



news news news news

consumer federation of america

Washington, D.C.

November 1975

Agency for Consumer Protection Wins in House

By a vote of 208 to 199, the House of Representatives, on November 6, passed a bill creating an Agency for Consumer Protection (ACP). Similar legislation overwhelmingly cleared the Senate last May.

The legislation, which has been CFA's top legislative priority, will create an independent, non-regulatory agency to speak for consumers before Federal regulatory agencies, Departments and the courts. It will present facts and arguments to Federal decision makers as to how their various decisions would affect consumers. It will additionally disseminate relevant consumer information and forward consumer complaints to the appropriate offices.

Prior to House passage, Representatives Paul McCloskey (R-Calif) and Margaret Heckler (R-Mass) offered an amendment which would strip executive departments of all duplicative consumer functions and transfer them to the new agency. According to its authors, the amendment abolishes more bureaucracy than the new agency would create because it centralizes the activities of all existent consumer offices. This consolidation would save an estimated \$10-million per year, an amount which equals the ACP's first year budget. It passed 379 to 29.

Amendments

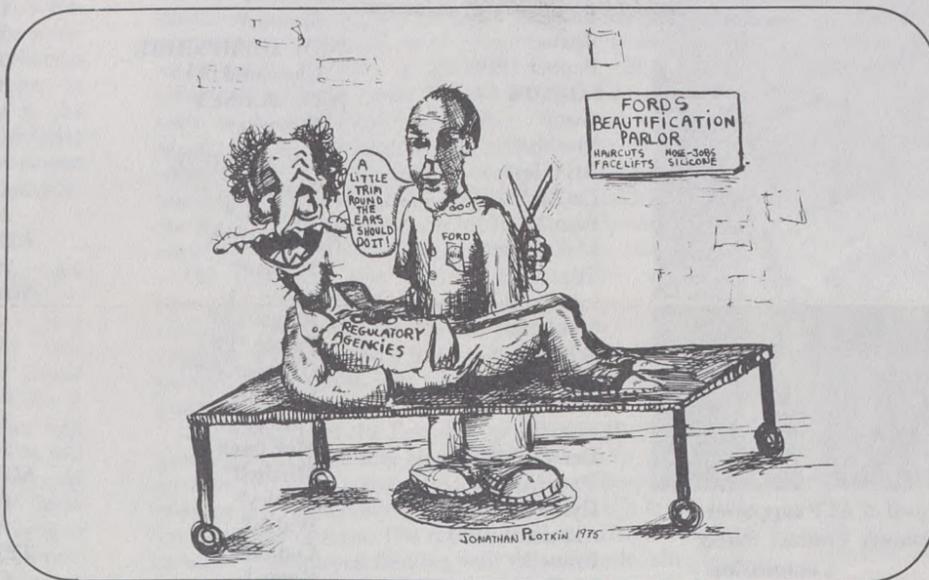
One amendment calls for labor-management provision was defeated 233-175. An additional amendment calls for an ACP cost-benefit statement prior to the taking of any action (similar to the Senate version). Another amendment was adopted which would require the ACP to report to the appropriate oversight committees of Congress on whatever interrogatories it issues and on any complaints made against the agency for alleged abuse of its information gathering authority.

Under another amendment, offered by Rep. Don Fuqua (D-Fla) and agreed to by a voice vote, the ACP would be precluded from intervening as a party or otherwise participating in USDA proceedings directly affecting or concerning the market price of, or loans, price supports, or payments for raw agricultural commodities. Also excluded are soil conservation programs, the Farmer's Home Administration, the Rural Electrification Administration, the Federal Crop Insurance Corporation and Public Law 480 programs.

Another amendment, offered by Rep. Dante Fascell (D-Fla) was agreed to by a vote of 401-6, and provides an exemption of small business from the written interrogatory provision of the bill; as defined in the bill, "small business" includes those with less than 25 employees or with less than \$1,000,000 in net assets.

The so-called "Self Destruct" amendment offered by Max Baucus (D-Mont) and approved by voice vote, calls for the termination of the ACP seven years after its creation.

The ACP was supported by a broad coalition of over 200 consumer, farm, labor, community, senior citizen and religious groups. It was also backed by many enlightened businesses including Montgomery Ward, Polaroid, Mobil Oil, Atlantic Richfield, Jewel Food Stores and Stop & Agency continued on p. 2



President Ford has vigorously stated that he would veto any legislation establishing an independent Consumer Protection Agency. He feels that consumer advisors and consumer panels are the answer to

consumer problems. He says that an agency will only add to the federal bureaucracy. We respectfully disagree and offer this poem in rebuttal.

When middle age people begin to sag
And spread in various places
They sometimes go to the doctor
For repairs on their bodies and faces

Consumers need the protection
A consumer agency brings
But Jerry Ford gives us marionettes
And he pulls all the strings.

Cosmetic surgery has its place
But it will not kill a tumor
And cosmetic repairs in the government
Will not help the consumer.

Virginia Knauer and Nancy Steorts
Take orders from Ford and Butz.
Advisory Boards filled with people like them
And driving consumers nuts.

What consumers need is a powerful voice
When the government makes a ruling
But Ford provides yes men and token repairs
Just who does he think he's fooling?



Area consumers gather on the steps of the US Capitol to rally support for the Agency for Consumer Protection. Photo by—David Pittle, Consumer Product Safety Commission

Anti-Consumer votes

ALABAMA

- Edwards*
- Dickinson
- Nichols
- Nichols*
- Bevill*
- Buchanan*
- Flowers*

ALASKA

- Young (PN)

ARIZONA

- Rhodes
- Udall (PF)
- Stelger*
- Conlan*

ARKANSAS

- Alexander*
- Mills (PN)

Hammerschmidt

CALIFORNIA

- Clausen*
- Burton, P. (A)
- Talcott*
- Ketchum
- Lagomarsino*
- Goldwater*
- Moorhead*
- Rees (A)
- Rousselot*
- Bell*
- Clawson
- Pettis*
- Wiggins*
- Hinshaw (PN)
- Wilson*
- Burgener*

Votes continued on p. 2

George Myers named CFA President

George Myers, former president of Consumer Federation of America has been named president again to fill the unexpired term created by the resignation of Eileen Hoats. Ms. Hoats has been named Director of Legislative Affairs for the New York State Consumer Protection Boards.

Prior to her appointment, Ms. Hoats was executive director of New York Consumer Assembly, a broad-based group headquartered in New York City. She also held several key consumer appointments on consumer advisory boards at city, state and national levels.

CFA's Board of Directors has elected George Myers to serve as president until new elections are held in January. Myers, head of the public relations department of the Washington office of the Credit Union National Association served as CFA's interim president for four months last year to fill the unexpired term of Esther Shapiro, who resigned to become director of the Department of Consumer Affairs for the City of Detroit.

Another of CFA's Board Members, Shirley Goldinger, president of the Consumer Federation of California, has resigned to become director of Consumer Affairs for Los Angeles County.

CFA congratulates all three of these outstanding consumer leaders on their new positions and wishes them the best of luck in all future endeavors.

Consumer Assembly '76

Make your reservations now

See page 2 for Tentative Schedule



Consumer leader Ralph Nader addresses the crowd of ACP supporters at the rally. Photo by —David Pittle, Consumer Product Safety Commission

Agency continued from p. 1

Shop. Opposition came from the Chamber of Congress, the National Association of Manufacturers, the National Association of Food Chains and a variety of large corporate concerns.

Following the vote, Carol Tucker Foreman, Executive Director of Consumer Federation of America, commented, "The most important news of the day is that once again a substantial minority of Congress has knuckled under to the pressures of powerful special interests which fear consumer representation. Members of the House had to choose between serving the interests of the people or serving the interests of corporations. Those Members who chose the latter obviously sold out for purely self-serving reasons."

Ms. Foreman added, "Floor amendments to this legislation effectively destroyed all of the legitimate arguments against the creation of an ACP. It would cost no new money. It would create no new bureaucracy. It is not a threat to small business."

It is especially interesting to note that many members who supported the McCloskey-Heckler amendment ultimately voted against the bill. These members (marked with an asterisk on the accompanying vote chart) should be held accountable for their blatant hypocrisy.

Representative John Erlenborn (R-Ill), one of the leaders of the opposition, noted that despite amendments to make the bill far more palatable, President Ford has not changed his mind about vetoing it. Consumers throughout the country will continue their efforts to organize support against the threatened veto.

One demonstration of that support took the form of a rally on the Capitol steps a week prior to House consideration of the ACP. A crowd estimated at between 500 and 1,000 persons gathered at noon to hear the bill's supporters, Rep. Benjamin Rosenthal (D-NY), Jack Brooks (D-Tex) and Frank Horton (R-NY) discuss the reasons for this vital legislation. Other key participants included Speaker of the House Carl Albert (D-Okla), Bess Myerson, Esther Peterson. Ralph Nader, Carol Foreman and Lola Redford, president of Consumer Action Now!

CFA wishes to express gratitude to all our member groups which worked so hard to insure passage of HR7575. Special thanks to California's Consumer Action, Arkansas Consumer Research, Consumer Federation of California, Idaho Consumer Affairs, Consumer Action Movement of Cleveland, CEPA of Philadelphia, Consumer Federation of Illinois, National Consumers United, Consumers Association of Indiana, Iowa Consumers League and Consumer Organization of Kentucky.

We are also grateful to the Louisiana Consumers League, the Consumer Alliance of Michigan, Missouri Association of Consumers, Consumers League of Nevada, North Carolina Consumers Council, Consumer Protection Association of Cleveland, Oregon Consumers League, South Dakota Consumers League, Texas Consumer Association, Washington Committee on Consumer Interests and Wisconsin Consumers League.

Votes continued from p. 1

COLORADO

- Wirth (PF)
- Johnson*
- Armstrong

CONNECTICUT

- Dodd*
- McKinney*
- Sarisin*

FLORIDA

- Sikes*
- Fuqua*
- Chappell*
- Kelly*
- Young*
- Haley*
- Frey*
- Bafalls*
- Burke*
- Pepper (PF)

GEORGIA

- Ginn*
- Mathis*
- Brinkley*
- Levitas*
- Flynt*
- McDonald*
- Stuckey*
- Landrum (PA)
- Stephens

IDAHO

- Symms*
- Hansen, G.*

ILLINOIS

- Derwinski*
- Fary (A)
- Hyde*
- Anunzio (PF)
- Crane*
- McClory*
- Erlenborn
- O'Brien*
- Michel*
- Railsback*
- Findley*
- Madigan*
- Shibley*

INDIANA

- Fithian*
- Hillis (A)
- Evans*
- Myers
- Hamilton*
- Jacobs*

IOWA

- Grassley*
- Bedell*

KANSAS

- Sebelius*
- Keys
- Winn*
- Shriver*
- Skubitz*

KENTUCKY

- Hubbard
- Natcher*
- Mazzoli*
- Snyder*
- Carter*

LOUISIANA

- Herbert (PA)
- Treen
- Waggoner
- Passman*
- Moore*
- Breauz*

MAINE

- Emery*

MARYLAND

- Bauman*
- Holt
- Byron*

MICHIGAN

- Esch*
- Brown*
- Hutchinson*
- Vander Veen*
- Vander Jagt*
- Cederberg*
- Ruppe*
- Broomfield*

MINNESOTA

- Quie*
- Hagedorn*
- Frenzel*
- Fraser (A)

MISSISSIPPI

- Whitten*
- Bowen*
- Montgomery*
- Cochran*
- Lott*

MISSOURI

- Randall*
- Taylor*
- Ichord*
- Burlison*

NEBRASKA

- Thone*
- McCollister*
- Smith*

NEVADA

- Santini*

NEW HAMPSHIRE

- Cleveland (A)

NEW JERSEY

- Forsythe*

NEW MEXICO

- Lujan*
- Runnels*

NEW YORK

- Wydler*
- Murphy (A)
- Rangel (A)
- Peysen (PF)
- Ottinger (PF)
- Stratton
- Pattison (A)
- McKewen
- Mitchell*
- Hanley*
- Walsh*
- Conable
- Kemp*
- Hastings*

NORTH CAROLINA

- Jones*
- Fountain*
- Henderson*
- Andrews*
- Rose*
- Hefner*
- Martin*
- Broyhill*
- Taylor*

NORTH DAKOTA

- Andrews*

OHIO

- Gradison*
- Clancy*
- Guyer*
- Latta*
- Latta*
- Harsha*
- Brown
- Kindness

Miller*

- Stanton*
- Devine
- Wylie*
- Regula*
- Ashbrook*

OKLAHOMA

- Jones
- Risenhoover*
- Jarman*
- English*

OREGON

- Ullman*
- Duncan*

PENNSYLVANIA

- Barrett*
- Schulze*
- Shuster*
- McDade*
- Murtha*
- Eshleman*
- Schneebell*
- Goodling, W.*
- Johnson*

RHODE ISLAND

- Beard (A)

SOUTH CAROLINA

- Davis*
- Spence*
- Derrick*
- Mann*
- Holland (A)
- Jenrette*

SOUTH DAKOTA

- Pressler*
- Abdnor*

TENNESSEE

- Quillen
- Duncan
- Beard*
- Jones*

TEXAS

- Wilson (PA)
- Collins*
- Roberts*
- Steelman*
- Teague*
- Archer*
- Poage*
- Hightower*
- de la Garza*
- White*
- Burleson
- Mahon*
- Krueger*
- Casey*
- Kazen*
- Milford*

UTAH

- McKay*
- Howe*

VIRGINIA

- Downing*
- Whitehurst*
- Satterfield*
- Daniel*
- Daniel*
- Butler*
- Robinson*
- Wampler*

WASHINGTON

- Pritchard (A)
- Bonker*
- McCormack (A)
- Adams (A)

WISCONSIN

- Steiger*
- Kasten*

WYOMING

- Roncallo*

KEY

Democrat

Republican

PN—Paired against. Member was absent but stated opposition.

PF—Paired for. Member was absent but stated support.

A—Member was absent.

*—Member voted for McCloskey-Heckler amendment and against final passage. Consequently efforts should be made to contact the member for explanation of his/her hypocrisy.

Consumer Assembly '76

Tentative Schedule

Wednesday, January 21, 1976

Assemble exhibits*

Thursday, January 22, 1976

Presentations by three Presidential candidates of their consumer platforms. Each candidate will respond to questions and comments by a panel of consumer leaders.

Workshops on State and Local Concerns

Congressional Reception

Friday, January 23, 1976

Presentations by three Presidential candidates of their consumer platforms. Each candidate will respond to questions and comments by a panel of consumer leaders.

Workshops on State and Local consumer concerns

Saturday, January 24, 1976

CFA Annual Meeting

Election of Officers

Adoption of consumer platform for '76

*Exhibit space is available at no charge to all CFA members. Non-members will be charged an exhibit fee.

Gutting The Food Stamp Program

by Jeff Kirsch,
Staff Member of the
Food Research and Action Center

The Food Stamp Program has become an element of the campaign for the Republican Presidential nomination next summer. Reinforced by the recent campaign of distortion and misinformation directed at the program and its participants, President Ford and challenger Reagan are battling to see who can cut back the program more effectively. Unfortunately, Congress seems content to watch from the sidelines as a necessary food assistance program for 18.5 million Americans is seriously gutted.

The Republican right's opening move was a Food Stamp Program "Reform" Act introduced by Conservative-Republican Senator Buckley of New York (S. 1993). The move was supported by a barrage of misleading charges orchestrated by Reagan's former welfare director in California (now with the Republican Study Group in the House of Representatives). This draconian legislative proposal could slice more than 10 million low-income Americans off the Food Stamp Program through a number of harsh provisions.

Many families eliminated

It would eliminate from the Program all families with gross incomes above the poverty level (now \$5,050 for a family of four). In addition, the bill would define "gross income" to include the value of benefits derived from government food and housing programs such as school lunches and breakfasts, daycare meals, and any Federal housing subsidies. Thus, families with cash incomes well below the poverty level could be eliminated as well. The bill also penalizes those households remaining in the program by increasing their purchase price for food stamps from below 25% of net income to 30% of gross income. Senator Bob Dole (R-Kansas) in responding to Senate Agriculture Committee testimony from Buckley, sarcastically suggested that the bill's sponsor add a burial allowance clause to properly compensate for the legislation's impact.

The Ford Administration, concerned about being outflanked by the Reaganites, offered a bill that was almost as severe. The Ford bill (S. 2537), which Senator Buckley is now co-sponsoring, would eliminate at least 5 million participants and reduce benefits for over 5 million more.

The Administration's bill also reduces eligibility to the poverty line, though it tempers the blow by allowing families to subtract a "standard deduction" of \$100 a month from gross income in calculating whether or not they fall below the poverty level. The combination of the poverty line cutoff and the standard deduction would undermine the entire

strength of the Food Stamp Program as the only non-categorical government assistance program. It would eliminate most of the working poor from the program.

Work disincentive

In addition, the Administration's bill creates a severe work disincentive, by discriminating against those working families who, in addition to regular household expenses, must pay the costs of working: taxes, union dues, transportation costs, uniform and/or tool costs, and so forth. A working household would be disqualified for food stamps under the Administration's bill if its gross income is over the eligibility level, *even though its take-home pay falls within the eligibility guidelines*. Yet if that family's takehome pay had come instead from unearned income, such as unemployment or welfare, it would be eligible. Moreover, the working family has other expenses from which the welfare household is exempt. Not only does it pay taxes and costs associated with working as described above, but it also is unable to receive Medicaid to help with medical costs, or live in public housing to lower shelter costs.

The Ford bill also attacks the poor by raising the purchase price of food stamps to 30% of household income after the application of the standard deduction. (This is what the Administration tried to do last winter, when it was stopped by Congress. The Congress seems to be a bit more pliable these days.)

The demerits of the Ford bill go on and on. It ends the practice of determining eligibility based on an applicant's current financial status. Instead, the applicant's income over the last three months is averaged to see if it falls within the eligibility criteria. The result of this provision would be to make unemployed families wait three months after being laid-off just to apply for food stamps.

Court decisions sidestepped

The Ford bill also attempts to sidestep a number of Court decisions won by anti-hunger groups. The bill redefines a "household" in a way harmful to many elderly and families who share common living quarters but not expenses; it requires that Federal housing subsidies paid to landlords be counted as income to the household (though the household never sees this money); and it weakens the law's "outreach" requirements so that states would have to do little to inform potential eligibles about the program.

The final Court decision the Administration voids in its proposed legislation is an order by the Court of Appeals to

upgrade the nutritional benefits of the Food Stamp Program. The Administration's bill changes the present statute's requirement that eligible households be provided enough food stamps each month to purchase a "nutritionally adequate diet," and instead requires that the amount of stamps a household receives each month be determined by the costs set by the USDA's new "Thrifty Food Plan"—a plan that would relegate the poor to a patently inadequate diet.

There is one bright spot in the legislative proposals now being considered by the Senate Agriculture Committee as it begins its mark-up on Food Stamp Program legislation. It's a sensible restructuring of the program contained in the bill (S. 2451) introduced by Sen. Dole and Sen. McGovern (D.-S.D.). This provision would eliminate the purchase price for food stamps altogether, passing on to recipients only its food stamp "bonus". For example, currently a family might pay \$60 for \$92 worth of food stamps. Under the Dole-McGovern proposal, it would just receive its \$32 worth of stamps.

Needy helped

The rationale for this change is clear. First of all, it would cut administrative costs by a significant degree. Second, it would simplify the process for all households which now must trek once or twice a month (or more) to a bank or welfare office to exchange cash for stamps. But most importantly, it would eliminate the biggest barrier to program participation for many needy households.

One half of the people below the poverty level in this country do not use food stamps. Certainly the main reason for this tragic situation is because many of the "poorest of the poor" simply cannot afford to lay out the cash necessary to buy their food stamps. The removal of that obstacle to participation would allow many of these households to receive the much needed food assistance. In addition, working households at the top of the eligibility scale often decide not to participate because their small bonuses do not warrant isolating such a large chunk of their budget to buy the stamps. These households could get their few food stamps if the purchase price were eliminated. It just doesn't make much sense to first decide that a certain household is eligible, and then to construct the program so as to deny them access to it. The Dole-McGovern provision is a reasonable way to get food stamps to the right people. (Of course, *cash* would be more reasonable, but...)

The bottom line is that the Food Stamp Program is in serious trouble. Congress' judgement has been seriously distorted by an effective campaign of slander aimed at the program and the people who depend on its benefits. We all must take a firm stand against irresponsible rhetoric which threatens this vehicle of nutritional health, and hope that Congress doesn't succumb completely.



Listed below are the members of the Senate Subcommittee on Consumers. If you want to see Senate bill S. 997 become law and thus prevent the elimination of item pricing please write to these Senators and make your views known.

Senate Subcommittee on Consumers

Frank E. Moss	(D-Utah) - Chairman
Phillip Hart	(D-Michigan) - Vice Chairman
John D. Pastore	(D-R.I.)
Vance Hartke	(D-Indiana)
Daniel K. Inouye	(D-Alaska)
Howard W. Cannon	(D-Nevada)
John V. Tunney	(D-California)
Adlai E. Stevenson	(D-Illinois)
John Durkin	(D-New Hamp.)

James Buckley	(R-Con. New York)
Howard Baker	(R-Tenn.)
Glenn Beall	(T-Maryland)
Lowell Weicker	(R-Conn.)
Wendell Ford	(R-Ky.)

"We vigorously oppose the abolition of item pricing," stated Consumer Federation of America Executive Director Carol Foreman speaking before the Senate Commerce Subcommittee on Consumers. The subcommittee is conducting hearings on S. 997 which would make item pricing mandatory.

The action is being taken in anticipation of the widespread adoption of electronic checkout systems. Under this system, each item would be marked with a universal product code and fed into an electronic checkout counter which would read the price off the code and automatically compute a total. The new system is expected to reduce the number of personnel required to operate the checkout lanes and will automate inventory control and reordering.

"How likely is it that consumers will reap the potential benefits of the electronic checkout system," Foreman asked the committee, if item pricing is eliminated. When the electronic system is installed, Foreman charged, the consumer will be cheated in four key areas.

Under an electronic price system, price consciousness and awareness would be eliminated. There would be no comparison shopping possible. No insurance could be given that prices would correspond to the product. The prices would be on the shelf nearest the product; but no pricing would be placed on the item itself. Overall, this system would not allow consumers to plan their budgets properly. There would be no way of determining price trends.

Food chain representatives, appearing before the subcommittee, charged that under this system consumers will still have a choice of shopping at stores with item pricing and stores without. The system is only a test and should be studied further before congressional action is taken, they stated.

Foreman countered these statements by noting that 218 local market areas within the United States were controlled by four or fewer food firms in 51% of the markets. She cited the Washington, D.C. area as an example. "In the city of Washington, D.C., two firms, Safeway and Giant, control 68.2% of the food market. Giant is already installing the electronic checkout. The day Safeway installs it, the Washington area customer will largely lose the ability to choose a market without electronic checking...The day both

Safeway and Giant remove prices from packages, the Washington area shopper will lose this essential information.

Foreman strongly attacked industry statements that electronic checkout systems are only a test. "Development of the electronic system is not a test. It is rather the culmination of ten years of capital expenditures, research and technological development. Ten years, I might add, that went by without asking any consumer groups in the country for their advice, suggestions or criticisms. While the industry was experimenting, designing and re-designing, consumers were left in the dark until the system was a fait accompli. Then with the decisions made, consumers were consulted. What is happening around the company is not a test. It is the promotion of a new product."

One industry spokesman stated that S.997 "Might burden the consumer with unnecessarily high prices, less efficient service and a less productive food distribution system."

Foreman says, however, that only 10% of the total savings the industry expects to save can be attributed to the lack of item pricing. She further adds that if you subtract the cost of improving shelving and pricing shelf markers the savings are reduced further. On a \$50 basket of food the customer would only save 16 cents. Thus if the customer were to spend 3,000 dollars on food he could expect to save a little less than \$10.

"Consumers can have, should have, and want to have both the detailed tape and visible prices," Foreman added. "The tape is of no value to the shopper when the shopper is at the checkout counter. There is no way to use that tape to make sure that the correct price is being rung up. The industry has insisted upon referring to the new tape as a trade-off. Give up the individually marked items for the new tape. This trade-off is not necessary."

Foreman said the industry has criticized consumer groups because certain types of items need exemptions. They cited specifically such items as milk and eggs. She stated that her organization has no objection to exempting certain types of items which have traditionally gone without prices and products which are smaller or lightweight.

Price marking continued on p. 5

PROTEIN SUPPLEMENT ADVERTISING AND LABELING

Your comments are invited on a proposed Federal Trade Commission Trade Regulation Rule. The Rule is designed to alert consumers to possible health hazards from the improper use of protein supplements. It also proposes to stop misleading health and usefulness claims in regard to them.

The Rule would cover powder, liquid and tablets sold over the counter to supplement daily intake of protein with as much as 100 grams.

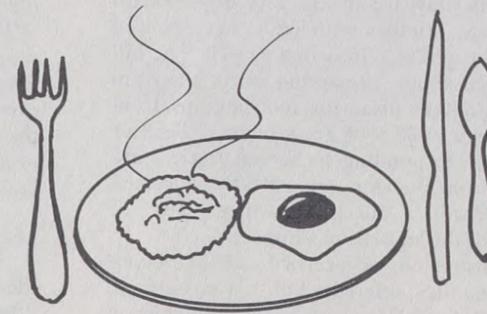
The Proposed Rule Would Do These Things

- Require disclosure that protein supplements are unnecessary for most Americans.
- Require disclosure of certain health hazards associated with improper use.
- Prohibit deceptive and unfair nutritional and other health claims.
- Require disclosure of protein content, source and quality.

FOCUS COMMENTS ON THESE QUESTIONS:

The Commission is especially interested in consumer experiences, survey findings or other facts about:

- Incidence and severity of illnesses resulting from improper use of protein supplements.
- Consumer awareness or ignorance of: potential health hazards, protein needs, value of protein supplementation in typical diets, and comparative protein values in different protein supplement products.
- Extent to which buying decisions are based on scientifically based knowledge of nutrition and health facts.
- Extent to which advertising and labeling claims influence purchase decisions.
- Examples of ads and labels that have misled or deceived purchasers of protein supplements.
- Information that ads and labels might include in order to communicate sound health and usefulness information.
- Research findings that relate to health, nutrition or disease in connection with protein supplementation.
- Predictable effects of the Rule, as proposed, on consumers, on the public, on health food stores, pharmacies distributors.
- Alternatives to the Rule, as proposed, that might better protect the public interest. Could alternative proposals minimize industry costs and better protect the public interest. For example, is the definition of products covered, adequate, accurate and complete?



SUMMARY OF THE PROPOSED RULE

Disclosures
The Rule would require that ads, promotion materials and labels disclose:

HEALTH HAZARD

Health hazards associated with improper use of concentrated protein supplements by infants, young children, and persons with liver or kidney disorders.

PROTEIN NEED

That the U.S. Public Health Service has determined that the daily diet of most Americans contains adequate protein, and that protein supplements are therefore unnecessary for most Americans.

WEIGHT REDUCTION

That protein in excess of the body's daily needs may contribute calories which can cause weight gain.

That weight reduction can occur only if the body uses more calories than it ingests from all sources, including protein.

PERCENT OF PROTEIN

The amount or percentage of protein in the supplement and the product's protein source.

That protein supplements are sources of "quick energy."

That protein will reduce weight. Or that by itself protein will produce general good health, vigor, sustained energy, or alertness.

Claims that, contrary to the weight of scientific evidence, protein supplements:

Can improve athletic performance, act as an antidote to the effects of aging, prevent or cure diseases or minor ailments.

That protein supplements are more economical sources of protein than some ordinary protein-rich foods like steak or eggs, without the concurrent disclosure of inferiority of these supplements in terms of overall nutritional value.

Deceptive comparisons of protein supplements and ordinary protein-rich foods with regard to the concentration of protein in the compared foods.

That protein deficiency can be effectively and economically met by the consumption of protein supplements.

PROHIBITIONS

The Rule would prohibit any claim that is inconsistent with the required disclosures. In addition it would prohibit such misrepresentations as the following:

Focus On Local KonsumerS

This month: Louisiana Consumers' League



Louisiana's Valentine Massacre of 1968 did not leave anyone dead but many businessmen in Louisiana would have just as soon not seen it happen. The massacre was meant to "wipe out" consumer ignorance, "rub out" shoddy business practices and "eliminate" a business monopoly of influence on the state legislature.

At the time of Louisiana Consumers' League (LCL) organization there was no limit whatsoever to interest rates in Louisiana. Fearing some regulation, the credit industry proposed a bill that limited rates to 40 per cent per annum. The bill sailed through the House of Representatives 98-0 and the Senate 31-4. The League took its case to the press and with its assistance successfully urged the Governor to veto the bill. LCL was then only four months old.

The Governor's veto was a dramatic victory for the young organization and helped broaden its base from the LSU community where it started. In its early efforts LCL sponsored an extremely active speakers' bureau; it conducted and published statewide price comparisons of food, health, and children's toy products; it led the exposure of outdated baby foods, milk price fixing and credit bureau increases before the Louisiana Public Service Commission; and it even appeared before legislative committees in Washington, D.C. on behalf of consumers.

As statewide membership grew into the hundreds, LCL enjoyed more political clout and by 1972 it was ready to take its message to the state legislature.

The credit industry still did business with a free hand. However, through the efforts of LCL members, Louisiana passed its first comprehensive law limiting interest rates, refinancing, holder-in-due course, and other abuses.

During that same legislative session, the League played an instrumental role in establishing the Governor's Office of Consumer Protection. By law two of the 17 members on the agency's advisory board must be nominated by the LCL.

In order to provide better service to its members and the public, LCL, through government grants, sponsors the Consumer Protection Center, the first consumer office for the people of Baton Rouge. Roberta Madden heads an office of six (6) professionals that concentrates on the problems of the low income consumers.



John Robbert, President of LCL, is interviewed prior to Consumer Day '75 by Angela Hill, Consumer Reporter for WWL-TV (CBS).

The League also created the climate for the establishment of a Mayor's Office of Consumer Affairs in New Orleans. Unfortunately, for the New Orleans Chapter of the LCL, it lost an energetic president when Nell Weekly was named director of the office.

LCL itself has remained a totally volunteer organization. Without any paid personnel, it has relied on the attorneys, doctors, housewives, college professors, businesspersons, senior citizens, and students who comprise the membership to effectuate the goals of education and service to the community.

During the past year, LCL either individually or in cooperation with other organizations, conducted a food price survey, a prescription drug price survey, a toy safety survey, a survey of the methods of calculating interest on revolving charge accounts; it also has a weekly column in New Orleans' only evening newspaper, it also published a directory of agencies providing consumer assistance; and, of course, it appeared before many legislative committees and rate making authorities to



Eileen Hoats addresses the luncheon at Consumer Day '75. Included at the head table are (left) John Robbert, President of the Louisiana Consumers' League (LCL), Charles Tapp, head of Governor's Office of Consumer Protection.

represent the consumer. The League co-sponsored the annual Consumer Day with this year's theme of "Consumer Buy-centennial."

Consumer Day '75 was a day-long event, teachers, professionals, and consumers which featured sessions on many consumer topics, including: Food Shopping, Insurance, Consumer Education in Schools, Buying a Used Car, Landlord/Tenants Relations, Energy Conservation, Utility Rates, and Methods of Solving Consumer Disputes. A highlight of the day was a luncheon address by Eileen Hoats, president of Consumer Federation of America.

The Louisiana Consumers' League is recognized not only in Louisiana but across the nation as *the* consumers' representative in this state. The results of its surveys are front page news. Its political clout is strengthening. Since Valentine Day, 1968, LCL has become dear to the hearts of Louisiana consumers. (Inquiries about LCL should be directed to P.O. Box 1332, Baton Rouge, Louisiana 70821.)

Local Consumer Offices

can now join CFA

Consumer Federation of America's Board of Directors recently adopted a by-law change to allow state and local government consumer protection offices to become non-voting associate members of CFA.

To apply they must submit information which establishes the non-profit institutional character of the organization, a copy of any legislation or ordinance which served as the basis for establishment of the organization, and a description of its organizational structure, activities, and objectives. The application must be accompanied by payment of annual dues, which are on a sliding fee schedule based on the size and financial condition of the agency.

Members will be entitled to the CFA publications, legislative briefings, special alerts on key pieces of Federal legislation, CFA testimony, and major CFA speeches. They will be encouraged to attend CFA meetings and conventions and participate in policy decisions.

In creating this new category of membership, CFA hopes to expand its working relationship with consumer agencies throughout the country. It will keep government consumer offices informed of significant developments in Federal legislation and agency proceedings; their input to CFA will increase the impact of consumers within the Federal decision-making process.

Several government consumer officials have already expressed their enthusiasm about this resolution. For example, Esther Shapiro of the Detroit's District Attorney's Office said that she has found CFA to be the "best, fastest and easiest way to stay in touch with consumer trends and to maintain a constant contact with the consumer movement at a grass-roots level. I hope CFA will be a clearinghouse for us to exchange ideas at a local level. It is helpful to have an enunciated consumer position." Asked what they would contribute to CFA, she answered, "I think we will add a voice of realism. We know what can and can't be done within Federal Agencies."

Shirley Goldinger, of the District Attorney's office in Los Angeles, feels that the resolution will introduce "an invaluable source of information as to what's really happening at a local level."

Eileen Hoats, Director of Legislative Affairs at the New York State Consumer Protection Board, explained, "We adopted this resolution because there is a growing corp of capable experienced people working for government and we don't want to exclude them just because they're not working for private groups."

Jack Beidler consumer friend, dies

Jonathan Beidler, chief lobbyist for the United Auto Workers, died recently. He was 46 years old. While working for labor causes he supported and lobbied for strong consumer protection legislation. For over twenty years, his effectiveness as a consumer lobbyist aided the passage of many key consumer measures. UAW President Leonard Woodcock stated that "he was a skilled legislative craftsman with a keen understanding of the procedures of Con-

gress. Jack's work for the American labor movement went far beyond the call of duty. He was a man of extraordinary range and compassion who cared deeply about humanity. His loss is profoundly saddening and leaves a void which will be impossible to fill."

Beidler spent almost all of his professional career working for the labor movement. In 1953, he worked as a legislative aide to the Congress for

Industrial Organizations. After the AFL merged with the CIO two years later, he joined the legislative staff of the AFL-CIO. He was named Legislative Director of the Industrial Union Department of the AFL-CIO in 1965 and served for three years. In 1968 he was named Executive Director of the Center for Community Change which provides legislative services for local community unions. He joined UAW as its Legislative Director in 1971.

HOW TO RESPOND TO THIS CALL FOR COMMENT

- Submit written comments on any aspect of the proposed Rule until at least November 7, 1975.
- Participate in informal hearings on the Rule (times and places to be announced in the Federal Register) after the comment period is over.
- Proposed "issues of specific fact" to be resolved at the informal hearings. Proposals must be received before November 7, 1975.

Mailing address: Asst. Director for Rulemaking, "Protein Supplements", Federal Trade Commission, Washington, D.C. 20580.

Copies of the proposed Rule and other materials may be requested from the above address. Or you will find them in full, in the Federal Register for September 5, 1975, Vol. 40, p. 41144. The Federal Register is found in many libraries.

Price marking continued from p. 2

The system could help the consumer but it could also hurt him in ways he may not be aware of. Under the new system, sans item pricing, there will be a greater reliance on prepackaged produce. It will create problems for the elderly or handicapped consumer. The system rings up items so fast that only persons with good eyesight will be able to follow it. Additionally, since the system will have a centralized memory bank, customers who pay by check will have their entire checking history kept in a readily printable form. The supermarket could make such information available to direct mail advertisers and credit bureaus without their knowledge.

"For all these reasons," Foreman concluded, "S.997 should be passed without delay."

Legislative-Wrap-Up

Parens Patriae

Earlier this year the parens patriae bill (H.R. 8532) was re-introduced by House Judiciary Committee Chairman, Peter Rodino (D-N.J.) with the leadership and active assistance of John Seiberling (D-Ohio), Walter Flowers (D-Ala.) and Barbara Jordan (D-Tex.) This legislation would authorize state attorney general to sue on behalf of citizens in their states for anti-trust violations, for example in the area of price-fixing (gas, bread, milk, etc.). The cost of such price-fixing has been estimated to be \$80 billion annually.

Treble damage lawsuits could be brought with the damages being distributed to those citizens who had suffered losses. Where that class could not specifically be identified, the court would be permitted to distribute it in a way that would benefit all members of the class (e.g., a lowering of the price of the commodity, or an investment of the damage award into research and improvement of the product).

The vital need for such legislation is highlighted by the financial inability of most individual consumers to bring their own lawsuits and the heavy burdens placed on class action suits by recent Supreme Court decisions.

It is hoped that an amendment sponsored by Walter Flowers (D-Ala.) will receive the support of the House in that it would allow state attorneys general to utilize the services of private counsel to bring these suits, the private counsel receiving reasonable attorney fees as determined by the court. This amendment is critical because far too few states currently have the economic resources and anti-trust expertise to effectively represent their citizens in highly complex anti-trust actions. The amendment would help ensure quality representation at a reasonable cost.

In July the measure was overwhelmingly approved by a voice vote in the House Judiciary Committee. Despite support for the legislation both from the Administration and from *all* state attorneys general, the bill did not receive a Rule when considered by the Rules Committee on November 6, 1975. Strong and highly financed lobbying against the bill by the conservative and anti-consumer organization Business Roundtable and the American Truckers Association resulted in a successful motion to postpone indefinitely by James Delaney (D-NY). A similar provision pending in the Senate as Title IV of S.1284 is being stilled by James Eastland (D-Miss.).

It is important that consumers communicate immediately with the Congressmen whose votes will be instrumental in the Rules Committee.

Farmer to Consumer Direct Marketing Act of 1975

The U.S. House of Representatives approved the Farmer-to-Consumer Direct Marketing Act of 1975, H.R. 10339 on November 3, by more than a two to one margin. The bill sponsored by Rep. Joe Vigorito (D-Pa.) would authorize \$1.5 million for fiscal 1977 to the USDA Extension Service and state departments of agriculture for the purpose of encouraging and coordinating arrangements for direct marketing of agricultural produce from farmers to consumers.

National Cooperative Bank

On November 6, 1975, Senator Thomas McIntyre (D-NH) joined by twenty co-sponsors, introduced S.2631, a bill to establish the National Consumer Cooperative Bank. This legislation is the result of the persistent efforts of CFA Board member Shelby Southard, Legislative Director of the Cooperative League of the USA, who helped develop the concept and urge its creation. The National Consumer Cooperative Bank would help food coops, health coops, housing coops, and others meet the problem of inadequate financing. It would give them a healthy control over their own operations and stimulate local leadership and the investment of local dollars.

The bank would be started initially by seed capital invested in the form of preferred stocks by the U.S. Government. But like the highly successful cooperative farm system after which it was patterned, the cooperative bank's capital would gradually be replaced by private capital as the organization developed and expanded. Supervision would be provided by a small independent government agency which would report on the bank's operations to Congress and the public.

It is expected that shortly before the Thanksgiving recess, an identical bill will be introduced in the House by Fernand St. German (D-RI).

Beef Promotion Check-Off Bill

The House of Representatives approved the Beef Research and Promotion Bill on October 2, by a vote of 229 to 189. CFA testified against this legislation, which would authorize deductions of up to 3 per cent of the sales proceeds from all cattle sold for slaughter subject to approval in a referendum vote of beef producers. The bill was unanimously reported out of the Senate Agriculture Committee in mid-November, but appears to be in some trouble because of a change in the referendum voting process from a "one man, one vote" approach in the House version to a less equitable "one critter, one vote" approach in the Senate version. The Senate bill gives more power to large cattle producers.

Real Estate Settlement Procedures Act

On October 30, CFA testified in support of a compromise bill introduced by Gary Brown (R-Mich) which would repeal RESPA's 12 day advance disclosure provision and the disclosure of previous selling price provision. The compromise bill would instead, require the lender to provide the borrower with a good faith estimate of the closing costs at the time a written application is made for a loan. The estimate is inserted in a HUD information booklet. This gives the consumer a good faith estimate earlier in the process than under present RESPA procedures and thereby allows the consumer to use that information as a factor in choosing a lender. Logically it should motivate lenders to reduce some of their own settlement costs so as to compete for customers. With respect to the disclosure of previous selling price provision designed to eliminate unconscionable speculation, it was felt that as a practical matter the provision was ineffective. An exclusively disclosure provision it merely called for a statement of costs at a point when the contract of sale and commitment had

already been negotiated. A more effective way to eliminate speculation without imposing potential delays on innocent sellers and purchasers would be to impose heavy sanctions against unscrupulous FHA appraisers, prosecute under statutory provisions which prohibit insider profits for lenders, tax measures which eliminate the incentive to speculate, anti-strong man contract provisions, and the like.

The House compromise was passed by the full Banking Committee by a vote of 31-5 and was brought to the floor on November 17, 1975 when it passed 378-21 (1 present). On November 19, 1975 the Senate Banking Committee gave unanimous support to a similar compromise bill (S2596) introduced by William Proxmire (D-Wis) and Robert Packwood (R-Oreg).

The bill differs from the House compromise in two respects: 1) It provides that consumers will be entitled to receive the exact figures of the settlement costs 24 hours before settlement; and 2) Truth in Lending Statements will have to be provided at the time of the loan commitment. It is expected that this final version of the legislation will be approved by both houses immediately following the Thanksgiving recess.

No Fault Insurance

Opponents of No-Fault suffered a major defeat in the House on October 29, 1975 when the Subcommittee on Consumer Protection of the Interstate and Foreign Commerce Committee voted to favorably report H.R. 9650, a bill which would establish minimum federal No-Fault standards.

After countless procedural delays by John McCollister (R-Neb) and Bill Stuckey (D-Ga) which were aimed at killing No-Fault in subcommittee, it became apparent that supporters of the bill would persevere. It is expected that the full Commerce Committee will take up the measure early next year.

Credit Card Surcharge

On October 16, 1975, CFA's Executive Board overwhelmingly voted to oppose legislation which would allow the imposition of a surcharge on credit card users. That Board position provided the basis for CFA's testimony on October 23, 1975, before the House Subcommittee on Consumer Affairs of the House Banking Committee, which testimony was likewise submitted to the Senate Banking Committee which had earlier conducted hearings on the same issue.

Accordingly, a bill (S. 2594) introduced by William Proxmire (D-Wis) and Joseph R. Biden, Jr. (D-Del) would amend the Fair Credit Reporting Act so as to specifically allow the discount surcharge option. Contrariwise, a bill introduced by Frank Annunzio would prohibit the surcharge method; this legislation is supported by CFA.

It was CFA's position that although there is no arithmetic difference between the discount and surcharge method, the greater potential for manipulation and discriminatory abuse with the surcharge method dictates that it not be permitted.



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