CONSUMER FEDERATION of AMERICA
CFA
CFAnews
January 1981
Volume 6
Number 1

High Interest Rates Feed Inflationary Fires

In This Issue . . .

Our New Look . . .

CFAnews has a new look and a new personality. The change in typeface and layout will make the newsletter more readable, and the shorter, more concise articles will allow for expanded coverage of news pertinent to the consumers. There will still be complete coverage of CFA's activities and longer feature articles as well.

CFAnews is a vital resource for anyone concerned with consumer issues. It has up-to-the-minute coverage of consumer news that is available in no other publication. Please let us know what you think of the new format and tell us what topics you would like to read more about in future issues.

If you are not already a subscriber to CFAnews, shouldn't you be? To receive your monthly copy, write today. The annual subscription rate is $25.

by Jim Boyle
Director of Governmental Affairs

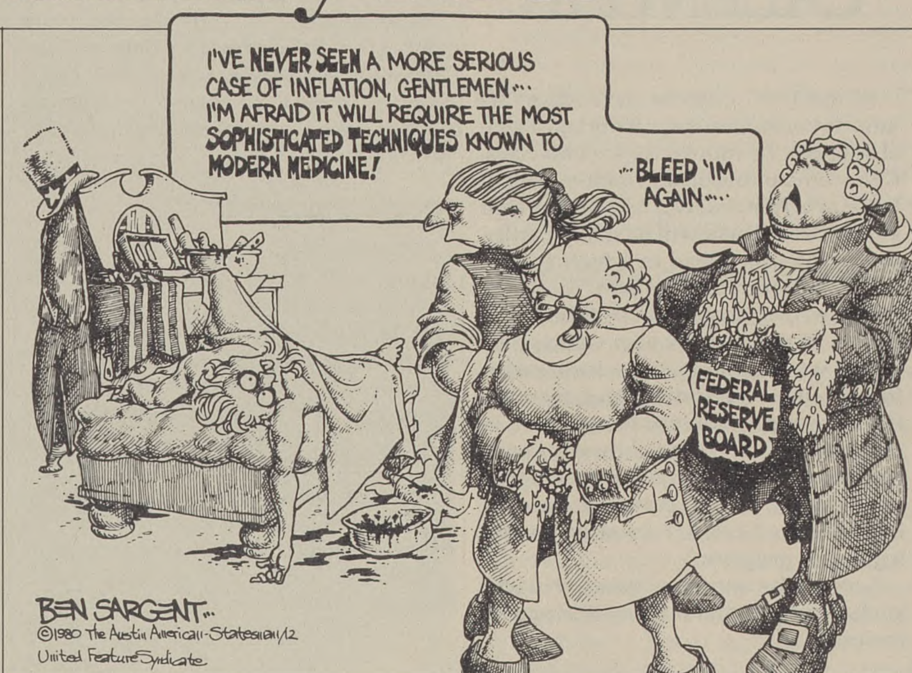
Over the last 10 months the Federal Reserve Board has engaged in a deliberate policy of raising interst rates in order to slow down inflation. The policy is based on the premise that higher interest rates would reduce the demand for credit. Less credit, so the theory goes, means less money in circulation and less money in circulation means each dollar will be worth more.

Why High Interest Policy Has Failed

The high interest rate policy however, has failed.

- The bludgeon of higher interest rates has depressed the automobile and housing industries causing the federal government's demand for credit to increase to pay for unemployment-related costs.
- The higher interest rate policy has not followed the inflation rate but has instead been a major factor in pushing the Consumer Price Index (C.P.I.) to ever higher levels.
- Thousands of small companies and farmers have been driven out of business by the higher interest rate policy, resulting in less competiton and higher prices in goods and services.
- Higher interest rates have discouraged long-term borrowing by businesses for new or improved plant and equipment, with the resulting decrease in productivity and higher prices for goods and services.

The Fed's high interst rate policy has been disastrous, increasing layoffs and the unproductive use of employed labor, capital and equipment in the automobile and housing industries. The unemployment has added to the federal deficit through increased payments for medicaid assistance payments, food stamps, and federal supplemental unemployment insurance benefits. The estimated growth in the last six months of the federal deficit due to unemployment alone is in excess of $9 billion. To finance this increased deficit, the government has been forced to borrow in the private market, thus increasing the money supply and spurring inflation.



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Pushing Up Inflation

Higher interest rates are immediately reflected in the Consumer Price Index (C.P.I.). Mortgage rates, for example, are a major part of the housing component of this index. Consumers, then, pay higher prices because transfer payments like social security and many rental agreements, wage agreements and other contracts are tied to increases in the C.P.I. Again, higher interest rates do not merely follow inflation, as asserted by the Fed, but actually *cause* it.

FOCUS:

Fed Policy Fails

There is no question that this policy has crippled hundreds of thousands of small businesses. In 1980, the failure rate for small businesses went up 50% over the previous year. Eliminating many small and medium-size businesses from private enterprise undoubtedly makes many markets less competitive forcing consumers to pay more for goods and services.

The Human Costs

In human terms, the higher interest rates are particularly devastating. When less credit-worthy individuals borrow to meet their basic needs, they particularly feel the sting of higher interest rates. (When the Fed raises the discount rate, a chain reaction of higher rates is set off for each category of borrower—from the best to the least credit-worthy.) The less credit-worthy an individual is, the larger the interest rate increase.

The higher interest rates make it much more difficult for low and middle-income Americans to attain financial security. The higher rates help push more and more families, who must borrow to purchase necessities, into an economic pressure cooker, with destructive effects on family stability and cohesion.

Millions of families have been pushed to the brink of financial insolvency. In the last several months hundreds of thousands have taken the plunge into bankruptcy. For those families, the higher interest rates only make the economic straightjacket that much tighter.

The Lost Dream of Home Ownership

The rise in interest rates serves to deny millions of Americans the opportunity of home ownership as well. A three percent increase in the interest rates, from 10% to 13%, in the median cost of a home in the United States means that the wage earner's income must increase by $10,800 just to qualify for purchasing such a home. The increase particularly hits hard at single women, hispanics and blacks in denying them the dream of home ownership.

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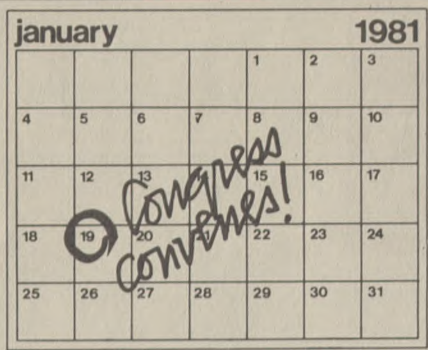

LEGISLATIVE CALENDAR

As the 97th Congress takes office this month, consumers face many legislative challenges. To address these challenges, CFA is embarking on an ambitious legislative program that will be active as well as reactive. "There will be many battles in the months ahead in which consumers will be on the defensive," said CFA Director of Governmental Affairs Jim Boyle. "But there are also vital issues where we hope to take the lead, pushing for new legislation and forming the necessary coalitions to see that it is enacted. This is a crucial time for consumers and now more than ever before we will be asking our members to become more actively involved in our legislative program."

Some of the important issues that will surface early in this session of Congress include:

Natural Gas Deregulation

Natural gas controls are already due to expire in 1985, but there is considerable industry pressure for the Reagan administration and the new Congress to accelerate this timetable. The major producers are lobbying for immediate and complete deregulation of natural gas prices. This translates into hundreds of lost dollars annually for every household using natural gas, and represents $100 billion windfall for natural gas suppliers.

Windfall Profits Tax

Support for the repeal of the windfall profits tax will be strong in this Congress. The oil industry is well represented in Congress and has the sympathetic ear of the Reagan Administration. Repeal of the windfall profits tax will further fatten the oil industry's coffers and could deal a devastating blow to the program for renewable energy sources.

Interest Rate Ceilings

As the prime interest rate hits 20% and above, Congress will feel the strength of a special interest alliance which has been lobbying tirelessly to remove all interest rate ceilings. This alliance of banks, saving and loan institutions, and automobile dealers has many friends in high places. But while removing the interest rate ceilings may serve these special interests, it will deal a severe blow to consumers as it sends costs soaring for housing, durable goods and other products.

Legal Services

The National Conservative Union along with the Conservative Caucus and other right wing groups are gearing up for a massive assault on Legal Services. A majority of the precedent setting litigation which has benefited consumers during the last decade was brought by Legal Services attorneys. This litigation was generally beneficial to middle-income as well as low-income consumers. The attempt by the far right/special business interest coalition to kill Legal Services will severely cripple the consumer and public interest movements in this country if it succeeds.

Consumer Education

A major effort at comprehensive consumer education legislation will be made by CFA in the 97th Congress. The legislation will promote consumer education in its broadest form and not just buymanship. There will be special emphasis on making consumer education available outside the traditional secondary school and higher education settings and there will be a special emphasis on consumer citizenship.

Small Savers

Less than 4% of a wage earner's paycheck finds its way into a savings account. CFA will support legislation to encourage savings, possibly through tax incentives. Increasing savings is crucial to combat inflation by providing money for loans for housing, and for business to become more efficient and productive.

Delaney Amendment

The Delaney Amendment, which bars cancer-causing substances in food, is being threatened by a powerful food industry lobby. Congress, with the support of the new Administration, is expected to take aim at the Delaney Amendment this spring, hoping to severely cripple, if not kill the clause. CFA strongly opposes any attempt to weaken the Delaney Amendment.

Product Liability

Manufacturers and insurance companies are getting ready to mount a major offensive against the right of consumers to gain compensation for defective products. For the most part, the laws relating to liability for injuries resulting from unreasonably dangerous or defective products has been established in the judicial system. But in another example of business circumventing the courts through an appeal to Congress, the manufacturers and insurance companies are planning to lobby Congress to shorten the time period in which the consumer can file suit after an injury occurs. They are also going to ask Congress to absolve them of liability if a product was not used for its usual purpose even though the purpose for which the consumer used the product was entirely forseeable.

National Consumer Cooperative Bank

There is some support in the Reagan Administration for eliminating the Coop Bank. At the very least, CFA and other consumer-oriented groups will need to give strong support to the Bank to guarantee its ability to provide technical assistance to cooperatives who seek loans from the Bank.

Sugar

As part of the farm bill there will be an attempt to significantly increase price supports for sugar. CFA will maintain its traditional stance of opposing these price supports. Because of the extensive use of sugar by the food industry, increases in the cost of sugar result in a considerable boost in food prices.

LEGAL BRIEFS

In a decision that has broad implications for the future of mandatory patient package inserts (PPIs), the United States Court of Appeals has upheld the statutory authority of the FDA to require pharmacists to distribute with all perscriptions for estrogen, a pamphlet fully informing patients of the benefits and risks involved in the use of the drug.

The Pharmaceutical Manufacturers Association (PMA) brought the suit against the FDA in the Third Circuit Court of Appeals, challenging the FDA's authority under the Food, Drug and Cosmetic Act to require the PPIs for estrogen, which contain in lay language information concerning the drug's effectiveness, contraindications, warnings, precautions and adverse reactions. The suit, in which CFA was an intervening party on behalf of the FDA, was heard on appeal by the PMA after the U.S. District Court in Delaware ruled in favor of the FDA.

A three year trial program requiring PPIs in 10 classes of drugs is scheduled by the FDA to begin this spring. "This case has particular importance for that program," said CFA Governmental Affairs Director, Jim Boyle, "because if the FDA's legal authority to mandate PPIs hadn't been upheld, the FDA would have to seek Congressional approval before requiring any PPIs. Given the mood of the new Congress passage of such authority would be unlikely."

The National Association of Chain Drug Stores, an intervening party for PMA, has petitioned the court to review its decision, but a rehearing is considered unlikely.

• • •

CFA has filed a friend of the court brief before the U.S. Supreme Court in the Lester vs. Anderson case, in which a lower court ruling threatens to seriously cripple a federal safeguard for low income consumers making home improvement loans. Under the Truth-In-Lending Act, an individual wishing to cancel a loan may do so within 72 hours of receiving a recession notice, informing the consumer of his/her right to cancel the contract without penalty. If the consumer recinds or cancels within the allotted time, the creditor has 10 days in which to return any money paid to him by the consumer. The consumer must also return to the creditor a sum equal to the reasonable value of the completed work. However, if the creditor fails to return the borrower's funds, the consumer is under no obligation to repay this amount.

At issue in the Lester vs. Anderson case is the question of whether or not the borrower must return the reasonable value of work before receiving payment from the creditor. The Louisiana Third Circuit Court of Appeals has ruled that the borrower must return the funds before any indication of the creditor's willingness to pay is received. However, according to CFA's Director of Government Affairs, Jim Boyle, this decision is contrary to the intent of the law and will make recission a valueless process for low-income consumers who are most frequently victimized by home improvement frauds and who are often unable to obtain the money to pay back the creditor without receiving the money they have paid.

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CFAnews is published 10 times a year. Annual subscription rate: $25 per year.

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Design & Typeset

Regulatory Attackers Inflate Costs, Ignore Benefits

The season's first snow falls lightly on the statue at the entrance to the FTC. Consumer protection agencies expect more severe anti-regulatory blizzards before the winter ends.

Editor's Note:

In his confirmation hearing, Commerce Secretary-Designate Malcolm Baldrige called for "top to bottom deregulation of industry." For many members of the Reagan Administration an assault on regulation will be a top priority. Like Baldrige, Murray Weidenbaum, head of the Reagan Administration's Regulatory Task Force, is an outspoken critic of regulation. Weidenbaum has urged a year-long moratorium on new regulation, followed by a trade-off period during which an old regulation must be rescinded before a new regulation can be enacted.

David Stockman, Director-Designate of the Office of Management and Budget, has also called for severe curtailment of the regulatory process. In his blueprint for the Reagan Administration's first 100 days, he urges a system of "unilateral administrative actions to defer, revise or recind existing and pending regulations wherever legal authority exists." He has also called for an omnibus "suspense bill" to defer rule-making and compliance deadlines already on the statute books for the next 20 months, and to implement Weidenbaum's one-year moratorium on new rulemaking.

After the first 100 days, Stockman recommends the development of a "fundamental legislative policy reform package" that would insert "mandatory cost-benefit, cost-effectiveness and comparative risk analyses into the basic enabling acts—Clear Air and Water, Safe Drinking Water, OSHA, etc. Without these statutory changes," Stockman warns his business colleagues, "administrative rule-making revisions in many cases will be subject to successful court challenges."

In this issue of CFAnews we will look at business' anti-regulatory arguments and at the benefits of regulations that they choose to ignore. And in coming months we will continue to examine this crucial issue.

For nearly two decades, American citizens have reaped the benefits of strong federal consumer protection laws which help insure that the food they eat is safe, the drugs they take are effective, and the cars they drive and the products they buy are not defective. In the past two years, however, special business interests have been waging a massive and alarmingly effective campaign to wipe out the gains made to protect consumers.

These special interests, led by the National Chamber of Commerce, the National Association of Manufacturers and the Grocery Manufacturers of America, have fanned the flames of protest against government regulation by exploiting consumers' deep concern over renewed rounds of inflation, recession and unemployment. They have made the regulatory process the scapegoat for all our society's problems from the decline of the dollar and lowered productivity, to loss of U.S. competitiveness in the world market, and the near-collapse of the Chrysler Corporation.

Widespread Attack on Consumerism

"Both the regulatory process and consumerism are under widespread attack," warned Consumer Product Safety Commissioner David Pittle just prior to the November elections. There is an "organized effort to persuade the American people and its representatives that consumerism and regulations adopted by agencies born of the consumer movement play a significant role in inflation and in the decline of the quality of life in America."

Until recently, the outpouring of rhetoric and statistics from the anti-regulatory camp has received widespread public attention but little critical examination. However, during the past year a number of organizations have reassessed the impact of government regulation and questioned both the statistics and the conclusions offered by business. They question whether cost-benefit analysis should be the criteria for issuing final regulations. They look critically at the nature of federal offices classified as regulatory agencies. They investigate businesses' claims of high compliance costs. And they look behind the dollar signs for the social benefits of regulation.*

The Numbers Game

Cost-benefit analysis is the methodological meat-and-potatoes of the anti-regulatory economists. They assert dollar signs and price tags can be affixed to any commodity, including a human life. If the price tag doesn't exist it must be created.

This method works to the advantage of the special business interests, since it is easy to pad the costs column of the ledger. One common method for inflating regulatory costs is to include as a "regulatory agency" any and all of the federal offices that require paperwork. Thus the Copyright Office of the Library of Congresses and the Internal Revenue Service are listed next to the FTC and CSPC as regulatory agencies. And the cost to business of complying with these agencies' requirements—including the costs for maintaining large, full-time legal staffs to find loopholes in IRS laws—are factored into the corporate regulatory cost analyses. For example, less than one-third of conservative economist Murray Weidenbaum's $102 billion estimate of the cost of federal regulation can be attributed to health and safety laws.

Another common category in the inflated regulatory cost budget is economic cartel regulation. But cartel regulation, such as that of the Federal Communications Commission or the Interstate Commerce Commission, has little if anything to do with health, environmental or safety regulation. In fact, cartel regulation often works to ensure the hegemony of monopolistic corporations and not only keeps consumer prices high but is itself a costly operation.

Turning Costs Into Profits

The costs of complying with federal regulation is another area in which businesses can inflate their figures. It is often hard to dispute these figures since there is no way to double check their accuracy. And relying on the integrity of the companies who provide the statistics can be a mistake. In its investigation of U.S. Steel, the Securities and Exchange Commission discovered the corporation kept two sets of figures for compliance with environmental standards. A lower set of figures was geared to investors and a higher set was kept for distribution to the media and the public.

The substantial costs of avoiding compliance is also factored into compliance costs by many firms. In 1974, the Swedish automaker Volvo revealed that the biggest expense in the large figures released by automobile manufacturers on the cost of meeting U.S. federal regulation was the money spent to resist the regulations.

". . . the auto industry attributed a $25 price increase to the installation of mandatory shoulder harnesses in its cars. But an investigation . . . revealed the cost was only $5 per car."

Some companies have also found they can turn a handsome profit when they pass on compliance costs to consumers. In 1968 the auto industry attributed a $25 price increase to the installation of mandatory shoulder harnesses in its cars. But an investigation by a Senate committee revealed the cost of compliance was only $5 per car. The auto industry reaped a disguised $100 million profit from the introduction of the safety device as well as grist for its

See REGULATION, page 4

Regulation, *from page 3*

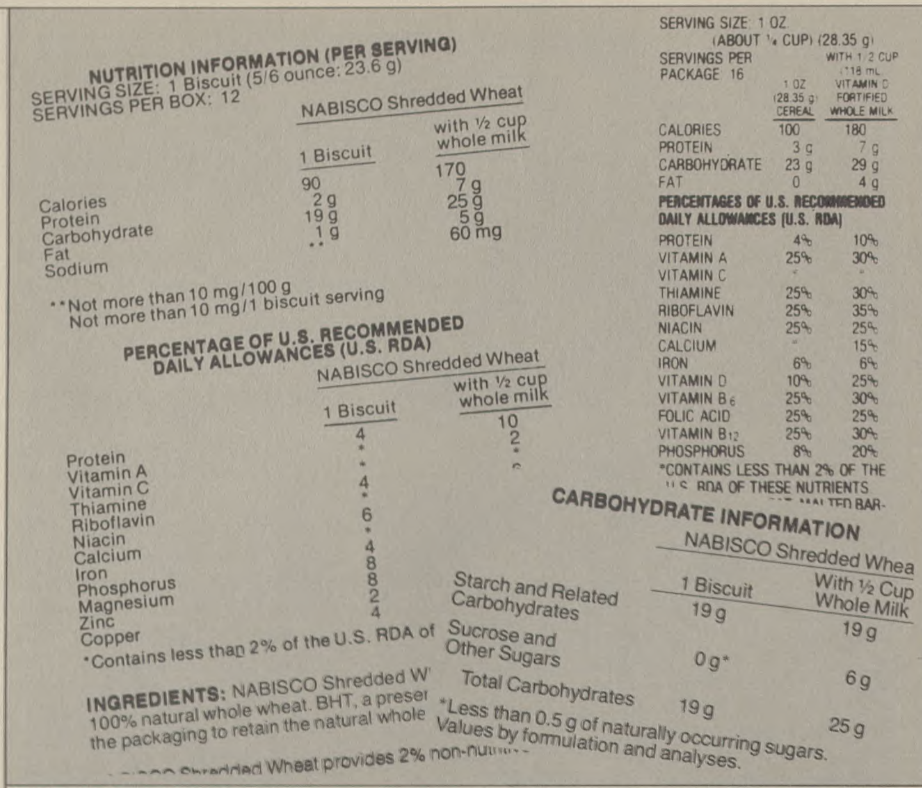
anti-regulatory mill with the bloated cost-of-compliance figures.

A Price Tag on Life?

Price tags, whether accurate or not, are more easily affixed to costs than benefits. But economists have developed two methods that are now commonly used to calculate the value of life and health. The Discounted Future Earnings (DFE) method tallies the value of a life based on a person's wages. Lifetime earnings lost through early death is the index, discounted for inflation. The poor, the weak and the disadvantaged are the most discriminated against in this method. One DFE index places the value of an 85 year-old black woman at $128.

The second method for measuring benefits is Willingness to Pay (WTP). This is based on trade-off theory: how much is an individual willing to pay to avoid the risk of death? This method assumes that people can afford to take risks but part of being poor or disadvantaged is not being able to afford risk avoidance. Only the poor must trade health for increased wages. Often they must choose between a risky job or no job at all.

The human value of spared lives and avoided injuries as the result of the regulatory activities of agencies such as the Consumer Product Safety Commission, the Food and Drug Administration, the National Highway Traffic Safety Administration, the Occupational Health and Safety Administration, and the Environmental Protection Agency, cannot be calculated in dollar signs. An estimated 100,000 people are alive today because of Federal highway and automobile regulations. Child-resistant drug packaging alone prevented more than 34,000 accidental poisonings in a three year period. OSHA inspections prevented an estimated 350 workplace deaths in both 1974 and 1975. And the regulatory activities of the CPSC reduced product-associated injuries by approximately 100,000 in 1979 alone.



The FDA would like to expand requirements for food labeling to include more nutritional information.

The Benefits to Society

However, there are some benefits of health, safety, and environmental regulation which can be quantified in dollar terms. It is estimated up to $300 million is saved each year by keeping ineffective drugs off the market. Air pollution regulations save consumers another estimated $5 billion a year, and automotive pollution controls represent an annual estimated savings rangeing from $2.5 billion to $10 billion.

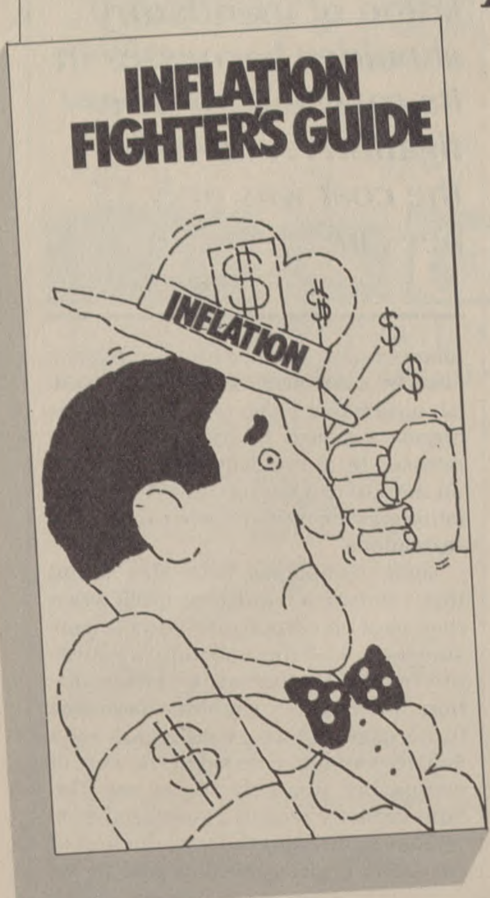
In addition to these direct benefits, regulation also produces indirect leveraged benefits. The economic incentives for controlling unregulated hazards and pollutants will be far greater once industry realizes it must bear the ultimate costs of clean-up. Had Hooker Chemical Company not dumped its waste into Love Canal the cost of disposal would have been an estimated $4 million. The final cost of cleaning up Love Canal will exceed $100 million.

> *"An index commonly used by economists places the value of an 85 year-old black woman at $128."*

Even more important are the benefits to society once industry becomes more concerned with preventing tragedy than with cleaning it up, more willing to make the workplace safe than to stop safety inspections, more intent on establishing adequate quality control than on fighting a liability suit.

In the last Congress, the special business interests pushed legislation to cripple OSHA and the FTC. Their scope will be broader this year as they take aim in addition at NTSA, CPSC, the Delaney Amendment and EPA, and push for legislative vetoes, sunset legislation and budget cutbacks. The pressure to emasculate consumer protection programs is growing. Consumers must counter that pressure from special business interests and speak loudly for the right of every American to strong consumer protection laws.

*Studies discussed in this article include: *Business War on the Law: An Analysis of the Benefits of Federal Health/Safety Enforcement,* Mark Green and Norman Waitzman, published by Public Citizen; *Benefits of Environmental, Health and Safety Regulation,* Senate Committee on Governmental Affairs; *Comparisons of Estimated and Actual Pollution Control Cost for Selected Industries,* Environmental Protection Agency; and *Environmental and Health Safety Regulations, Productivity Growth and Economic Performance: An Assessment,* Joint Economic Committee and Senate Commerce Committee.



A Guide To Fighting Inflation

Arming consumers for their battle against inflation is the goal of the new *Inflation Fighter's Guide* written by CFA Executive Director Stephen Brobeck.

The guide contains 10 key rules that can add up to big savings for consumers. "Each of the rules has the potential to save families hundreds and even thousands of dollars," Brobeck said. "By putting all ten into practice, some families can increase their purchasing power by as much as 25%. The key is to be aggressive. The only way to beat inflation is to fight it."

In addition to providing basic strategies for combating inflation, the pamphlet also lists other publications consumers can turn to for further help. The guide is published by the Industrial Union Department of the AFL-CIO. Copies can be obtained without cost by sending a stamped, self-addressed envelope to *Inflation Fighter's Guide,* Consumer Federation of America, 1012 14th St. N.W., Washington, D.C. 20005.

Inflation, *from page 1*

In addition to all those negative aspects, a high interest rate policy has the result of making any economic downturn more severe and long-lasting. Recovery becomes far more difficult for families and businesses with large debt burdens.

Some Alternatives

More sensible than raising interest rates is the selective restriction of credit. The housing and automobile industries, which are acutely sensitive to higher interest rates, should be excluded from any such restrictions. For the purchase of boats, recreational land, beachfront condominiums, gambling complexes, and other such nonessential goods and services, down payment requirements should be increased substantially—perhaps to 50% of the purchase price. This would have the effect of considerably drying up loan demand while at the same time freeing up more money to be available for the ailing automobile and housing industries.

It is time for the Fed to abandon its high interest rate policy which is punishing consumers, farmers, small and medium size businesses, and decreasing competition and productivity of private enterprise. This policy must clearly be viewed as adding to and not diminishing inflation. The approach should be discarded and replaced with a more reasoned and humane policy for increasing the purchasing power of the dollar.

CFA is forming a network to develop a monetary policy which does not depend on high interest rates. If you share our concern, please cut along the dotted line and let us hear form you soon.

☐ I want to work toward the formation of a network dedicated to developing a reasoned and humane monetary policy which does not rely on high interest rates.

Name

Address

City State Zip

Phone (please include area code)

Organization

Anti-Regulatory Tune Grows Louder

by David Pittle,
Commissioner, Consumer Product Safety Commission

These post-election days have produced an endless array of explanations and predictions about the impact of the landslide victories of President-elect Reagan and the many new conservative members of Congress. My friends and colleagues are asking me if I am prepared for the vigorous attacks on safety regulation that they expect the new Administration to mount. My answer is that it will be a familiar tune, but played much louder.

We at the CPSC ran a tough gauntlet two years ago when we sought and obtained Congressional reauthorization. At that time, serious suggestions were made to abolish the agency. More recently, the Federal Trade Commis-

SPEAK OUT

Consumer Product Safety Commission

> ***"I have been amazed at how Congress, after enthusiastically establishing new agencies and expanding powers of older ones, can turn so abruptly and attack its own creations."***

sion's Congressional reauthorization was characterized by vigorous assaults whose purpose was to cut the agency's ability to carry out its mission.

I have been amazed at how Congress, after enthusiastically establishing new agencies and expanding powers of older ones, can turn so abruptly and attack its own creations.

I suspect that the Vietnam War and the Watergate crisis convinced many Americans that government acts in its own interest, and not theirs, and that government cannot be trusted to tell the truth. More recently, inflation and recession have led people to believe, incorrectly in my view, that government involvement in the marketplace usually makes things worse rather than better. I think a critical factor in bringing about this belief has been the aggressive, highly professional and well-financed, industry challenge to regulation. Actions ranging from intensive grass-roots business lobbying to widespread advocacy advertising have focused national attention on industry's objections to agency rulemaking.

Medicine safety caps prevent thousands of accidental poisonings each year.

Telling It Straight

Although there have been instances where government regulations have gone awry, many of the attacks against agencies are inaccurate and unfair. Just as the Congress and the courts expect regulatory agencies to document the factual assumptions and technical information upon which they rely, I think that agency critics should document theirs. For example, one infamous case, cited often in advertisements run by the insurance industry, involved a man who allegedly tried to use his power lawn mower as a hedge trimmer, injured himself, sued the mower manufacturer and won. As one of these ads concluded, "The price of insurance must reflect the costs of paying for those losses and the expenses of handling them. No one likes higher prices. But we are telling it straight." The problem is that the ad was not telling it straight. When the insurance company was asked to document the story, it could not and withdrew the ad.

While I expect a lot of sharp questions about what regulators have been doing in recent years, I hope that the incoming administration will maintain an open mind about our activities. I do not believe that the recent election constitutes a mandate to end regulation of dangerous consumer products. If it has anything to do with regulation, I think it is a call for intelligent and reasonable regulation.

The Need to Look Farther Down the Road

I believe that beneath much of the current public antipathy toward regulation lies a basic acceptance of the need for carefully wrought, timely and effective government rules. As the conservative columnist George Will stated several years ago in an article praising the fuel efficiency requirements of the 1975 Energy Policy and Conservation Act:

> The state is more than a device for serving the immediate preferences of its citizens. Its purpose is to achieve collective objectives, and the collectivity—the nation—includes a constituency of generations not yet born. That is why the state, unlike an economic market, has responsibilites, and must look down the road farther than citizens generally look, in their private pursuits. Thus the state's legitimate purposes are more complex than the run of citizens' private purposes; the public interest is not just the automatic, unguided outcome of the maelstrom of private interests.

I believe that like Mr. Will, many thoughtful Americans do understand that a certain amount of government involvement in the market is necessary to make it function properly, especially

> ***"I do not believe that the recent election constitutes a mandate to end regulation of dangerous consumer products."***

in areas such as product safety, where the individual consumers often cannot exercise much influence over the safety of the products available to them.

Congress did not create agencies like the CPSC or the FTC or OSHA to destroy our economic system. Rather, they established them to preserve and promote the system. Most consumers, I think, want reassurance that companies will compete vigorously in the marketplace without manufacturing products that sacrifice minimum levels of safety in order to undersell their competitors. In most cases, no government involvement is necessary to produce this result. However, in those instances where some government action must be taken, I think consumers will support it as long as they are convinced that it is necessary, restrained and effective.

CPSC is up for Congressional reauthorization again this spring. What the future holds for us is unclear. Presumably the options for the President-elect will range from the abolition of the agency to its enhancement. What the President recommends to the Congress and the action the Congress takes will reflect what consumers and industry have to say about the CPSC and its effectiveness and reasonableness. I urge you not to let the debate occur without you.

> ***". . . beneath much of the current public antipathy toward regulation lies a basic acceptance of the need for . . . effective government rules."***

Consumer Benefits at Reasonable Costs

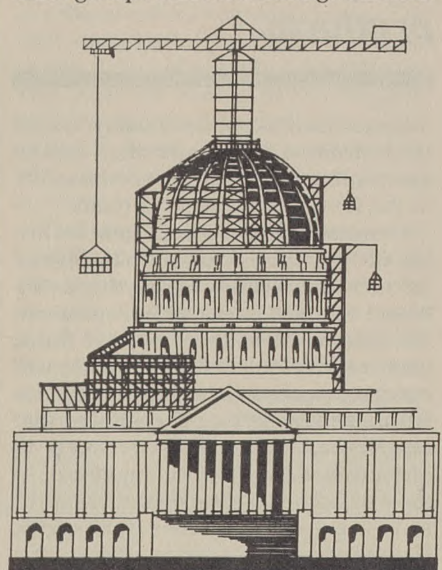
Commissioner Pittle Believes many CPSC safety requirements have provided substantial benefits for consumers at a reasonable cost. He cites come examples:

- Safety packaging requirements for aspirin, prescription drugs, drain cleaners and certain other poisons have prevented 65,000 injuries and 40 deaths each year.
- Since the safety standard for cribs became effective, crib deaths by strangulation have fallen by more than half.
- Flammability requirements for children's sleepware have prevented 1.600 serious burns and 60 deaths each year.
- Safety requirements for power lawnmowers (to be effective in 1982) are predicted to prevent ultimately 22,400 injuries each year.
- Safety requirements for glazing used in storm doors, patio doors, etc., will prevent ultimately 58,400 injuries each year.

Consumer Assembly '81: Fresh Perspectives, Innovative Solutions

by Stephen Brobeck
Executive Director

Since 1966 Consumer Assembly has been a forum for consumer activists and educators from across the country. It has provided an opportunity for national, state and local leaders to address major issues of concern to consumers. Each year representatives of consumer, cooperative, senior citizen, farmer and labor groups meet to exchange information, to formulate new policies and to renew their commitments to the public interest.



WASHINGTON PERSPECTIVE

In a year of political transition the Assembly takes on special significance. As allies are leaving office, new leaders are advocating the reduction or elimination of consumer programs. Underlying these political changes is a stagnant economy caught in a vicious cycle of double digit interest and inflation rates, and an increasingly shortsighted, irrational allocation of human and capital resources. Speakers and panelists at Consumer Assembly '81 will analyze the significance and propose responses to these conditions. Specifically, they will:

1. Report on the attitudes and behavior of American consumers, and address the significance of these concerns for the consumer movement's agenda.

2. Introduce consumer leaders to the new Republican and Democratic leaders, and provide opportunities to hear the former explain their consumer policies and programs.

3. Discuss ways in which the consumer movement can save important government regulations and social programs, and develop strategies for guaranteeing the survival of effective low-income programs, particularly food stamps and neighborhood legal services.

4. Propose strategies for fighting inflation and high interest rates to include retaining controls on crude oil and natural gas prices, and improving the quality of consumer products, thereby enhancing the competitiveness of domestic and international markets.

5. Consider strategies for more extensive and effective consumer/citizen participation, including mechanisms for grassroots lobbying at state and federal levels, and techniques for effective consumer/citizen action.

The crucial challenge for the consumer movement is development of fresh perspectives and innovative solutions to persistent consumer problems like inflation and the lack of consumer access to political decision-making. To encourage this development, Consumer Assembly '81 will have more than usual diversity of participants and formats, including debates on controversial consumer issues. These sessions, together with how-to workshops, are intended to help prepare consumer leaders to face the new challenges of the 80s.

REGISTER NOW for Consumer Assembly '81

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Mail your registration to:
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1012 14th Street NW, Suite 901
Washington, D.C. 20005
(202) 737-3732

REGISTRATION: February 4: 3-6pm
February 5-6: 8am-5pm

Please Register Me For:

GROUP 1: Designated representatives of CFA member groups. .... Fee: $75

GROUP 2: Government, Academic and non-CFA public interest groups. .... Fee: $95

GROUP 3: Industry and trade association representatives. .... Fee: $325

(Includes all sessions, two luncheons)

Exhibit Area Fee (per table):

Group 1 fee	Free
Group 2 fee	$100
Group 3 fee	$225

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CONSUMER ASSEMBLY 1981

THE NEW POLITICS: What's Ahead for Consumers

February 5 & 6 • Capitol Hilton, Washington DC
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- Fighting Inflation in the Food, Energy and Credit Sectors
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- Corporate-Consumer Relations
- Expanding Consumer Power at the Grassroots
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