

# CFA NEWS



## CONSUMER FEDERATION OF AMERICA

WASHINGTON, D.C.

MARCH, 1980

## Consumer Assembly Biggest, Best Ever

The eyes of the nation were on Consumer Assembly '80 when CFA demonstrated its political strength as a broad-based coalition by accomplishing what no other group or forum has been able to do—bring both Democratic presidential contenders President Jimmy Carter and Senator Ted Kennedy to the same podium only minutes apart.

The political power of consumers was in fact the unifying thread running throughout the fabric of the two-day round of meetings held in Washington in mid-February, the most successful Consumer Assembly ever held by CFA with attendance going over the 1500 mark.

### Record Attendance

Record attendance figures and the appearance of the presidential candidates were even more significant in light of the conference's theme which dealt with combating the growing corporate influence on the political process and countering the anticonsumer attitude of a seemingly unaccountable Congress.

Emphasizing the success of Consumer Assembly '80, Kathleen O'Reilly, CFA Executive Director, drew a standing ovation from a luncheon gathering when she declared: "We are seen as a political force. Yesterday's appearance by Carter and Kennedy proved it. It proves consumerism is respected as a movement . . . that CFA is respected as an organization."

The message reiterated at Consumer Assembly '80 was that consumer advocates must develop political clout to fight special interests. Exactly how to do it was discussed in general sessions.

### "Strategies for Energy Survival"

The opening general assembly meeting brought together many of the most respected spokesmen in the energy field debating "Strategies for Energy Survival." Senator Howard Metzenbaum, (D-OH), Chairman of the Senate Judiciary Subcommittee on Antitrust and Monopoly, called for a rationing program and mandatory conservation programs as the first steps in combating the nation's energy crisis. More than 317,000 barrels of oil would be saved, per day, if only the 55 mph speed limit was enforced. The potential for saving energy through conservation is vast, Metzenbaum said, but "it requires biting the political bullet . . . it is not easy to do. We need to put into place

a host of mandatory conservation measures including an immediate restriction on the production and importation of big, gas guzzling cars."

Even more important than conserva-



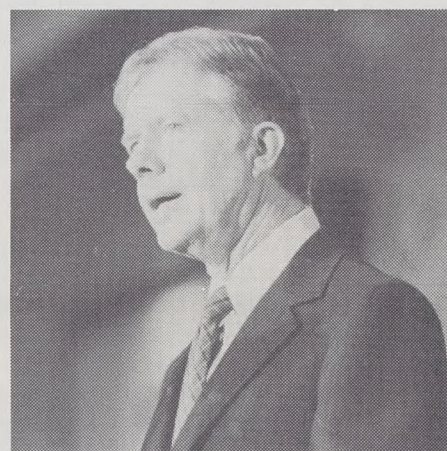
tion, argued the next speaker, is the establishment of a "real national energy policy." Sen. Bennett Johnston (D-LA), Chairman of the Senate Energy Subcommittee on Energy Regulation, said that though our awareness of a severe energy crisis dates back many years, we stand on the threshold of the 80s "with no policy, no goals, no hope."

The most important question, Johnston said, is to ask what our energy needs are now, what they will be in ten years, what they will be in the year 2000. Toward this end, he urged support for his proposal to establish national energy goals in five year increments. "Before conservation," Johnston said, "we need a consensus recognizing that the problem exists."

John Sawhill, Deputy Secretary of Energy, added his agreement to the need for conservation and long range energy goals, but he was more optimistic about the effectiveness of present programs. The energy picture, he felt, is not as bleak as some would have us believe.

Sawhill had praise for the changing energy consumption patterns of Americans. Gas consumption was down more than 10% in November and December, and declined overall 5.1% during 1979.

"We conserved more gas last year than the Netherlands and Denmark consumed," he said. There has also been a dramatic shift in the personal car buying habits of Americans who are turning to



smaller, more gas efficient cars. In addition, sales of attic and ceiling insulation are rapidly increasing.

Following Sawhill to the podium was Barry Commoner, Director of the Center for the Biology of Natural Systems at Washington University, who neither agreed with Sawhill's assessment of the energy situation nor with his solutions. All the speakers, according to Commoner, "are dealing in total fantasy." What is needed is not a shift to synthetic fuels but development of our renewable resources. Commoner, an outspoken but highly respected innovator in the energy field, called for more radical approaches than merely mandating conservation or even rationing. He urged nationalizing railroads and the Texas oil fields.

Commoner had harsh criticism for political candidates who are "afraid to take a stand on the oil corporations." The solution to the energy crisis must come through the political process, he said, but that will only happen if voters elect people who will vote for and represent the people, not the oil companies.

### Consumer Votes Fight Corporate Dollars

Both general sessions on the final day of the conference addressed the theme

of maximizing consumers' political influence. Several methods of solidifying political strength and applying it to the correct pressure points were discussed in the meeting on "Fighting Corporate Dollars with Consumer Votes." Leon Shull, National Director of Americans for Democratic Action, stressed that consumer groups need a nuts and bolts understanding of how the government functions and a complete familiarity with the legislative process to effect change in the right direction. The precious resources of consumer groups' time and energy must be used where it will be most effective. Consumer groups must also know their own constituency thoroughly and use a dual approach of grassroots communication—directing personal letters to key officials—and expert lobbying to most effectively influence public officials.

David Cohen, President of Common Cause, argued strongly for a change in the campaign funding system. In 1980 alone, he said, \$55 million will be channeled to Congressional campaigning funds by Political Action Committees—PACs, the euphemism for corporate influence buying. Cohen strongly supported the dollar check-off on federal income tax returns as one method of controlling PAC contributions. He also encouraged support of the Obey-Railsback bill (S-832) to limit the amount of PAC contributions to Congressional members.

Taking issue with Cohen, Russell Hemenway, National Director of the National Committee for an Effective Congress, said it is unrealistic to think campaign financing laws are going to change. He supported re-election of Democratic incumbents to Congress this year, even if their current record is ineffectual. Hemenway blamed the bad voting record of the 96th Congress on scared politicians "protecting their hides" to remain in office. They represent a lesser evil than the average Republican alternative in the coming election, whom Hemenway characterized as a hard line right winger.

Merely re-electing Democrats is not the solution, argued the final speaker, Stephen Schlossberg, Director of Governmental and Public Affairs for the United Auto Workers. The declining turn-

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## Washington Desk: Latest Anti-Inflation Package —One More Disaster

by Kathleen F. O'Reilly, Executive Director

In announcing his latest anti-inflation budget proposal, President Carter explained that the extent of the current economic crisis requires stiff medicine, however politically unpopular. What consumers have to understand is that just because a policy is politically unpopular, doesn't prove that it's a sound prudent policy, and that "stiff" medicine is not inherently appropriate and effective. President Carter's recent anti-inflation budget package is actually akin to recommending chemotherapy treatment for someone who is having a heart attack. It is medicine which is inappropriate for the disease, and if anything it will make matters worse. Stated a different way, you don't sober up a drunk by pouring him a martini.

How can the Administration possibly suggest that an inflationary budget proposal will bring down inflation? In establishing a \$4.62 per barrel fee on imported oil, the President obviously hopes consumers will overlook the fact that:

- 1) history and economic principles demonstrate that the fee approach will not decrease consumption in any appreciable degree, and will only intensify inflation both now and in the long run;
- 2) this policy will simultaneously result in increasing the price of do-

mestic uncontrolled oil by that same \$4.62 amount. It was President Carter who initiated decontrol last spring and because Congress stood by and let him abandon his and the Democratic Party's 1976 anti-decontrol commitment, American oil companies now set their uncontrolled domestic oil at or above OPEC prices. Despite Carter's statement to the contrary, his new fee on imported oil will result in our country's oil companies receiving yet another \$5 billion a year profit on their uncontrolled oil (which is more than 1/3 of the domestic market and growing every month until it reaches 100% in September, 1981). In the months ahead as consumers read that domestic oil company profits are breaking even present records, let them know that President Carter's import fee is a major factor.

Compounding this outrage is the fact that the President's proposal calls for a decrease in the funding of the very programs which would sharply decrease consumption without imposing human hardships, and without tearing the economy apart—namely, he is reducing spending on solar, conservation, and mass transit programs. What the President should be doing is insisting on a

strong commitment to these programs which even the conservative Harvard Business School acknowledges would decrease energy consumption by a whopping 40%.

It is unthinkable that Carter is calling for 50,000 CETA job cutbacks and 20,000 current federal civilian job cuts. He is sacrificing already inadequate mental health and health service programs, and chopped \$50 million from the Coop Bank (to name but a few).

It is indefensible that in the name of fighting inflation, the President is willing to deprive over a million children from low-income families of free school lunch and breakfast programs they now receive, with the Administration's callous hope that these poor families will be able to pay the differential.

As to the extension of credit, the President's program is supposedly aimed at encouraging personal savings, and discouraging the future expansion of credit. Yet the Federal Reserve Board regulations (announced without notice or public comment) will have the effect of penalizing consumers for past purchases. By motivating creditors to increase the minimum monthly payment, increase the score necessary to receive credit (according to a credit scoring system), shorten maturities, etc., this policy will have the sharp effect of decreasing de-

mand for credit, not supply. In effect, the brunt of the regulations will be imposed on consumers in a most uneven way, as compared to a pull-back in supply. The likely consequence is to push the economy into a severe recession.

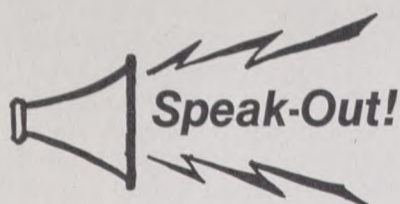
Consumers are aghast that the Fed is considering revocation of the advance disclosure provisions of Truth-in-Lending and one can only ask whether authority for retroactive change of terms is also in the wings.

In light of likely increased defaults because of these policies, it will be interesting to see if Congress broadens the scope of the Fair Debt Collection Practices Act to exclude retailers and lenders. Will there finally be an aggressive government encouragement to the availability of "discounts for cash?" We worked hard and successfully to enact that legislation four years ago. It is a basic method for motivating consumers to use cash but has been virtually ignored by the Fed.

At a time when the President should be tackling inflation by stimulating the taxable base of the economy, reimposing energy price controls, initiating selective productivity stimulus measures, and increasing funding for antitrust and pro-competition policies, he has instead opted for a gimmicky "balanced budget" route which:

- will barely deal a glancing blow on inflation;
- will come down hardest on the most vulnerable members of society (while swelling the already bloated pockets of Big Oil); and
- will weaken the very programs that could do the trick.

The package is economically sloppy, unquestionably ineffective, and socially irresponsible.



We have long since recognized that this nation's future depends in very large part on the health and welfare of its cities.

No longer do we accept the decay of our inner cities, our urban neighborhoods and institutions. We are committed to revitalization, to preservation of our urban society and the commitment reaches up from neighborhoods to the national level.

In 1975, the Congress recognized that patterns of discrimination and arbitrary and inconsistent loan decisions had sentenced many of our urban neighborhoods to slow decay and eventual death.

It became clear that local people and community groups were powerless to challenge these lending decisions and to make rational demands for credit without basic data on the hows, the whys and the wheres of the operations of the financial institutions in their area. As a result, Congress responded by enacting the Home Mortgage Disclosure Act which, for the first time, established the right to communities to determine where the lifeblood of their survival—credit—was being directed by financial institutions chartered or insured by the Federal Government.

## Home Mortgage Disclosure Act Revitalizes Urban Neighborhoods

by Rep. Fernand J. St. Germain (D-RI)  
Chairman, House Banking Subcommittee

To require financial institutions to compile and make available the location of their loans seems a simple and modest requirement, but this Act—combined with the 1977 passage of the Community Reinvestment Act—has worked wonders. It has focused the attention of lending institutions and their regulators on the needs of communities; it has armed local people with the data needed to demand changes; and, most importantly, it has started a flow—albeit much too small—of funds for inner city housing and development.

The effectiveness of the Home Mortgage Disclosure Act was described in this manner in testimony by Henry B. Schechter, Director of the AFL-CIO's Department of Urban Affairs, earlier this year:

"Data compilations required under the Act have been found to be an efficient, cost-effective tool for Federal regulatory examiners. The data have been used in connection with examinations and investigations related to civil rights in housing, the Equal Credit Opportunity Act and the Community Reinvestment Act. Community resident groups are using the

data in significant and increasing numbers. Mayors have found the information useful with reference to housing and community development. The utility of the data is substantial; the cost is modest."

The AFL-CIO testimony is echoed by community groups around the nation—organizations that have made substantial use of the disclosures to change lending attitudes in their community.

In Cleveland, the Union Miles Community group used the mortgage disclosures and the Community Reinvestment Act to challenge branch application by Society National Bank of Cleveland. As a result, the bank entered into an agreement to actively solicit mortgages, FHA home improvement loans, and small business loans in the community which had long been starved for development funds. The agreement included assurances that the bank would advertise in community newspapers on a regular schedule, outlining their willingness to lend in the area.

To its great credit, Society National Bank, rather than resisting the agreement, has become a wholehearted supporter of the Home Mortgage Disclosure

Act. Testifying before the Senate Banking Committee on March 3, witnesses for the Cleveland bank stated:

"As a commercial bank whose largest single market is Greater Cleveland, we have a very important stake in the well-being of our residential communities. The information made available through the Home Mortgage Disclosure Act seems to have created a good deal of interest in neighborhood improvement."

Other community groups across the nation are making use of the disclosures to improve lending patterns. Some have been able to use the data to nudge lenders forward; others have intervened formally when financial institutions have sought branches and other regulatory goodies, and have been able to extract

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**JUNE**  
**S M T W**  
**16 Annual Awards Dinner**  
**Monday, June 16**  
**Capitol Hilton,**  
**Washington, D.C. 6-10 p.m.**



## Consumer Assembly—continued from page 1

out of voters in recent elections should be interpreted as a vote of no confidence in the Congress and the current state of the political system. Schlossberg called for a revival of strong partisan political parties with substantively distinct party platforms. He also called for a restoration of the majority rule to Congress. Consumers have to be alert and work hard, Schlossberg concluded, so as not to be outmaneuvered by the forces working against their interests.

### Corporate Crime Deterrents

Combating a different aspect of corporate power and irresponsibility—the growing problem of corporate crime—was the focus of the final general session. The “new corporate crime” explained Congressman John Conyers (D-MI), Chairman of the House Judiciary Crime Subcommittee, is even more lethal and far-reaching in its effect than anti-trust, price fixing and conspiracy—the more commonly thought-of white collar crimes. Just recently surfacing are a long list of corporate offences ranging from product safety crime to concealment of health hazards, chemical crime and criminal negligence.

These corporate officials, Conyers said, “consider themselves above the law.” And under current criminal law, in effect, they are. Because of the economic and political clout of large corporations, it has been impossible to get a provision in the law statutes against many of these types of corporate crime, and when a case arises, the Justice Department is conspicuously lax in its enforcement.

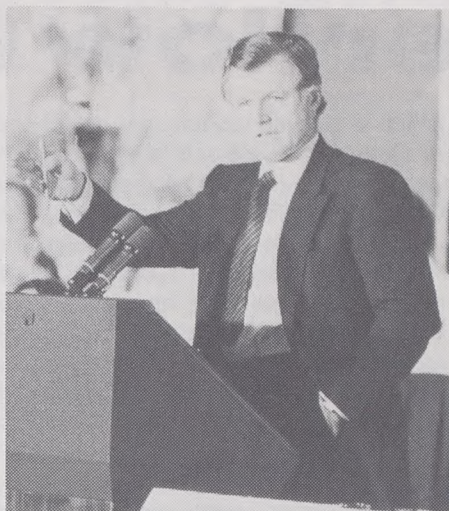
Urging support for a Congressional bill, HR 4973, of which he is a co-sponsor, Conyers argued for stiffer penalties, including prison sentences, for corporate criminals. He also stressed the need for strong deterrents, such as large damage suits, suspension of corporate charter or repayment of money made on illegal transactions, to discourage companies from considering legal penalties merely as “the cost of doing business.”

John Tasker, Deputy Attorney General for the state of New Jersey, discussed a particular aspect of corporate crime—chemical dumping. The improper disposal of chemical wastes, he said, “may be one of the most highly critical areas of the future.” New Jersey alone has thousands of chemical time bombs ticking away.

Tasker stressed the need for specific legislation dealing with toxic waste disposal, and called for stiff criminal penalties for offending officials. He also said that companies who generate the waste should pay the costs for clean-up.

The cost to consumers of corporate crime was a subject addressed by both of the last two speakers, David Webster, a partner in the law firm of Williams and Connolly, and Professor Jack Coffee, Reporter for the American Bar Association Sentencing Standards Committee.

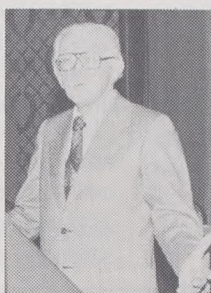
In addition to corporate price fixing, which totals \$60 billion a year, Webster said other forms of corporate crime cost the public in excess of \$40 billion annually. And those are only the costs for which we have actual statistics. The human costs are far higher.



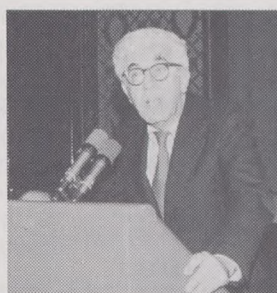
Senator Ted Kennedy and President Jimmy Carter address Consumer Assembly '80.



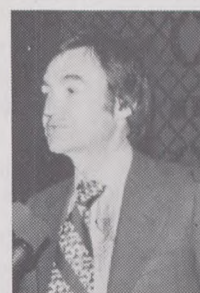
Alex Radin  
American Public Power Assn.



Senator Howard  
Metzenbaum (D-OH)



Barry Commoner  
Washington University



John Sawhill  
Dept. of Energy



Senator Bennett Johnston (D-LA)



Susan B. King  
Consumer Product Safety  
Commission



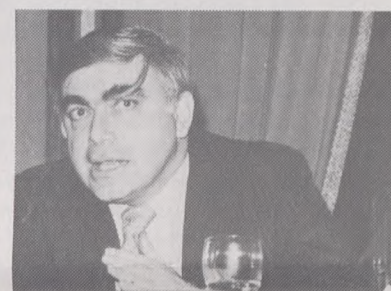
Russell Hemenway  
Nat'l. Committee  
for an Effective Congress



Leon Shull  
Americans  
for Democratic Action



Stephen Schlossberg  
United Auto Workers



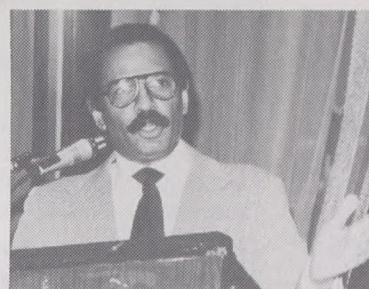
David Cohen  
Common Cause



Ruth Jordan  
Democratic Agenda



Prof. Jack Coffee  
American Bar Assn.



Congressman John Conyers (D-MI)



David Webster  
Williams and Connolly

Dealing with the legal aspects of the issue, Webster cautioned there is tremendous potential for abuse in drafting corporate crime legislation, and further potential for abuse in interpreting and carrying out the law by federal agencies. Above all the laws must be well-written and innovative to act as a strong deterrent to corporate crime.

Webster praised the intent of the pending Congressional legislation which makes it a Federal crime not to disclose when action taken by a company is injurious either to employees, consumers or the community.

Professor Coffee identified two crucial variables that must be considered in an attempt to achieve adequate deterrence: the victim rarely knows he or she has been victimized, and current sanctions and apprehension rates are both low.

The average sentence served by a corporate official convicted of a white collar crime is 2.8 days (when probation is equal to 0 days). In antitrust, price fixing cases, the average sentence is 3 years; the average time served is 13 days.

Coffee also urged applying the innovative concept of “corporate probation” to criminal cases as well as civil cases, its current domain. This is a form of public probation imposed in conjunction with a court sentence. When Allied Chemicals was convicted of kepone dumping in the Delaware, the court ordered them to establish “internal controls” to prevent similar cases from occurring. The program they established has been considered a model for other companies to follow. In a criminal case, Coffee said, the courts could use similar corporate probation as the incentive to improve preventative programs.

### O'Reilly: “We Cannot Help But Win”

National and grassroots political organization, effective expert lobbying, reorganizing the campaign funding system, increased political activism, creating deterrents to corporate crime—these were among the strategies discussed at Consumer Assembly '80 to combat increasing corporate power.

“Considering the disparity of their re-

sources and ours,” observed Kathleen O'Reilly in her speech, “the fact that the consumer movement is doing this well is nothing short of miraculous. Five years ago, when I first came to CFA, people weren't talking about the high cost of regulation and regulatory overkill. Corporate America looked at how successful we'd been because of grassroots networking, and they did the same thing, turning it against the consumer with money and sophistication we can only dream about.”

But through the reshaping of the consumer movement as a political force, applying the principles discussed at Consumer Assembly '80, change can be effected. “Before we're consumers in the marketplace, we're voters,” O'Reilly pointed out. “Consumers are being seen as a political force, but we need to redouble our efforts. People want to know what we are saying. They want grassroots consumer groups. They want CFA.” With this “collective commitment,” she concluded, “we cannot help but win. We cannot afford to lose.”



## Consumer Assembly Workshops:

# Enthusiasm, Overflow Crowds

The wide range of pertinent topics offered at Consumer Assembly 80's afternoon workshops drew unprecedented enthusiasm from overflow crowds. There were state and local "how-to" sessions

of the panelists said distorted results or even hostility often result if you say who you are or what your purpose is in requesting the information. An added feature in posing as a customer is that

which deals with regulation of telephone and other forms of common carrier service by the Federal Communications Commission (FCC), was expressed by Chip Shooshan, Chief Counsel for the House Communications Subcommittee and one of the bill's authors, and Henry Geller, Assistant Secretary of Commerce for Communications and Information. They said the bill provided for continued regulation of regular two-way telephone service at "reasonable and affordable" rates, and would not allow the FCC to deregulate common carrier service without establishing that effective competitive services existed. The other panelists strongly disagreed. Ed Spievack, General Counsel for the North American Telephone Association, termed the bill the "Bell Antitrust Exemption Act of 1980" and said it would virtually destroy competition against AT&T.

### Grassroots Lobbying: Skinning the Cat

"There's more than one way to skin a

parties to be more responsive to consumer needs, and the battle with the far right, particularly on referendum issues. Elaine Kamarck, speaking for the Democratic National Committee, said her party has a long history of supporting consumer issues and that its commitment has not changed. Lee Edwards, a staff member of the Republican National Committee, said his party seeks to protect consumers by insuring they have access to accurate information to make their own decisions, rather than making decisions for them by mandating the government to oversee or regulate business and industry.

Proposition 13 was discussed in the second part of the workshop as an example of how a popularly supported referendum designed to limit spending, resulted in drastic cutbacks in service. The current cry for a balanced budget was also described as not in the consumers' interest since it would too result in decreased government services and programs.



Workshop investigates home improvement frauds.

to choose from, as well as issue/strategy workshops.

### Problems Facing Senior Citizens: The High Cost of Everything

In the discussion of consumer problems facing senior citizens, more problems surfaced than answers. Heading the list was the almost impossible task of stretching a limited or fixed income to cover skyrocketing expenses. William Hutton, Executive Director of the National Council of Senior Citizens, spoke about energy issues and inflation, particularly the hardships posed by high home heating costs. Deniese Bond, Project Assistant for the Administration on Aging, talked about the deceptive practices of the funeral industry, urging caution and pointing out some of the common abuses.

### Fundraising Strategies: Maximizing Your Efforts

Fundraising is considered a necessary evil, but knowing where and how to focus your efforts makes the job easier and more profitable. Concrete suggestions for maximizing your organization's efforts were presented in the "Fundraising: Sources and Strategies" workshop. Methods for approaching foundations and ways to develop foundation proposals were discussed by Danny Wilks, Director of the Grantsmanship Center, Washington Office. Dustin Wilson, Director of the U.S. Office of Consumer Education, explained his agency's outreach, described the allocation process, and offered suggestions for applying for grants. The use of direct mailings in fundraising was discussed by Warren Braren, Associate Director of Consumers Union, and Al Luzzi, Director of the Milwaukee Concerned Consumers League, explained his organization's attempts to gain access to United Way funding.

### Conducting Price/Product Surveys: Should You Say Who You Are?

Suggestions on conducting local price/product surveys were offered in a marketplace workshop. The panelists had been involved personally in a shopping basket survey, a medical survey and a cemetery survey. They discussed all the aspects of conducting a survey from choosing and researching the topic to determining the survey's scope, methods for collecting the data, how to choose the best form for releasing the results and what follow-up is necessary. Several

you get the flavor of the sales ploy. In the cemetery survey, personally requesting prices, calling on the phone and sending a written questionnaire sometimes resulted in three totally different price quotes.

### Home Improvement Frauds: Consumers Be Warned

The Home Improvement Frauds workshop illustrated four distinct problem areas confronting consumers of home improvement services. There was a discussion of high pressure sales techniques and misrepresentation of tax credit information based on a California study of solar energy home improvements. Roofers also came under scrutiny for rip-offs, as did basement waterproofing firms. Many of the problems arising with roofers were described as representative of the difficulties presented by itinerant workers. The most egregious home improvement abuses, however, were linked to the basement waterproofing firms who use a soil injection method. The final presentation on lien-sale contracts exposed a complex swindle of California residents who lost their homes without benefit of due process.

### Talking Back to the Phone Company: "Don't Measure My Phone"

Panelists Lee Richardson and Judy Rubin wore their message to the workshop on how to talk back to the phone company. Their T-shirts declared: "Don't Measure My Phone." The discussion focused on ways to fight efforts by AT&T and other telephone companies to impose a new method of pricing for telephone service. Known as local measured service (LMS), it bases the price of local telephone service on the distance of the call, its length, and the time of day—a formula similar to the one now used for long distance calls. Rubin, a member of the Florida Consumers' Federation (FCF) charged the phone company cannot prove the LMS system is fair or justified by the costs of delivering service. LMS, she said, is like "having a pay phone in your home."

### Telecommunications Bill: "Bell Antitrust Exemption Act"???

There was little agreement among the seven panelists at the workshop discussing the telecommunications bill. They not only disagreed on the desirability of the bill, they also disagreed on the bill's provisions. Support for the bill (HR 6121),



Panelists advise how to conduct local surveys of prices and products.

cat" was the message that emerged from the workshop on grassroots lobbying. It is essential, the panelists agreed, to put together the most professional lobbying effort possible. The facts need to be thoroughly researched and double-checked for accuracy. Material must be compiled and presented as persuasively as possible. Letter-writing campaigns are effective, but only if full, cogent reasons are given for the position taken, not just stating that "we support" or "we oppose" the measure. The key to successful lobbying, however, is to remember: if one method does not work, try another. Be flexible. Revamp your position.

James Boyle, President of the Texas Consumer Association, also strongly urged state and local consumer groups not to spread themselves too thin by

### Wage, Price, Profit Controls: Head in the Sand

The debate was heated in the workshop on wage, price, profit controls, but the disagreement came from the audience, not from among the panelists themselves. The audience felt the panel had its collective head in the sand in stating inflation is not as bad as many think. Opposition to controls was expected from Terrence O'Rourke, Special Counsel to Alfred Kahn, but came as a surprise from Dr. Allen Ferguson, President of Public Interest Economics. Ferguson argued that controls are ineffective until the basic, underlying problems are solved. Inflation, he said, is not the real problem but is the consequence of people scrambling to maintain their



Panelists discuss telecommunications bill.

concentrating on too many issues. "It's more effective to carefully choose a few issues and target your resources on them," he said.

### Grassroots Political Clout: Two Problem Areas

The workshop on maximizing grassroots political clout investigated two problem areas: the reshaping of political

standard of living. The deeper problems are: strict regulation of motor carriers, energy, inefficiencies in government, marketing, advertising, monopolies, agricultural policies, etc. Wage and price controls do not control these forces. Once they are dealt with, Ferguson said, then controls would make sense, but only as a temporary measure since they cause consumers to lose political power.



# Big Business Day Fights 'Crime in the Suites'

First there was Earth Day, 1970, then Food Day, 1977, and Sun Day, 1978... now it's Big Business Day, 1980.

April 17 is the designated day to kick off a massive national campaign to expose and work toward the elimination of corporate abuse over the next decade. Sponsored by a broad coalition of labor, consumer, religious and environmental groups, including CFA, Big Business Day will hopefully mark the end of "business as usual" for the country's corporate giants.

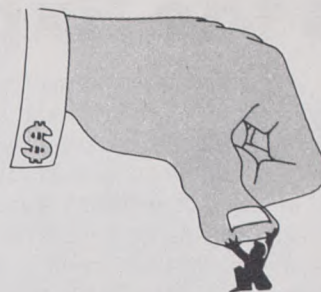
Big business is worried. *The Wall Street Journal* has already run an anti-Big Business Day editorial and the U.S. Chamber of Commerce published a 4-page special report in its national newsletter entitled "Big Business Day Spells Big Trouble."

The alarm is well justified. There has been an overwhelming response from people across the country who want to be involved in the Day's activities. Among the activities planned are teach-ins, film festivals, pickets, alternatives-to-

big-business fairs, and television and radio debates with business representatives.

The central focus of the Day will be a "Big Business Day Convention" at the Visitors Center in Washington, D.C. to inaugurate "Shadow Corporate Boards." These boards will monitor and analyze, on an on-going basis, the decisions of ten actual American corporations, to be chosen for their "socially bankrupt policies and need for increased accountability."

Big Business Day is not a token gesture. Reform legislation is being proposed which would establish between corporations and their employees and customers principles of accountability and avenues of meaningful input. This proposed "Corporate Democracy Act" does not establish any new regulatory agency. Indeed it is not a form of regulation. Rather, it provides for less corporate secrecy, ample notification to workers regarding plant closings, free speech and "whistle blower" protection for work-



ers, and stiffer criminal penalties for corporate criminal conduct. Although no one envisions quick and easy passage, the Act has already received substantial Congressional support.

The activities of Big Business Day and the issues they raise address a significant national problem—what the consumer/worker coalition calls "the fundamental question of the eighties," corporate power—its uses, abuses and lack of accountability.

For more information contact: Big Business Day, 1346 Connecticut Ave. NW, Rm. 411, Washington, DC 20036; (202) 861-0456.

## Home Mortgage Disclosure Act

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changes through the Community Reinvestment Act.

Happily, many lenders (despite initial concerns when we passed the 1975 Act) have now accepted the validity and the value of letting communities know where loan funds are being made available. Many of these institutions, I suspect, have seen markets open up through the disclosure provided by the Home Mortgage Disclosure Act and are today finding that these newly-discovered communities can be profitable. Some institutions, unfortunately, cling to the past, still arguing about paperwork, duplication and the lack of need for disclosures of mortgage lending patterns. It is difficult to believe, however, that any substantial part of the public or the Congress will buy the idea that it is difficult or costly for a financial institution to compile data on where its loan money is going. If any institution doesn't know where it made its loans and doesn't have this information at its fingertips, it may well be suffering some near-fatal management problems.

Despite its proven value and despite its growing acceptance, the Home Mortgage Disclosure Act will expire on June 28 of this year unless Congress acts. I think it is essential that Congress meets this deadline and makes certain that this important community development tool remains intact.

Our commitment to the cities is permanent and ongoing. It is not temporary. It is not subject to cancellation at the end of some arbitrary period. The Home Mortgage Disclosure Act, so much a part of the nation's commitment to the cities, should also be permanent. It should not be treated as transitory, requiring community groups to constantly return to Washington to prove and reprove the value of an anti-redlining, anti-discrimination, pro-community development policy.

## Consumer Calendar

### MARCH

21: **Public Participation Workshop** sponsored by the Federal Communications Commission—Miami, FL. Workshop to encourage increased public participation in FCC rulemaking proceedings. Other issues include Common Carrier regulation and communications issues. FCC contact: Jeanne Turonis (305) 350-5542

24: **FCC Public Participation Workshop**—New Orleans, LA. FCC contact: Janice Rivers (504) 589-2095/96

### APRIL

17: **FCC Public Participation Workshop**—Tucson, AZ. FCC contact: Grace Poirer/Dorothy Probst (213) 426-4451

17: **Big Business Day**—A decade-long campaign to end corporate abuses will be launched on Big Business Day. Activities are planned throughout the country combining education and action, description and prescription. (See accompanying article). For more information contact: Big Business Day, 1346 Connecticut Ave. NW, Rm. 411, Washington, DC 20036; (202) 861-0456.

19: **FCC Public Participation Workshop**—Seattle, WA. FCC contact: Deborah Caviata/Edward Ramras (206) 442-7653/54

22: **Earth Day '80**. The 10th celebration of Earth Day will focus on positive, resourceful initiatives throughout the country to improve environmental quality and protect our natural resources. Organize or participate in an Earth Day '80 event in your community. Send a self-addressed, stamped envelope to Earth Day, 1638 R St. NW, Washington, DC 20009; (202) 293-2550

### MAY

15: **Consumer Journalism Awards Competition sponsored by the National Press Club**—deadline for entries. Individual media categories include: newspapers, periodicals, wire services or print syndicates, TV, radio and books. Top overall entry receives 1979 Best Consumer Journalism Award. For full details contact: Consumer Journalism Awards, National Press Club, National Press Bldg., Washington, DC 20045, or Rick Gordon (202) 638-5300.

### JUNE

2-6: **J.C. Penney Annual Consumer Af-**

**fairs Forum**—New York City. Contact: David Schoenfeld, Consumer Advocate; J.C. Penney Co; 1201 Avenue of the Americas, New York, NY 10019

18-21: **Ninth Biennial Conference of the Continental Association of Funeral and Memorial Societies (CAFMS)**—Philadelphia, PA. Workshops and panels will focus on state legislation, funeral reform, the FTC funeral rule, hospices and consumer education, highlighted by a session on CAFMS' model project in reaching the elderly with funeral information. Contact: CAFMS, 1828 L St. NW Suite 1100, Washington, DC 20036; (202) 293-4821

## Census Tallies Up America

Why is the upcoming census important to you? Federally funded job-training programs, nutritional and social service programs for the elderly, help for abused children, money for extra reading teachers—for these and more than 100 other Federal programs totaling billions of dollars, proper fund allocation depends on data gathered from the 1980 census.

In fact a great deal depends on accurate and complete census data, which will directly influence national, local and private decisions on such matters as economics, education, employment, highway use, energy, international relations and the needs for health services, parks, water programs, etc.

The Constitutional purpose for the census is, of course, reapportionment of seats in the House of Representatives, and recent population estimates indicate extensive redrawing of district boundaries will be necessary after the 1980 census. California, Texas, Florida, Utah, Oregon, Tennessee, Washington and Arizona may gain one or more seats and New York, Ohio, Illinois, Pennsylvania,

Michigan and South Dakota all stand to lose seats.

Dramatic changes in American family life, and income are also expected to emerge from the census showing among other things; traditional family households of mother, father and one or more children now account for less than a third of the nation's households, and the number of unmarried couples sharing a household has more than doubled in 10 years.

Census questionnaires will reach every U.S. household on March 28 and should be answered and mailed back immediately. Households that do not respond will be visited by census takers to obtain the required information but the costs of noncooperation are tremendous. For every one percent of the population which does not mail back completed questionnaires, taxpayers will pay \$2 million in follow-up costs.

The message from the Census Bureau is: "We're counting on you. Answer the Census."

## CFA News Wins Honors

*CFA News* was ranked as one of the 25 best citizen publications in America in the recent issue of Citizen Participation newsmagazine.

Citing its "broad up-to-the minute coverage of national consumer issues [and]... good how-to-do-it material on consumer representation before utilities, retail price monitoring, and natural gas deregulation" the newsmagazine selected *CFA News* from among the thousands of publications reporting on citizen action and the public interest for distinction in stimulating effective action, clearly analyzing issues and providing up to date information on legislation, events, publications and programs.

*CFA News* is a unique and vital resource in dealing with consumer issues. The annual subscription rate is \$25 for 10 issues. For more information write: *CFA News*, 1012 14th St NW, Washington, DC 20005.



# Apologies for Consumer Assembly Snafu—Here's the Explanation

*CFA again takes the opportunity to apologize to those Consumer Assembly registrants who were deeply inconvenienced and frustrated by not being allowed entry into the Presidential Ballroom during the speeches by President Carter and Senator Kennedy. We hope the following letter puts into perspective the cause of the problem.*

February 25, 1980

Scott Douglass  
Staff Assistant  
The White House  
Washington, D.C.

Dear Scott:

Thank you for your letter of February 11th, praising the efforts of CFA's staff in conjunction with President Carter's speech at Consumer Assembly on February 7, 1980. As you will recall, we met with you and Keith Reisman of your staff for a lengthy meeting on the afternoon of February 7th. At that time we discussed the factors which led to the significant disruption, confusion and inability of 200-300 paid Consumer Assembly registrants to listen to the speeches of President Carter and Senator Kennedy, with a resultant loss of good will and revenues to CFA. In addition to you and Keith, participants in that meeting included representatives of the Capital Hilton Hotel (Messrs. Rice and Francesco), and CFA staff including Rita Vogler, Michael Podhorzer, Claudia Uccellani and myself.

Let me review the details of the foul-up as confirmed at that meeting.

- With your knowledge, we had consistently directed the hotel to set up the Presidential Ballroom to capacity (900-950 chairs) and had been told that the room would accommodate a total of 1100, including standing room (naturally no one would be allowed to block doorways). Shortly after 9 p.m., the night before the appearance of President Carter and Senator Kennedy, we met with you and Keith in the Presidential Ballroom (which had already been set up) to review final details.
- Later (after our supposedly final run-down of details) the Capital Hilton housemen were directed by Keith Reisman (as confirmed by Mr. Rice of the Capital Hilton Hotel) to make changes in the room set-up. Those changes resulted in a final chair count of 680 chairs, not the 925 chairs that had been set up when last we saw the Presidential Ballroom at 9:00 p.m. on Wednesday evening. Those changes included roping off the VIP section, cordoning off all four corners of the room, expanding the dias section, and expanding the exit route so that President Carter could leave by a door in the direction of the kitchen. Those changes had the direct result of having 245 chairs removed. Keith attributed the changes to security and fire code provisions. As you and Keith confirmed, at no time were those changes (let alone their implications on seating capacity) ever communicated to anyone at CFA.
- Nor were we asked (let alone notified) whether the Marine Band could participate. The Band took up one whole

corner of the room and our attempts to have them removed when we learned of their presence shortly before the President's appearance were unsuccessful.

- On the morning of the President's appearance no changes in our registration format were developed because, as indicated earlier, no one at CFA had been apprised by the White House that the Presidential Ballroom now had 680 seats not 925.
- Similarly at 9:30 the fire marshalls indicated that additional standing room would not be allowed even in areas of the room which did not block any doorways.
- As you both witnessed, over 200 Consumer Assembly registrants were not allowed access to the Presidential Ballroom. The White House Secret Service told CFA staff that after President Carter's departure (including the Marine Band and other government representatives) those newly emptied seats could be filled by some of the waiting registrants. Based on that representation we told those waiting that about 50 or more of them would be allowed in after the President's departure. (Those waiting included 50 senior citizens who had come by bus early that morning from the Eastern shore of Maryland).
- Yet after President Carter's departure, those same White House Secret Service agents refused to allow any new entrants, and instead made the sudden and unilateral decision that those seats would instead be filled by members of the press who had earlier been standing.

- As to a different issue, we had been told by the White House that the podium which is consistently used by President Carter would be left after his appearance, so that we could avoid the logistical confusion of taking down one podium and putting up another one for Senator Kennedy's appearance. In finalizing those details we inquired about the dimensions of the podium so as to insure that it would accommodate CFA's logo. Shortly before President Carter arrived, the White House advance representative told us that no CFA logo or other insignia (specifically Senator Kennedy's Massachusetts seal) could be put on the President's podium after his departure.

To put it mildly, the failure of the White House advance staff to communicate seating capacity changes to CFA staff was minimally unprofessional. It resulted in a serious (and potentially irreversible) direction of anger and hostility towards CFA staff by CFA members and non-members alike. Intensifying our frustration was the repeated inconsistent explanations by your office for the remainder of that day. For example, your assertion that the Marine Band "always" accompanies the President was rebutted by the Hotel personnel with several recent examples. CFA's Board of Directors joins the staff in communicating our complaint over the manner in which our event was handled.

Let me conclude by underscoring that the motivation of the Advance Staff's actions is irrelevant to the damage done to our organization. I look forward to your recommendations on how to correct the damage.

Very truly yours,

Kathleen F. O'Reilly  
Executive Director



Consumer Federation of America

1012 - 14th Street NW, Washington DC 20005

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