

Consumer Federation of America NEWS

Special
Edition

Consumer
Assembly '78

CONSUMER ASSEMBLY '78

INFLATION: CONSUMERS FIGHT BACK

THE AVOIDABLE COSTS
OF HEALTH CARE & FOOD

JANUARY 19-20



CFA Executive Director Kathleen F. O'Reilly introduces head table guests (l. to r.), Evelyn Dubrow, Ralph Nader, Alexander Grant, Sarah Newman, Steve Brobeck, Barbara Gregg and Fred Wegner.

Kennedy Urges FDA Reforms

FDA Commissioner Donald Kennedy began his keynote speech by observing that Consumer Assembly is "beyond doubt the most significant platform from which anyone could want to ask for help from consumer spokespeople." He then pointed to the importance of consumers choosing the right areas to battle.

"I would suggest that the need to pick the right target may also have some special meaning for you in the consumer movement. Times have changed partly because there is a consumer movement with good and spirited leadership, and an almost uncanny ability to get things done. But regardless of why times have changed, it is necessary to recognize the need for continued adjustment in method and target that are appropriate to the new circumstance."

Dr. Kennedy, who came to FDA from Stanford University where he headed the biology department, made the following observation:

"Biologists soon discover that there are a number of useful principles of wide application that come from the study of living matter. The one most germane to us here today is that living systems are assembled with a kind of elegant logic. The knee bone always does connect to the leg bone, and not to the backbone or the elbow bone. My background encouraged me to hope that a parallel common-sense logic applied to regulatory affairs. Indeed, I was confident that I could make use of such logic. Well, I soon learned a new definition of confidence: it is the feeling one has before knowing better."

Since becoming Commissioner, Ken-

nedy has been at the center of many FDA controversies including saccharin, laetrile, amphetamines, ice cream, and the edibility of McDonald's glasses. But Kennedy does not intend to view his job as a mindless series of crises. He would much rather work at getting to the root of the problems in our food and drug industries.

"I think I can survive in this climate for a good number of years, and even get some enjoyment out of all the surprises—but if responding to unpleasant surprises is all I do during these years, I might have been more productive teaching biology."

"FDA, consumers, the economy, and the country deserve better than a situation where the urgent constantly preempts the important. I therefore want to describe four primary issues or chronic hazards—the elimination of which will prevent a host of acute hazards from troubling you and us."

Kennedy proposed four areas of reform, referring to them as chronic hazards.

"The first chronic hazard involves food labeling. And I am going to state two general principles that will guide this agency in devising a comprehensive food labeling policy."

"The first of these is that the label should be first and foremost a device for advancing the interest of consumers, not producers."

"The second is that in determining what advances the consumer interest, we should not begin with a kind of arrogant assumption that we know what you want. Instead, we are going to do something quite different: we are going

Peterson Praises CFA's Efforts

Special Advisor to the President on Consumer Affairs, Esther Peterson was greeted at Consumer Assembly by a rousing audience ovation. After reading a letter to the delegates from President Carter, she commented:

"As I look out at the crowd assembled here today, I am a bit awestruck. . . . I would like to share the tremendous satisfaction I feel as I witness this testament to the size, depth and importance of the consumer movement in our country today. Those of you who attended the 1st Consumer Assembly in 1966 surely share this feeling of accomplishment."

Peterson continued, "If unity brings strength, then a federation comprised of private organizations may give American consumers, as a group, the makings of enough power to compete on

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FDA Commissioner Donald Kennedy acknowledges introduction of CFA Acting President, Sarah Newman.



Esther Peterson

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Foreman Calls for National Food Policy

CFA's former Executive Director, Carol Tucker Foreman, returned to Consumer Assembly this year as USDA's Assistant Secretary for Food and Consumer Services. In her opening remarks she stressed the need to develop a national nutrition policy on which to build our food and farm policy.

"The goal of this new policy is to make available an adequate supply of safe, nutritious food at stable, reasonable prices while providing a fair return to farmers, processors and retailers, and decent wages to workers in the industry. Since we are now able to produce, process and preserve food as never before, we must concern ourselves with the effects of our production."

In highlighting what has been done by the Department since she joined USDA, Foreman began with major reforms in the food stamp program, including the elimination of the purchase requirement.

Working on the premise that poor nutrition in schools leads the way for an ill-fed country, USDA is currently trying to improve school food programs by removing fortified pastries and fortified milk drinks from school breakfast and lunch programs. In addition, USDA gave heavy support to the recently enacted legislation to ban junk food from school vending machines.

Foreman also pointed out that USDA is supporting substantial budget increases in nutrition research and nutrition education.

The nitrite controversy has not escaped Carol Tucker Foreman either.

"After seven years of dedicated non-action on the issue," stated Foreman, "the Agriculture Department is moving on the use of nitrites in the meat supply. Meat packers have until March 16, 1978, to prove they can put nitrites in bacon without forming cancer-causing nitrosamines."

In attempting to protect consumers' pocketbooks as well, USDA's Food Safety and Quality Service has responded to consumer demand for drained weight labeling for meat and poultry.

At this point in her speech, Foreman released the USDA's new plans to fight meat grading fraud.

"A government beef grader examines about 100 carcasses every hour. Many of his decisions are close calls, and every call means money to the meat packer. If a grader dishonestly upgrades just one out of every ten carcasses from good to choice, for example, the packer could gain \$30 a carcass, or \$300 an hour, or \$2400 a day, or \$12,000 a week—all at the expense of consumers and producers."

In order to correct this situation, USDA is proposing a series of regulations that will deal with on-sight slaughterhouse grading, including better labeling requirements for consumers. Under the USDA proposal all meat would bear, from the time of slaughter, the appropriate grademark or the words "U.S. UNGRADED." This action would serve to improve the honesty and integrity of the grading system as well as eliminate the deceptive overpricing of ungraded meat.



Carol Tucker Foreman and CFA Board Member Leroy Schecher.

USDA will also be involving itself with plant inspection.

"... Some plants work as close as possible to the minimum safety standards. They can do this because the process to withdraw inspection is interminable. When a plant sticks to that borderline despite warnings we classify it as a 'chronic problem' plant."

Foreman then announced that USDA will begin to publish, on a regular basis, a list of the "chronic problem" plants.

It seemed evident to the audience in listening to Carol Tucker Foreman that USDA has indeed turned around from the days of Earl Butz who once said, "The only additive I hate is consumer advocates."

Unnecessary Exposure to Chemicals is Widespread

In her address to Consumer Assembly delegates, Anita Johnson of the Environmental Defense Fund focused on the problem of unnecessary exposure to toxic chemicals. Johnson maintained that we are exposed on a daily basis to all sorts of dangers, ranging from hair dyes to PBC in our food chain.

"The most glaring example of unnecessary exposure to toxic chemicals in recent times is the saccharin controversy."

"Not only does saccharin fail to exhibit any benefit, but it also has proven to be a risk in numerous studies."

"Saccharin has not been proven to aid in dieting because it lowers blood sugar which triggers your appetite. Saccharin has not proven to be useful in any case. Instead, virtually all saccharin studies point to the dangers of using it."

Johnson also pointed out that the Canadian test on saccharin was not the only test to demonstrate its carcinogenicity. There were other studies conducted that also question the safety of saccharin.

One crucial aspect of the controversy was the fact that the conclusions relating to saccharin and its use by humans were extrapolated from data based on saccharin's effects on test animals. Unfortunately, this widely accepted scientific method has been seriously compromised by those who twist its logic and demand, "Who can drink 800 bottles of diet soda anyway?"

Johnson explained that the large dose phenomenon is common to recent scientific experiments. "The overall cancer incidence is very small each year and in order to measure such a small statistic in



Anita Johnson

a lab, huge numbers of animals would have to be used at considerable expense. Therefore, much higher doses are used so that the cancer incidence is somewhere between 50 and 100%. The purpose of the animal test is not to determine whether people would get cancer from such high exposures, but only to decide in a feasible, statistically significant way, whether or not the substance will cause cancer in the test animal. Furthermore, in humans, it has been proven that there is no safe level for exposure to a carcinogen. Low exposure may involve a small, but not zero risk."

Johnson concluded her remarks by calling for harsher regulations of toxic chemicals.

"Like air pollutants, toxic chemicals need hard resolutions. We must demand adequate regulation to remove the low benefit chemicals and replace them with high benefit chemicals."

Peterson

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more even terms with the other forces at work in our society."

She observed that the 10th anniversary of CFA is a time for the consumer movement to think of the past and look to the future.

"This national federation was a vision in 1966. Fortunately, it was a vision shared by action-oriented people who realized the need for a balancing consumer voice within the councils of government and industry. As I speak to all of you here today, on the occasion of CFA's 10th anniversary, I'm gratified to see that what was only a vision in 1966 is a reality today. I'm proud to have been part of it, and each of you should be proud as well. . . . But it is also a time to assess exactly where we are, decide where we want to be ten years from now, and plan how we're going to get there. We have a long way to go, but we are putting the pieces together!"

She also took time to address recent charges by consumer critics that the consumer movement has lost touch with its supporters and moved into areas that are too sophisticated or subtle for the average consumer to rally around or ever understand.

"Social scientists," said Peterson, "will tell us that all movements follow typical patterns. First comes the shouting, the demonstrating, and the marching to gain public attention. Once a movement has gained the spotlights and the sympathy of the public, it marshals its forces around the attainment of its rights. When those rights are obtained, the movement shifts to the inside and works with the system to further implement those rights."

That pattern among movements has been followed by the labor, civil rights, and women's movements, and is currently being followed by the consumer movement. Peterson used an analogy to describe the pattern of movements.

"... All these movements are somewhat like new skyscrapers. When the blasting and dynamiting first begin, throngs of people gather around to see the action. But, the day-to-day work of erecting strong foundations lacks glamour and only those who have a direct stake in the new structure stick around."

Now that the structure is past the blasting stage and working its way skyward, people are having a difficult time seeing and understanding the actual construction. Dealing with issues above the heads of the local people, coupled with the widespread misinformation distributed by enemies of the consumers, has led to a loss of contact with local people.

Peterson then suggested ways of bridging this communication gap.

"We need to build more public support and understanding. We need our allies—enlightened businesses, community groups, religious organizations, farmers and others to understand our quest and join it."

According to Peterson, the grassroots nickel campaign in support of the creation of an Office of Consumer Representation was beauty in motion.

"It was a mass mobilization and edu-

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Pertschuk pledges FTC Actions in Food & Health Areas

Michael Pertschuk, Chairman of the Federal Trade Commission and former chief counsel of the Senate Commerce Committee, told Consumer Assembly conferees that inflation in health care and food costs is due to a flawed system.

"The linkage of food and health care forces us to confront the realities of a marketing system run amuck, a system in which neither incentives nor rewards have any rational relationship to society's needs, a system which must reward the sellers of the least healthful foods, a system which in its cumulative impact has produced a bounty of malnutrition."

After a brief overview of the inequities of our current marketing system, Pertschuk related specific actions either taken or contemplated by the FTC to alleviate the situation. One area the FTC is taking a close look at is the advertising of health services.

"We've issued complaints against the American Medical Association, the American Dental Association, and several state and local medical and dental societies, charging that provisions of their ethical codes which limit advertising and solicitation of patients are illegal." The case against the AMA is now in trial whereas the ADA case is scheduled to begin in September, 1978.

The FTC is also concerned with health insurance organizations such as Blue Shield. Recently, the FTC issued a consent order prohibiting a physician group and a Blue Shield plan in Spokane, Washington, from boycotting or otherwise discriminating against Health Maintenance Organization physicians. Pertschuk also noted that in the case against the AMA, the FTC has



FTC Chairman Pertschuk

alleged that certain AMA ethical provisions dealing with what is known as "contract practice" by physicians have the effect of helping to frustrate the growth of innovative health care systems such as HMO's. Contract practice is a system that contractually relates physicians with third parties such as hospitals, clinics and prepaid groups.

The FTC will also investigate restrictions on medical paraprofessionals.

"To the extent that the removal of these restrictions would allow paraprofessionals to undertake tasks now performed by M.D.'s, the cost of health care obviously would be reduced."

Physicians are not the only health professionals being investigated by the FTC. Earlier this year the FTC announced even more wide-ranging investigations into alleged anticompetitive dental care delivery.

"Consumer advocates have argued that restraints against the sale of den-

tures directly to consumers rather than through dentists as middlemen have no legitimate justification and inflate the cost of dentures as much as 100%."

Another area of FTC concern is the possible infringement of consumer rights by nursing home operators.

"We are concerned with contract agreements containing unfair waiver or disclaimer provisions, confession of judgment and collection clauses and patient deposit account clauses. Because a significant percentage of nursing home patients pay their own bill—and thus are not subject to HEW's Medicare/Medicaid protective regulations—we believe Commission involvement is appropriate."

As investigations continue in the health area, Pertschuk also has been piloting FTC into heavier involvement in food marketing and production.

"Within the last six months," stated Pertschuk, "we have obtained consent agreements from the leading firms in the retail food industry, setting affirmative standards for availability of advertised specials."

Major litigation concerning allegations of a "shared monopoly" in the ready-to-eat cereal industry is also continuing at FTC. An administrative judge is hearing allegations that Kellogg, General Foods, General Mills, and Quaker Oats (by using their joint market position) avoid price competition, deter new entry into the market, and maintain artificially high prices.

Said Pertschuk, "The relief sought in this matter includes a significant restructuring of the industry . . . which would promote more vigorous competition."

Although it may seem otherwise, the FTC's efforts are not limited to promoting price competition. Pertschuk feels that "consumers are entitled to accurate and complete information on the nutritional value of the foods they eat and the safety and efficacy of drugs they consume."

"Our staff is putting the finishing touches on its recommendations for the food nutrition rule, a proposal to ensure that claims . . . for the health benefits of food are factually based and provide consumers with key information."

Pertschuk also spoke of the FTC's plans, announced last summer, to regulate children's advertising. The issue has been the focus of a great deal of public attention.

"The Commission shortly will consider proposals challenging the legality of television advertising directed to preschool children which raise fundamental questions about the commercial exploitation of the very young. . . . We cannot ignore the protests of health professionals who cite medical and dental hazards of a diet made up substantially of foods advertised to children."

Pertschuk was all too familiar with the impatience of some members of the Consumer Assembly audience, including Herb Denenberg, for the long-awaited FTC action in this area.

"If these proposals (on children's advertising)," concluded Pertschuk, "are not presented to the Commission and the Commission has not at least begun public deliberation on the recommendations by the end of February, I'll donate my salary to Herb Denenberg's favorite cause, providing that cause isn't Herb Denenberg."

Kennedy on drug law revision: "Now is the Time"

Continued from page 1

to describe a problem as best we can, ask you what you want, and then find ways to transform that into agency labeling policy."

One of the issues in food labeling FDA is trying to untangle is the definition of imitation foods. "We have always required that food imitating other foods be labeled *imitation* but there are some useful innovations in progress that involve, for example, the use of vegetable protein to substitute in various ways for animal protein. We have permitted imitators to do the following: if they fortify to make their product a nutritional match for the imitated product, we can let them call it by a fanciful name, followed by a description, with complete nutritional labeling."

Other critical areas of food labeling FDA will look at are safe and suitable; food fortification needs; nutritional labeling; and percentage ingredient labeling.

The *second* chronic hazard Kennedy defined was the separation between health care and knowledge. With the growing complexity of technologies, the technician gains in authority, since he

alone has the background to understand his actions. Patients often are inhibited from speaking up when they feel threatened.

"And that means a concerted effort to demystify medicine."

Among his plans to demystify medicine are a further sophistication of patient package inserts and other methods of patient education.

At present, drugs are in the foreground of FDA's efforts. And the most comprehensive approach taken by FDA so far has been in revising the drug laws—the third chronic hazard.

"I believe the drug law, as now written, contributes to a kind of 'mental set.' We seem to have a national belief that there is a drug for every affliction. Physicians as well as patients are too often victimized by a kind of chemical ceremony in which no visit to a physician is complete without ending in a written prescription. The law should articulate clearly the standards for new drug approval—safety and efficacy—in a way that can be clearly understood by our whole society."

"A *third* area that needs to be addressed, and is being addressed in the draft drug law now being developed, is

the delay of new therapies due to the requirements of the present law. I'm not talking now about that great pharmaceutical innovation—too familiarly known as "drug lag." We do not have to buy this slogan and certainly not its purpose, to agree that FDA moves with all deliberate speed on approving new drugs. And so, to do everything we can to avoid unleashing possible new thalidomides, we sometimes perhaps delay new and potentially beneficial drugs. I want to see the reasons for *undue* caution eliminated so that consumers can get new medicines more quickly."

"Basic drug law revision is complex. It comes at long intervals. There is a growing consensus that *now* is the time to take the next step."

The *fourth* and final chronic hazard Kennedy dealt with involved public participation in FDA decisions.

"I am encouraged by the relationships we have established over the past year. I see the beginning of what may bring cautious cooperation out of what might have been called 'close encounters of the worst kind.' I believe this is being demonstrated by our working

together on that first chronic hazard, food labeling policy."

Kennedy concluded his speech by criticizing those who say the consumer movement is staggering from a series of basic setbacks.

"I just don't believe your future will be one of setbacks and discouragement. I do believe that it will be one of developing opportunity."

**Mark Your
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June 7, 1978
Hyatt Regency Hotel
Washington, D.C.**

Health Insurance: *A Rip-Off in a Rip-Off in a Rip-Off . . .*

Herb Denenberg, former Pennsylvania Insurance Commissioner and award-winning consumer reporter is known for recommending quick action and making fiery speeches. At Consumer Assembly '78 he lived up to that reputation.

Denenberg addressed the issue of health insurance and presented his case as a telescopic array of rip-offs within rip-offs.

Rip-Off Number One—"The modern miracle of medicine is not hooking someone up to a heart-lung machine and letting the blood flow in and out. It's hooking most of us to health insurance policies, and letting the money flow from policy holders to health care providers, in a never-ending, ever-growing stream, with little or no regard for the value or quality of the health care being provided.



Herb Denenberg

"The medical care providers have outdone Midas. He had to touch things to turn them into gold. The medical care system no longer has to touch one item and then the next. It has the

system rigged to run on automatic cycles, changing all the disease and death that comes within its purview, into a steady stream of gold.

"Blue Cross and Blue Shield are the classic prototypes. Still largely influenced and controlled by hospitals and doctors, in many states they continue to pay hospitals on a cost-plus basis, writing group policies on the automatic assumption that there will be an 18% annual increase in hospital costs."

Denenberg attributes these automatic inflationary cycles to the link between health insurance and health delivery and the erroneous assumption that the more you spend, the more likely the cure. "In many cases, the reverse is true. Bigger and more expensive is not necessarily healthier and safer."

According to Denenberg, "If the present trend continues, by the celebration of our tricentennial, we can look forward to a day in the hospital costing over \$200 million and a hospital stay costing \$1.8 billion.

Ridiculous? Not if you base your conclusions on straight-forward projections and consider that current hospital costs are inflating at the rate of \$1 million an hour.

Rip-Off Number Two—Titled, "A System By and For Doctors," Denenberg pointed out that both the health insurance and the health delivery system are controlled by the providers of care rather than the recipients and financiers of care. "This decision-making power is built into the very system from top to bottom. Hospital boards and other institutions within the system are responsive to doctors. Even the health insurers may be controlled directly and indirectly by providers."

Rip-Off Number Three—Here Denenberg discussed the flow and direction of money which perpetuates the existing system.

"The hospitals and the rest of the health delivery system along with the health insurance system are largely geared-up to preserve outmoded orthodoxy in medicine and to stunt the growth of new, more promising, more economical alternatives. A surgeon, who advises against surgery, may not even be paid under an insurance contract, but the one who rushes you into the operating room is apparently assured of both money and glory."

Rip-Off Number Four—"The bulk of health insurance is written by the Blues (Blue Cross and Blue Shield), the hospital and doctor controlled non-profit insurance companies, and by large mutual life insurance companies, which are supposedly controlled by policy holders, but which in fact are controlled by a small group of management. This sets up unrestrained economic and political power which can lobby to perpetuate the present system."

Rip-Off Number Five—"The Congressional Budget Office concluded that about ninety million Americans have little or no protection against the catastrophic cost of health care. You might call this ninety million, the un-

sold, underinsured, uninsured majority. Some of this vacuum is based on economic deprivation. But much of it is based on an inadequate sales effort by the health insurance industry and by Blue Cross and Blue Shield."

"If health insurance were sold as hard as life insurance, we would not have ninety million Americans inadequately protected."

Rip-Off Number Six—"But it does little to assure that the public gets good quality and economical care. It might be the most powerful force in the economy to establish cost and quality controls for health delivery."

"For example, Blue Cross, which is supposed to be a leader, talks incessantly about cost and quality control, but it is too timid and unimaginative to do anything substantial. . . . It is as though the Department of Defense announced it is going to start building bows and arrows to fight World War III. That's how up-to-date and forward the thinking of Blue Cross is, the supposedly most up-to-date and forward thinker in health insurance."

Rip-Off Numbers Seven, Eight, etc.—"There is still a further aspect of the great health-insurance rip-off, what you might call the more conventional and generally recognized aspect."

"We still have Mickey Mouse policies, with tricky exclusions and laughable benefits, with unfair cancellation and non-renewal provisions, with unreadable language, exceeding Einstein's Theory of Relativity in complexity of explanation and expression."

"In the final analysis," concluded Denenberg, "health insurance and medical problems have been and will continue to be political problems. We may change the technology, inflate the bills, expand the empires, but we will continue to have precisely the same kind of problems until we have a more responsive political system, propelled by a public which is informed, organized, and tough."

Alperovitz: Inflation and the Basic Necessities

Economist Gar Alperovitz, Co-director of the Exploratory Project for Economic Alternatives, played a major role in inspiring the theme for Consumer Assembly '78 with his recent work, "Understanding the New Inflation: The Four Basic Necessities." In his opening remarks, Alperovitz emphasized that inflation and unemployment will continue to get worse unless we accept the failure of conventional economic solutions.

"Conventional thought still dictates that inflation will fall as unemployment rises. But in the four areas of inflation that affect most Americans—food, housing, health, and energy—inflation and unemployment are not related."

Alperovitz documented his statement of a false relationship between unemployment and inflation with the following examples:

- An unemployment rate of 10-15% will have no bearing whatsoever on an Arab oil embargo that skyrockets gasoline prices.
- High unemployment will also have nothing to do with weather conditions that influence crop prices.
- Soaring interest rates, the high cost of land, and excessive taxes are likewise unaffected by labor.



Gar Alperovitz

According to Alperovitz, the "Big Four" concept of his group's paper, "Understanding the New Inflation," is central to understanding and combating inflation.

"Food, energy, housing and health costs absorb about 70% of family budgets—more at the lower income levels—of about 80% of all American families; and these "Big Four" necessities show some of the highest rates of inflation, as well as the long-term potential for persistently rising prices."

Alperovitz feels strongly that targeted approaches to holding down the cost of the "Big Four" necessities could effectively deal with the major inflationary forces.

The possibilities opened by this approach to controlling inflation are impressive and could also go a long way to reducing unemployment.

"Policies to put people back to work—or in many cases, to work for the first time—could, therefore, be followed without much danger of inflation, if effective anti-inflation programs were aimed at holding down the prices of the "Big Four" necessities."

Alperovitz spoke of an increased role for consumers in solving this economic puzzle.

"Citizens and labor organizations must accept local action and where states and federal government issues matter, ask for definitions. Separately we've become scapegoats, but together, the forces of labor and citizens will yield to success."

"Your common sense tells you," concluded Alperovitz, "that there is something fundamentally wrong with our system when the activity of a Third World Country can partially throw off our economic well being (i.e., Arab oil cartel)."

"We need foresight, not instant politics, to stem our deteriorating nation."

Editor's Notes

The full texts of the following Consumer Assembly '78 speeches are available from CFA:

Kennedy
Bunker
Denenberg
Pertschuk
Harkin
Foreman
Eckhardt
Peterson
Harris
Percy
Mueller

Copies are \$1.00 each.

Special thanks is owed to Consumer Assembly '78 photographers, Mary-Clare Molony of NRECA and CFA volunteer Martin Kessel, and to CFA intern, Martin Roseman of Hampshire College for his in-depth coverage of Consumer Assembly '78.

Cancel that Cholecystectomy!

"Why does a hospital bed in California cost \$273 a day and there is only a 60% occupancy rate? Why do we spend over \$4 billion on unnecessary operations? Are we prisoners of our wealth and technology?"

These were some of the questions that Dr. John Bunker, Professor of Anesthesia and of Family, Community and Preventive Medicine at Stanford University School of Medicine, confronted in his Consumer Assembly address. Dr. Bunker, author of the "Costs, Risks and Benefits of Surgery," discussed the causes of over-utilization in medicine as a whole, including surgery, drugs and hospitalization.

According to Dr. Bunker, many of the problems associated with unnecessary health care might eventually price themselves out of existence.

"Sooner or later, if we continue to invest more resources and carry out more medical procedures, we must eventually reach a point where the costs and risks are equal to, or exceed, benefits."

Using the surgical procedure, cholecystectomy for minimally symptomatic gallstones, as an example, Dr. Bunker demonstrated how costs might outweigh benefits. Increased life expectancy through surgery was compared to medical treatment without surgery.

"Elective cholecystectomy in a 49 year old man in good preoperative physical



Dr. John Bunker

condition will increase his life expectancy by 10 days, in comparison to the predicted life expectancy for the same patient managed medically."

Dr. Bunker found that surgery increased life expectancy less as one became older and as preoperative condition decreased. It was even found that in some cases surgery would shorten life expectancy by 3 or more weeks.

Dr. Bunker urged that it is "only the public—the patient, the consumer—who can make the decision not to undergo a procedure which might help, but where the costs and risks, on the one hand, and the benefits, on the other,

are closely balanced. And certainly it is only the patient himself or herself who can determine whether the symptoms for which relief is being sought are sufficiently severe or important to warrant accepting even a small risk of a bad result.

"Hospitalization rates vary as widely as surgical rates," noted Dr. Bunker, "and there is even less evidence that higher rates of hospitalization are associated with better health outcomes."

If there is overutilization, what should be done about it and who should do it?

According to Dr. Bunker, solutions to the problems of overutilization will have to come, at least in part, from consumers. "Certainly you should play a very active role in community decisions (i.e., through HSA's) about how many facilities to develop, how many CAT scanners to purchase, how many hospitals should carry out complex diagnostic and therapeutic procedures, such as coronary artery bypass surgery. Functioning in this role you are engaging in the customary consumer-provider adversarial relationship."

Dr. Bunker also suggested the need for consumer participation in a second, nonadversarial activity which would emphasize information and education as the essential ingredients.



---copyright 1978 by Herb Block in The Washington Post

"The issue that I urge you to address is not that hysterectomy for convenience, or for sterilization, is a bad product, like a faulty T.V. set, that an unscrupulous physician is trying to sell you. The issue is more a question of costs, risks, and benefits of a procedure that, with all information available and understood, some women are going to want, and some will reject.

"The role I am suggesting is that you, as groups of consumers, can help to develop informational resources sufficient to strengthen, significantly, the role which each consumer, using such resources, can play." Bunker also urged those present to encourage their elected representatives to appropriate funds necessary for the development of such data.

Percy: "It's a Consumer Economy"

Although several inches of snow slowed the opening of Friday morning's session, Senator Charles Percy arrived in top form and quickly dispelled any notion that the weather would dim his spirits. With a small dig at the Executive branch, Percy opened his talk with a reference to the State of the Union address of the previous night.

"Our President at different times referred to a number of minorities, but not once did he allude to the majority, consumers."

Percy's overall remarks did, however, have an optimistic tone, especially when he spoke of the government's new awareness.

"They're now realizing it's a consumer economy serving consumers, not a business economy serving business."

Percy is convinced that somewhere in the recent past a drastic turnaround has occurred in business. Referring to his former position with Bell and Howell, Percy told the audience how Bell and Howell once offered a life-time guarantee on everything it produced.

"But today," said Percy, "when Whirlpool, for instance, announces a 24-hour toll-free number, it creates quite a stir."

Percy doesn't always wait for others to act; he starts action himself.

"I've been called a one-man consumer protection agency," said Percy.

"We've taken on the crib industry and hearing aid manufacturers. And when the FDA recently cited legal problems in connection with taking action on liquid



CFA Board Member Dan McCurry and Senator Percy

protein, I went on the radio for three days, and sales were affected all over the U.S."

Percy announced a 60% drop in sales of liquid protein since his radio blitz, including a 70% sales drop in D.C.

As ranking minority member of the now defunct Senate Select Committee on Nutrition and Human Needs, Percy hopes consumers themselves can pick up where the Committee left off.

"The Committee accomplished a great deal. Besides the now famous

"Dietary Goals" document for a national nutrition policy, our Committee worked in other important areas. We tried to take action on some of the junk in the marketplace. Working with industry, we *did* get breakfast cereals fortified. We also worked to create nutrition programs for the elderly."

In conclusion, Senator Percy observed that there are just a few companies messing up the economy.

"We have the best economic system in the world," said Percy. "We just want to make it better."

Peterson

Continued from page 2

cation effort that put the OCR into simple terms that the public understood and to which it could relate. It gave American consumers the opportunity to tell their elected representatives that they wanted a voice and they were willing to pay for it."

Peterson's final analogy of the day was comparing the consumer movement's fight against corporate power to little David fighting the giant Goliath.

"This analogy has never been more appropriate. But so what? The opposition may have computers and sophisticated methods of using campaign contributors to influence Congressional votes against us. The opposition may have money for a Leon Jaworski letter and to take out full page ads in major newspapers. The opposition may have the power to use strong peer pressure against our potential allies. But, we have some things they don't have. We have the deep concerns of the American people behind us. We have courage, and dedication and the ability to work long hard hours out of conviction that what we are doing is right. We have the unqualified support of President Carter. We believe in our work and further, we do it out of love. All of us who have participated in consumer affairs at state, local, and national levels should raise our voices together and shout, "Sorry, Wall Street Journal, sorry, Chamber of Commerce, sorry, trade associations, we're not going to go away; in fact, we've only just begun. And just remember, David won!"

Harkin: "Farmers and Consumers Must Join Forces"

Iowa Congressman Tom Harkin called for a joint effort by consumers and farmers to halt the price squeeze instigated by agribusiness middlemen.

In a well-documented and heartfelt speech, Harkin moved the audience by pointing a finger at inflators of our agricultural economy.

Armed with an arsenal of facts and figures, Harkin made it clear that if consumers are paying more and farmers receiving less, then somewhere in the middle we are both being soaked.

Harkin, a member of the House Agriculture Subcommittee on Family Farms, Rural Development and Special Studies, foresees questions which we all must face.

"Who shall control agriculture? Will it be the agribusiness corporations? Will our system of agriculture be based on absentee land ownership or will it be based on a great many farms, owned and operated by the independent families who live on these farms."

Harkin doesn't believe in the age-old rhetoric that farmers and consumers are natural enemies. In fact, he feels they are natural allies.

"Too often, we tend to talk about farmers as if they were just producers, and therefore, as if they had nothing in common with consumers. But farmers are not only producers. . . . They too are important consumers."

Harkin mentioned the items that



Rep. Tom Harkin

farmers consume—tractors, combines, plows, fertilizers, seed, corn—as well as all those commodities that non-farmers buy—gas, cars, clothes, and food. He added that inflation has very much hit farmers as consumers.

Five years ago, a 12-ounce box of corn-flakes cereal cost 35 cents. Today, it costs 57 cents . . . up 63 percent. The farmer's share of that retail price has dropped from 4.2 cents to 3.2 cents . . . down 24 percent.

"In the past five years, the retail price of USDA's Market Basket of Food has increased by 19 percent. The farmer's share of that retail price has decreased

by 5.6 percent, during the same period."

The most noticeable change, according to Harkin, has occurred in *production*.

"During the last five years, the price farmers paid for a medium-sized trac-

tor went from \$13,700 to \$26,300 . . . up 92 percent.

"And the price for one ton of fertilizer went from \$92.50 to \$170 . . . up 84 percent."

Food costs have gone up 19% in the
Continued on page 7

Mueller:

Supermarkets - Superpower

Willard (Fritz) Mueller, professor of Agricultural Economics at the University of Wisconsin, explained to Consumer Assembly participants the impact to consumers of concentration in the food industry.

Based on his recent in-depth study for the Joint Economic Committee of the existing structure in food retailing, Mueller made the following observations and responses.

"Grocery stores are the most important and frequent contact point between consumers and our market economy. With annual sales exceeding \$150 billion, each 1 percent rise in grocery store prices adds over \$1.5 billion to consumer's grocery bills."

How concentrated are the grocery retailers?

" . . . Today, in a typical metropolitan market," said Mueller, the top four grocery chains make about 50% of sales. An especially worrisome development has been the growing number of very highly concentrated markets: whereas in 1958 the top four chains made over 20% of sales in just one metropolitan market, by 1972 there were nine such highly concentrated markets, and this trend has continued since 1972."

The effects of the market concentration are clear.

" . . . High concentration prevents keen competition in grocery retailing just as it does in other industries and the lack of competition injures consumers through higher prices."

Prices really are affected when the market concentrates.

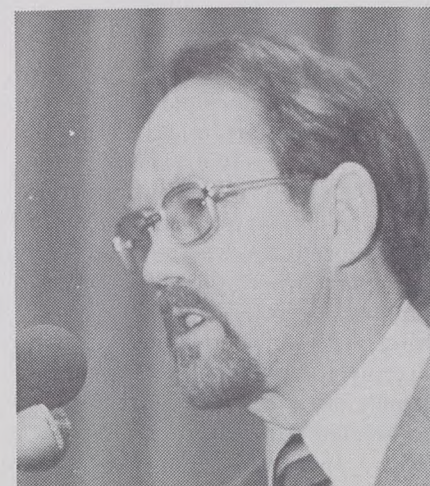
"After adjusting for other relevant factors, we found that grocery chain store prices averaged about 5% higher in markets where four chains made 70% of sales than in markets where four chains made 40% of sales."

These are conservative figures as is Mueller's \$700 million overcharge figure for supermarket chains. In other words, consumers would have paid \$700 million less if the supermarkets were competitively structured.

Establishing the fact that the industry is concentrated, Mueller went on to discuss methods for remedying the situation.

"The most obvious and direct actions require stopping all anti-competitive mergers and eliminating those entry barriers that threaten to build up market power."

Here is where the Federal Trade Commission and the Department of Justice enter the picture.



'Fritz' Mueller

"Since 1959, the FTC and Justice Department have issued 10 merger complaints, accepted two affidavits of voluntary compliance requiring premerger approval of future mergers, and stopped through informal action a number of mergers that otherwise would have occurred. These actions clearly retarded the growth of concentration and served the cause of competition."

Mueller expressed the hope that FTC Chairman Pertschuk and Assistant Attorney General Shenefield would pursue aggressive policies toward potentially anticompetitive mergers in *all* areas.

Mueller also noted that consumer cooperatives, if aggressively promoted, can be a potent force for competition and provide a means of protecting consumer interests.

Mueller included some discussion of food manufacturers and tied together a relationship between total industry advertising and concentration. According to Mueller, when advertising is broken down by type, television advertising is responsible for an increase in concentration.

In conclusion, Mueller felt that since public opinion polls have shown a great increase in concern over industry concentration, the time is ripe for new anti-trust initiatives.

"For too long America's leaders have preached the creed of competition and consumer sovereignty, but have not practiced it. We must decide, as President Kennedy said in another context, 'What do we stand for in this country? Do we practice what we preach?' And I agree what we preach is difficult to practice, but we do preach it and we must practice it. With your help, those responsible for doing the job can make free enterprise work in the interest of all Americans."

Silbergeld:

Concentration vs. Consumer Information

"The food manufacturing industry is not one industry, but several, and there are a number of antitrust issues involved," said Mark Silbergeld, Director of the Washington office of Consumer's Union.

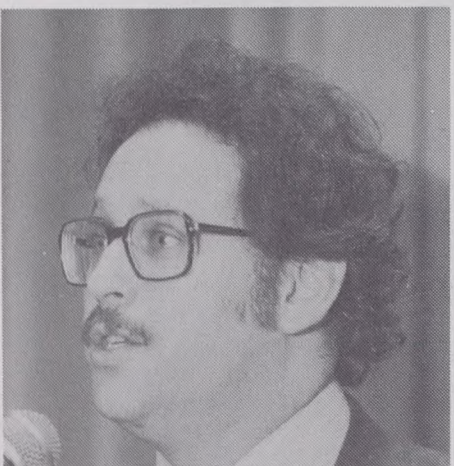
In dealing with the issue of concentration in the food industry, Silbergeld feels that antitrust policy should be dispersed in order to optimize the interests of the consumer.

Silbergeld discussed three areas in which the FTC could help to improve the overall quality of the food industry: price-fixing, advertising and information.

"Price-fixing occurs due to collusion between unregulated sellers," stated Silbergeld. The products he used as examples of price-fixing were the milk and bread markets. Silbergeld feels the Justice Department must develop a more effective system for discovering collusion. (Collusion takes place when two or more companies predetermine market price of a particular commodity.)

In relation to advertising, Silbergeld stated that the FTC must undertake a systematic program of studying the anti-competitive effects of food advertising. According to Silbergeld, "Product differentiation significantly contributes to the price of brand name foods."

A crucial and final area discussed by Silbergeld for the FTC to undertake in greater depth is consumer information.



Mark Silbergeld

Silbergeld stated there is a direct relationship between high levels of concentration in supermarkets in a city and high profits. Consumers ought to be aware of this fact. Although such information would clearly benefit consumers, the FTC has difficulty in relaying this information because many times businesses, large and small, try to interfere. "Business resistance to information," stated Silbergeld, "can only be explained by the fact that such information will lead to greater competition."

Although information programs will never be front-page news, Silbergeld feels programs to collect information are vitally important to undertake.

Eckhardt: "Energy is Key to Rising Food Costs"

Chairman of the House Subcommittee on Consumer Protection and Finance, Representative Bob Eckhardt addressed the issue of the avoidable costs of food, specifically with an emphasis on the relationship between food and energy.

The Texas Congressman sees the problem in our use of food and energy resources as having existed for a long while, but only recently becoming news due to price factors.

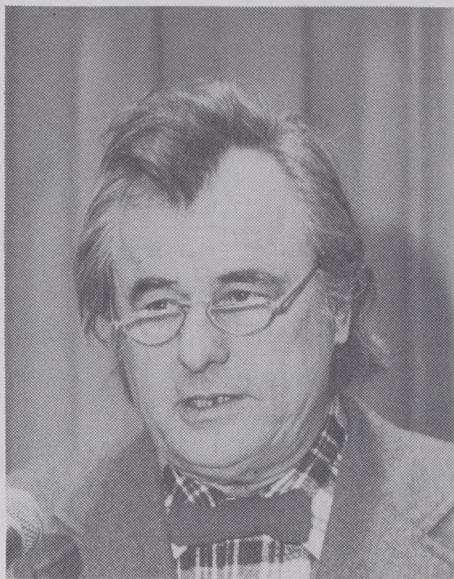
To deal with the nature of food in the structure of the food industry and explained the excess profit situation as follows:

In the 20-year period from 1952-1972 food prices increased at only a small amount above the costs of all commodities. The annual rate was 2.5%. However, Eckhardt noted, something changed.

"From 1972-1974, the cost of food suddenly increased at an average annual rate of 15%, almost 3 times greater than the average annual increase of all other items in the consumer price indices."

Luckily the rate slowed to 6% in 1977. What caused the great increase?

"The sudden increase in 1971 in the price of food was precipitated by a



Rep. Bob Eckhardt

unique coincidence of events which is well-known. They included world shortages of food grains and other commodities, creating a substantial foreign demand for American farm products, along with a poor domestic harvest, which depleted American reserves; the increased cost of Mideast oil, which increased not only energy costs but also the cost of petroleum-based fertilizers;

the declining value of the U.S. dollar, which made U.S. food cheaper to foreigners; and the generally high rate of inflation in the U.S."

However stable, food costs continue to rise.

A main reason for this is the middleman—processors, wholesalers, and retailers.

Excess costs are also added by the middleman. But this is not the only area of increase. Energy plays a role in how much we pay as well.

"According to the Department of Agriculture, the U.S. food system accounted for approximately ten percent of this nation's total energy consumption in 1970. By 1974, however, the energy used by the food system had increased to 16.5 percent of the total energy used in this country.

"As a percentage of the total marketing bill, energy remains a comparatively small component. At present it is estimated that energy costs account for only three or four percent of the total marketing bill. That figure is misleading, however, because energy is one of the most rapidly increasing cost components within the food industry. And while energy charges normally range from four to ten percent of a consumer

product, for the total cost of food-related products the average is already almost eight percent. Increased energy costs in the future will undoubtedly play a major role in the increased cost of food to the consumer."

Eckhardt related the uses of energy in agriculture, processing, and marketing, citing examples from fertilizers to packaging.

These related energy expenditures, coupled with the rising cost of energy, is symptomatic of the energy problems we face.

"Just as our profligate habits in the use of energy have spawned a transportation system dependent on the gas-guzzling automobile, they have created a food system dependent upon energy-intensive and increasingly costly agricultural production, processing, packaging, and marketing. Within both of these systems and others, there assuredly exist "avoidable consumer costs". But the task of realizing the savings will not be an easy or simple one. It will require, in our food system as in our energy system, fundamental changes in resource use and conservation, lifestyles, and consumer values, oriented toward obtaining more quality as well as quantity from our resources."

Harkin Proposes Graduated Farm Program

Continued from page 6

last five years. Farmers production costs have at least doubled. Where is the money going?

"With farm prices falling and retail prices going up, it's often popular to blame the 'middleman'—to blame his greed," said Harkin.

But Harkin found still another culprit in the agriculture field.

"More often than not the real enemy is us. We will continue to pay more for our food—and farmers will continue to get a smaller share of the food dollar—as long as we, the consumers, continue to demand extensive preparation, packaging, boxing, and general adulteration of our food in the name of convenience."

Harkin stated that individually plastic-wrapped slices of cheese, instant potatoes, and instant anything contributes to inflation. We pay the price for that attitude at the check-out counter. In fact, in 1976 food processing and marketing took about 60¢ of every dollar consumers spent on food.

Harkin also feels that our attitude toward our food supply is affecting food quality as well. He referred to consumer demand for red meat which creates a need for nitrates which are suspected of contributing towards incidents of cancer.

"We, the consumers, don't like chemicals and other junk added to our food. And I can tell you *family farmers don't like it either.*

Harkin wants farmers and consumers to get together and communicate their feelings on this matter to USDA.

Furthermore, he sees a great link for

farmers and consumers to encourage direct marketing, which by nature helps more farms to get started and stops many from going out of business. The greater the farm competition, the better the prices. Harkin warned that such marketing alternatives must be examined very soon because the U.S. has lost one-half of all its farms in the last 25 years.

Land costs are also affecting food prices by keeping out smaller farmers who lack the capital for land.

"Farm land in my area of Iowa, which four years ago sold for \$600-\$800 an acre is now selling for \$1,000-\$2,500 an acre. Established farms are increasing in size and agribusiness farms account for one-fifth of all produce sales."

Harkin found another main problem in farm income.

"Total net income for farmers in the United States in 1977, was \$10 billion less than it was four years ago. Each dollar of net cash farm income in 1977 supported over \$8 in debt. Four years ago, each dollar in net cash farm income supported only \$2.50 in debt. Total outstanding farm debt on January 1, of this year, was estimated at \$187.7 billion . . . DOUBLE the debt load of farmers on January 1, 1972."

What can be done?

"In addition to encouraging more direct marketing from farms to consumers, consumer cooperatives which buy in volume from the farmer should also be encouraged.

"First and foremost, we must work for a new attitude in the Department of Ag-

riculture and in Congress. We must have a new approach to our farm programs and farm legislation.

"One of the great errors of the past, is that our farm policies have treated all farmers as if they were alike. All farmers are *not* alike. Not all farmers *need* federal government help. And not all farmers should have it."

In Harkin's opinion, there is no reason why a farmer with over a million dollars in equity and sales over \$200,000 a year—be it an individual or a corporation—should receive the same price protection from the federal government as a small family farmer who genuinely *needs* that protection to stay in business another year.

Harkin's solution is to have a graduated farm program . . . just as we have a graduated income tax. As the farm gets larger, the amount of government supports and guarantees should decrease.

Such a policy would concentrate government assistance on those who need it more, and terminate it for those who do not need it at all. It would also help young people get started in farming.

Harkin also wants absentee ownership discouraged. "Absentee owners currently buy one-fifth to one-fourth of all farm acres that come on the market. Often buying as an investment, they drive the price of farm land even higher. That raises further the amount of money needed to start farming, and increases the property taxes due for all the nearby farms. Absentee owners *reduce* the

number of acres available to young people who want to enter farming. And they add nothing to their nearby communities, as they do little to support the local demand for food and services."

Absentee ownership can be discouraged through tax laws.

"Income from farm land owned by people who do not live and work on it, should be taxed at a higher rate . . . it should be taxed on a progressive scale, so the absentee owner cannot recover those higher taxes, simply by charging his tenants more rent. Our tax laws should be written to make it more profitable to work farm land, rather than to hold on to it as an investment, waiting for appreciation to provide profit."

Harkin also described the Saskatchewan Plan as a possible remedy.

"This is a plan whereby the government would purchase land on the open market and then sell it to qualified young people who want to enter farming. There would be no payments on principal for the first several years or so, and then the payments on principal would increase and balloon at the end of 20-30 years.

Harkin concluded his dynamic presentation by commenting, "I hope—and I believe we are—entering a new day when farmers and consumers are recognizing they share a number of common goals . . . and when they are realizing they can only reach them with each other's help. No other single development could be more important for either the future of the family farmer, or the American consumer."

Consumer Assembly '78 Workshops

Health Care Surveys

In the hope of breaking down the "mystique" of health care and educating the public to be aggressive consumers of health services, representatives from consumer organizations in Massachusetts, Ohio, Louisiana and Connecticut shared some successful methods of gathering and disseminating information to providers of health care services. Three of the panelists, Susan McIntosh of Massachusetts PIRG, John Wanchack of Connecticut Citizen Action Group, and Laura Chisholm, Cleveland Consumer Action, talked about directories they developed in their respective geographical areas. The approaches to setting up such directories varied according to the resources available and the goals of each group.

The MassPIRG Directory deals with hospitals in the area, including qualitative evaluations, private physicians, including the prices they charge, the kinds of services they provide, and accompanying biographical data, information on how to read a prescription, including a clarification of the differences between generic and brand name drugs. In addition, the directory has a glossary of terms used in the evaluations. The group has also printed a separate dental directory as well. McIntosh attributed the overwhelming cooperation by providers of health care services to her group's survey, to the advantages the surveys provide by way of publicity.

In addition, MassPIRG is working on disseminating material on Health Maintenance Organizations (HMO's) and

making drug price information available to the public. "Consumers should be able to get this information over the phone," McIntosh asserted.

Based on MassPIRG's model, Cleveland Consumer Action developed a directory to service its area. Spokesperson Laura Chisholm described in detail the procedures and obstacles to such an undertaking. Briefly, the phone and mail surveying and final editing took the equivalent of one full-time staffperson 1 year and finally included 600 physicians. The cost of compiling and printing CCA's publication will be \$7,000-\$10,000 and will sell for \$3.50 each. Chisholm said her group hoped to get the message across that "medical care is a purchased service" and therefore, information on the health care industry should be readily available to the public.

John Wanchack of CCAG expanded upon the benefits of directories in light of the difficulties of evaluating health services. For example, in labeling drugs "low," "medium," and "high" priced, groups leave themselves open to lawsuits by pharmaceutical companies.

CCAG has published dentistry and hospital guides as well. Wanchack described their style as between in-depth evaluations and popular magazine articles. These directories serve as introductions to the health care field. He encourages these kinds of publications because he believes there is a greater funding potential for such general guides—that is, groups will be more eager to fi-



Laura Chisholm, Cleveland Consumer Action, and Larry Samuel, President, Louisiana Consumers League

nance a product on a specific topic. Such publications could easily be expanded upon by groups with the resources to do so. CCAG estimates that its income from these publications will be \$10,000-\$15,000 in three years. Aside from the financial benefits, CCAG has profited from the favorable publicity and increased credibility from working in cooperation with such groups as the Connecticut State Dental Association, for example, on its dentistry guide.

In contrast, offering a more theoretical model was Dr. Douglas (Sandy) Mackintosh of Health Systems Division Analytic Services, Inc., Washington, D.C. He discussed models of surveys on prescription drugs, prescription eyeglasses, nursing homes, health insur-

ance, hospital administration and evaluations of physicians. Mackintosh outlined the criteria for his surveys and the mechanisms for information gathering. For example, in the area of physicians' surveys, he suggested that individuals look into M.D. licensing board meetings, professional standards review organizations (PSRO's) in local communities, M.D. peer review boards (which include non-physician members), M.D. hospital affiliations and records of malpractice suits. During the discussion period participants challenged the availability of these records to the general public. In particular, individuals questioned the willingness of M.D.'s to expose their peers to public scrutiny. In fact, some argued such review boards, which are intended to police the medical profession, protect its own instead.

National Health Insurance:

Why Americans Need It Now

Chaired by Kenneth Kovack, legislative representative for the United Steelworkers of America, this workshop highlighted the crying need for reform in our national health care policy and the necessity for swift passage of the National Health Insurance Act.

Rudolph Danstedt of the National Council for Senior Citizens indicated some of the reasons why health care should be taken out of the hands of the providers and the consumers "be placed in the saddle." He pointed to the special hardships of senior citizens, particularly the fact that Medicare pays only one-third of all medical costs incurred by the elderly and that prescription drugs and dental care are excluded from coverage.

Ruth Kobell of the National Farmers Union pointed to the need for developing innovative approaches to meet the health needs of our country's rural population. She referred to them as a large group of citizens who are underserved. Family farmers, many of whom cannot afford private health insurance, would particularly benefit from a national health plan.



Max Fine (standing) and (l. to r.) Ruth Kobell, Ken Kovack, and Dr. Paul Cornely.

Max Fine, Director of the Coalition for National Health Insurance, suggested that the prospects for passage of a national health insurance program are

brighter today than ever before due to the leadership of the President, the influence of Congress, the role of private groups and a strong social demand for

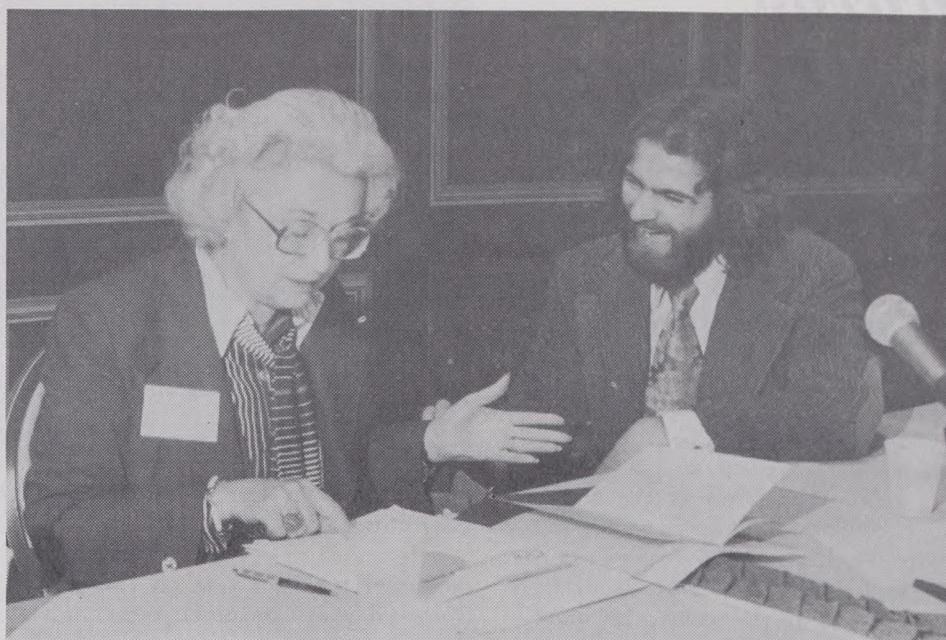
legislation. However, Dr. Paul Cornely, past President of the American Public Health Association, was not as optimistic as Mr. Fine in his outlook on national health insurance.

In the ensuing exchange with the audience, Max Fine summarized the current legislation embodied in the Kennedy-Corman bill. The bill would provide strong incentives for citizen participation in HMO's and various methods for paying physicians would be developed. Currently, hospitals have an incentive to be wasteful and, in the absence of sweeping reform cost controls are not possible. Also, it is inconceivable that such a reform could cost any more than the \$160 billion it cost consumers last year, an observation with which Ken Kovack concurred. Max Fine urged that consumers get involved at the local level to assure passage of a national health insurance program and indicated that the Coalition for National Health Insurance has 1600 contact people who are willing to provide assistance.

The Prescription Drug Dilemma

"There isn't much free enterprise in the drug industry and that's what we want to give it," declared Fred Wegner, Legislative Representative for the American Association of Retired Persons, at the opening of a panel on prescription drugs and drug companies' monopolistic control. According to Wegner, this is the result of regressive legislation, including 17-year patents on drugs (after which time they are "safely" on the market, as they continue to be prescribed by physicians). Also on the books are state anti-substitution laws which demand that prescriptions be "filled as prescribed," thus preventing the substitution of lower-cost generic drugs. Citizens can combat these practices via input into pharmacy laws at the state level, pressing especially for price advertising and consumer representation on state boards of pharmacy.

One alternative, which would assure greater control over the marketing of drugs is of course National Health Insurance. Its advantages as outlined by Wegner are: it would place all federally-funded drug programs in one unit; provide a list of drugs for which the government would reimburse consumers (the government would negotiate wholesale prices with manufacturers); make patent licensing of drugs compulsory every 5 years (not 17), allowing royalties thereafter; require that the same drugs produced by different manufacturers be proven interchangeable; provide a constant check on physicians' prescribing



Former CFA President Esther Shapiro and pharmacist Anthony Tomasello

habits and, most importantly, increase consumer representation on policy making and administrative boards operating a drug benefit program.

Pharmacist Anthony Tomasello, who teaches at the University of Maryland School of Pharmacy, spoke on the problem of drug overuse in this country and how pharmacists could help alleviate this abuse. For example, pharmacists could recommend to consumers, not just inform them, about prescription drugs (i.e., generic versus brand name

drugs). While Tomasello was cynical about the "fill as prescribed" rule, which protects manufacturers, he cautioned against assuming all brand name drugs may be substituted by generics. Although often the only difference is the form of the drug, they may differ in content as well. Tomasello urged consumers to demand from pharmacists the professional services for which they are already paying. Small retail pharmacists who are unable to compete with chain stores in pricing should be espe-

cially responsive to consumer demands for individual attention.

What is being done legislatively to control the production and distribution of drugs? According to Attorney Marcia Greenberger of the Center for Law and Social Policy, Congress has a long way to go in this area. Two examples of prevalent overuse of drugs are estrogens, whose long-term use among menopausal women has been found to cause cancer, and amphetamines, commonly prescribed as a diet drug.

The FDA moves slowly in restricting the use of drugs. In the case of estrogen, FDA now requires that a detailed patient package insert (p.p.i.) advising proper use of the drug accompany each prescription. Generally, once a drug is FDA-approved for marketing, that action marks the end of oversight by the agency until "something dramatic comes to someone's attention, often by mistake," according to Greenberger.

There is some reason to be optimistic, though. New regulatory structures are at least being discussed in Congressional subcommittees and a newly revised, comprehensive drug bill will be considered by Congress in the next few months. Highlights of the proposed drug bill may include grouping drugs together in order to speed up regulatory review, giving FDA the authority to require post-marketing surveillance, and mandating patient package inserts for all prescription drugs.

Preventive Medicine: from DES to Nutrition

Elson Strahn, Executive Director of the Oregon Consumers League, moderated a fascinating panel devoted to a discussion of preventive medicine.

The panel consisted of Maryann Napoli, Director of Health Center for Medical Consumers and Health Information in NYC; Judy Norsigian, Board of Directors for the National Women's Health Network; FDA Assistant Commissioner, Dr. William Whitehorn; and national columnist Dr. Robert Mendelson, of the University of Illinois College of Medicine.

The panelists first defined preventive medicine in their own terms, then discussed the problems that exist in medicine today.

The most informative account was given by Dr. Mendelson. Dr. Mendelson is not a believer in modern medicine, and for good reason.

In his carefully structured speech, which combined humor with harshness, Dr. Mendelson revealed the "mixed bag" of preventive medicine. His approach to prevention includes good nutrition, proper environment, and sufficient exercise.

"But," says Mendelson, "what about the preventive techniques that the doctor practices directly on his patients?" "What about the shots, pills, examina-

tions, laboratory tests and counseling that constitute the major components of what both physicians and the public have come to consider almost exclusively as preventive medicine?" Mendelson finds these preventive techniques controversial.

"Like modern therapeutic medicine," said Mendelson, "modern preventive medicine remains, in most instances, scientifically unproven, controversial, and often filled with risks that outweigh any benefits."

Mendelson's examples included, "the swine flu vaccine, designed to prevent a non-existent disease, which left an epidemic of paralyzed victims in its wake; routine pap smears which obscure the evidence that multiple sexual partners are linked to cervical cancer." "Furthermore, X-ray mammography has proven to be a double-edged sword that may produce more cancer than it detects. And attempts to prevent miscarriage, while unsuccessful, have resulted in an epidemic of DES-damaged young men and women."

Dr. Mendelson feels strongly that preventive medicine now practiced by doctors is a threat to our health and that much of the fault with the medical profession lies in the education system. He suggested the best way to get through



(l. to r.) Judy Norsigian, Dr. William Whitehorn, Dr. Robert Mendelson, Elson Strahn and Maryann Napoli

medical school is to stay underground, study less, and have as little contact as possible with your medical school peers. Dr. Mendelson suggested a new medical school outside the AMA's auspices that would train students in nutrition and prevention.

Members of the panel were allowed a final comment and Whitehorn and Mendelson chose to make a final comment.

Dr. Whitehorn: "Consumers can contribute a great deal to the direction of health care, and I urge everyone to do so. But I caution you. Have an informed and effective approach. Dr. Mendelson

has good ideas and there is a real problem regarding the safety and efficacy of drugs. Of course, adequate labeling would help. Unless we put our approaches on as an approach as possible, we won't accomplish very much at all.

Mendelson: A doctor is a very powerful person. Stay away. He's the only one who can tell you to take your clothes off and you'll do it. To be free, question and challenge your doctor.

To subscribe to Dr. Mendelson's newsletter, contact: Mendelson's Medical Newsletter, 664 N. Michigan Ave., Chicago, Ill. 60611.

Consumer Participation In Health Planning

This panel, moderated by Barbara Gregg, Executive Director of the Office of Consumer Affairs for Montgomery County, Maryland, examined consumer participation in health planning in terms of past experience and future goals.

Glenn Nishimura, Director of Arkansas Consumer Research, briefly described the federal law (P.L. 93-641) which established Health Systems Agencies (HSA's). The primary responsibility of each such agency is the provision of effective consumer input as regards health planning in the area it serves, i.e. improving the health of residents, increasing the quality of health care, restraining increases in the provision of health services, and preventing unnecessary duplication of health resources. There are currently 200 HSA's in the country with 51% of the board membership of each agency consisting of consumers, as required by law. According to Nishimura, consumers are not the majority, despite the 51% ratio, because providers are drawn together and have more solidarity because they do

not represent diverse groups. They are also far more knowledgeable about the health planning area because they deal with it on a day-to-day basis while consumer representatives on HSA boards usually have unrelated full-time jobs and serve "after-hours" in most cases.

Charles Conrad of the Consumer Coalition for Health cited a study by the Southern Region (Atlanta, GA) which concluded that consumers are not an effective force on HSA's. Mr. Conrad proposed that consumers be provided with the training and technical assistance needed to develop more expertise in the area of health planning in order to have more effective input. He suggested that to accomplish this P.L. 93-641 be amended to tip the scales a bit more in favor of consumers.

Walter Earl, Program Director of the East Wayne Street Center, Fort Wayne, Indiana, indicated that consumers on HSA's are handicapped because of bureaucratic red-tape, medical jargon, and natural empathy among board members who are providers. These and other frustrations have led to a high



(l. to r.) Walter Earl, Leda Judd, Barbara Gregg, Charles Conrad and Glenn Nishimura

consumer turnover rate on HSA's. He proposed that consumer board members meet before an agency session to reach a common agreement and that an HSA staff person be provided to work with consumers.

Leda Jedd, Director of National Programs at the National Urban Coalition, conceded that consumers will never have an easy time of it in the area of health planning, but that the problems

are not insurmountable. The divisiveness of consumers on HSA boards is an element built into the law, which requires representation of various groups. Judd pointed to the fact that few consumers serve as trustees on hospital boards or as members of state licensing boards. She urged that consumers develop a body of knowledge within the next few years to more effectively deal with health planning issues.

Strategy for Action: Nutrition Awareness In the Marketplace and Classroom

This workshop, "Strategy for Action," was led by CFA President Ellen Haas of the Community Nutrition Institute and nutritionist Peg McConnell.

The workshop was organized not around the panel, which also included Dan McCurry of the Chicago Consumer Coalition and Sheila Sidles of the Iowa Consumers League, but around audience input. Panelists first shared their own thoughts with the audience. Through audience responses to some general questions, panelists then attempted to develop an action strategy for increasing overall nutrition awareness.

Haas spoke first of a master plan for the workshop, consisting of four divisions: labeling, advertising, corporate responsibility, and government responsibility. She asked that attention be given to the specific roles played by consumers, industry and government in determining an action policy.

Sidles asked audience members to look at themselves and their communities and what nutrition plans are in effect in their own lives.

McCurry addressed a number of issues from taxing soft drinks, which is done in West Virginia, to the retraining of school personnel.

McConnell addressed those in the audience with professional training in nutrition and asked how they perceive their expanding roles.

The first question the panel asked was, "What do you want changed in our food supply?" Here are some of the responses:



(l. to r.) Dan McCurry, Ellen Haas, Sheila Sidles and Peg McConnell

- no carcinogens
- foods without added chemicals
- food without wood
- fruits and vegetables without wax coating
- better food in public places
- more fruits and vegetables ripened at source
- no toys or related offers in food
- fruit canned in its own juice
- no frozen food in restaurants
- alternatives to industry-supplied materials
- food additive labeling
- clearinghouse for all available nutrition education material

Audience responses to improving nutrition education were:

- more up-to-date information
- more education in schools from elementary through medical school

The panel announced that it would compile the data collected during the course of the workshop, circulate an analysis among audience members, and use this information in future forums as a basis for developing a structure for nutrition education to be used in supermarkets and in classrooms.

Urban Gardening: The Greening Of Our Cities

Urban Gardening is an individual approach to the food problem in the U.S. By growing their own food, consumers are able to cut their food bill, improve their diet, and experience a real feel for where their food originates.

Most panel members discussed their own work with urban gardening. The most comprehensive address was given by Susan Redlick, Director of Land Use, Massachusetts Department of Food and Agriculture, who outlined her efforts to stimulate urban gardening and ways in which she has been able to overcome difficulties within her programs.

Since Redlick's work is centered on community gardens, obtaining land for the project is one of her greatest tasks. In this regard, she has pushed to have as much unused state land made available as possible.

Funds are another area of difficulty for organizers of urban gardeners. Redlick has received help by working in cooperation with canners and other related businesses.

Other problems arise with the quality of urban soil. Most soil is poor, making gardening difficult.

Protection for the land is also an area of concern for urban gardeners, since community land is scarce and is often threatened by developers and others who have an exclusive interest in the land for investment purposes.

In order for urban gardening to prosper, said Redlick, states must take action to minimize family farm loss.

Consumers Promote Alternative Marketing

This panel addressed itself to the vital question of how to reduce the cost of food to consumers and increase the rate of return to farmers.

Moderator Roy Bryant, Chief Executive Officer of Greenbelt Consumer Services, outlined the general considerations involved. According to USDA figures, the total cost of food purchased through retail outlets in 1976 was \$199.7 billion. In 1978, the total will reach \$260.9 billion. He lamented the fact that the U.S. has no national food policy and urged consumers and producers to work together in developing alternative marketing procedures.

John Vlcek, Co-director of the Agricultural Marketing Project, Nashville, Tennessee, indicated that the federal government will not solve farmers' problems because their problems are rooted in marketing methods. He described his Project's efforts to allow farmers to control the market on their own by organizing neighborhood farmers markets. These markets are assisted by consumer activists who locate the sites for the sale of produce. The Project has worked

closely with area churches and has been greatly aided by good media coverage.

Don Lubin, Information Director of the New England Food Cooperative Organization, outlined the role of co-ops and buying clubs, which in this country now number approximately 2500. A co-op, unlike a chain store, can purchase directly from a farmer and can effectively keep food prices down. He also distinguished between the different types of co-ops. In older co-ops the members share in the actual work. In the new, larger co-ops, there is a non-hierarchical management structure and an emphasis on food which is unprocessed, organically grown, and involves little packaging.

Betsy Wood, a home economist with Consumer Cooperative of Berkeley, the largest co-op in the country, stated that retailers' prices are usually the same as co-ops, but that co-ops save consumers money through consumer education. For example, the Berkeley Co-op conducted an education program which resulted in a 48% decrease in the sale of



(l. to r.) Don Lubin, Roy Bryant, Betsy Wood and John Vlcek

heavily-sugared cereals to its members.

C. Elwood Fenner, a produce farmer and member of the Pennsylvania Farmers Union, convincingly described some of the difficulties he is encountering. The need for alternative marketing was

dramatically demonstrated by Mr. Fenner's experience of selling a bushel of peppers (which cost him \$1.10) in the Philadelphia market for \$3.75 and then seeing that bushel sold to retailers for \$7.75.

Advertising: Its Effects on the Real & Hidden Costs of Food

Moderator Rick Applegate, Director of the Center for Public Interest in Bozeman, Montana, pointed to the serious health effects attributable to media advertising and its role in inducing diet changes. Said Applegate, "We are bombarded with senseless, or non-informational ads that have dulled our senses and our taste buds."

Roberta Baskin, Consumer Reporter for WMAQ-TV in Chicago, provided some frightening statistics on advertising and food costs. She noted that people in the U.S. are exposed to an average of 300 commercial messages daily, with the yearly total being 105,000. \$6.3 billion was spent on food advertising last year, with the twenty largest food companies accounting for 40% of all such advertising, and the fifty largest food companies accounting for 80%. Ac-

cording to the FTC, monopolistic food-pricing policies in the food industry cost consumers \$2 billion more than they would have paid if a more competitive situation prevailed. Baskin also cited a study by the National Commission on Food Manufacturing which concluded that the companies making the largest profits are those that advertise the heaviest.

The economic and environmental costs of food packaging were highlighted by Jacquelyn Helm, Director of United We Resist Additional Packaging (UNWRAP). Consumers spend \$23 billion a year on over 55 million tons of packaging, 90% of which is discarded. According to estimates by the Environmental Protection Agency, 267,000 barrels of oil could be saved if packaging levels dropped to what they were in 1958. USDA and EPA estimate that 8-

10% of an average family's food outlays per year is attributable to packaging. UNWRAP studies indicate that retailers who do their own packaging use less material than companies distributing national brands. Before we drown in packaging, legislation is sorely needed.

Andy Driscoll, Director of the Consumers Alliance of Michigan, urged an expansion of effort geared at regulating television advertising. The power of television has just begun to be realized. Its impact in terms of quality of life is undeniable. The frequency with which ads

come across the television screen and influence consumers—sometimes subliminally—can be maddening, especially in light of the fact that 90% of all ads are merely puffing and convey no information.

The question and answer session that followed the panel discussion covered many areas, including alternatives in marketing such as generic packaging and private labeling, constitutional restrictions on regulating the media, and the ineffectiveness of corrective advertising.

Food Policy: A Look at State & Local Developments

Chairperson Joe Belden set the tone for this panel which was intended to assess what has been done on a local level in the area of food policy.

Belden is Director of the Food Policy Program for the Exploratory Project for Economic Alternatives.

One example Belden gave in his overview of state and local agricultural policy developments was a Missouri project. There an Extension Service made up of paraprofessionals was set up to help local family farmers with agriculture problems. Through it, many good working arrangements have been established between farmers, the government, and the university Extension Service. It points to the need and benefits of bringing the results of university research to the farm. There has always been a shortage of manpower to do this, but with the addition of paraprofessionals, more research may get to the farms in a practical and useful form.

In Nebraska, the Small Farm Energy Project has been started. Basically, it will consist of an experimental group of 25 farms which is engaged in various experiments dealing with energy self-reliance. Through a series of solar and other fuel saving plans, the Project hopes to develop a "farm of the future" that will minimize expenditures for fuel. Since farming involves tremendous energy resources, many hopes are pinned on the success of SFEP. Funding for the project is being provided by the federal government's Community Services Administration.

Another area that looks hopeful for consumers is the Agriculture Marketing Project. It is based in Nashville, Tennessee, and engaged in experimenting with urban farmers' markets. Its hope is to direct marketing approaches in Nashville and then throughout the country.



(l. to r.) Rick Applegate, Jacquelyn Helm, Roberta Baskin and Andy Driscoll

Lou Harris

The Consumer Phenomenon in America

Although pollster Lou Harris was snow-bound in New York and did not make it to Consumer Assembly, he shared his planned remarks with us so that we could report on them to the readers of *CFA News*.

Most of Harris' presentation was based on "Consumerism at the Crossroads," his recent broad-based survey of the consumer movement. In this study Harris found the consumer movement to be the largest of all movements.

According to Harris, "By definition, it (consumerism) encompasses the entire population. Even stripping away all those who would be businessmen first and consumers second, union members first and consumers second, farmers first and consumers second, minority group members first and consumers second, the consumer movement—made up of those who would place a higher priority on making their consumer voices heard—still makes up a potential of well over 7 out of 10 Americans 18 years of age and over."

This group of consumers has been hit on the blind side by high prices, short supplies, questionable quality and safety, misleading ads, poor service, and lack of justice in the marketplace.

Here's what the study uncovered.

The Harris Poll

In it, Harris attempts to record the public's view of the consumer movement's achievements over the past 10 years and to pinpoint areas in which the majority of people would like to see future, consumer-related actions. The survey is based on a representative sampling of 2,032 persons. It records their opinions on a wide range of subjects including the following:

On Future Directions

The poll shows that consumers collectively are receptive to a number of new actions which might give them

stronger positions as individuals. It shows that:

- 52% favor creation of a federal Consumer Protection Agency
- 79% favor the establishment of a new, independent testing center to evaluate the safety of products.
- 92% support compulsory consumer education at the high school level.
- 65% want all large companies to have a consumer representative on their board of directors.
- 78% believe that companies found guilty of false advertising should be banned from advertising that particular product of service for a specific period of time.
- 65% would like to see more independent information either from the government or sources such as *Consumer Reports*.

On Business

The poll concludes that the business community is "sharply out of step with the American people on consumer issues" and that business, generally, gets low marks from the public. It shows, for example that:

- 50% believe consumers get a worse deal in the marketplace compared to 10 years ago.
- 61% believe the quality of both products and services is worse.
- 53% believe business has too much influence over government policy on consumer matters.
- 48% believe the gap is widening between what manufacturers claim about a product and how it actually performs.
- 44% believe that business usually opposes efforts to protect consumers and give them a fair deal.

On Government and Regulation

The poll indicates that there is little public satisfaction with the performance of government agencies in protecting consumers. It shows that:

- 60% of the public feels that federal and state governments have done only a fair to poor job of protecting consumers.
- 61% rate the performance of local government at only fair to poor.
- 46% agree that government regulation has done more to help business than to protect consumers. Only 24% disagree with this statement.

On The Consumer Movement

Generally, the consumer movement and its leaders get high marks from the public which describes it as a movement which has risen spontaneously from the people. For example:

- 77% believe the consumer movement has kept business and industry on its toes.
- 69% believe it has helped greatly to improve the quality and standard of products.
- 72% believe it genuinely wants to help consumers.
- 67% believe the consumer movement is reasonable in its demands.

On Problems Which Worry Consumers

Nineteen problems which most concern consumers are outlined in the poll including the following top five:

- 77% worry most about the high price of products.
- 69% list the high cost of hospital and medical care as their chief concern.
- 48% worry most about the poor quality of products.
- 44% are most concerned about misleading advertising.
- 38% worry most about the poor quality or service and repairs.

On The Marketplace

The poll indicates that the public's view of the marketplace is a mixed one

and reflects the belief that some gains have been made over the past 10 years but much more needs to be done. It shows, for example, that:

- 53% think that personal, consumer problems are among the most nagging and annoying of everyday life.
- 58% agree that consumers need outside help in looking after their own interests.
- 44% say they support the goals of consumer boycotts.
- But 72% believe that consumer shopping skills have gotten better.
- And 70% believe that labeling and information about products has gotten better.
- 75% believe that if people are careful and use good judgement, they can still get good value for their money.

On Specific Industries

The poll shows that the public has strong views on the industries it believes should be targets of future action by consumer activists. In response to questions on which particular industries should get the future attention of the consumer movement, the public picked the following top six:

- Food manufacturers
- Hospitals
- The medical profession
- The oil industry
- Car manufacturers
- Electric utility companies.

"As you can see," concluded Harris, "as one who analyzes the public mood, I find it irresistible to draw my conclusions to their ultimate significance. Thank you for letting me do that. I could not stand before you and do less. God speed you in your work, for it is among the most significant efforts this country has seen. Millions of people are pinning their hopes on you. Wear that mantle well."

Consumer Federation of America NEWS

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