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CPSC: An Agency Worth Saving

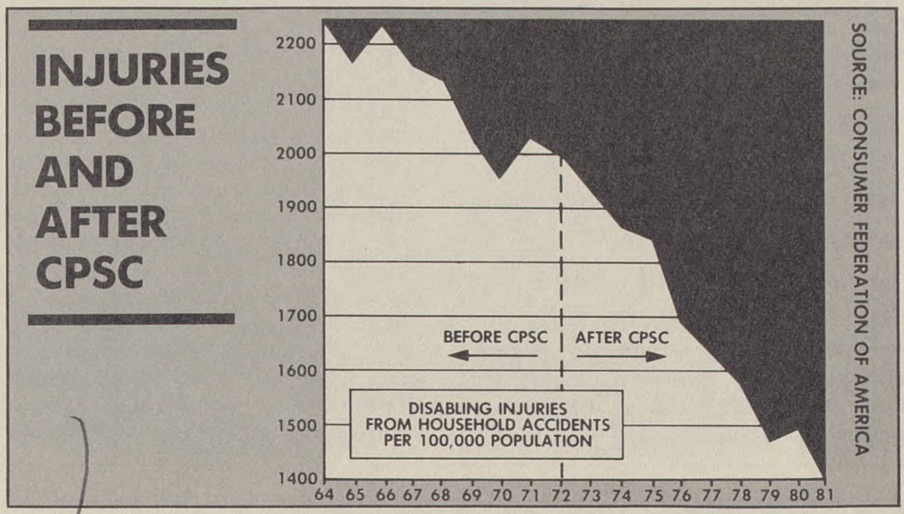
This looks like the lead ¶ for

Inside This Issue . . .

Five million fewer deaths and disabling injuries, and total economic savings of over $14 billion were the main findings of a Consumer Federation of America study on the trends in household accidents since the creation of the U.S. Consumer Product Safety Commission (CPSC).

The CFA study, released at a recent Washington news conference, had an immediate impact on the current debate over whether the Commission's independent rule-making power should be eliminated.

"Our figures demonstrate the colossal human cost of the Levitas Amendment," said CFA Legislative Director David Greenberg. "If the amendment succeeds in subjecting every CPSC rule to intense special interest lobbying on Capitol Hill, all the progress we've made on safety since the Commission was created will be lost."



Washington Post.

Safety In Numbers

The general trends in reduced injuries and deaths documented in *On the Safe Track* (see below) are bolstered by findings regarding the direct benefits of CPSC regulation over the last five years. According to Anne Averyt, a co-author of the report, the Commission's safety standards and product bans during this period prevented over 1.25 million injuries and deaths and saved more than $3.5 billion dollars.

Levitas Responds

The CFA study brought an immediate response from the office of Congressman Levitas. "Congress is the body elected by the people and accountable to the people, not a CPSC Commissioner," said a Levitas legislative aide.

> *If the Levitas Amendment succeeds in subjecting every CPSC rule to intense special interest lobbying on Capitol Hill, all the progress we've made on safety will be lost.*

But according to CFA's Greenberg, that perspective misses the whole point of why Congress itself chose to create an independent product safety agency.

"The complex and technical decisions that go into safety standards for toys, household chemicals, and the thousands of other consumer products within the CPSC jurisdiction demand expertise and impartiality," said Greenberg. "That's exactly what the Commission's procedures require by providing advance notice of agency action, full and open hearings, decisions based on substantial evidence in the record, and judicial review."

Special Interest Appeals

The Levitas Amendment would make that entire procedure a preliminary event with no legal impact, Greenberg told the press conference. "It would move the only real action into the halls of Congress," he said. "The prospects for safety under such a system are grim." Greenberg pointed to the fates of the FTC Used Car Rule and the bank withholding legislation, two prominent issues where reasoned debate was drowned out by campaign contributions and high pressure lobbying tactics. The equally controversial issues within the CPSC mandate—e.g., cancer-linked chemicals in consumer products—would turn the Congress into "a special interest court of appeals," he said.

All Regulation Jeopardized

Recent events on Capitol Hill suggest that the Levitas campaign may eventually stretch beyond the CPSC to encompass all health and safety regulation. "Already, Levitas and others have threatened to attach amendments similar to the CPSC provision to FTC and EPA legislation," Greenberg said.

In fact, it now appears that the CPSC will not be the agency to face the next test vote. Instead a House vote on proposed amendments to the hazardous waste disposal bill will signal Congress' current sentiments on whether independent regulatory authority is to be withdrawn from agencies.

According to Greenberg, supporters of the CPSC will be watching that vote carefully in order to develop their strategy for upcoming conference on the Commission's reauthorization bills.

CFA Study Supports CPSC Safety Record

Since the beginning of the Reagan Administration's assault on the Consumer Product Safety Commission, the central question has been: Has the agency made life safer than it would have been if product safety was left in the hands of business? Was an agency needed to police, through recalls, bans and voluntary and mandatory standards, the more than 10,000 consumer products within its jurisdiction, or would business have policed itself just as effectively?

On the Safe Track: Deaths and Injuries Before and After the Consumer Product Safety Commission, a CFA report released in mid-September, answers those questions. According to CFA Information Director and principal author of the report, Ann Lower: "The results show we turned the corner on accidental household deaths and injuries after the CPSC was established. In the nine-year period just prior to the Commission's creation, accidental household injuries declined by 11 percent, compared to 28 percent in the nine-year period following the Commission's inception. Deaths in that period fell by 27 percent compared to 13 percent in the earlier nine years."

The CFA reports looks at the National Safety Council's estimates on non-violent accidental deaths and injuries in the home, as well as at CPSC's own emergency room injury data. It concludes the Commission has had a positive impact on safety in the U.S., and in addition has saved consumers $14 billion that would have gone into medical expenses and lost wages.

The report also traces the public's mandate for product safety back to the early 1960s and explains the impact of the "new consumerism" of the 1960s and 70s on the formation of the CPSC in the early 1970s.

Based on CPSC's emergency room data, *On the Safe Track* also examines the impact, in deaths and injuries prevented and money saved, of a number of agency actions. The Commission's voluntary standard on ladders alone prevents 39 deaths per year and more than 50,000 injuries at an annual cost savings to consumers of more than $144 million. Its mandatory standard on lawn mowers prevents an additional 60,000 injuries per year at a cost savings of nearly $170 million, while the agency's bans of cancer-causing materials such as Tris, benzene and asbestos save nearly 1,800 lives annually.

According to Lower, "the direct benefits of CPSC regulation over the last five years show 1.25 million injuries and deaths prevented and $3.5 billion saved by an agency with an average annual budget of only $35 million."

Copies of *On the Safe Track* are available from the CFA office for $5 (free to CFA members).

CFA Study Supports Legislation to Curb Auto Theft

At a recent Capitol Hill press conference at which Sen. Charles Percy (R-IL), Rep. Tim Wirth (D-CO), and Rep. Bill Green (R-NY) also spoke, CFA Executive Director Stephen Brobeck released a report estimating that auto theft cost consumers more than $3.3 billion in 1981.

Sen. Percy, Rep. Wirth, and Rep. Green are sponsoring legislation in the Senate and House, respectively, to curb auto theft. This legislation would require automobile manufacturers to put permanent identification numbers on the most marketable parts of a car, such as front-end assemblies and doors. Currently, numbers are required only on engines and transmissions.

In addition to the high financial costs of auto theft, consumers suffer a sense of loss and violation, as well as the inconvenience it entails.

The High Cost of Crime

CFA's report was the first study to isolate the expenses incurred by consumers resulting from auto theft and break-ins. These costs include:

- $1.35 billion for the portion of auto insurance comprehensive premiums representing theft protection
- $300 million for the portion of homeowners insurance covering the theft of automobile contents
- $295 million for theft prevention devices on cars installed by manufacturers, dealers, or specialty stores
- $420 million for home and away-from-home parking that would not have been spent if auto theft were not a concern
- $50 million for deductible paid by victims with theft insurance
- $40 million in uncompensated rental costs paid by these victims
- $200 million for theft-related repair and replacement expenses incurred by uninsured owners
- $622 million in taxes to pay for the portion of public spending on criminal justice—police, legal services, judicial, public defense, and corrections—related to auto theft
- independent amounts for losses to insured car owners not covered by insurers (beyond deductibles), litigation costs not paid for by insurance or law enforcement, lost wages related to theft, and the costs of accidents involving stolen vehicles.

In addition to these financial costs, "consumers suffer a sense of loss and violation as well as the inconvenience of reporting the theft to police and insurer and arranging for alternative transportation," Brobeck asserted.

CFA Executive Director Stephen Brobeck addresses Capitol Hill press conference attended by (right to left) Senator Charles Percy, Rep. Tim Wirth and Rep. Bill Green. CFA released a study at the press conference estimating auto theft cost consumers more than $3.3 billion in 1981.

Coalition Seeks Legislation

Joining Brobeck and the three Congressmen at the press conference was Ron Sostkowski, the top law enforcement official of the International Association of Police Chiefs. Sostkowski is also chairman of the Coalition to Halt Auto Theft (CHAT), a group of law enforcement agencies, insurers, and consumer organizations including CFA, that has been promoting legislation to prevent auto theft for several years.

Following the release of the study, supporters said the legislation now stands its best chance of passage. In fact, auto makers have offered several compromise amendments.

The study is available for $5 from CFA (free to CFA members).

CPSC OKs Dumping Of Banned Products

Staff Photo by: Jim Parcell. The Washington Post.

Urging the CPSC to reverse its vote allowing the export of banned products are (left to right) CFA Product Safety Director Anne Averyt, Arthur Delibert, President of Citizens Committee for Fire Protection, and Ellen Broadman, Consumers Union's Counsel for Government Affairs.

Consumers Union, Consumer Federation of America, Citizens Committee for Fire Protection and Natural Resources Defense Council petitioned the Consumer Product Safety Commission in mid-September to reverse its decision to allow the export of hazardous consumer products that the CPSC has recalled under the Flammable Fabrics Act.

The Commission responded to the petition by holding a hearing on the issue in late October. Representatives from Consumers Union and Citizens Committee for Fire Protection addressed the proceeding, as did CFA Product Safety Director Anne Averyt. Ellen Broadman, an attorney and legislative representative with CU, told the Commissioners their action "reduces the incentive for companies to adopt strong quality controls which assure that products sold to Americans are safe." Manufacturers will be less concerned about producing safe products, she argued, if they can recoup their losses from a banned or recalled product by selling it in the world market.

Manufacturers will be less concerned about producing safe products if they can recoup their losses from a banned or recalled product by selling in the world market.

Arthur Delibert, President of Citizens Committee for Fire Protection, another CFA-member organization, told the hearing that the new CPSC policy to require notification of the agency by a company when they plan to export a banned or recalled item, puts unnecessary and inappropriate burden on the CPSC staff. The new policy, he said, reverses the burden of proof from previous CPSC policy, by requiring the safety agency to show reason why an item should not be exported. This comes, he added, at a time "when the enforcement staff is already smaller than it should be and not likely to get much bigger."

The Commission in early September reversed its 10-year policy of not allowing manufacturers who violate the Flammable Fabrics Act to "dump" the illegal products overseas. The Commission decision followed a ruling by the Fifth Circuit Court allowing Imperial Carpet Company to export highly flammable carpets which were recalled from domestic markets by the CPSC. The Commission, in reversing its previous policy, also questioned Congressional intent on the issue. The majority of the Commissioners felt Congress did not mean to give the agency the power to ban overseas sales under the Flammable Fabrics Act.

"This is a unique case of a Federal agency taking away its own power," said Averyt. "If the Congress did not want the Commission to ban the overseas sales of hazardous products under the Act, it has had ample time during the past 10 years to specifically limit the Commission's authority in this regard."

Averyt also urged the Commission to place the Fifth Circuit Court decision in proper perspective, arguing it did not specifically direct the agency to reverse its policy. "In addition, it is only one of 10 circuit courts and the ruling never was given the benefit of review by the Supreme Court," she said. "The Fifth Circuit also overturned the Commission's UFFI decision, but the agency has been courageous and firm in its response to that decision. The Commission has refused to concede that UFFI is not a health threat and has pledged to continue to monitor the situation and take further action if necessary. That same courage is needed in this case."

Calling on the Commission to reverse its decision, Averyt noted: "This policy change does not protect American consumers; it certainly does not protect consumers in the world market, and it is not in the best interest of American business which will see confidence in the 'Made in America' label eroded."

The Commission has scheduled a vote on December 7 on whether to reconsider its vote on the export rule.

Need masthead, even if staff aren't listed.

Grassroots Consumer Groups Flourish

The Consumer Federation of America recently released "A Statistical Report on the Grassroots Consumer Movement, 1983" which found state and local consumerism, "well established and active in almost all areas of the country," according to CFA Executive Director Stephen Brobeck.

The study, prepared by Brobeck and CFA Legislative Representative Glenn Nishimura, examined the size, age, geographical distribution, network affiliation, and issue priorities of the 391 state and local consumer advocacy groups listed in CFA's "1983 Directory of State and Local Consumer Organizations" (see below). These groups reported more than two million individual members and several thousand organizational members.

Consumer Movement: An Institution

The large majority of organizations were founded in the 1960s and 1970s, suggesting that today's consumer movement is a product of the change and ferment of the past two decades. Only 4.5% were organized before 1960, and 9.0% in the 1980s.

The most active organizing period was the early 1970s, when more than one-third of the groups were established. It is also significant that well over 200 groups (more than 60%) have been active for at least eight years. "Clearly," noted Nishimura, "the consumer movement has succeeded in institutionalizing itself."

Broad-based Representation

The study found grassroots advocacy in all areas of the country. Even though one-fifth of all groups are based in New York or California, and more than half are active in the 19 states of the Northeast, Middle Atlantic, and Pacific regions, state and local groups are more evenly distributed around the nation when an adjustment is made for population, as the table below shows.

Consumer Groups by Region	No.	Per Million Population
Northeast	77	3.5
Middle Atlantic	61	2.7
Southeast	51	1.3
Great Lakes	54	1.3
Plains	43	2.6
South Central/ Southwest	29	1.4
Rocky Mountain	13	1.7
Pacific	63	3.4

Still, the areas of greatest activity are New England and the West Coast.

Sixty-five of the 391 groups are affiliated with CFA. These include organizations like San Francisco Consumer Action, Louisiana Consumers League, Milwaukee Concerned Consumers League, and the Association of Massachusetts Consumers. Thirty-nine of the 391 are public interest research groups (PIRGs), and 34 are affiliated with the Gray Panthers. Other groups belong to ACORN, Citizen Action, Congress Watch, and the Citizen/Labor Energy Coalition.

Groups Respond to Most Pressing Concerns

The groups reported involvement in more than 260 specific issues, but many were related to utilities, health, or housing. One hundred seventy-five organizations alone indicated they are working on utilities' issues, with 61 specifying natural gas prices, as the table below indicates.

MAJOR PRIORITY AREAS AND ISSUES	
175	Utilities
61	Gas
27	Electric
19	Phone
9	Citizens Utility Board
7	Shut-offs
7	Public power
106	Health
49	Toxics/Hazardous wastes
29	Prices/Cost containment
16	Nursing homes
14	Medicare/Medicaid
95	Housing
47	Landlord-tenant
6	Foreclosures
63	Food
25	Hunger
19	Item pricing
15	Nutrition
5	Prices
38	Energy
19	Energy conservation
27	Banking
20	Credit
24	Taxation
15	Transportation
10	Auto sales/Repair

"It is apparent," commented Nishimura, "that at the grassroots, consumer advocacy responds to the most pressing consumer concerns." Some of these are economic—rising electricity, gas, and phone rates and escalating medical costs. Others, such as apprehension about toxic substances and hazardous wastes, are safety-related. Still others like item pricing are informational.

The study may be purchased from CFA for $2 (free to CFA members).

Directory Released

The Consumer Federation of America has just published a "1983 Directory of State and Local Consumer Organizations" listing 391 grassroots groups engaged in consumer advocacy. For most organizations, entries include the address, phone, contact person, date established, number of members, and priority issues.

The 42-page publication, which updates CFA's 1978 state and local directory, was developed with the assistance of the Food Marketing Institute. Its preparation was supervised by CFA Legislative Representative Glenn Nishimura, former Executive Director of Arkansas Consumer Research. Copies may be purchased for $5 (free to CFA members) from the CFA office.

introduction?

CFA Urges Bill For Truth-In-Savings

Congress to enact Truth-in-Savings

CFA Photo by Anne Averyt.

Noting that the deregulation of the financial industry is a "mixed bag of expanding opportunities and mass confusion," CFA Legislative Representative Glenn Nishimura called on the House Banking Committee to push for Truth-in-Savings legislation.

In testimony before the Financial Institutions Subcommittee, Nishimura said that Truth-in-Savings legislation would ensure that consumers had access to information they need to survive in a competitive banking environment. Truth-in-Savings would require full and readable disclosures of essential contract terms and conditions on savings accounts. Interest rates being offered would be calculated according to a standardized method.

"With the confusing array of savings instruments being offered, consumers are unable to comparison shop for banking services. Until we have a comprehensive Truth-in-Savings act, the banking marketplace will simply not work efficiently for consumers," Nishimura said.

Stop the Flow of Hazardous Products

proscriptive, not descriptive

Consumer Interpol, a global network of consumer groups which will exchange information on hazardous products and practices, was formally launched by the 32-nation International Organization of Consumers Unions (IOCU) in September. The new international consumer protection police force will share information with member countries regarding:

- new bans or controls in exporting countries of hazardous consumer goods, drugs, pesticides or industrial chemicals which may then be sold on the international market;
- the marketing of dangerous goods, such as poisons in foods and unsafe toys;
- reports of outbreaks of illness or death due to previously known dangerous materials;
- the transfer to other countries of unsafe manufacturing processes which have been banned domestically.

According to IOCU officials, Consumer Interpol, which has been in various planning stages since 1981, was formed to implement the United Nations General Assembly resolution that the world community must be protected against products which are harmful to the environment and consumers' health.

As part of the launching of Consumer Interpol, IOCU released a press package containing *The Consumer Interpol Handbook*, which describes the background and operation of the policing action; two feature stories which look at the UN resolution and the need for protection from the dumping of hazardous products, and three case studies of dumping incidents. The packet also includes line drawings, cartoons and photos to accompany the articles.

If you would like a copy of the press packet, it is available for $10 plus airmail postage from: IOCU Regional Office for Asia and the Pacific, P.O. Box 1045, Penang, Malaysia. Please add $4 for international clearing charges if you pay by check.

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Legislative Analysis: Telecommunications

redundant

By Glenn Nishimura, CFA Legislative Representative

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Telecommunications remains high on the list of consumer issues being debated in Congress. At the center of the controversy is the decision by the Federal Communications Commission (FCC) to require consumers to pay a monthly fee for "access" to long distance service, regardless of whether or not any long distance calls are made. This one decision by the FCC could lead to additional charges of $12–$16 a month on residential bills by the end of the decade.

In testimony before the Joint Economic Committee of Congress, CFA Vice President Lee Richardson called the FCC access charge "gobbledegook economics" that forces consumers to pay all the costs of jointly used facilities, while allowing long distance companies use of those facilities for free.

CFA and several of its grassroots members have joined the Coalition for Universal Telephone Service (CUTS), which was organized to push for passage of legislation to overturn the FCC decision. Representing urban, rural, farm, labor, low-income, senior citizens, minority consumers, and state and local groups, CUTS is supporting both S 1660, introduced by Senator Robert Packwood (R–OR), and HR 4102, offered by Congressmen John Dingell (D–MI) and Tim Wirth (D–CO).

Legislation Now in Both Houses

The Senate bill, as reported out of the Commerce Committee by a 15–2 vote, would delay the residential access charge for two years, while the House version would block that charge completely. Both bills would establish universal service funds to subsidize telephone service for high-cost rural areas and low-income telephone users. In addition, HR 4102 would create TELECUB mechanisms to promote consumer participation in the public debate over telephone issues.

On October 27, after a week of debate and amendments, the House Energy and Commerce Committee voted 27-15 to pass HR 4102 out of committee. The House bill may reach the floor before the scheduled November 18 recess. But the need for legislative action before the end of the year was eased when, in a surprise move, the FCC pushed back the implementation date of its access charge decision from January 1 to April 3.

Supporters of the bills believe that legislation must be enacted before the access charge goes into effect. The FCC's second thoughts have created some breathing room in what had been a tight timetable. The Senate bill is expected to receive floor consideration in early 1984.

CFA Vice President Lee Richardson (second from left) tells the Joint Economic Committee that the FCC access charge is "gobbledegook economics" while Dr. Alfred Kahn (right), former director of the Civil Aeronautics Board and anti-inflation czar under the Carter Administration, looks on.

CUTS Gives Birth to CALL

Meanwhile, consumer and social service organizations have banded together to protest the social implications of dramatically higher telephone rates. An outgrowth of CUTS, Citizens for Affordable Local Lines (CALL) is made up of more than 30 national organizations committed to defend the universal telephone service concept to assure widespread access to police, fire, ambulance and other emergency services, as well as access to commerce, social services, family and friends. In addition to CFA, the membership of CALL includes organizations such as the National Alliance for the Mentally Ill, the International Association of Chiefs of Police, and the National Child Abuse Coalition.

Product Liability: A Key Victory

Opponents of the legislative effort to weaken product liability law won a key victory in late September, when the bill's principal sponsor, Senator Robert Kasten (R–WI) withdrew S 44 from markup by the Commerce Committee. Kasten's action followed several weeks of intense lobbying and eleventh hour negotiations by supporters to gain a majority of committee Senators. When those negotiations broke down, Kasten had little choice but to seek a postponement on his legislation which otherwise might have been voted down.

As soon as the markup session ended, Kasten directed his committee counsel to work out a compromise with the staff of Senator Slade Gorton (R–WA), who has come to be seen as the key swing vote on the product liability issue. Over a period of several weeks, those two staffs did reach agreement on a bill, a draft of which was made public in mid-October.

That version of S 44 does differ in certain respects from the previous Kasten bill. It does not, however, seem likely to move consumer, labor, women and trial lawyer groups off their strong opposition. The legislation still eliminates strict liability in design and warning cases and substitutes a negligence standard. This feature alone makes the bill unacceptable to most of its opponents.

The greatest controversy over the changes erupted within the business community itself, where certain drug, chemical and oil companies (and their trade associations) began to signal the possibility that they may terminate their support for S 44. It is not clear whether they would actively oppose the bill.

In the end, probably the greatest hurdle faced by the manufacturer, wholesaler, and insurance supporters of S 44 is time. Congress has targeted November 18 as its adjournment date and it is unlikely the bill will be marked up by then. It is similarly unlikely that any legislation can be moved through both the House and the Senate in the election year of 1984. Moreover, Commerce Committee Senators and their staffs have been lobbied extensively on this issue for the past two Congresses and appear weary of what one staffer called "a no-win affair and a colossal time-sink to boot."

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