



# Consumer Federation of America

## 1982 ANNUAL REPORT

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One can take little satisfaction in the growing unpopularity of the President's anti-consumer policies since these have driven up unemployment, underemployment, bankruptcies, and foreclosures to record post-war levels. The misery of millions who have lost their jobs, exhausted unemployment benefits, and depleted savings may be exceeded only by the callousness of an Administration that continues its assault on those social programs and protections most needed by low and lower middle income families. Just as tragically, by drying up productive investment, Reaganomics has undermined the foundations of our economy, ensuring that hundreds of thousands who are laid off will never return to their old jobs or, perhaps, any job. This great national tragedy explains why the CFA staff concentrated most of its energies on economic issues. It should also reaffirm the commitment of CFA groups representing consumers, workers, small farmers, and the aged to join forces in support of a program for rebuilding our society.

### Advocacy Overview

In 1982, CFA's advocacy was directed mainly toward four objectives:

Through our Political Action Committee, supporting pro-consumer Congressional candidates.

Resisting the assault of special interest groups and the Administration on past consumer protections.

Through the National Council for Low Interest Rates, advocating an alternative to the Administration and Federal Reserve's high interest rate/tight money policies.



With the support of our Consumer Product Safety Network, urging Congress and federal regulatory agencies to support improved consumer product safety.

The measure of our success or failure this past year is not the extent of our activity, which was considerable, but the impact we had on Congress, regulatory agencies, and the larger society. Although not all our advocacy was successful, much of it did leave its mark. CFA's major advocacy accomplishments of 1982 are the following:

Helping elect pro-consumer Congressmen. The support of our Political Action Committee, which was actively sought by many candidates, may well have been pivotal in a half-dozen of the 94 races in which we made endorsements. These six races were all close, and the pro-consumer candidates made extensive use of our endorsements and other assistance in their victorious campaigns.

Helping defeat usury preemption. Despite the 1981 defeat of usury preemption in the House, Senate Banking Committee Chairman Garn pushed for inclusion of a Federal usury override in his omnibus banking bill. Our research on state interest ceilings and lobbying of moderate Republicans on this Committee were instrumental in keeping preemption out of the final legislation.

Modifying the Senate's product liability bill. By the admission of Senate staff members, CFA's testimony and comments moderated product liability legislation that is likely to pass the Senate whenever it reaches the floor. In addition, our lobbying was instrumental in keeping this bill off the floor during the "lameduck" session.

Exposing the interest of large oil companies in natural gas decontrol and possible illegal overcharges. The results of a massive study of the contractual relations between gas producers and pipelines revealed the control of "old gas" by oil producers and numerous instances of apparent violations of NGPA price ceilings. These results were reported in testimony and in extensive press coverage culminating in a Washington Monthly article that set off a Congressional investigation.

Through the National Council for Low Interest Rates, helping promote low interest rate legislation. By undertaking the research, press work, and overall coordination of the NCLIR, CFA played an important role in winning enough support for credit control legislation that it passed the house Banking Committee. Major work here included the preparation of highly publicized studies demonstrating the link between big mergers and high rates and the extent to which high rates reallocate capital. A third study, reported on by the Washington Post, "The MacNeil-Lehrer Report," ABC Morning News, CBS Evening News, all major radio networks, and dozens of newspapers, called



the country's attention to the fact consumer rates were rising while business rates were declining. It may have reflected other factors but within a month, most banks had brought down consumer rates by one to two percentage points.

Helping prevent the passage of other anti-consumer legislation. Working with other consumer groups in coalitions, CFA can claim some credit for the failure of anti-consumer FTC, drug patent, and bankruptcy bills from passing.

Focusing the attention of the CPSC, Congress, and the public on the toxicity of formaldehyde in consumer products. Through comments submitted to the CPSC and to Congress which were extensively reported by the press, CFA called attention to the dangers of formaldehyde in pressed wood products. Through a comment and a release, it also publicized the problems of tamper-resistant packaging.

All told, CFA worked on 52 legislative and regulatory issues in 1982.

Product Safety: product liability "reform," CPSC priorities, CPSC reauthorization, Urea Foam Formaldehyde Insulation, formaldehyde in mobile homes, formaldehyde in pressed wood products, CPSC release of complaint data, smoke detectors, pesticides in the home, tamper-resistant packaging, lead toxicity, kerosene heaters, lawn mower safety.

Banking: usury preemption, credit life insurance, Maryland interest ceilings, money market deposits, truncation, cash discounts/credit surcharges, bankruptcy "reform," savings and loan bailout.

Energy: natural gas decontrol, Construction Work in Progress, energy assistance/low-income weatherization, rural energy needs, emergency petroleum allocation, oil import fees, coal slurry pipeline, Utility Company Holding Act, Alaskan pipeline waiver.

FTC: reauthorization, professions' exemption, funeral rule, used car rule.

Economy: credit controls, inflation-fighting policies, unemployment, mergers, Federal budget, safe harbor leasing.

Food: sugar price supports, meat inspection.

Communications: divestiture, "right to tape," phone RUCAG.

Health: drug patent extension, FDA educational priorities.

Other: shipping antitrust exemption, malt beverage antitrust exemption, Legal Services, consumer education.



### Candidate Endorsements

After an extensive evaluation, CFA's Political Action Committee endorsed and supported 94 Congressional candidates. Support included the preparation and distribution of individualized press releases for 80 candidates, dozens of press interviews, the preparation and release of a pre-election Congressional voting record, and the holding of a press conference attended by 15 of the endorsees. 77 CFA endorsees won election.

### Lobbying

Five CFA staff members, backed by researchers, interns, and support staff, lobbied on the Hill. Most of their time was spent talking to Congressmen, their staff, and the staff of Congressional committees. Related activities included:

Delivering a dozen testimonies.

Submitting two comments.

Sending a dozen letters to the entire House or Senate or to the members of a specific committee or subcommittee.

Helping organize two coalitions and participating in eight others.

Briefing Senate staff members on product liability.

### Regulatory Activities

Staff activities included:

Submitting 12 separate comments to regulatory agencies -- the CPSC, FDA, HUD, the FCC, and FERC.

Filing an amicus brief to support the FTC's authority to regulate credit life insurance.

Sending a half-dozen letters to agencies.

Communicating with members of CFA's Consumer Product Safety Network through a newsletter.

Discussing product safety issues with all CPSC Commissioners and participating in CPSC and FDA hearings or forums.



### Advocacy Research/Publications

CFA staff prepared several studies demonstrating the need for new legislation or the preservation of existing laws.

Six months of research on the relation between gas producers and pipelines (see "overview") resulted in studies analyzing the concentration of ownership of old gas and the effect of decontrolling old gas.

An examination of the relation between merger activity and interest rates which showed how merger-related loans and loan commitments have restricted the availability of credit and pushed up rates.

An investigation of the impact of high rates on capital flows which showed that the former have resulted in a massive transfer of capital from nonfinancial businesses and the U.S. government to wealthy individuals and that rates were so high they began feeding on themselves.

A report on changes in the prime rate and consumer rates in 1981 and 1982 that revealed the latter were rising while the former were falling, and suggested reasons why.

A report on interest rate ceilings at the state level.

An analysis of the Congressional election results that suggested the new Congress will be more pro-consumer than the press has reported.

A critical essay on corporate mergers that appeared in "At home with Consumers" with "pro" pieces by FTC Chairman James Miller and William Agee.

A 1981 Congressional voting record.

A 1982 pre-election Congressional voting record.

In addition, we published seven issues of the "CFA News" and a dozen issues of "the Consumer Lobby Report" to keep CFA members informed on issues and to urge their action.

### Public Education

CFA went beyond reacting to events to become newsmakers. On separate issues, we generated considerable print and electronic media coverage through press briefings, the release of studies or petitions, or the introduction of legislation. Public education efforts included:



Extensive coverage in the print media (see press clips). For instance, CFA generated four articles and was quoted by a dozen others in the Washington Post.

Coverage in magazines including Newsweek, Business Week (twice), Forbes, Fortune, Washington Monthly, People's Magazine, Money Magazine, The Texas Observer, Energy User News, and Consumers Digest.

Three interviews on CBS network news, two on NBC, one on ABC.

More than a dozen interviews on Washington TV news programs..

Two appearances on "The MacNeil-Lehrer Report," one on "It's Your Business," one on "Miller's Court," two on Biznet, one on "Good Morning America."

Several dozen interviews by national radio networks.

Participation in press conferences on CWIP, gas decontrol, RUCAG, oil import fees, credit controls, safe harbor leasing, drug patents, the Reagan review, special interest voting, CFA's voting record, and CFA's candidate endorsements. Congressmen joined us at most of these events.

Speeches in upstate New York, Albuquerque, Baltimore, Oklahoma City, Los Angeles, Columbus, Richmond, Cincinnati, and Washington, D.C.

### Membership Services

This past year we offered the following services to member organizations.

Consumer Assembly '82 featuring keynote speeches by Rep. John Dingell, Lester Thurow, and Bob Partridge; debates pitting Reagan regulators Ray Peck, Nancy Steorts, Tim Muris, and Richard Lyng against advocates Mark Silbergeld, Carol Foreman, Mark Green, and Joan Claybrook.

The 1982 annual meeting in which representatives from member organizations had the opportunity to elect officers and vote on CFA policies.

The 1982 Awards Dinner which honored Speaker-of-the-house "Tip" O'Neill, "The MacNeil-Lehrer Report," David Pittle, and Jim Boyle.

The opportunity to participate in 16 policy resolution sub-committees.



A copy of "CFA's 1982 Policy Resolutions."

Seven issues of "CFA News."

Twelve issues of "The Consumer Lobby Report."

"CFA's 1981 Congressional Voting Record."

The State and Local Resource Center provided a wide range of services to state and local advocacy groups.

Responded to more than 500 requests for information.

Sent bi-weekly mailings with information on issues, jobs, publications, funding opportunities, and group news.

Organized four state/local workshops at Consumer Assembly, a state/local caucus meeting, and a related dinner.

Brokered grants and contracts worth \$25,000 to state and local groups.

#### Administration

Staff members will continue to work in the areas of government affairs, information, networking, and administration. Legislative Director David Greenberg and Legislative Representative Glenn Nishimura will do most of our lobbying on the hill. Energy Specialist Ann Lower will follow up her research on natural gas prices. Product Safety Specialist Anne Averyt will expand her work on the danger of toxic substances to consumers as well as continuing to edit "CFA News." Edith Furst will work with Anne coordinating the Consumer Product Safety Network in addition to maintaining the State and Local Resource Center. A new information officer will be hired to produce "The Consumer Lobby Report," handle press work, and assist on other publications. Administrative Director Karen Eppsteiner will coordinate our resource development and special events. Secretary Lydia Grogan will answer the phone and do secretarial work on administrative matters. Secretary Marcia Stickle will continue her secretarial work on legislative and regulatory issues. As well as administering the staff and representing CFA in various forums, I will work on special projects in the areas of interest rates and product safety.

Despite exceeding budgeted expenses by nearly \$5000, CFA and the Paul Douglass Consumer Research Center's income was \$30,000 greater than the budgeted figure. Accordingly, with income of \$332,000 and expenses of \$321,000, the organization realized a surplus of \$11,000 in 1982. But given the recession and financial constraints on member groups, CFA's financial future is far from bright. Our major new fund-raising initiative is the publication and mass marketing of consumer publications. The future financial health of CFA depends greatly on the success or failure of this venture.