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Natural Gas Decontrol:
The Second Act

by Ann K. Lower, Director of Information

Since Reagan himself has been silent on the issue of decontrol of natural gas, Administration watchers have speculated: Is the push for decontrol of gas over? Why has the President's energy Cabinet not met recently? Are there mixed signals now coming from the White House? Is Congressman Gramm—the Texas Democrat of Gramm-Latta—still the Administration's lightning rod?

So far as CFA can determine, there are no mixed signals coming from the White House. Reagan will move to decontrol as soon as he thinks he has dug out from under his budgetary problems, and when his coalition is pulled together. In fact, the calendar of events for pulling together his decontrol package is moving swiftly.

Act I

In August, *CFAnews* reported that the most likely option Reagan would choose was the one that would give him the most room in negotiating an accomodation with a new group of boll-weevils.

That option, in the words of his strategists, was: "Do not specify at this time a particular choice on kinds and amounts of gas . . . We could then . . . conduct consultations and negotiations over the month of August."

After giving the President his options, Reagan's energy Cabinet announced to the press that they had recommeded to the President that he *not only* deregulate new gas, but old gas, as well—a category that would have remained under regulation even after 1985.

That was Act I: The Reagan push for decontrol, dramatic, bold and pressworthy. After an intermission of consultations during August and part of September, Act II is now in motion: A quiet parade of powerful industrial groups pushing Reagan to decontrol.

Act II

With Reagan still shuffling his decontrol cards under the table, the action on decontrol has shifted from the White House sending *out* messages on decontrol to industrial lobbyists sending *in* messages. The scene in progress is the formation of Reagan's team.

The first key industrial group to line up—after producer organizations, such as the Natural Gas Supply Association and the American Petroleum Institute, which were already there—is the kingpin of the industrial users of natural gas, the Chemical Manufacturing Association (CMA).

As a group which constitutes the largest industrial consumer of natural gas, CMA wrote Congressman Phil Gramm on August 14th that they would support his bill with the full recognition that their costs will increase. (What they did not write was that, unlike utilities, chemical manufacturers can more easily pass their increased costs on to the little consumer.)

With CMA as the drum major, the parade of industrial users has grown large enough by September 28 for the *Energy User News* to announce that groups, such as the National Association of Manufacturers—listed by the *N.Y. Times* on Sept. 6th as split—joined by the textile, rubber, plastic and petrochemical groups had sent Reagan the message to "call upon this Congress to act on natural gas."

In addition, Reagan has been courting intrastate gas pipelines, who sometimes get caught in the economic crossfire between their suppliers, natural gas producers, and their customers, industrial users. After considerable debate, however, intrastate pipelines under contract with producers of new gas have told Reagan that they will cash in with his side if he will give them equal access to the interstate gas market.

Whatever Reagan has not said publicly about natural gas decontrol, it is clear that he has been busy at work. Since the middle of August, and in spite of his budgetary problems pending before Congress, the President has been lining up a long list of major industrial allies, who he can point to as pushing for decontrol now.

Though the curtain has not fallen on Act II yet, the accompanying chart focuses on who has lined up in the natural gas fight and on which side, as of the end of September.

Congressman John Dingell, Chairman of the powerful House Energy and Commerce Committee, will attempt to block Reagan's attempts to modify the Natural Gas Policy Act (NGPA). From Detroit and among the authors who helped fashion some of the pro-consumer provisions in the NGPA, Dingell brings to the battle an understanding of the costs of early decontrol to both residential and industrial consumers.

Natural Gas: Early Decontrol

IN FAVOR	
Producers	Natural Gas Supply Assn. American Petroleum Inst.
Chemical Manufacturers	Chemical Manufacturing Assn. Petrochemical Energy Group. Textile, Rubber & Plastics. Also, Nat'l Manufacturers Assn. and The Business Roundtable.
Pipelines	Intrastates with access to primarily new gas, such as Houston Natural Gas, Valero and Delhi.
Auto	General Motors.
Environmentalists	League of Conservation Voters, but only if a windfall profits tax is passed to mitigate inequities.
Competitors	Heating Oil Dealers, Coal Industry.
White House	Reagan's energy cabinet with producer state Congressman Phil Gramm as point man in the House.
OPPOSED	
Consumer	Consumer Fed. of America, Consumer Energy Council of America.
Labor	AFL-CIO. Also, Citizen/Labor Energy Coalition (CLEC).
Public Power	American Public Power Assn. American Public Gas Assn.
Farmers	Nat'l Council of Farmer Cooperatives.
Utilities	Assn. Gas Distributors, 40 East Coast utilities. Also, gas burning utilities lean against, such as Wisconsin Power and Light and Florida Power and Light.
Pipelines	Interstates with access to old gas leaning against, such as Texas Eastern, Pan Handle, El Paso and Columbia.
Producers	Deep gas producers, such as GHK.
Congress	Chairman John Dingell, House Energy Committee, told *Business Week* NGPA is working fine. Chairman James McClure, Senate Energy Committee says, "not this session."
UNDECIDED	As of Sept. 30th, American Gas Assn., Teamsters, Dupont, the Nat'l. Rural Electric Co-ops, Chrysler and Ford had not taken formal positions.

Legal Power

Two additional legal talents have joined CFA's Natural Gas User's Committee headed up by Bob Eckhardt: Michael R. Lemov, a partner in the law firm of Leighton Conklin Lemov Jacobs and Buckley, and Herman Schwartz, General Counsel for Senator Howard M. Metzenbaum, who will join American University Law School this January.

Inside This Issue . . .

Reaganomics:
The Consumer Response

CONSUMER ASSEMBLY '82
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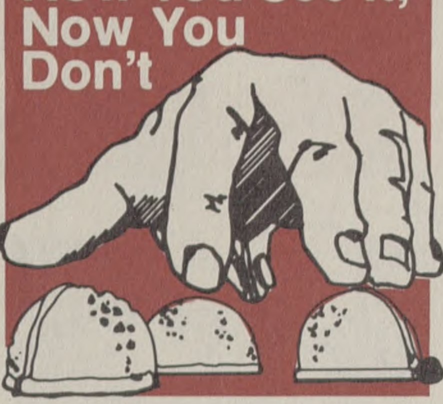
CONSUMER FEDERATION of AMERICA

Now You See It, Now You Don't



CAR BOOK: Although President Reagan pays lip service to consumer eduation as the preferred alternative to regulation, his rhetoric is becoming increasingly hollow. Not only has his Administration tried to gut the national program of consumers' education, but several of his agency heads are halting publication of popular consumer ed pamphlets because they are too critical of industry.

Among the consumer publications which will soon disappear from the government's book shelves is the CAR BOOK. More than a million copies of the NHTSA booklet have been distributed since its publication last December and the demand continues to be strong.

Despite the book's tremendous success, Transportation Secretary Drew Lewis decided in early August to discontinue its publication. Lewis criticized the guide as too "anti-industry" and blamed it for contributing to the "negative attitude" of the Transportation Department toward the auto industry.

Remaining copies can be obtained by calling NHTSA, (202) 426-0874, or by writing to: The CAR BOOK, Consumer Information Center, Dept. C, Pueblo, CO 81009.

Hazardous Exports: In a recent draft policy statement, ranking State and Commerce Department officials proposed to do away with almost all existing rules requiring manufacturers to notify foreign governments before they export goods which have been banned or restricted in the U.S.

The proposal could affect the export of such tightly controlled chemicals as PCBs and chlorofluorocarbons, banned pesticides such as DDT, lindane and endrine, and consumer products such as children's sleepwear treated with the banned flame-retardant Tris.

Five days before leaving office, President Carter issued an executive order that had been years in the making, to sharply restrict the export of hazardous products. Not only did President Reagan promptly rescind the order, but it now appears the Administration may press for even looser restrictions.

Currently, foreign governments must be notified at least once a year when shipments of hazardous goods are destined for their country. Under the new proposed policy, the U.S. would issue only "brief summary information" to foreign governments or to an international organization when the U.S. initially restricts a product's use. The notice could be released years before the product was actually exported.

Commerce and State Department officials will submit the final draft of their policy statements to President Reagan in October.

CFAnews

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News Watch

CFA Urges Money Market Safeguards

"Stronger safeguards are needed for money market depositors," Jim Boyle, CFA Director of Governmental Relations, told the House of Representatives in October. Testifying before the Subcommittee on Domestic Monetary Policy, Boyle urged that reserves for money market transaction accounts be established, and that funds be required to insure the first $10,000 a consumer invests in a money market account.

"The current tide is against regulation," Boyle said, "but unless consumer protections are written into the law, consumer confidence, which is essential to an overall healthy economy, will be severely undermined."

Boyle also cautioned the Committee that unless Congress takes action to protect money market investors, "sometime in the near future, a fund will have a major loss which it will not be able to cover. The question is not if it will happen, but when."

He suggested that reserve requirements similar to those which apply to NOW accounts should be instituted for money market funds.

Funeral Rule Requires Price Disclosure

Under the new FTC funeral rule, undertakers must give itemized price lists to all customers and inform telephone callers that price information is available. An article in last month's *CFAnews* incorrectly reported that price information was available on request but not required.

"I understand that other publications picked up the same erroneous report," FTC Commissioner Mike Pertschuk said in a letter to *CFAnews*. "While I was disappointed with some of the final decisions on the funeral rule, itemization was not one of them . . . In my view, it was the effective presentation by consumer representatives and the strong consumer support for itemization which were deciding factors."

The new rule, currently under review by the Office of Budget and Management, does not require complete itemization however. Undertakers will still be permitted to offer funeral packages without price breakdowns, and although they will be required to itemize all individual prices on the final bill, opportunity to pad cash advances will still exist. Undertakers are not required to pass along any discounts or rebates from cash advances, though they will be required to disclose on the bill if a cash-advance item was more than the customer paid.

NEXT TARGET:
Food Safety

Food safety is the latest target in the crusade against health and safety regulations. Congress will soon begin its consideration of industry-supported legislation to severely weaken consumer protection against potentially cancer-causing additives in the food supply.

The Food Safety Amendments of 1981, sponsored by conservative Republican Senator Orrin Hatch of Utah, take aim at the FDA's authority to ban food additives which have been shown to cause cancer in animals or humans.

Under the proposed Hatch amendments (S. 1442), risk-benefit tests would become the regulatory yardstick to determine how much carcinogenicity should be permitted. If a food additive currently in use is found to cause cancer, government officials would not be permitted to ban it unless the "price" of human lives lost to cancer was judged to exceed industry's profitability from using the additive.

To protect consumers from this assault on food safety laws, the consumer community is organizing a coordinated lobbying effort. The Consumer Product Safety Network, directed by CFA Legislative Assistant Ron Wainrib, has issued a *Network Alert*, urging members across the country to write Senator Edward Kennedy, ranking member of the Senate committee considering the bill, asking him to exert his influence to block Committee passage of the proposed amendment.

The Center for Science in the Public Interest, Community Nutrition Institute and Congress Watch have also organized a Coalition for Food Safety. Its aim is to increase Congressional responsiveness to consumer food safety needs.

With the Administration still considering its position on the proposed amendment, Congressional hearings initially scheduled for late September, have been postponed until early November.

ACTION POINT! If you are concerned about the future of food safety, contact Senator Kennedy or your own legislators and let them know. For more information, contact Ron Wainrib, Consumer Product Safety Network, 1314 14th St. N.W., Washington, DC 20005 or call (202) 387-6121.

CFA Marches on Solidarity Day

Photo by: Anne C. Averyt

Monitoring Children's TV

In response to the growing parental concern over children's TV viewing habits, Action for Children's Television (ACT) has published a TV Time Chart which provides children with an entertaining way to keep track of the amount of television they watch over a period of several weeks. The chart also includes a useful and concise list of facts and suggested activities that give parents practical information about TV in the home and how to control it.

Single copies can be ordered for $2 from ACT, 46 Austin Street, Newtonville, MA 02160-1899. Information about bulk orders and reprinting rates is also available.

Who's Who at the Regulatory Agencies

by Anne C. Averyt, CFAnews *Editor*

When Jimmy Carter assumed office five years ago, he brought leading consumer advocates into government: Esther Peterson, Mike Pertshuk, Carol Tucker Foreman, Joan Claybrook, Susan B. King. It was a shining moment for the consumer movement.

But when the reins of power were handed over to a new Administration, the consumer advocates left office and the corporate consumerists took over.

In this issue, *CFAnews* presents the first of a series that looks at the new Reagan appointees.

Consumer Product Safety Commission

According to the *Washington Post,* when the Reagan administration failed in its attempt to abolish the CPSC, it did the next best thing. It slashed the agency's budget and named **Nancy Harvey Steorts** Chairman of the Commission. If those who want to cripple CPSC have their way, the *Post* said, ". . . her tenure will be milk toast and weak tea. And they might have just the person for the job."

Steorts shares the Administration's conviction that the CPSC has done too much enforcement and set too many standards. But those days are done—at least as long as Steorts and the Republicans are in office.

"The era of confrontation and adversity is past," she told Senators at her confirmation hearing this summer. "Today there is very definitely a new wave sweeping across this country to slow down government [and] decrease government regulation . . ."

Close Ties to Business

This is a new era of cooperation with business, Steorts said, and one in which the job of the chairman will be to work more closely with industry to set voluntary standards rather than establishing mandatory regulations.

Steorts also told the Senators she believes CPSC should only focus on areas which truly pose an unreasonable risk of injury, and intervene only in those situations where the marketplace is unable to resolve the problems.

Consumer Credentials

Steorts' consumer credentials date back to the Nixon Administration when she served as special consumer advisor to then Agriculture Secretary Earl Butz. Prior to that she had worked as a gas company promotions employee, a Welcome Wagon club president and an active Nixon campaign supporter.

Steorts has served on the board of directors of the Society of Consumer Affairs Professionals (SOCAP) and on the board of trustees of the industry-affiliated Food Safety Council. She also worked for Reagan's election campaign and organized the candlelight dinners for his inaugural. Prior to becoming CPSC head, she worked as a consultant to Virginia Knauer, Director of the U.S. Office of Consumer Affairs.

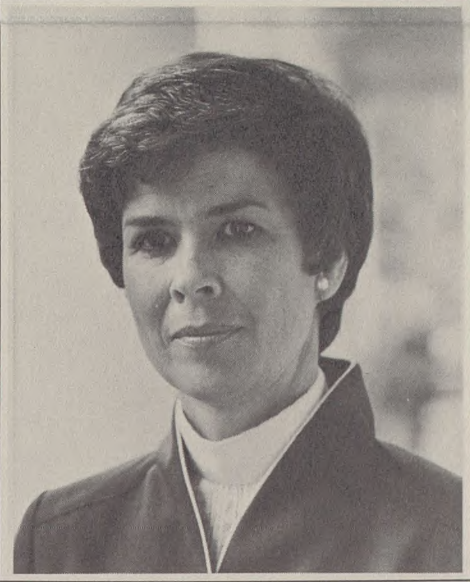
Cause for Worry

Steorts' pledge of close cooperation with industry worries consumer leaders who met with her recently. According to CFA Legislative Assistant and Coordinator of Consumer Product Safety Network Ron Wainrib: "It concerns us that Chairman Steorts has shown a preference for deregulating product safety, and relying on information and education to warn of potential health and safety risks.

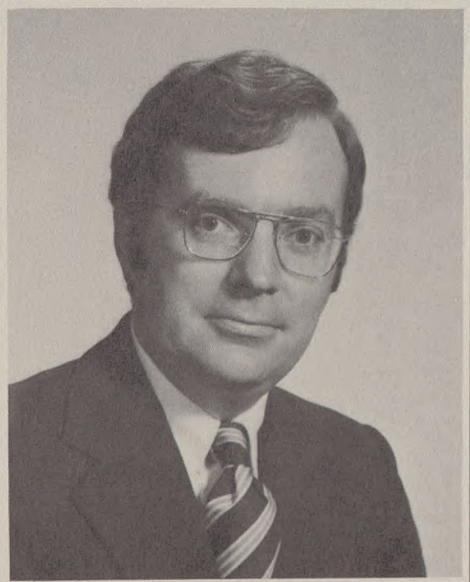
"The past independent relation between the Commission and the industry it regulates has served the consumer well. A more cozy relationship could reverse the Commission's health and safety achievements."

Steorts has inherited a crucial regulatory agenda, Wainrib points out, that includes such chronic hazard concerns as plastics flammability, cancer-causing asbestos in selected products, indoor air pollution, benzidine congener dye hazards and formaldehyde-based foam insulation.

"That's a tough line-up," said Wainrib, "and we want to be sure the Commission continues to use the most effective methods to protect consumers from the risks of deaths and injuries associated with unsafe products."



CPSC Chairman Nancy Harvey Steorts



NHTSA Administrator Raymond A. Peck, Jr.

National Highway Traffic Safety Administration

The Administrators with the best records of accomplishment at the Natonal Highway Traffic Safety Administraton have been those with recognized expertise in the field of auto safety—Joan Claybrook and Dr. William A. Haddon, Jr., the agency's first Director. The Administrator who had the least impact, Dr. James Gregory, was well-intentioned, but had no previous experience.

Raymond A. Peck, Jr., the current NHTSA Administrator, also lacks experience. A coal lawyer with an admittedly antiregulatory bias, he claims no knowledge of auto safety. In his confirmation hearings before the Senate this summer, he admitted that when he was first appointed to head NHTSA, he did not even understand the controversial nature of his new agency.

Peck vowed during those hearings that he would "not permit a relaxation of auto safety vigilance." However, the agency's record under the Reagan Adminstration belies any such commitment:

- the bumper standard has been rolled back,
- the passive restraint standard has been delayed a year and will probably not be implemented by this Administration,
- more stringent fuel efficiency requirements will be dropped after 1985,
- the development of adequate side crash impact standards has been stalled,
- the tire quality grading system has been cut back,
- and the pass/fail grading for front end collisions has been dropped.

Who's In Charge?

This inconsistency between promise and practice stems largely from the pro-business, anti-regulatory philosophy of the Reagan Administration; a view which receives strong allegiance from Transportation Secretary Drew Lewis.

Lewis has been taking an active role in establishing NHTSA policy. It was Lewis who announced the recall of the CAR BOOK this summer, and Lewis who made the decision to halt implementation of the passive restraint standard.

A successful businessman and long-time Republican supporter, Lewis has shown little interest in auto safety but great enthusism for deregulation. A month after taking office, he told the National Automobile Association that he did not intend to issue any auto safety standards for the next four years.

Peck and Lewis seem to have some disagreement over passive restraints. Peck praised both air bags and automatic seat belts in his confirmation testimony, acknowledging their proven ability to "produce significant reductions in injury and death" and their "material benefits . . . in terms of preservation of productive life" and cutting insurance and medical costs.

Peck agrees, however, that despite their benefits and cost efficiency, passive restraints should not be mandated. He prefers making them an available option, or better yet, encouraging the public to use manual seat belts already available. Currently, he is pouring much of his agency's budget into a massive educational campaign to promote seat belt use.

Consumer Education Rhetoric

Rhetoric about consumer education and the informed consumer flows from all the regulatory offices in Reagan's Washington. In actuality, accessibility to consumer information seems to be declining.

At NHTSA the popular CAR BOOK is not being reprinted, and recalls of defective cars are going unannounced by Detroit and unpublicized by the agency.

Car manufacturers admit they are no longer announcing "routine" recalls because of what they perceive to be a less aggressive government stance on publicizing the recalls.

Peck has vigorously denied that there is any change in NHTSA policy, however, and an agency spokesperson explained NHTSA officials just hadn't noticed car makers weren't announcing their recalls, although three of the more than 16 unannounced recalls involved more than 100,000 cars each.

Abandoning Auto Safety

Joan Claybrook, who served as NHTSA Administrator during the Carter years, is sharply critical of the new Administration's reliance on consumer education.

"More people die on the nation's highways each year than died during the whole Vietnam War," Claybrook told *CFAnews.* "Federal vehicle crashworthiness standards have saved more than 70,000 lives since 1968. Now NHTSA is abandoning its high payoff program of safety for an ineffectual program of public education which has been tried and failed in other countries."

Claybrook is especially critical of the seat belt education effort: "This program is a deception. It's being used as a subterfuge—as though these people really care about auto safety."

Mobile Home Regulation Needs Major Overhaul

by Agnes Tabah, CFANews Assistant

Already inadequate consumer safeguards for mobile homeowners will be further weakened if legislation now before Congress is adopted, CFA Legislative Director David Greenberg told the House Subcommittee on Housing during recent hearings.

Greenberg voiced CFA's strong opposition to the industry-supported amendments to the Manufactured Housing Construction and Safety Standards Act of 1974 which would change the construction standards of manufactured housing from "highest" to "reasonable," and eliminate the required consultation of the Department of Housing and Urban Development with the Consumer Product Safety Commission. HUD is responsible for setting construction and safety standards for manufactured mobile homes, and is planning a major update of its housing standards.

Protecting A Major Investment

Currently, over ten million people reside in mobile homes which constitute 93% of the available housing under $35,000. With a median income of approximately $10,000, mobile home buyers must invest $12,000 to $35,000 to buy a mobile home.

It is essential, Greenberg told the committee, that this investment be protected. "Unlike conventional homes, mobile homes are depreciating assets which if not properly built and maintained will leave their owners without either shelter or the built-in savings to purchase other housing."

Under these circumstances, it is vital that owners have the ability to redress structural and maintenance problems which occur after their homes are purchased. Such deficiencies are far from uncommon. Said Greenberg, "According to the Department of Housing and Urban Development's Fourth Report to Congress, 70% of all mobile homes in 1979 elicited complaints to their manufacturers and over 50% failed to conform to HUD's construction and safety codes."

Warrantee System Inadequate

The major problem home owners must contend with when seeking repairs is the weakness of the present warrantee system which, stated Greenberg, "fails to meet basic contract rights of the purchaser." A survey of California mobile home owners with warrantee problems found that 45% received either no service or inadequate repairs.

Most distressing to the mobile home owner is that over 60% of home warrantees exclude coverage of damage incurred during transportation and set-up. Greenberg testified that "a Texas survey showed that one third of all homes were delivered to buyers with shipping damage." He went on: "70% of mobile home complaints concern set-up, so that the warrantee exclusion of transportation and set-up leaves a huge percentage of mobile home problems without a warrantee solution."

The FTC has proposed a rule to remedy the warrantee system which would require that all warrantees cover transportation and set-up. Also required would be a written service agreement between manufacturers and dealers and a right of action for mobile home owners to enforce their warrantee rights.

Greenberg told the House committee that CFA strongly supports the FTC proposal.

Photo by: Anne C. Averyt

CFA Coordinates German Consumer Leaders' Visit

Executive Director Stephen Brobeck talks with two of the six German consumer leaders, Bundestag members Dr. Anke Martiny and Dr. Helmut Haussmann, who recently visited the United States to learn more abut grass-roots consumer organizing. Sponsored by the German Marshall Fund, the trip was planned by CFA and included discussions with consumer leaders in Boston, New York, Madison, and Washington, D.C. The importance of the exchange was explained by Brobeck: "What the Germans learned from their American colleagues may well stimulate grass-roots constituency building in Germany. In return, we benefited immensely from their questions and criticisms, particularly those regarding the societal impact of our advocacy."

Christmas Tree Legislation

Jim Boyle, CFA director of Governmental Relations, checks his notes just before the start of the MacNeil/Lehrer Report while anchorman Jim Lehrer gives last minute instructions. Boyle appeared on the nationally televised PBS program to debate the recently passed All-Savers bill with Senator John Danforth (R-MO) and U.S. League of Savings Associations President Edwin B. Brooks, Jr. Boyle called the bill "a Christmas Tree piece of legislation," which profits lenders and wealthy investors but penalizes small savers and does little to ease mortgage rates or spur the housing industry as its backers promised. "Congress was tricked and deceived by this legislation," Boyle said. "It was masqueraded as an S&L bailout bill which would significantly lower the cost of money for S&Ls, but even industry analysts now agree this was a false expectation." Industry backers also promised the multibillion dollar tax-exempt All-Savers certificates would fund hundreds of thousands of housing starts. "Now they concede only half that many starts will be forthcoming," Boyle added, "and mortgage rates will not drop as predicted in the near future." Boyle's appearance on the MacNeil/Lehrer Report was his second in less than a month. He also participated in a debate on adjustable rate mortgages.

Photo by: Ray Cassidy

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