

Consumer Federation of America NEWS

WASHINGTON, D.C.

DECEMBER, 1979

Consumer Assembly '80

It doesn't take a PhD economist to realize that today's inflation is a product of decisions made by seemingly unaccountable politicians and corporations whose bottom lines are campaign war chests and profits. It is equally clear that consumer power in the marketplace is eroding and that the consumer's best hope to break the bond of corporate interests and anticonsumer politicians is the VOTING BOOTH.

Consumer Assembly '80 will give participants an opportunity to explore the platforms of major Presidential and Congressional candidates so that individually and collectively we can better identify their pro and anti-consumer positions, commitments and track records. Special emphasis will be placed at Consumer Assembly on identifying how certain corporate special interest groups have (one after the other) forced the Congress into retreat through their growing number of political action committees, sophisticated "grassroots"

lobbying, linkage with the right wing, etc. Consumer issues have become "give away" votes, as a majority of Congress looks to attracting the widest amount of financial/political support from industries and trade associations with a one or limited issue agenda. At Consumer Assembly we will explore how to best link that corporate influence with the upcoming elections. There will be discussions and materials on:

- ✓ How to prepare, circulate and utilize voting records and candidate surveys,
- ✓ How to investigate sources of candidate's contributions,
- ✓ How to work with the media in maximizing the political clout of consumers.

Consumer Assembly will also explore the increasingly timely topic of controls as they affect the economy. The subject of mandatory vs. voluntary controls, not only in the traditional areas of prices and wages, but also in the im-

portant realm of profits, will be examined from opposing viewpoints.

Afternoon State and Local "How To" workshops will address such issues as:

- ✓ How to conduct a consumer price survey,
- ✓ Fund raising,
- ✓ Home Improvement Fraud, and others.

As part of Consumer Assembly, CFA's entire 40-member Board of Directors will hold a landmark national press conference on the issue of the current legislative assault on the Federal Trade Commission.

Mark your calendars now for Consumer Assembly '80. It will be held February 7 and 8 (kicking off with a Consumer Press Breakfast on the 7th and including our traditional Congressional Reception on the evening of February 7). On February 9 we shall conclude with CFA's annual all-day membership meeting.

**Inflation
Without
Representation:
Fighting Corporate
Dollars With
Consumer Votes**

February 7-9, 1980
Capital Hilton Hotel
Washington, D.C.

Speak-Out! Disillusionment of the Hard-of-Hearing

by Senator Charles H. Percy

Approximately 20 million Americans suffer from hearing impairment, most of them elderly, poor or infirm.

One example is a gentleman in his sixties who owns a small pick-up truck. He earns his living by trucking fruits and vegetables from a wholesaler to local merchants. He is totally deaf in one ear and has a severe hearing loss in the other. Unless something is done to improve the hearing in his one functioning ear, he can no longer drive his truck safely or hear the purchase orders given him. He might have to stop working.

Another is a grandmother in her seventies. She is in excellent health, but has suffered a gradual hearing loss for the last 12 years. She has become withdrawn from her children and grandchildren. She is afraid to go out shopping or walk in the streets. She cannot hear the traffic. Her life has become isolated. And lonely. She is afraid of her progressively silent, sullen world.

Shockingly, thousands of hearing-impaired Americans fall victim every year to the sharp practices of some unscrupulous hearing aid dealers and salesmen. Over five years of investiga-

tion by both the U.S. Senate and the Federal Trade Commission have disclosed shady and exploitative marketing practices common to many segments of the industry.

- Though the industry can point with pride to many outstanding outlets, hearing aid dealers are too frequently ill-equipped or insufficiently trained to provide necessary treatment. For some, their diagnoses are motivated by profit alone.
- High-pressure sales pitches are used on those least able to resist them. "Bait and switch" techniques, along with outright misrepresentation in advertising are also common.
- Clever salesmen can even get away with not measuring actual hearing loss in a potential client, and succeed in selling aids to people with perfectly normal hearing.
- Salesmen can often persuade people to spend up to one thousand dollars for a hearing aid that is defective or ill-fitting.

State regulation of the industry has proven unable to prevent abuses. An

investigation by the Senate's Permanent Subcommittee on Investigations, of which I am ranking minority member, revealed that most dealer licensing boards are controlled by the dealers themselves. State boards often fail properly to follow up on customer complaints against hearing aid dealers. Many states have no workable system of inspection for the audiometric equipment dealers use to measure hearing loss. Many states do not even require hearing tests before purchase.

The Federal Trade Commission has recently come under heavy attack for a number of the trade regulation rules it has proposed under the authority granted to it by the Magnuson-Moss Act. But in the case of hearing aids, an FTC rule is not only sorely needed, but long overdue. The Commission is now putting the finishing touches on a proposed trade regulation rule to prohibit many of the most widespread and flagrant abuses in the hearing aid industry. If promulgated, the rule could be a great boon to millions of hearing-impaired Americans.

Swift Commission action on this rule would be an important step towards

protecting many of our elderly citizens living on fixed incomes from the often predatory and unscrupulous sales tactics of many hearing aid dealers. The proposed rule has two key features:

- a 3-day "right to cancel" period during which dealers would be required to refund the price of an aid, minus a cancellation fee not to exceed thirty dollars;
- prohibitions against many forms of deceptive advertising, such as extravagant claims attesting to aids' "revolutionary" or "unique" attributes, or capacity to "restore normal or natural hearing."

Certainly, many hearing-aid dealers and salesmen do operate legitimately and in the best interests of the hearing-impaired. The abuses that have been uncovered, however, demand government action.

It is time to move strongly against those who would take advantage of a small and relatively powerless group of Americans—many of whom suffer the disadvantages of infirmity and impoverishment. The Federal Trade Commission's proposed rule is a welcome step in that direction.

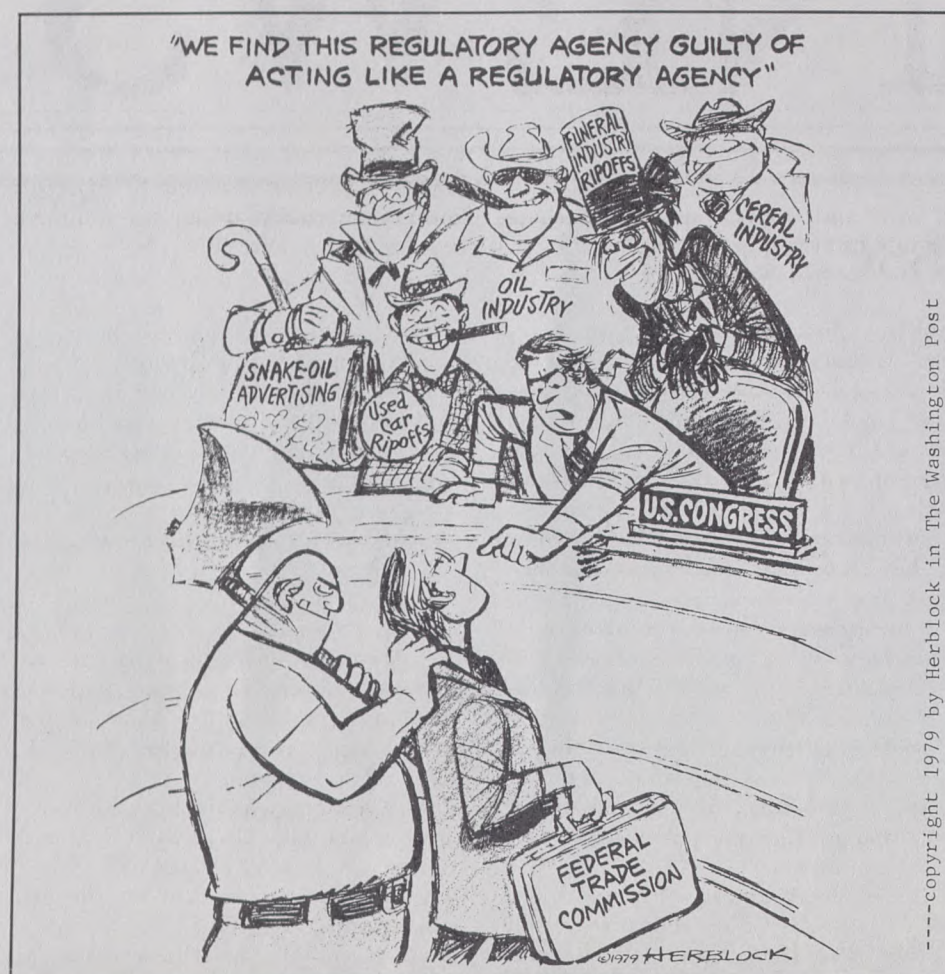
FTC Under Attack: Consumers Must Rally

On November 19, 1979, the House of Representatives voted (223 to 147) to block the Federal Trade Commission's funeral industry rulemaking. The following week it passed the Federal Trade Commission authorization bill which included a one-house legislative veto and an amendment to prohibit the Federal Trade Commission from bringing antitrust actions against agricultural cooperatives (the so-called "Sun-kist" amendment). Under the language of the House bill, either house of Congress could veto FTC rules within sixty days, if the other changer did not block the veto within the following thirty days. The proposed Funeral Rule (overwhelmingly supported by the public) would have required minimum pre-sale price disclosures, the obtaining of permission for embalming, a prohibition against false statements regarding state laws affecting funerals, and price information by phone upon request.

Anti-FTC actions in the Senate are decidedly worse. The Senate package being championed by Wendell Ford (D-Ky), Chairman of the Consumer Subcommittee of the Senate Commerce Committee, would restrict the FTC's subpoena authority when investigating false, deceptive or unfair advertising or trade practices. Under the Ford language, the FTC would have to state specifically the nature and reasons for its investigation. Other provisions would, as a practical matter, require the FTC to start the Children's Advertising rule anew (an action that would cost taxpayers hundreds of thousands of dollars in lost FTC staff work at hearings which have taken place for more than one and a half years). The Committee also voted to change the more than forty-year old law which provides the FTC with jurisdiction to take action against advertising which is "unfair or deceptive." Instead, the new standard would be "false or deceptive," a standard which would jeopardize all FTC actions which involve unsubstantiated product claims.

Other provisions would forbid the FTC from requiring warranties on used cars and would prohibit it from issuing a rule on product standards or certification. By way of example, it is argued that unnecessarily high lighting standards for buildings costs consumers between one and three billion dollars a year, to say nothing of the wasted energy.

Another amendment, most actively pushed by Senators Danforth (D-Mo) and Cannon (D-Nev) would prohibit the FTC from even investigating or studying any insurance related activity. Mr. Danforth wanted to assure that the agency could not look into any of the numerous allegations of deception and fraud in the insurance industry. To exemplify the bonanza which one special-interest group after another enjoyed as the Senate Commerce Com-



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mittee met, consider that Senator John Warner (R-Va) offered an amendment deliberately aimed at benefitting one company, Encyclopedia Britannica, by requiring the FTC to reopen any final rule on requests from a company claiming that marketing conditions had changed substantially since the rule was voted. The FTC public participation funding would be decreased from \$1 million to \$750,000. Legal fees of small businesses and individuals in successful cases against the FTC, would have to be paid by the FTC! (The definition of "small business" is one with assets of \$5 million dollars or less. Individuals with a net worth of \$1 million dollars or less would also be eligible.)

The collective action of the Committee that day was one of the more shamefully blatant anti-consumer displays in recent times. None of the amendments had been subject to any Congressional hearings before the Committee met. Chairman Ford relied instead on his "general look at the FTC" subcommittee hearings this fall. One amendment, however, that was offered in Committee was subject to a post-Committee meeting hearing. That Heflin (D-Ala) amendment (which would have eliminated the FTC's power to order the breakup of companies violating the antitrust laws) was actually subject to a hearing at the request of Senator Russell Long, conscious of the amendment's impact on the pending FTC Exxon case and the likely public backlash which passage of such an amendment might engender. Before that

Nov. 30th hearing was completed, the amendment was withdrawn.

It would be impossible to overstate the staggering significance of these combined Congressional actions. They are singularly aimed at crippling the FTC in every way possible and turning back the clock to the days when "consumer beware" was the major consumer protection against the very marketplace abuses the FTC has been working hard and effectively to correct.

The only practical method for reversing this cycle is for member of Congress to hear *openly, actively and repeatedly* from their constituents. Make appointments with your Senators while they are home between sessions of the 96th Congress. Urge local editorial boards to come out strongly in favor of the Federal Trade Commission. Generate as much grassroots communications to these members as possible. The stakes are enormous.

WHO VOTED AGAINST THE CONSUMER ON THE FTC FUNERAL RULE

Abdnor	Baldus	Broyhill
Akaka	Barnard	Burgener
Alexander	Bauman	Burlison
Andrews, N.C.	Bedell	Butler
Andrews, N. Dak.	Bethune	Byron
Anthony	Boggs	Campbell
Applegate	Boland	Carney
Ashbrook	Bouquard	Carter
Atkinson	Bowen	Chappell
Badham	Brinkley	Clausen
Bailey	Brooks	Clinger
Coleman	Broomfield	Coelho
Collins, Tex.	Holt	O'Brien
Conte	Hopkins	Patten
Corcoran	Hubbard	Paul
Cotter	Huckaby	Perkins
Coughlin	Hughes	Pickle
Courter	Hutto	Preyer
Crane, Daniel	Hyde	Quillen
Daniel, Dan	Ichord	Railsback
	Ireland	Regula

Daniel, R. W.	Jeffords	Ritter
Dannemeyer	Jeffries	Robinson
Davis, S. C.	Jenkins	Rose
Deckard	Jenrette	Rostenkowski
Derrick	Johnson, Colo.	Roth
Derwinski	Jones, Tenn.	Rousselot
Devine	Kazen	Rudd
Dickinson	Kelly	Russo
Donnelly	Kindness	Santini
Dorman	Kramer	Satterfield
Duncan, Tenn.	Lagomarsino	Schulze
Early	Latta	Sebelius
Edwards, Ala.	Leach, La.	Sensenbrenner
Edwards, Okla.	Leath, Tex.	Shelby
Emery	Lederer	Shumway
English	Lent	Simon
Erdahl	Levitas	Skelton
Erlenborn	Lewis	Slack
Ertel	Livingston	Smith, Iowa
Evans, Ga.	Loeffler	Smith, Nebr.
Evans, Ind.	Long, La.	Snyder
Fary	Lott	Spence
Fenwick	Lujan	Stangeland
Findley	Lungren	Stanton
Flippo	McClory	Steed
Forsythe	McDade	Stenholm
Fountain	McDonald	Stockman
Frenzel	McEwen	Stratton
Frost	McHugh	Stump
Fuqua	McKay	Symms
Gingrich	Madigan	Synar
Ginn	Marks	Tauke
Gonzalez	Marlenee	Taylor
Goodling	Martin	Trible
Gradison	Mathis	Vander Jagt
Gramm	Mattox	Volkmer
Grassley	Mavroules	Walker
Grisham	Michel	Wampler
Guarini	Miller, Ohio	Watkins
Gudger	Mineta	White
Guyer	Mitchell, N.Y.	Whitehurst
Hagedorn	Moakley	Whitley
Hall, Tex.	Mollohan	Whittaker
Hamilton	Montgomery	Whitten
Hammer-schmidt	Moore	Williams, Ohio
Hance	Moorhead, Calif.	Wilson, Tex.
Hansen	Murphy, N.Y.	Wright
Harsha	Murphy, Pa.	Wyatt
Heckler	Murtha	Wylie
Hefner	Myers, Ind.	Young, Fla.
Hefel	Myers, Pa.	Young, Mo.
Hightower	Natcher	Zablocki
Hillis	Nelson	Zeferetti
Hinson	Nichols	

NOT VOTING—58

Anderson, Ill.	Fowler	Pursell
Archer	Garcia	Quayle
Aspin	Giamo	Rhodes
Bafalis	Goldwater	Richmond
Beard, Tenn.	Harkin	Roberts
Biaggi	Holland	Roe
Bolling	Jones, N.C.	Rosenthal
Breaux	Kemp	Royer
Brown, Ohio	Lee	Runnels
Cleveland	McCloskey	Sawyer
Conable	McKinney	Schroeder
Crane, Phillip	Marriott	Shuster
de la Garza	Mazzoli	Solomon
Diggs	Mikulski	Treen
Dingell	Moorhead, Pa.	Wilson, Bob
Dodd	Murphy, Ill.	Winn
Dougherty	Neal	Wirth
Evans, Del.	Nolan	Young, Alaska
Fish	Obey	
Flood	Patterson	

CFA Joins Nestle Boycott

CFA is joining the boycott of Nestle products to protest its promotion of infant formula in developing countries. Nestle, a large multinational, holds a 50% share of the \$1 billion market of infant formula in third world countries and vigorously markets its product—a practice condemned recently at a conference sponsored by the World Health Organization and the United Nations Children Fund.

Products included in the Nestle boycott are Nescafe, Nestea, Taster's Choice, Soup Time, Nestle Crunch, Nestle Chocolate, Nestle Quik, Stouffer's restaurants and Stouffer's products, L'Oreal cosmetics, Cross and Blackwell, Libby vegetables and fruit, Beechnut baby food, Beechnut gum, and Tetley tea.

We Won the Battle—The War's Not Over

A black and white illustration of various food items. At the top left, the text '75%' is written in a large, stylized font. Below it, there are several bottles of soda or juice. In the center, there is a loaf of bread, a slice of bread, a jar of 'PEANUT BUTTER', and a jar of 'JELLY'. To the right, there is a large, dark, rectangular object, possibly a candy bar or a piece of chocolate. In the foreground, there are several small round items, possibly cookies or fruit, and a bowl of fruit. The text 'SUGAR DISTRIBUTED' is written vertically on the right side of the illustration.

Barber B. Conable, Jr., N.Y.
John J. Duncan, Tenn.
Bill Archer, Tex.
Guy Vander Jagt, Mich.
Philip M. Crane, Ill.
Bill Frenzel, Minn.
James G. Martin, N.C.
L.A. (Skip) Bafalis, Fla.
Richard T. Schulze, Pa.
Bill Gradison, Ohio
John H. Rousselot, Calif.
W. Henson Moore, La.



Consumer Action: Discounts for Cash

Prices have zoomed so high, you may wonder if someone put the decimal point in the wrong place when you look at the price tag. To save money: 1) shop at stores offering a discount to cash-paying customers; and 2) encourage more local merchants to begin the program.

CFA led the way to insure passage of legislation (1976) which allow merchants to provide up to a 5% discount to customers paying by cash, check or money order instead of a credit card. Merchants pay a fee to credit card companies in exchange for being allowed to accept that company's credit card. That fee is passed along to consumers as higher prices, just as with all overhead expenses. Thus, cash-paying customers bear the extra costs for services used only by charge account/credit card customers.

There are benefits for both merchant and consumer in the cash discount program. Merchant advertising of a cash discount policy could stimulate business. Merchants would have immediate cash for their goods or services, less paperwork, and would save the fee they must pay to credit card companies. Consumers paying cash would have the benefit of lower prices and wouldn't be faced with bills at the end of the month, or high interest charges when they can't pay off the monthly balance.

Despite all the benefits, discounts-for-cash programs haven't caught on, per-

haps because merchants aren't sure how to start the program. More probable is the fact that customers haven't pressured them to start the program.

Consumers can help spread the news by encouraging merchants to give discounts for cash purchases. The process is neither time-consuming, costly nor difficult. It does *not* require approval from the FTC, Federal Reserve or any other agency, as some merchants believe.

Here are the essentials of a discount program: the merchant must post a sign near each public entrance and at all locations where purchases are paid for, saying they offer a cash discount. All advertising stating the merchant accepts credit cards must also inform the customers of the availability of cash discounts. The merchant must make the discount available to all customers—not just credit card holders. Discounts can be limited to certain types of products or services, or to certain stores in a chain; however, the policy must be stated in posted signs. Lastly, the merchant can offer discounts up to 5%. (If a discount of more than 5% is offered, the merchant must provide disclosure statements to all credit card users showing the amount of this discount as a finance charge.)

It is up to you, the consumer, to let merchants know you want cash discount programs, and to pass the word when a merchant starts such a program.

Resource Reference Tools

Periodicals of Public Interest Organizations—A Citizen's Guide

It's much needed and it's here—a guide to more than 100 newspapers, newsletters, magazines and journals published by 96 public interest/citizen organizations across the country.

Within the pages of these periodicals is a wealth of news, information and ideas often not found elsewhere. They represent a growing and significant civic literature presenting the experiences, information and problem-solving approaches of activated citizens.

The Guide is a handy reference source for locating a periodical that deals with an issue of interest to you. The publications are grouped according to subject matter ranging from consumer access to corporate accountability, to community change. Specific information on the type of articles published by the periodical, its overall philosophy and the pertinent subscription statistics are given, as well as a brief description of the parent organization.

The Guide was compiled and published by the Commission for the Advancement of Public Interest Organization, a non-profit group created in 1974 to seek ways of enlarging the public interest movement. It is available from the Commission at 1875 Connecticut Avenue, NW, #1013, Washington, DC 20009. Prices are \$4 to public interest citizen groups; \$5 to individuals (personal checks).

Energy Assistance Programs and Pricing Policies in the Fifty States to Benefit Elderly, Disabled or Low-Income Households

Local energy assistance programs are being provided by over half the 50 states to ease the rising energy cost burden on low income consumers, the elderly and the disabled, according to a report published by Cleveland State University's College of Urban Affairs.

The survey report, the product of a six month study of over 120 proposed or initiated state-level programs, includes information on direct financial aid to offset energy costs for low-income and elderly households; lifeline utility rates providing a lower or frozen rate for initial blocks of energy use; rate reductions for target groups; weatherization and conservation assistance and information, and load management programs which encourage energy use during off-peak hours.

To best provide energy assistance, the report urges formation of a comprehensive approach coordinating the various federal, state and local efforts into a united program that would use present distribution networks and reinforce existing state programs rather than establishing an entirely new bureaucracy.

A summary of the report, and a limited number of the complete 420-page report are available, College of Urban Affairs, 1935 Euclid Avenue, Cleveland State University, Cleveland, OH 44115.

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CFA News is published each month except
August by the Consumer Federation of America,
1012 - 14th St, NW, Washington, DC 20005
Annual subscription rate: \$24 per year

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