisiana

The Louisiana Consumers' League has issued a compilation of key consumer votes taken in the state legislature for the 1974 session. Entitled "A Consumer Scorecard," the piece lists each state legislator's vote on each of five bills before the House of Representatives and three bills (five votes) before the State Senate. Legislators are scored on five major consumer issues: the buyer's right to an implied warranty; lower interest rates on charge accounts; and milk price reform. The Scorecard was written by Steve Irving for the Louisiana Consumers' League.

Oregon

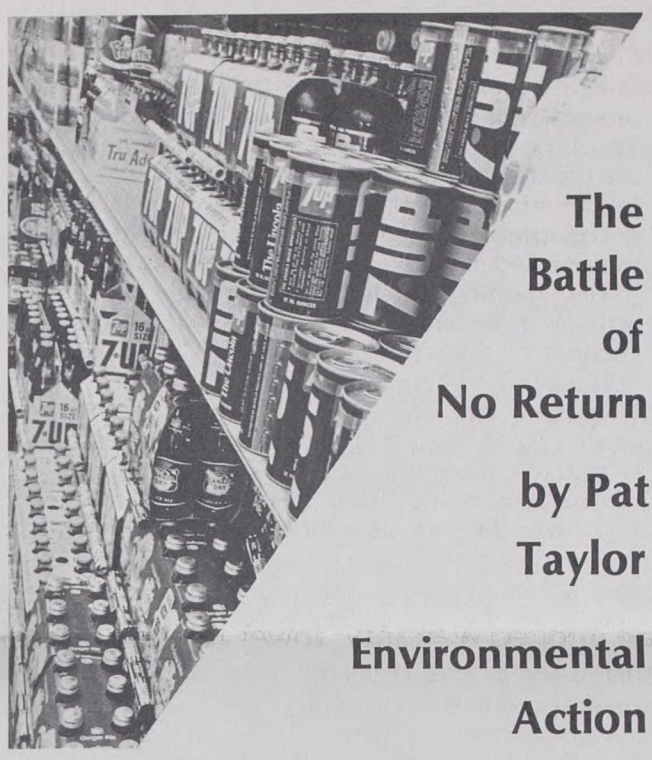
The validity of a controversial report on the Oregon Bottle Bill has been questioned by the Oregon Student Public Interest Research Group (OSPIRG). Several groups, including OSPIRG, the Oregon Liquor Control Commission (OLCC) and two Oregon State University business professors have called for formal public hearings to air the questions raised by the Applied Decisions System (ADS) report. In response to requests that they extend the deadline within which they must either accept or reject the report to 60 days, the state of Oregon extended the deadline by 30 days.

The ADS study concluded that the Bottle Bill had reduced roadside litter while decreasing the profit margin of bottlers, canners, brewers, wholesalers, distributors and can manufacturers. Serious questions have been raised about all of the report's major findings.

OSPIRG has asked the state's Attorney General to adopt new rules requiring regular price information on all advertisements and supermarket in-store signs. This request stemmed from a five week study of advertised sale practices in six Portland, Oregon supermarket chains. The report called regular price information "crucial" to the consumer and said, "This survey shows that a retailer may advertise items on sale to lure customers when there has in fact been no reduction, and in some cases, an increase in price."

The OSPIRG report was based on a survey of prices for eight types of food items commonly advertised in newspapers: butter, coffee, bread, hot dogs, frozen orange and grape juice, canned vegetables, bacon and bologna. Student surveyors checked the prices of hundreds of items in these food types at two stores in each of the chains. Specific discrepancies were turned over to the Consumer Protection Division of the State Attorney General's office for further investigation.

The survey detected a number of practices which could confuse consumers. "Sales" where the sale price was the same as or greater than the price prior to the sale; items carried at "sale" prices for the full five weeks of the survey; and items only kept on stock when on "sale." Less than half of the advertisements provided regular prices for comparison with sale prices and, often, when "regular price" was mentioned in the advertisement, OSPIRG found it differed from the actual price prior to the sale.



The Battle of No Return

by Pat Taylor

Environmental Action

Throwaways—that's what the can and glass companies used to call them. Waging an advertising campaign that cost millions each year, container manufacturers tried to sell the American consumer on the convenience of their newly discovered bonanza—the "no deposit-no return" beverage container. Their campaign is backfiring, however, and the battle of no-return is being fought before local, state and federal legislative bodies across the nation.

Spending an estimated $20 million annually, the promoters of throwaways are fighting the passage of mandatory deposit legislation. Since the implementation of Oregon's law in October, 1972, the debate has escalated with Vermont and South Dakota passing state-wide bills as well as counties in New York State.

Between 1959 and 1972, the quantity of beer and soft drinks consumed in the U.S. increased 33 percent per capita. At the same time, our consumption of beer and soft drink containers—throwaway cans and bottles—increased a phenomenal 221 percent. In 1974, an estimated 60 billion beverage containers will be produced. This tremendous growth in packaging consumption is due primarily to the production of throwaways. The shift to throwaways has been profitable for container manufacturers and retail store owners, but it is costing the taxpayer, consumers and the environment plenty!

In the District of Columbia, local groups conducted an extensive cost and availability study of returnable and throwaway cans. It was found that local retail stores were actively discouraging consumers from purchasing returnables: only 15 percent of the liquor stores carried a single brand of beer in returnables, returnables were poorly displayed in many of the stores, and in most had to be specifically requested. A case of beer in returnables cost on the average 81 cents less than a case of throwaway cans. A 16-ounce returnable soft drink cost 3.3 cents less than 16 ounces of soft drink in a can container.

Even J. Lucian Smith, President of Coca-Cola USA, admits that returnables save the consumer money. In testimony before a Congressional committee, he stated, "Coke sold in food stores in nonreturnables is priced, on the average, 30 to 40 percent higher than Coca-Cola in returnable bottles. . .Returnables offer the best value to the consumer, and returnables provide the most ecologically sound method of distributing soft drinks."

A returnable container system saves the consumer even more because of its impact on solid waste and litter collection and disposal costs. The fastest growing portion of municipal solid waste (mushrooming at the rate of 8 percent annually), throwaways are crowding our trash cans and streets as they burden our tax dollars. The industries which profit from throwaway container production—can and glass companies, supermarkets and big breweries and soft drink franchise companies—have been only too happy to shift their costs of doing business onto the general taxpayer. Some of these companies, like the American Can Co., even want to profit from the waste they manufacture by selling cities resource recovery systems to recycle the wastes their companies are producing.

Beverage container legislation now under consideration around the country will reverse this process. According to Russell Train, Administrator of the U.S. Environmental Protection Agency, beverage container legislation is an attempt to reverse a "growing and pervasive throwaway attitude. . .Much of the specific problems of energy shortages and inflation can be traced right to our growing wasteful habits. This waste is being encouraged by a product-oriented, advertising-stimulated economy. The bottle bill is only the first battle in this war on waste."

By requiring a mandatory five-cent deposit on all beverage containers, legislation will keep throwaway beverage containers out of our trash cans and bring them back through the beverage distribution system. Under the proposed legislation, a mandatory deposit is placed on all beverage containers, so that consumers take containers back to a supermarket for redemption of the deposit, thus keeping containers out of the waste stream.

On May 6 and 7, the Senate Commerce Committee held hearings on S.2062, the Nonreturnable Beverage Container Prohibition Act introduced by Senator Mark Hatfield (R-Oregon). In the House, Representative Don Edwards (D-Calif.) has introduced a companion bill, H.R. 9782. Senate action in the post-election session is expected and should spur on efforts at local and state legislation.

What You Can Do:

- Buy beverages only in money-saving returnables
- Urge your grocer to carry and advertise returnables
- Write your Senators and urge them to co-sponsor S. 2062.

Environmental Action is a national citizens lobbying organization for the environment. Based in Washington, the group originally coordinated Earth Day in 1970, then lobbied on clean air, clean water, occupational safety and health and a variety of transportation issues. Now its main focus is on solid waste legislation. In addition, the group has gained prominence through its "Dirty Dozen" campaign against 12 of the most anti-ecological members of the House of Representatives.

Freedom of Information, From Page One

requested U.S. Agriculture Department reports on the safety problems of handling pesticides. USDA's response was to deny the request as not specific enough. Mr. Wellford then asked the USDA to see their indexes in order to draft a more specific request. He was told that the indexes were exempt under Section (b)(5) as intra-agency memoranda, and therefore could not be made available.

Mr. Wellford sued the Agriculture Department and won. USDA then informed him that the information he had requested was intermingled with confidential material and although they would be happy to separate the material they would be obliged to charge a fee of $91,840 for prepartation.

Although the staggering search and preparation fee is unusual, the above example is typical in other respects. However laudable Congress' intentions were in enactment of FOI legislation, the administration of the act indicates that federal bureaucrats accord the same protection to routine meat inspection reports at the USDA as to military intelligence reports at the Pentagon.

1974 FOIA Amendments: The Plugging of Loopholes—The FOI amendments vetoed by Mr. Ford address numerous specific, yet common problems faced by the public in attempting to obtain government information. Search and duplication fees are limited to "reasonable standard charges," and provision is made for waiver or reduction of the fees when furnishing the information is considered as "primarily benefiting the general public." Attorney's fees and court costs may be assessed against the government where the complainant has "substantially prevailed." Time periods for agency response are tightened considerably. Agencies are required to respond to requests that "reasonably" describe the records, eliminating the bugaboo of specificity.

The problem of all encompassing exemptions has been attacked in several ways. Two of the most popular exemptions have been shored up. The broad national defense-foreign policy exemption has been amended to exempt only records that are "(A) specifically authorized under criteria established by Executive order to be kept secret in the interest of national defense or foreign policy and (B) are in fact properly classified. . ."

The other exemption amended applies to investigatory records compiled for law enforcement purposes, a frequently used catch-all. In order to properly claim the exemption, the agency must show resulting harm to the investigation, unwarranted invasion of personal privacy, disclosure of an informer's identity or of secret investigative techniques or resulting danger to the physical safety of law enforcement officers.

When government withholding is contested in federal district court, the judge is empowered to examine the withheld record *in camera* to determine the applicability of the exemption claimed, and the burden of proof is on the government to sustain its action. This is a key provision which President Ford criticized in his veto message. The President would reduce the government's burden of proof to requiring a "reasonable basis" to support its withholding.

Mr. Ford also objects to the investigatory files exemption amendment requiring that the government specify harm in order to claim the exemption. Lastly, Mr. Ford would require that the time periods for agency response be lengthened before agreeing to the legislation.

In an October 7 letter to Chairman Moorhead, President Ford emphasized, "No other recent legislation more closely encompases my objectives for open Government than the philosophy underlying the Freedom of Information Act." At the same time he has vetoed the only legislation strong enough to implement that philosophy.

Consumer Federation of American supports the Freedom of Information Act veto override attempt, and urges its members to make their support known to members of Congress.

White Calls For Inflation Impact Statement on Deregulation

At the same time President Ford called for the creation of "Inflation Impact Statements" (IIS), he came out in support of one of the most inflationary programs of the decade—deregulation of natural gas. In a letter to President Ford, Lee C. White, Chairman of CFA's Energy Policy Task Force charged that deregulation would be an ideal issue from which to draw up a model Inflation Impact Statement, since such a model analysis is sorely needed to provide "both Congress and the American public with a fair view" of the enormous inflationary effects of deregulation.

White cited estimates of deregulation's cost to consumers ranging from $4.5 billion to $11.2 billion annually. Inflation Impact hearings, based on similar hearings required in preparing Environmental Impact Statements, would provide a significant forum "for those of us who believe that deregulation is both unnecessary and highly inflationary."

In his letter to the President, White also called for an IIS on decontrol of all domestic crude oil prices, a move which has gained Administration support. Using figures from the $1.00 per barrel increase in the price of "old" oil last December, White estimated that decontrol of "old" crude oil prices would cost consumers "Somewhere in the neighborhood of $15 billion a year in extra costs."

Considering the huge inflationary effects of both gas deregulation and oil decontrol, any neglect to produce economic analyses of the effects of these two proposals would be to make "a sham of the committment you have made to Inflation Impact Statements, "White's letter warned President Ford. In addition, White suggested that public cooperation in fighting inflation would be most easily obtained not by easing up on energy regulation, but by "imposing constraints on the prices of oil and gas, particularly at a time when profits in the petroleum industry are at such high levels."

Douglas Center to Train Senate Staff

To focus attention on the energy problems of low and moderate income consumers, CFA's Paul Douglas Center for Consumer Research will hold an informational and training session for Senate staff members in December. Last winter, Senators and Congressmen were flooded by letters from constitutents with energy related problems, and requests for assistance this year are rapidly starting to come into Congressional offices. The training session, sponsored jointly by the Douglas Center and a bi partisan group of senators, will try to help Senate offices deal with these requests by providing staff members with a better understanding of the problems experienced by consumers, of the programs which were instituted by states and by community groups, and of the ways in which energy problems of individuals can be addressed through Federal, state and local channels.

The training session will include talks by officials of Federal agencies such as the Office of Economic Opportunity, the Federal Energy Administration, and the Department of Health, Education and Welfare. Representatives from several State Offices of Petroleum Allocation and several Community Action Agencies will also describe their individual programs. Discussions will cover the most common energy problems of low and oderate income people including inability to pay heating bills, obtaining funds to insulate homes, finding a fuel dealer, receiving adequate credit from fuel suppliers, and obtaining aid in understanding the allocation regulations of the Federal Energy Administration.

Ellen Berman, Director of CFA's Energy Policy Task Force, is coordinating the seminar. For further information contact her at (202) 737-3732.

Consumer Assembly '75 **Continued from page 1**

reported profits of $800,000,000 during the third quarter compared with the already fat profits of $638,000,000 a year ago. Gulf Oil profits reached $275,000,000 compared with $210,000,000 last year for the third quarter. The other major oil companies did almost as well.

For the first nine months of the year Exxon had profits of $2.28 billion as compared with $1.656 billion during the first nine months of 1973. These profits come out of the pockets of consumers and farmers in almost every purchase they make, for oil prices have a ripple effect on both supplies and finished products from automobiles to zucchini.

Four large oil companies account for over 50% of all US petroleum sales. This constitutes a shared monopoly, and the corporations perform like monopolies. They clearly have a common interest, and what profits one will profit all the others. The rest of the American economy suffers. The large multinational oil giants are in a position to control the movement of oil from the well to the gasoline pump. They can manipulate supplies and administer prices. They can be wasteful, inefficient and even incompetent, but they survive and make ever-increasing profits. And, if they should get into trouble, they can count on special tax privileges to bail them out.

The shared monopoly phenemenon has also occurred in America's food industry, where large corporations are steadily taking charge of our food supply. In most food lines (cereal, bread, fluid milk, chocolate products, etc.) there is very little competition since four or fewer companies control over 55% of the relevant market. This is the same level of market concentration enjoyed by the oil companies.

This shared-monopoly power directly affects both consumers and farmers. In 1972, a confidential study by the FTC found that 13 food lines were overcharging consumers by 2.1 billion dollars a year because of monopoly power. If anything, that figure has grown in the last two years.

Farmers are at the mercy of monopoly control as they must not only sell their crops to large corporations, but they must buy their production input from them as well. The FTC staff study revealed, for example, that monopoly power in the farm machinery industry added an extra $251 million to the price paid at the retail level.

Corporate profits in farm machinery and farm chemicals rival the oil companies. Indeed, Shell, Mobil and Chevron are major producers of petrochemicals used in farming. Other profit figures show Deere with a 60% increase in profits in 1973, Upjohn up 25%, International Harvester up 47%, Firestone Tires gained 25% and International Minerals and Chemical gained 27%.

In a concentrated industry, prices do not go down, they go up. Consumerist Ralph Nader wrote in an *Anti-Trust and Economics Review* article that "A secret staff report not at the FTC estimate that if highly concentrated industries were deconcentrated to the point where the four largest firms control 40% or less, the industry's sales prices would fall 25%or more."

Monopoly is no game. It is a deadly serious problem that needs strong action in Congress, in the courts and at the structural level if necessary. Consumer Assembly '75 will examine monopolies in food and oil, suggest remedies and lay the groundwork for action. Speakers will include a cross section of governmental, consumer and farmer leaders.

Registration will be $50 for consumers. A preliminary agenda and registration information will be mailed to all CFA news subscribers shortly. If you wish additional information contact CFA at (202) 737-3732.

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