

Consumer Education and Financial Management Conference

January 13 - 14, 1977
Blacksburg, Virginia

CONFERENCE SUMMARY



Consumer Education and Financial Management Project
Sponsored by Virginia Cooperative Extension, Extension Division
Virginia Polytechnic Institute and State University
in cooperation with Title I Higher Education Act of 1965
Blacksburg, Virginia
June 1977

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CONSUMER EDUCATION AND
FINANCIAL MANAGEMENT
CONFERENCE

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CONFERENCE

SUMMARY

Glen H. Mitchell

and

Martha G. Christie

Appreciation is expressed to the state Agency Title I of
HEA 1965, Project #76-013-011, for making possible printing of this publication.

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CONSUMER EDUCATION AND FINANCIAL MANAGEMENT PROJECT

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Mr. J. Robert Anderson, Director
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Mr. Roy L. Farmer, Director
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Mr. Rufus Foutz, III, Secretary-Treasurer
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Mr. Don W. Galbreath, Acting Director
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Mr. Robert E. Gibson, President
National Foundation for Consumer Credit

Mr. Carl E. Jorgensen
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Mr. William L. Lukhard, Commissioner
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Averett College

Dr. James F. Tucker, Vice President
Federal Reserve Bank of Richmond

*Dr. Ruth Harris was the Associate Director of the project from its inception until September 1, 1976 when she turned over her role to Dr. Anita Webb. Dr. Harris wrote the original proposal for the financial counseling manual.

PREFACE

This is a conference summary. It is not a verbatim transcript of the Consumer Education and Financial Management Title I Conference. Appreciation is expressed to the conference sponsors: Virginia Tech Extension Division and the state Agency for Title I.

For further information about the conference or the project, please contact:

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Consumer Education and Financial Management Conference
January 12, 13, and 14, 1977
Center for Continuing Education
Virginia Polytechnic Institute and State University
Blacksburg, Virginia

AGENDA

Wednesday, January 12

7:00 p.m. - 9:00 p.m.

Registration (Lobby)
Exhibits (North Lounge)
Film Fair (Conference Room F)
Coffee, Wine, and Cheese (7:30 p.m. - 8:30 p.m.)
at the Continuing Education Center (Dining Room)

Thursday, January 13

8:00 a.m. - 8:45 a.m.

9:00 a.m. - 9:30 a.m.

Registration (Lobby)
Introduction of Dr. William Van Dresser:
Dr. Nancy Barclay, Head, Management,
Housing, and Family Development, VPI & SU
Welcoming Remarks: Dr. William Van Dresser,
Interim Dean, Extension Division, VPI & SU
Introduction of the Advisory Committee:
Dr. Ann Thompson, Associate Dean,
Extension Division, VPI & SU
Introduction of Title I Representatives
and Project Directors: Dr. Ruth Harris,
Director, Family Resources, Extension
Division, VPI & SU (Rear Auditorium)

9:30 a.m. - 10:30 a.m.

Introduction of Keynote Speaker:
Dr. Laura J. Harper, Dean, College of
Home Economics, VPI & SU
Keynote Speech: "CONSUMER EDUCATION:
AN OVERVIEW" Dr. Lillian Mohr, Professor,
Home and Family Life, School of Home
Economics, Florida State University,
Former special advisor to Mrs. Virginia
Knauer, Special Assistant to the
President for Consumer Affairs
(Rear Auditorium)

AGENDA

Consumer Education and Financial Management Conference (Continued)

- 10:30 a.m. - 11:00 a.m. Break
- 11:00 a.m. - 11:15 a.m. Introduction to the three components of the Consumer Education and Financial Management Project:
Mass Communications - Dr. Glen Mitchell
Educational Modules - Dr. E. Thomas Garman
Financial Counseling Training Manual -
Dr. Anita Webb (Rear Auditorium)
- 11:15 a.m. - 12:00 Mass Communications: Dr. Glen Mitchell,
Mr. Doyle Satterthwaite, Mrs. Mary Ann
Shurtz, Ms. Marty Christie
(Rear Auditorium)
- 12:00 - 1:30 p.m. Luncheon (CEC dining room)
- 1:30 p.m. - 2:30 p.m. Financial Counseling Training Manual:
Dr. Anita Webb, Dr. Mike Sporakowski,
Dr. Helen Simmons, Dr. David Hutchins,
Mr. David Myhre, Ms. Hilda Dailey
(Rear Auditorium)
- 2:30 p.m. - 3:00 p.m. Break
- 3:00 p.m. - 4:00 p.m. Educational Modules: Dr. E. Thomas Garman,
Ms. Sandy Jeffrey, Ms. Sarah Monroe
(Rear Auditorium)
- 4:00 p.m. - 4:45 p.m. District meetings to plan spring conferences:

Southwest: Miss Mary E. Harris, Program
Leader
Dr. Nancy Barclay, Head,
Management, Housing, and
Family Development
(Committee Room)

West Central: Mrs. Frances Graham,
Program Leader
Dr. Ruth Harris, Director,
Family Resources
(Rear Auditorium, left)

AGENDA

Consumer Education and Financial Management Conference (Continued)

East Central: Miss Mary Hillie McCoy,
Program Leader
Ms. Marty Christie,
Project Coordinator
(Rear Auditorium, right)

Southeast: Mrs. Ann W. Frame, Program
Leader
Dr. E. Thomas Garman,
Associate Project Director
(Rear Auditorium, center)

Northeast: Mrs. Ann G. Sanderson,
Program Leader
Mrs. Betty Parker,
Extension Agent
Dr. Glen Mitchell,
Project Director
(Conference Room G)

Northern: Miss Tommie Lou Hunter,
Program Leader
Dr. Anita Webb, Associate
Project Director
(Conference Room G)

4:00 p.m. - 7:00 p.m.

Film Fair (Conference Room F)
Exhibits (North Lounge)

7:00 p.m. - 9:00 p.m.

Banquet
Presiding: Dr. E. Thomas Garman
Speech: "THE CONSUMER: LOST LAMB IN A
MERCHANDISE MAZE" Mr. Sidney Margolius,
noted syndicated consumer education
columnist (CEC Dining Room)

Friday, January 14

8:30 a.m. - 9:00 a.m.

General Session (Rear Auditorium)
Introduction to workshops: Dr. Glen Mitchell
U.S. Office of Education Grant for Debt
Counseling: Dr. Ruth Harris

AGENDA

Consumer Education and Financial Management Conference (Continued)

9:00 a.m. - 10:15 a.m.

Workshops:

1. "Financial Counseling": Dr. Anita Webb, Dr. Mike Sporakowski, Dr. David Hutchins, Dr. Helen Simmons, Mr. Mike Ferguson, Attorney at Law, Mr. David Myhre (311/316 Squires)
2. "Financial Management": Ms. Hilda Dailey Dr. Esther Martin, Mrs. Janet Faith (Committee Room)
3. "Energy Conservation": Dr. Lee Richardson (Conference Room F)
4. "Economic Education": Dr. Dennis O'Toole (Conference Room G)
5. "Consumer Education for Older Persons": Mr. Fred Waddell (U.S. Office of Education Grant) (342 Squires)

10:15 a.m. - 10:45 a.m.

Break

10:45 a.m. - 12:00

Workshops Continue:

1. "Financial Counseling" (continued from first session) (311/316 Squires)
2. "Financial Management" (continued from first session) (Committee Room)
6. "Energy Conservation": Dr. Lee Richardson (repeat of #3) (Conference Room F)
7. "How to Survive in Consumer Journalism": Mr. Sidney Margolius (Conference Room G)

12:00 - 1:45 p.m.

Luncheon

Presiding: Dr. Ruth Harris, Director of Family Resources

AGENDA

Consumer Education and Financial Management Conference (Continued)

Speech: "THE CHALLENGE FOR US ALL"
Dr. Lee Richardson, former Director for
Office of Consumer Affairs, Federal
Energy Administration; current
President of the Consumer Federation
of America and Chairman of the
Department of Marketing, Louisiana
State University
(CEC Dining Room)

Evaluation of the Conference

1:45 p.m. - 2:45 p.m.

Advisory Committee Meeting
(Conference Room F)

The press room is located in the Board Room.

THURSDAY, JANUARY 13, 1977

INTRODUCTION TO THE CONFERENCE

Introduction to the Conference: Dr. Glen H. Mitchell, Project Director
(Extension Specialist, Consumer Education)

As the permanent chairman, it is my pleasure to open this Consumer Education and Financial Management Conference. Our purpose here is to help the Virginia consumer by enabling us all to be more knowledgeable. We hope your stay will be enjoyable, that you will meet some enjoyable people, some interesting people, that you will find new sources of information, and last but not least, you discover the vast talent you have to employ in this vital area.

We plan to maintain a punctual schedule. Meetings will start and end on time. If there is anything we can do to enrich your stay, please let the staff know.

Now may I introduce an individual who has been a strong supporter of consumer education and financial management education, our administrative project head, Dr. Nancy Barclay. Nancy has worked very diligently to make it possible for us to have this Title I project and we really do appreciate this.

She's a graduate of Carnegie-Mellon, Pennsylvania State University, and Ohio State University. She is now the Head of the Department of Management, Housing and Family Development in the College of Home Economics here at Virginia Tech. Dr. Nancy Barclay.

Introduction of Dr. William Van Dresser: Dr. Nancy Barclay, Head, Management,
Housing and Family Development

I am pleased to see such a wide awake and lively looking group this early in the morning. I am sorry that the temperature wasn't too warm but we want you to know that we really are going to give you a warm reception with the things we have planned for you today. The interesting but fleeting task I have to perform here this morning is to introduce to you Dr. William Van Dresser. Dr. Van Dresser is very well-known to most of you and I suspect that I could just say "he needs no introduction" and for most of you this would be true. However, since we have a few visitors from out-of-state and some other guests who may not know him, I do want to briefly state that Dr. Van Dresser has a background in veterinary medicine but I think that we would all vote in agreement that he has made the transition very well to working with people. He has served in many capacities at V.P.I., on the teaching faculty and in extension and, presently, is Interim Dean for the Extension Division of V.P.I. and S.U. It is my pleasure now to introduce Dr. William Van Dresser.

Welcoming Remarks: Dr. William R. Van Dresser, Interim Dean, Extension Division, VPI & SU

I greet you from the "winter wonderland" of Southwest Virginia. I want to welcome you to the great Southwest Virginia and the VPI & SU campus. You will find Virginia Tech a very friendly, warm campus--I'm not speaking about the weather, but the people here at Tech. You will find that we have a commitment to the three missions of teaching, research, and extension. To the land-grant institution mission we have a total commitment to consumer information or consumer education and we have had that commitment for years. It is not a new area. It is not a new field for us. The emphasis in consumer education and consumer information obviously has changed through the years. The methods of approach have changed. We have seen and will continue to see emphasis on the financial area of consumer education. We at VPI are constantly seeking methods to do a better job in consumer information. How can we do a better job in consumer information? How can we do a better job in meeting the needs of the public? One of the things we have had to do is reach out for additional resources. One source is Title I and this is one of the reasons we are together today--working with the support of Title I and the University. The Title I project shows innovation and it shows a concern for and a need for this particular subject area. With your influence, with your knowledge, and with your continued effort with your clientele and audience, success will be assured. This project will be a success with your commitment to the continuation of this consumer information with your clientele.

We are extremely pleased that you are here. We hope you have an opportunity to see the campus. Have a good conference!

Dr. Glen H. Mitchell:

Now it is my pleasure to introduce an outstanding educator in adult education and in home economics who has aided us tremendously with this Title I grant. She is a graduate of Auburn, the University of Maryland, and Oklahoma State University. A prolific and dedicated worker, she constantly encourages us to be more professional and more innovative. Despite what Alabama did to us in basketball, we appreciate having with us an Alabaman, Dr. Ann Thompson, Associate Director of the VPI & SU Extension Service.

Introduction of the Advisory Committee: Dr. Ann Thompson, Associate Dean, Extension Division

They tell me they even have some ice down in Alabama so you just can't get away from it. It is my privilege though to introduce the Consumer Education and Financial Management Project Advisory Committee to you. I think most of them are here. I will ask them to stand. I will also give the names of members of the committee who were unable to be here and tell you who they

represent. We were very privileged to have this committee. It was partly built into the project, that we would have an Advisory representative of the various agencies and organizations in the state that had concerns about consumer education, about financial management, etc., and this group did have inputs into the project in August and many of the things that will be shared with you today will be a result of some of their suggestions and input to the people who were working on it.

Advisory Committee Members in Attendance:

Mr. J. Robert Anderson, Director
Bureau of Health Education, State Dept. of Health

Mrs. Jean Beard, President
Extension Homemakers of Virginia

Mr. Roy L. Farmer, Director
Virginia State Office of Consumer Affairs

Mr. Butch Foutz, Secretary-Treasurer
Virginia State AFL-CIO

Mr. Robert E. Gibson, President
National Foundation for Consumer Credit

Mr. Jim Paredes
Office of Consumer Affairs, Norfolk, Virginia

Mrs. Martha U. Pritchard, Administrative Assistant
Office of the Governor of Virginia

Dr. Juanita F. Strawn, Chairman
Department of Human Ecology, Hampton Institute

Dr. O. Wendell Smith, Vice President
Development and Public Relations, Averett College

Advisory Committee Members Unable to Attend Conference:

Mr. Don Galbreath, Acting Director
Educational Programs, Virginia Department of Community Colleges

Mr. Carl E. Jorgensen
Virginia Department of Education

Mr. William Lukhard, Commissioner
Virginia Department of Welfare

Mr. W. O. Pearce, Senior Vice President
Virginia Bankers Association

Mr. Sumpter T. Priddy, Jr., President
Virginia Retail Merchants Association

Dr. Carl L. Riehm, Assistant Superintendent for Instruction
Virginia Department of Education

Dr. James F. Tucker, Vice President
Federal Reserve Bank of Richmond

Introduction of Title I Representatives and Project Directors: Dr. Ruth D. Harris,
Director, Family Resources, Extension Division

It is my pleasure to introduce several very important people who made a contribution to this project and made this conference possible. I might introduce them as VIP's from VPI & SU and from the University of Virginia. These people are very important for without their effort, their expertise, and the work they put into this project, you would not have been able to attend this conference. The first individual I would like to introduce is Mr. Lit Simpson. He's very important because he had a great deal to do with providing the money for this project. Incidentally, we are thinking of writing another proposal so if you feel that this conference is worthwhile please go up and shake Mr. Simpson's hand and tell him so, for we need a few brownie points. The second individual I'd like to introduce is Dr. Richard Harshberger. You will see him in the CEC here today. He is Title I Representative here at VPI & SU and also Associate Director for General Extension here at the Donaldson Brown Center for Continuing Education. Another individual who is very important to this conference is Dr. Glen Mitchell. Glen, would you stand? Glen's already been before you this morning. He's very important because he's our director. You've probably talked with him over the phone or corresponded with him concerning the conference. He has worked very hard over the past year; these conferences don't happen overnight.

Dr. Mitchell obtained his degrees from Ohio State University, where he was on the faculty for ten years. Later he did post-doctoral study at Case Institute and the University of Chicago. He is, of course, the project director and giving leadership to the mass communications components of this particular project. He is a very qualified person. We thank you, Glen, for all the effort you put into this conference. Another individual I'd like to introduce is probably one of the busiest individuals I know, Dr. Tom Garman. Tom, would you stand? Tom is a juggler. He is very busy and has learned to be a juggler this year because he had many projects funded last year in consumer education. This is one of these projects. Of course, I realize how busy he is because I am co-director on most of those projects. Tom is highly qualified and has contributed much work to the development of this conference. He is associate professor, MHFD, with the College of Home Economics, here at VPI & SU. He is giving leadership to the educational modules component of the project. Tom received his Bachelor of Science and Master of Business from the University of Denver and his doctorate from Texas Tech. Tom, we're glad you had those projects funded last year. Another individual that I'd like to introduce is one that I have worked with over the past two years, Dr. Anita Webb. Anita, would you please stand? She is a

very intelligent person. I worked very closely with her. She is very cooperative and at the last minute in September took over the responsibilities I had in the project. She has done an excellent job in working with Helen Simmons in preparing a financial counseling manual which you will probably be reviewing later. Dr. Webb is serving as Associate Director of the financial counseling component of this project. She is currently the Program Leader of the Home Economics Education Program area in the Division of Vocational-Technical Education, the College of Education here at VPI & SU. She has her doctorate from the University of Tennessee and has been here at VPI since 1974. There are two additional individuals that I'd like to introduce to you. Marty Christie, would you please stand? Marty is the Project Coordinator. One of the most creative and talented individuals I know, not only from the artistic standpoint but also from her efforts in coordinating this conference. She has been extremely busy for the past four or five months. Another individual I would like to introduce is Mrs. Mary Ann Shurtz from the Virginia Office of Consumer Affairs. Mary Ann has been working very closely with us and helping us to develop some of the brochures. You will hear from Mary Ann later on in the program. Thank you.

General Announcements and Introduction of Dr. Harper: Dr. Glen H. Mitchell

Thank you kindly, Ruth. Originally, she was associate director of this project and we really appreciate Dr. Harris's help. One group which isn't on the schedule but I did want to call your attention to them. If they're in the room, I wish they would stand up. I refer to our exhibitors. I think some of you must have seen the exhibits because all the free copies of the Bantam publication from General Mills are gone. There are also free copies of the General Mills Family Economic Report. I would like to just name off some of the people who do have displays. One is Ken Filbin of McGraw-Hill. Mary Fran Kirchner of Consumer Survival Kit, we are glad to have you. Pam Brown of Cincinnati and Proctor & Gamble. Also back there in the same corner, our own Janet Faith and Hilda Dailey who have a display out there about the computer and will be talking more about this later. Also Sandy Moore, of J. C. Penney. There will be a Film Fair at 4:00, also the exhibits will be open at lunch also from 4:00 to 7:00.

Later, we will give you a list of the films that are available. One of the persons who helped us write the project along with Professor Groseclose and has been a big help to me in consumer education and extension work is Gaynelle Hogan. Gaynelle, would you please stand up?

One of my pleasures in the last two years has been to join the Faculty of Home Economics and before that I was in a college of business administration and believe me there is a big difference. But, I've always enjoyed academic life and it has been a big change though and one thing I've learned from in business you can about tell what the leaders are by their workers and vice versa. I think our college has a very good esprit de corps and this just doesn't happen. It is a reflection of personnel involved, particularly those at the top and the person who stands may see standards which not only make for good professionalism but enjoyable working conditions is Dean Laura J. Harper.

KEYNOTE SPEAKER: Dr. Lillian Mohr, Professor, Home and Family Life, School of Home Economics, Florida State University

Introduction of Dr. Lillian Mohr: Dr. Laura J. Harper, Dean, College of Home Economics, VPI & SU

I was invited to introduce your keynote speaker here today. One of the first things I learned about introductions is that the better the speaker the less introduction you have to give. When you introduce the President of the United States you don't need to give any credentials; you just say, "Ladies and Gentlemen, the President of the United States." Thus I will try to make my introduction brief but provide a little background since our speaker is from outside Virginia.

She is a member of the faculty at Florida State University in the Department of Home and Family Life in the School of Home Economics. Her background in education is in marketing and retailing with an interdisciplinary doctorate with emphasis on economics. She has worked in large corporate business, in promotion, public relations in marketing; she has also been a free lancer, serving as a journalist. She has worked in education, in technical colleges, and universities. She has been very active in the government structure of the colleges where she has worked. At Florida State, she served as President of an association of University Professors. She has been active in affairs at the community level and local level. She is a recent President of the American Council on Consumer Interests.

Dr. Lillian Mohr, we are very pleased to have you here and are looking forward to what you are going to give us as an overview of consumer education. Dr. Mohr.

CONSUMER EDUCATION: AN OVERVIEW: Dr. Lillian Mohr

We live in a money world and have to learn how to cope. A money world is complicated, and as with anything complicated--like sex--we joke about it. You've all heard:

Money isn't everything, but it's way ahead of whatever is in second place.

And people are wondering more and more these days how to reconcile their net incomes with their gross habits.

In the old days a man who saved money was a miser; nowadays he's a wonder.

And the main reason you can't take it with you is that it goes before you do.

The classic by Artemus Ward: Let us all be happy and live within our means, even if we have to borrow the money to do it.

Finally, when a person says it ain't the money but the principle of the thing, you can be sure it's the money.

I'm sure you could add to the list. Managing money has never been easy. Two hundred years ago more people lost their freedom because of bad debts than for all other crimes put together. Times have changed--we no longer have debtors' prisons--and we're no longer at the crossroads in American economic life, but rather at one of those cloverleaf jobs. And somebody figured it out--we have 35 million laws trying to enforce the Ten Commandments.

Well, how do you get a hold of an Elephant? Do you grab the leg, the trunk, the tail? When I was in a remote town in Ireland, I was told about a woman who had never been out of her county. One day a Fair came to her area, complete with strange animals never before seen outside of Dublin. One of these animals--an elephant--escaped, and ended up in the garden patch of this old lady. She called the constable and tried to explain: "There's this critter in me garden pulling up me cabbages--with its tail." Somewhat puzzled, the constable asked what the critter did next. There was no way she could explain, "If I be telling you that, you'd have me locked up for certain."

When it comes to consumer education, deciding which is the head or the tail--the beginning or the end--is still an individual decision. Unlike other scientific inquiries, consumer education is not rooted in some sort of paradigm. In effect, there's no set of working assumptions to guide enquiry so that we know without a question of doubt what subject matter to work with first or last, and what to leave out entirely.

Economic theory, for example, excludes most sociological, anthropological and psychological considerations. Consumer education is a decidedly more pragmatic, holistic study of phenomena that impinge on all of us in a real world setting and it doesn't allow us to ceteris paribus significant variables away. That's why, as applied economics, it little resembles the economic theory which may have spawned it.

The approach taken to consumer education depends greatly on the characteristics of those we are attempting to educate. ALTHOUGH WE TRY TO IMPART THE SKILLS NEEDED FOR A SOMEWHAT DISTANT FUTURE AND FOR A WORLD OF CHANGE, WE TEND TO FOCUS ON THE HERE AND NOW. As the famous British economist, John Maynard Keynes, pointed out, in the long run--we are all dead. Actually we live in a succession of short runs, so the approach used in motivating children in primary and secondary grades differs appreciably from that used in adult education programs with the working poor whose funds are inadequate to meet basic needs, with senior citizens, or with young people--like our temporarily impoverished graduate students who have great expectations for their materialistic futures.

So what is consumer education all about? YOU know, and your interest has brought you to this conference. But there are people who still think of consumer education as little more than buymanship--supermarket shopping or doing what comes naturally--or as antibusiness propaganda doled out by self-

anointed radical consumerists. So at the outset you are challenged to educate the general public to the fact that consumer education is a process whereby people, as individuals and as family members, learn to cope with an economic world. It is a natural concomitant of learning how to earn a living, in that it develops the skills necessary to operate at a maximum level of personal satisfaction within our mixed free enterprise economy.

The need for this type of learning has been amply documented by the National Assessment of Educational Progress and the U.S. Office of Education's study through the University of Texas of adult functional competencies, and even more, by the personal bankruptcies that grow in number each year.

The knowledge and skills are imparted frequently though not necessarily through courses of study. At many universities we traditionally divide the subject into three main categories:

Consumer Behavior - which covers the cultural, psychological, and sociological factors that enter into the decision-making process

Personal Financial Management - which covers budgeting, credit, banking services, insurance, social security, estate planning, stock market investing, home buying

Consumers in the Marketplace - which encompasses general buymanship, consumerism and issues and consumer protection.

Some schools also have courses in Consumer Law, Consumer Counseling, and the Economic Problems of the Poor.

As part of the 100 or more topics under the main headings you will find interwoven basic economic concepts--the basic principle of scarcity and how money--usually earned through employment--serves as a rationing device, admittedly not always equitably, and social concerns such as for ecology, energy shortfall, electronic funds transfer system, product safety.

Whatever tack your program and project is taking, it will undoubtedly have a few main threads:

Whether we are looking at consumer behavior from an interdisciplinary view or the other subject areas, we are focusing on the basic economic system we enjoy, characterized by profit-motivated individual and corporate action. We recognize that pervasive innate characteristic of people known as greed. This universal motivator is what makes consumers respond, sometimes unthinkingly, to the word FREE, and it's what makes businesses attempt to satisfy consumer needs--sometimes exploitatively. The profit concept leads to consideration of opportunity cost.

As an educator, I like to think education is an end in itself--but my students see education as an investment--one from which they expect both monetary and psychic returns. Students are intuitively aware of the opportunity cost factor as it pertains to their opting for higher education. They are not only paying tuition, but foregoing the opportunity to be earning income during the years invested in education. But they frequently forget that opportunity costs enter into purchasing or investment decisions. As you know, this important concept says that when a scarce resource is expended for one good or service, the

opportunity to use the same money, time, or energy for another is foreclosed. And that leads again to the basic concept of scarcity. There just isn't enough of everything to go around--and that certainly applies to our common medium of exchange money; that's why saving and investments can never be a residual, what's left over. It must be planned for as any other expenditure needs to be. Which means priorities must be established, and decisions made on family or individual goals and objectives. Double-digit inflation is not a new phenomenon. Anyone my age remembers the price increases during the WWII period, 13% in 1942; then the immediate post-war spurt in prices 15% in 1946. Look at the CPI since its beginning in 1939 to the present. You'll see that only in 1949, following the 1948 recession, did the consumer price index go down 2 points to 175. The following year--and the Korean conflict years--more than made up for the one year out of 37 that prices did not go up.

With just a 5.5% a year inflation rate, Americans who start working today at age 18 can expect to see prices double before they are 31. According to calculations made by Robert Hendrickson in his book, The Future of Money, they'll see prices doubled the third time in their adult lives before their 57th birthdays. They'll have to pay 16 times as much for whatever they buy at age 75 as they did when they started out. Their dollar will have shrunk to 6 1/4 cents . . . that is, by 93.75%. This has happened to those senior citizens some of you are working with.

Another thread that runs through much of consumer education is the simple fact that ours is a bookkeeping economy, and record-keeping costs money. That's one reason individual insurance costs more than group insurance policies. It's also a reason why our economy is not geared to work with people who have small sums of money, namely the poor who find they can't borrow \$100 at the local bank, but rather have to use the most expensive credit available. In the south, the poor are still buying the most expensive insurance, namely industrial insurance, which provides collection service and the least protection at the highest cost of any insurance. It's a luxury to be poor in a bookkeeping economy.

These are just a few basic concepts that relate to consumer education: scarcity, money as a rationing device, opportunity costs, profit, decision making, inflation, bookkeeping costs. Everything costs. A Canadian came to New York City and discovered that everything cost "a nominal egg." It took her awhile to learn that in New York when something is expensive it costs you "an arm and a leg."

She was a newcomer to New York City, and many of you are newcomers to consumer education. But we have a number of old-timers, and I would like them to come to the microphones at this point and tell us informally the main threads or concepts they find run through their consumer education programs.

This last point brings me to techniques and one so often overlooked for disseminating education and information about our program: the press. Two weeks ago at a newspaper food editors conference, these "lifestyle" editors and "people" editors told me they couldn't get enough consumer education story ideas. People do learn from them. We need to let our

newspapers in on what we're doing, to pass on to them all the information we're developing.

One little article in our local newspaper made the difference between success and imminent failure of a Title I HEA Project on Consumer Education for low-income families. Just as our trained consumer education paraprofessionals realized that the poor were not going to come to the community centers or stay after church for consumer education, this article brought in calls from 25 agencies serving the poor--the Neighborhood Youth Corps, Manpower Development, Public Health Service, Weight Watchers, Congregate Meals, Half-way Houses for the Educable Mentally Retarded, Pre-release programs, Senior Citizens Groups. They had the people and were eager for our consumer education programs. Everyone needs to know how to write a press release and to talk to newspaper people.

That's one technique: getting publicity for our programs . . . Another way of getting mileage out of our programs is to connect with other agencies with similar interests, and do things jointly, e.g. with Common Cause, League of Women Voters, Junior League, Federation of Women's Clubs, Men's Service Clubs, the Scouts and the Y's. They're looking for programs and can virtually guarantee the audience.

Get an advisory council made up of these people from various service organizations, from community action programs, from state and local agencies, business, the universities and schools. They can help you get mileage out of the funding you have. They can help you make consumer education the fifth right of everyone in your community.

Sometimes it's a matter of seeing relationships between our objectives, problems, and needs, and those of others. George Katona, Emeritus Director of the University of Michigan Survey Research Center, as an illustration of how seeing the relationships can make us more efficient, suggested that we try adding together the numbers 1 through 10. If we notice the relationships: $10 + 1$, $9 + 2$, $8 + 3$, we see that there are 5 pairs of numbers = 11. And $11 \times 5 = 55$. He also recommended that we be more innovative. You're familiar with the series of dots 3 across and 3 down. They can only be joined by a continuous straight line if we go outside of the boundaries. And as consumer educators we really need to go physically vs. textually where the action is.

In one county in Florida, where consumer education K-12 has been mandated, the Home Economists, Business Educators, and social studies teachers, who needed an understanding of how the marketplace works, had a field day, literally. They spent a full day with the business firm of their choice to observe its operation and see economic concepts in actions. This was a unique opportunity for them to learn first-hand about the company's structure, profits, sales techniques, and consumer relations--56 types of business establishments participated in this unusual staff development session.

Bringing speakers into programs from the community is amazingly worthwhile. Government and business people particularly enjoy sharing their expertise on occasion with others. The Auto Dealer, the Insurance Representative, the Banker, the Small Loan Company Operator, and the Stock Broker, give knowledgeable presentations which do reflect the views of their business interests. But that bias helps offset our own, and lends itself to the challenge of discussing pros and cons, with the sales pitch--which is all most people get--fresh in one's mind. Incidentally, these guest speakers can be kept on track if (1) they're briefed

thoroughly on the objectives of their presentations, and (2) asked for a simple outline for distribution. The outline also facilitates note-taking by the group.

On acquiring materials for consumer education, I can only assure you that so much is available that it is important not to inundate students. Our government agencies, from the extension service on, have materials we can reproduce. The field is now flooded with textbooks--though most C Behavior texts still present the marketing point of view--and then there's the Sylvia Porter best-seller. We may still need to develop our own hand-outs--but we can swipe, with due credit, of course, from the wealth of existing materials.

And if you develop new imaginative materials, hopefully you'll submit it to ERIC so we can all go to our libraries--and we can end up swiping from you--with due credit of course.

University-types are known to live in their libraries or ivory-tower offices and classrooms where they try to imagine problems needing solutions so they can submit proposals for funding to Washington agencies. We need more dialogue between professors, state and local consumer offices and people working in the community to identify research needs.

We also need the hard data that proves that behavioral changes take place when people have been educated as consumers. We need to prove that the best kind of free enterprise education is that which prepares people to deal effectively with what is still the best system in the world.

In summary, the challenge in the field is to educate others as to what Consumer Education is all about, and get commitment and involvement from representatives of as many groups as possible. We need to communicate to the community what we're doing through the mass media. One of our biggest challenges is to prepare people for the Consumer Representation Plans being implemented in Government at Policy-Making Levels.

We need to use or improve existing materials rather than waste time developing materials from scratch. We need to collect the data that will prove that Consumer Education can enrich the lives of people who are managing their money rather than having their financial crises manage them. More two-way dialogue is needed between the university professors and people working in the community. Both sides are helped by identifying the research that would help make Consumer Education more meaningful. It is also a challenge and our responsibility to educate people to encourage our elected officials in federal and local governments to support Consumer Education and significant consumer research.

Consumer Education, the fifth right of consumers, is finally, gradually gaining acceptance. It's not like the little mouse questioned by the monstrous elephant as to why he wasn't big and strong as the elephant. As you remember, the meek mouse answered, "I've been sick." Consumer Education is alive and getting healthier. This program proves it.

INTRODUCTION TO THE THREE COMPONENTS OF THE CONSUMER EDUCATION AND
FINANCIAL MANAGEMENT PROJECT

Mass Communications: Dr. Glen H. Mitchell

There is an increasing need for consumers to become more knowledgeable and responsible so that our democratic capitalistic system will continue to flourish. Individual rights and responsibilities are a key to our democratic free enterprise system. Our role is not only to identify and correct consumer problems but make known how to make such efforts effective. Our goal is through education (often of an informal nature) to make the system work even better.

In an increasingly interdependent society, two major problems are a) how do you reach individuals and b) yet be able to individualize the message to the individual receiver's needs and perception. Mass Communication has historically been the method of initiating information exchange between groups at a relatively low cost. Many key marketeers, such as Kotler, regard the selling of non-profit services (i.e. a presidential candidate, municipal service, or Community Chest) is not unlike selling of soap.¹

Berlo's 1960 S-C-M-R model of the communication process is familiar to all of us. This elementary paradigm of source-message-channel-receiver along with effects and feedback is well known to educators. Our phase of this Title I project is to initiate the message along the channel to the receivers which in this case is all Virginia consumers to make it possible for not only the information developed by this project to be utilized but also the wealth of consumer knowledge already available which is known by you and others.

We propose to utilize both Television and Radio PSA's (Public Service Announcements) to attract attention and interest. Listeners will be referred back to a central point in their own community where they may receive pamphlets (developed by this project or otherwise developed) or directed to other agencies such as Better Business Bureau, Office of Consumer Affairs, or an industrial Consumer Action Panel² and/or they may be directed to existing educational programs (either self-learning or groups). Later, as Dr. Garman with his group's educational modules and Dr. Webb and her associates financial counseling manual will show you some of the methods of aiding the consumer. Later, this morning we will be showing you the PSA's and pamphlets developed with our proposed delivery system.

¹For a more extensive list, see Mitchell, G. H., Sources of Help for Consumers, VPI & SU Extension Publication 705, Blacksburg, VA, 1976.

²Kotler and Zaltman, "Social Marketing: An Approach to Planned Social Change," Journal of Marketing, Vol. 35, Chicago, IL, July 1971, pp. 3-12.

Educational Modules: Dr. E. Thomas Garman, Associate Project Director,
Associate Professor, Management, Housing and Family
Development

My purpose in talking with you for a few minutes today is to give you an introduction to what educational modules are, how to use them, and later on we'll actually get some. This series of modules we're developing will number about four or five modules altogether, and this is the first one. This is an effort to educate adult consumers into what is determined to be the most important general areas in consumer education. Community leaders, extension personnel, educators, financial counselors, people in business, people in unions, and others are encouraged to use these modules in conducting group sessions for adults interested in developing more understanding in various areas of consumer education.

So now you see how these educational modules are coordinated with the media spots that you will be seeing and the pamphlets. There will be, because of the media spots and pamphlets, we hope, an increased need for education. And if you have in your possession four or five of these modules, or someone else does, perhaps you or they can then direct a group learning experience or series of experiences in an area of consumer education.

Each of these modules is self-contained in that no prior experience in teaching or leading groups is actually necessary. That's a big assumption, and we've tried our best to meet that assumption. To do so in this first case resulted in a 99-page mini- or maxi-, preferably the latter, module. The concept of modules as we're viewing them is that they must be self-contained. It should provide a comprehensive look at any topic.

The first one is on "Obtaining and Using Consumer Credit." Therefore, that entire topic has to be covered in the module. Now, in leading a group session, you may or may not wish to cover this entire topic. But the module provides it in its entirety for you. There'll be more discussion on the sub-parts and how to use them later on today. Also imperative to understand about the module concept is that we assume only one thing. That is that there may be available to you facilities to make transparencies. We are also attempting to write the modules in such a way that one does not have to have a very high educational level to use these modules. If one has the availability of using a transparency-making machine he can run these group sessions more effectively. Thus we provided lots of transparency masters.

The other topics that in all likelihood will be developed will refer more to the media topics, and those will include probably automobiles, something to do with purchasing medical and health care services, contracts, warranties, guarantees, and avoiding frauds and deceptions. These decisions at this point have been made by the Advisory Committee and I hope that later on you will respond to an opportunity to complete a questionnaire and indicate what you think we should be doing. Because if we're "off target" we need to know it. And you're the people who can tell us.

I would hope that when you get the first module home you will have an opportunity to look at it more carefully. If you find errors in it

somewhere, have strong feelings that something is just not right, whatever, would you please forward those comments in the next week to ten days. Then we can incorporate them in the reprinting of the remainder of the modules on "Obtaining and Using Consumer Credit." This is just a sample one.

We just ran enough off for the participants here today. You can pick up the modules on the way out today. It's going to be a riot leaving this room because on the left you can pick up the modules, and on the right you can pick up the pamphlets. So it'll be a lot of fun. We hope to have enough people out there to make it easier for you all. That's about it, and that should give you some indication of what the modular concept is. We'll tell you more about it in another session later. Thank you.

Financial Counseling Training Manual: Dr. Anita Webb, Associate Project Director, Assistant Professor, Vocational-Technical Education

How can we, as consumer leaders, help others who are having financial problems? This is the question to which this phase of the Virginia consumer education project has addressed itself. A financial counseling manual is being developed as an aid to individuals in Extension, teaching, community service, consumer organizations, in order to help them serve those individuals who are in debt and have come to them for advice. I'd like for you to meet at this time the most important person in terms of this manual, Dr. Helen Simmons. Helen, would you please stand? Helen is the author of this manual, and has spent many, many long hours, especially over Christmas, so you may find lots of turkey inside this manual. She's really given a great deal of her time and background and experience in debt counseling to this manual. It contains specific portions on counseling techniques, working with others, decision-making techniques, budgeting and money management. We will be reviewing the contents of this manual this afternoon immediately after lunch, and then in our workshop. One thing I would like to bring to your attention at this time: you will notice on the front of the manual, the term "Working Copy." This is not for distribution--it is a rough copy. What we would like is input and suggestions from you people at this conference. And we'll take those, make revisions, and you all will receive a final copy of this manual as a conference participant in late spring. Remember: this is strictly a working copy.

MASS COMMUNICATIONS: Dr. Glen H. Mitchell, Mrs. Mary Ann Shurtz, Ms. Marty Christie, Mr. Doyle Satterthwaite

Dr. Glen H. Mitchell

Thank you kindly, Anita. For the next forty minutes, my colleagues and I would like to discuss with you the mass communications sector of this project. Following me on the program will be Mrs. Shurtz, who will talk about pamphlets, Marty Christie, who will talk about some of our production, and distribution plans, and last but not least, by Mr. Doyle Satterthwaite. Unfortunately Carole McDavid who did much original work on the pamphlets is absent today.

When you look at the era that we're going through, you wonder if what the author Alvin Toffler was writing about was not true. Toffler, in the early sixties, came out with a book called Future Shock. This is a very readable Vance Packardish type of book in which he described the key problems, the changes that are going on in our society and their effect on the individual. Future Shock is a case in which the people themselves were in shock, much like cultural shock when you are in a foreign country, except that they were shocked by what was around them. The familiar was no longer familiar; they were unfamiliar. In 1967, would you have predicted the energy embargo or that certain nations have over us OPEC, the Russian grain fiasco, the President of the United States leaving office rather hastily, galloping inflation, diminishing value of the American dollar abroad, the presence of shortages in the economy, the usage of price controls during peace time, something that many of us thought would never happen, and all of you could add on to these in some of your own thoughts.

The average person's life has become more complicated. We have more need for consumer education. Dr. Mohr has told us quite admirably about the University of Texas study. There have been a number of studies done about consumers. One study at the University of Cincinnati indicates that the majority of consumers do have complaints about products and services that they never voice. But who is it that voices their complaints the most? Who is it that seeks redress? Generally, it's people with the highest incomes, and people in the managerial class. Another study done at the University of Texas was done by a husband and wife team and showed that the majority of consumers do not know their rights. They used a rather simple true-and-false implement, which normally you'd say, if you guessed, you'd get 50% right. But they found out that actually most people knew about 40% right. Another interesting thing about their study was that it wasn't only the poor but this also was true through all income groups. We also find that even practicing attorneys only knew 50.6% of their rights, while by guessing you'd expect people to get 50%. So we find that this is a problem throughout the society. They made quite a case that do we really need more regulation, but preceded by more education? Another serious problem that's haunting us is inflation. Although we've abated the 12% rise that we had in 1974, it's still around 6% to 7%. Projection for the

decade ahead is for 3% to 6%. Scarcely encouraging--households must figure out ways to change, to adjust, to different price levels, to adjust to altering income, or altering expenditures. There is ample evidence that the household has and continues to feel economic stress. One study, or one report made by the Department of Labor showed the average weekly earnings of people last year went up about 6.5%. But, once you took out inflation and taxes, they were just right where they were. Dr. Mohr mentioned about this rise since World War II in per capita and family income. But, during the last ten years, real weekly earnings, average for full-time workers, has risen only about 5.5%. That's less than .6% per year. My prediction is that over the next decade we're going to find American families being in stress as never before; not only the poor, but people of all incomes.

Well, what's the role of mass communications? We see that consumer education is not only an individual being knowledgeable about products, services, the economy, but also having a positive attitude to participate firmly in the marketplace, in the society. Now, you could state axiomatically that mass communications must be important, since we spend so many billion dollars a year in TV, radio, the press, etc. Much of our educational pursuit is to make people aware of the alternatives, to know the cost and benefits. Much remains to be done. What we're really doing is asking people to adopt different practices, and this is similar to new health practices, new pesticides, adopting a new cosmetic, changing our habits of smoking, using a new birth control method, etc. All these have their limitations, and in all cases, we have to make people aware of the different practices. We would say that mass media, as we'll demonstrate later, is a means of making people aware. In most cases, we may be persuading them, but the main purpose we can do is make them aware. Depending on their needs, after these people are made aware, we'll furnish information . . . from the person directly or from other sources. Incidentally, this first person that we contact generally has got to have four characteristics. One is that they're trustworthy. Secondly, is that they be interesting and enthusiastic. Third, they be likeable, and fourth they be expert. You know who I'm talking about. I'm talking about Virginia Tech agents. Research and social psychology regarding information back that up.

Well, in this project we're developing radio and television public service announcements, pamphlets, and the channels proposed will be for the radio and TV tapes arousing interest along with newspaper articles. The channel has to be deep, it has to make imprint, you cannot disperse this, you can't tell people seven different places to go for information,¹ you'll just confuse them. We feel that we should direct people to only one agent, Virginia Tech Extension office, where not only will be available pamphlets and expertise, but also trustworthy, enthusiastic, likeable, and

¹Note the federal government refers consumers not to the multiple agencies, but to one place--CIC, Pueblo, Colorado, where a solitary large building has its own zip number.

expert people. In the event the individual's inquiry cannot be handled at this level, they will then be passed on to groups such as the Office of Consumer Affairs, the Better Business Bureau, and whatever problem-solvers we have in the channel. I might note that some studies of those who do not utilize redress or other consumer helps not only do not know what to do, but they also have a deep feeling of helplessness. In other words, part of the solution is to obtain a more positive attitude and to see means of solving problems.

Getting back to this immediate project, we started out in August of 1976. With our advisory group we discussed what subjects should be covered. We also used a modified Delphi approach in which leaders in this field selected topics. They had to choose a topic that would lend itself to being dealt with within the year. What we are proposing is based on answers to this Delphi approach. Those chosen were frauds, contracts, warranties, automobiles, and credit. Later you'll see those pamphlets. They'll be handed out. Let me stop here and turn the microphone over to my colleague, Mrs. Mary Ann Shurtz, former Kansas and Virginia Extension worker, ACCI participant, who presently is with the Virginia Office of Consumer Affairs.

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Mrs. Mary Ann Shurtz, Consumer Affairs Coordinator, Virginia Office of Consumer Affairs

Thank you, Glen. The Office of Consumer Affairs is very pleased that Title I has identified the need for consumer education as a priority area and we are doing everything we can to cooperate with the Title I effort. The state office, as well as the eight local offices of consumer affairs in Virginia, under law, is mandated to promote consumer education, but funds have not been forthcoming to do the job we really need to do in order to be effective throughout the state. Therefore, we are anxious to work with VPI & SU on this project. Working together will provide the nucleus needed to have a strong consumer education program. VPI & SU

selected Mr. Roy Farmer, Director of the State Office, to be on the advisory committee for this project, and myself as staff consultant to the project. My basic responsibility was to develop five brochures to be used as part of the project. The brochure content was decided after input was received from the advisory committee; the project staff; and a review of the complaint files of the Office of Consumer Affairs. Four of the topics selected were based on common denominators which related to most areas of concern such as appliance, home improvement contractors, land sales. The fifth topic was selected because it was the leading area of complaint. The topics selected, therefore, were contracts, warranties, credit, fraud, and automobiles. Contracts are a concern for most consumers whether it is a home improvement contract, or an automobile contract, it's a contract--there are basic things people need to know about contracts. There are also basic things consumers need to know about warranties, especially since there is a new Federal Warranty law which affects most consumer purchases. There are numerous inquiries about credit. People need to know they can find out more about credit, and their credit rating. People want to know how to use credit in today's "cashless" society. Misrepresentations and fraudulent practices connected with sales is a common threat intertwined among the many categories of complaints. People need to be aware when they are being taken advantage of, how to really inspect things and how to prevent being ripped off; so it was decided to include fraud in the series of consumer pamphlets. It was decided to include one pamphlet which is the leading area of complaint in the state of Virginia, and that is automobiles. "How to Buy a Used Car" was selected which is excellent. People need to know what to look for when they're going to test drive a used car and what to look for in a warranty. Many people do not know the difference between a full warranty, a warranty that's 50-50, or no warranty. Many times a used car contract has stamped across it "sold as is," which voids any implied warranty. It's important to remember that Consumer Education is a very cooperative process involving each of us, whether we're with a state or local public agency, a private agency, with an educational institution, such as VPI & SU, or if we are a local consumer leader. We all must work together to provide consumer education for the people of the Commonwealth.

Ms. Marty Christie, Project Coordinator

These slides are taken from illustrations in the pamphlets. As you know, I worked with Dr. Mitchell to produce the five pamphlets: "Fraud and the Consumer," "Warranties and the Consumer," "Credit and the Consumer," "Contracts and the Consumer," and "How to Buy a Used Car." The pamphlet "How to Buy a Used Car" includes "Tests at the Lot" and "Tests for the Road." I'd like to mention that this pamphlet has been field tested. Harry Yeatts, an editor from Information Services, worked very diligently with me editing these pamphlets. I appreciate his attention to detail and clarity of message. During the time that we were working on these pamphlets, circumstances forced Harry to purchase an automobile. Harry followed the procedures

suggested in the pamphlet "How to Buy a Used Car." And so far, he's pleased with the car he purchased. Harry, please stand. Thank you for your work.

The pamphlet "Fraud and the Consumer" defines fraud and discusses consumer responsibility. Illustrated and discussed in the pamphlet are some of the most frequent types of fraud that occur: "bait and switch," service and repair frauds, home solicitation frauds, land sale frauds, work at home schemes, fake charity frauds, illegal pyramid promotions, and medical frauds.

"Contracts and the Consumer" explains conditions of a written contract, the Truth-in-Lending Law, the Right to Rescind, Home Solicitation Contracts, and Interstate Land Sales.

The pamphlet "Warranties and the Consumer" defines a warranty, explains Full Warranty and Limited Warranty, and no warranty or "sold as is." It also suggests what to do if the warrantor does not honor his warranty.

The pamphlet "Credit and the Consumer" defines credit, a credit rating, and recommends ways to establish a credit rating. The pamphlet answers the questions, "Can I find out what my credit rating is?", "What should I do if there is an error in my file?" and "What should I do if I have a bad credit rating?" The pamphlet lists symptoms of financial problems. This was an idea of Dr. Esther Martin's. Dr. Martin reviewed all of the pamphlets and we appreciate her efforts. Dr. Martin, would you please stand. Thank you.

I would also like to express appreciation to Julio Jimenez, Director of Publications, Information Services, and to Mr. Esley Dillon, Plant Manager of the VPI & SU Print Shop and his staff.

The pamphlets can be obtained from your local Virginia Tech Extension office.

Mr. Doyle Satterthwaite, Director, TV, Radio, and Film Services,
Information Services

Thank you, Glen, and we'll continue the show and tell time right now. Our mission was to develop radio and television public service announcements for each of these five pamphlets. We've completed two of the television ones, we've completed five one-minute radio announcements, we are also in the process of developing some other short ones, so that we have a good variety to offer to radio and television stations. We were given the mandate to keep this a low-budget project and so therefore we go out and call on free help, like the actors, and all the actors you'll see in the television ones are non-paid, and non-union, and thank heavens for that, and in the radio tapes that you hear, you also hear actors, most of them from radio and television film services. I'd like to mention just a few of the names of the ones that are not here. Doug Chester, Jim Jenkins. Right now the thing to do is show you the two television PSA's that correlate with two of the pamphlets with the understanding that three more are in progress. (PSA's shown)

Thank you very much. As you can see, I've had a lot of good, creative help. We began this series with two objectives. The first objective is to get and hold the viewer's or listener's attention. The second, to implant in their mind that there is help available in this area, and where they can start to look for this help. If we can accomplish those two objectives, then I think we will lead them into the rest of the project, where they can be helped to the benefit and to the need that they have. Now we have five public service announcements on tape, and Bob, could you start that? (Tapes played)

We'll give you an example of one of the short ones, and then for time purposes, I think we'll turn it back to Glen. (Tape played)

All right, those are examples of the radio PSA's and of the television PSA's that will be following along and will be distributed state-wide calling attention to and hopefully inviting people in so that you can give them the pamphlets and so that you can give them the help they need. Thank you.

Dr. Glen H. Mitchell

Thank you kindly, Doyle. As Professor Satterthwaite has reported, these tapes will be distributed starting in April and pamphlets will also be distributed by that time. We hope to move the consumer from awareness to interest to trial to evaluation. With the help of people like you, we can help the consumer be more efficient. Thank you. Now I'd like to turn over another element before we take our lunch break. Lunch is in the main dining room. We'd like, if you would, to wait just a minute while Mr. Farmer says grace and after that, you'll be on your own until 1:30.

MESSAGE FROM THE ADVERTISING FEDERATION OF THE ROANOKE VALLEY: Mr. Dick Burton, Advertising-Client Services, Houch & Co., Inc.

Dr. Glen H. Mitchell

We have with us this afternoon three members of the Ad Club. We have one member of the Houch and Company, Inc. in Roanoke, Mr. Dick Burton, who will speak to you in a few minutes about some of the ideas he has for dissemination of the materials that have been developed. Also, he has ideas of how you might work with people in the local communities when you go back to your county. We have Mr. Gordon LaGarde, of Dominion Signs, Inc., and Ms. Frances Boyd, Heironimus Advertising Manager. These individuals are members of the Advertising Federation of the Roanoke Valley, currently known as the Ad Club. Mr. Dick Burton will be speaking to you concerning some of the dissemination ideas.

Mr. Dick Burton

Thank you very much. I didn't know when I found out yesterday afternoon that when I came up here today that I was going to be making a speech, and I'm really not going to be making a speech. We were having a little discussion at lunch today. The three members of our Ad Federation who are here came really as observers to see what you people were doing and to volunteer, if possible, the services of our profession, advertising, which, I'm sure you know, is communications. It occurred to us that one of the basic problems you face is that most of you are probably not involved directly in communications and while you have a wonderful program and these excellent pamphlets, what you need to do is find a way to get those to the people who really need them. An idea occurred to us about that that might be helpful to you. I mentioned this to a couple of people and they said, "Why don't you tell everybody about it?" Being the ham that I am, because that's how you get into my profession, I was happy to step up here and do that. It seems to me that the people who need to know all of this wonderful information are not you people, because most of you probably know that there are avenues of recourse to you when you are dissatisfied with a product, or service, or whatever, but those apathetic people back there in the communities, people who go and buy something, and then find they're dissatisfied, and then instead of doing something about it, exploring one of the avenues of recourse, might very logically sit back and say, well, the hell with that place, I'll never do business with them again. That defeats the system; it doesn't allow the system to work. The store or the firm would much rather that person come back and say, I am dissatisfied, and this is why, but they don't do this, or they don't take advantage of other channels, such as the Better Business Bureau, which is always available to everyone. How can you reach these people, who might not even react to those marvelous TV and radio spots? Well, one idea occurred to us that I think you might consider worth exploring. Having been a PTA vice president and program chairman, I can confess to you that most people know that PTA programs are traditionally designed to put people to sleep--they are very dull and uninteresting, most of them. Some of them aren't. PTA people who put those programs on quite often are desperately in search of programs that will inspire more attendance at their PTA meetings. You've got something that those people need to know about. I would suggest, therefore, back in your local community, that you contact the PTA councils of your area, work through them to set up programs, and yes, you will only be able to speak at one school at one time, but you might get 350 people at that school, or 400, 250 of whom might never have reacted to the radio or TV spots but might be very happy to pick up one of your pamphlets there at that meeting. Or they might be happy to call someone and ask that they send it. So that was an avenue that occurred to us that I thought I might mention to you. Another one is, most of us in the advertising profession are just as concerned as you are about consumer protection; I know that is going to fall on some deaf ears, because a lot of people think that advertising people, like me, are nothing but a bunch of sex maniacs who look for the best-looking broad they can find to put on the TV spot to make people think

it's a great spot because it's got a great-looking girl in it. That's not quite accurate. We are concerned, we're concerned about our image, also, and if we can help you, and I think we can help you, not only in disseminating this information, but by exploring new avenues to achieve the goal you seek, of getting those pamphlets and/or other information to the people who need them, call on us. We do public service advertising all the time. We do it sometimes on low budget, sometimes on no budget. Occasionally we do things simply because somebody asked us to. I was having dinner with my wife and some friends recently and found out the woman was involved in a project and desperately needed some public dissemination of information about her project. This just happened to come up socially at dinner. She came by my office the next day, I wrote a radio spot, we recorded the radio spot at our agency recording studio and had it on the air in two days. The spot is now running on every radio station in Roanoke. Not that I'm so great--that's got nothing to do with whether I'm good or not good. Everybody in the advertising business who is a true professional would like to help you, so call on us, we'll try to help you if we possibly can. That's really all I came to say; Gordon LaGarde and Frances Boyd and I are here, and we're going to be here till around 4:00. If any of you would like to talk with us, I'm sure we'd be happy to sit down and talk with you between sessions, or whatever. Thank you very much.

FINANCIAL COUNSELING MANUAL: Dr. Anita Webb

If you buy a can of soup for 39¢, and a can of beans for 23¢, how much change will you get back from a dollar bill? According to the University of Texas Adult Practical Literacy Research Project, the one mentioned to you earlier this morning, about 35 million adult Americans are unable to cope as functional consumers. The ability to cope was measured through a series of test questions related to general knowledge areas such as the one that I just asked. If you buy a can of soup for 39¢ and a can of beans for 23¢, how much change will you get back from a dollar bill? To researchers' dismay, results indicated that nearly one in four American adults could not respond accurately to this question. What about those people that don't receive our extension pamphlets? According to this research from Texas and other efforts we know that there are a substantial number of adults who are in financial problems. Do we have a responsibility to help them? How can we help them? Our phase of the Virginia Consumer Education Project is especially concerned with financial or credit counseling. How can we as knowledgeable consumer leaders help others who may have financial problems?

Financial counseling is a service-oriented or helping relationship. The client expects that the counselor will be able to help him solve his financial problems. The counselor is interested in helping people that have credit and debt problems. R. T. Gordon suggests that three important personality assets of a counselor would include flexibility, intelligence, and emotional security. Flexibility allows the counselor to be very active or completely passive as needed to facilitate communication.

Intelligence on the part of the counselor permits him to evaluate the information he is receiving and to probe for further clarity if necessary. Emotional security frees the counselor from anxiety about himself and allows him to devote his complete attention to the task of helping his client. The counselor must learn to counteract his tendency to condemn client behavior that conflicts with his own standards. For example, the client who earns a living as a prostitute is entitled to the same calibre of financial counseling as is a college professor. The client who is clean cut and clean shaven is entitled to the same counseling that is possible for the bearded, long-haired client. The counselor should accept each client for what he is--a person in need of financial guidance and assistance with creditors. He assumes that clients are equally deserving of his time and help. But let's look at a specific case.

I would like to introduce to you at this time Mrs. Smith. Mrs. Smith has been involved in financial counseling for a number of years. She knows that the first contact is very important. A concerned and friendly voice, a caring attitude, and her full attention are necessary to set the stage for the helping relationship. We have an opportunity this afternoon to watch her in action.

Now I would like to introduce to you Mr. and Mrs. Doe. They are arriving for their first counseling session. Let's listen in.

Mrs. Smith: Good afternoon, Mr. and Mrs. Doe. Come in and sit down.

John Doe: Thank you. This is my wife Mary.

Mrs. Smith: Hello, Mrs. Doe. May I call you Mary? and John? And you please call me Helen. I'm glad that you could come with John this afternoon because it's most important in counseling that we work with all members of the family or as many members of the family as we possibly can. John, did you bring the things that I asked you to bring this afternoon?

John Doe: Right--I have my check stubs for the last couple of months, cancelled checks, all of the utility bills, and all of the contracts on our car and washer and dryer, and I also brought a complete list of our debts.

Mrs. Smith: Excellent! As you know, all of the material that you have brought to me will be held in the greatest confidentiality. As our objective for this meeting as I told you over the phone, we want to help you solve your financial problems. I trust that you will be open and honest with me, and I will be the same with you. We will try to delve into the situation as you find it and come up with some possible alternatives and explore these alternatives and then arrive at one solution that will help you most. Tell me, as we begin, what do you consider your most pressing problems?

John Doe: Well, the bills keep piling up and we just can't pay them. The biggest problem we've got right now is the bill collectors. They're starting to call every day. That doesn't bother me too much because

I'm at work, but they're driving Mary right up the wall.

Mrs. Smith: Are there other problems?

John Doe: Well, the bill collectors is really the biggest.

Mrs. Smith: Have you gone over your situation together and talked about it and arrived at something that you might do?

Mary Doe: Well, we're really not sure what we should do.

Mrs. Smith: All right, tell me more about your situation, about your lifestyle, about the things you like to do, perhaps how you spend most of your money.

John Doe: Well, it seems to me that we're not living beyond our means. We've got three kids, and we have the basic stuff for life, we don't go out a lot, we hardly ever get out to the movies, we don't go out to dinner or dancing. It's not like we're living high off the hog and going to Hawaii every year.

Mrs. Smith continues to ask questions and encourage discussion in order to learn as much as she can about the values and goals of John and Mary as well as their specific financial problems. Understanding their wants and needs becomes necessary if she is to help them overcome indebtedness and work toward balancing their monthly finances.

Mrs. Smith: Now that we have discussed your lifestyle and what you want your money to do for you, it seems our next step is to obtain an accurate picture of how your money is presently being spent. I would like for you to go home and for the next week keep a record of everything you spend. Then if you will bring that back next week we'll examine it for spending patterns and areas of possible adjustment.

John Doe: That sounds logical to me. So we keep track of all money spent for the next week. Okay, Mary?

Mary Doe: I think that's fine.

Mrs. Smith: Good, then I'll see you next week.

Mary to John (as they leave): We may be able to come out of this after all.

EDUCATIONAL MODULES: Dr. E. Thomas Garman, Associate Project Director, Associate Professor, Management, Housing and Family Development; and Ms. Sandy Jeffrey, Graduate Assistant

(NOTE: The tape for this session was inaudible. The following is a summary of the presentation.)

The second afternoon session, conducted by Dr. E. Thomas Garman, explained the educational modules facet of the project. Dr. Garman stated that the purpose of these modules was to educate individual adult consumers in group sessions, in what have been determined to be the most important general areas of consumer affairs education. He further explained that the modular concept had been chosen for this series because it provides a self-contained method of presenting the material that can easily be used by the layperson with no previous teaching experience. The modules are suggested for use by community leaders, extension personnel, educators, financial counselors, and people in business to conduct group consumer learning sessions.

Dr. Garman stated that the first of this series of modules was entitled "Obtaining and Using Consumer Credit" and was available to the conference participants in the lobby. He highlighted the contents of this module and suggested possible topics for future modules. At this point Dr. Garman introduced Ms. Sandy Jeffrey, his former graduate assistant who had a major role in the preparation of the "credit module," and Ms. Sarah Monroe, the current graduate assistant for this part of the project. They distributed ballots to the audience while Dr. Garman explained that in order to have more information on the needs of the public, the staff requested that each participant select on the ballot three topics they felt to be of most importance for future modules. The audience selected from and commented about the following topics with the following results:

Making and Using a Financial Plan - 105 (3)
Purchasing Medical and Health Care Services - 80 (4)
Basic Consumer Rights and Responsibilities (Consumer Legislation) -
75 (7)
Comparison Shopping for Goods and Services - 72 (2)
Identifying and Avoiding Frauds and Deception and Seeking Redress -
66 (8)
Contracts, Warranties, and Guarantees - 50 (2)
Determining the Need for Financial Counseling - 44 (1)
The American Economy and How It Operates - 40 (2)
Automobiles - Purchases and Repairs - 39 (1)

(NOTE: Numbers represent the number of people who chose that topic as a priority. Numbers in parentheses represent advisory committee priorities.)

Concluding with remarks as to his hope for many successful uses of the modules, Dr. Garman turned the session over to Sarah Monroe.

Using the consumer credit module as a guide, Ms. Monroe further explained the contents of a module, emphasizing the fact that the modules are based on a 2-Approach concept. The first is an Overview Approach which allows the leader to cover the entire module in one 50-minute presentation. This presentation might be either leader/lecturer oriented or discussion oriented, depending on the particular group and situation. The second type of approach that might be taken is the Indepth Approach. This approach breaks the material down into several 50-minute presentations and uses a combination of lecture and discussion. She pointed out that in the credit module there are five topics covered: Reasons for Using Credit, Consequences of Credit Usage, Types and Sources of Credit, Credit and Your Credit Rating, and Knowing Your Rights and Responsibilities Concerning Credit.

Overview presentation plans for covering the whole module in 50 minutes are provided, as well as five indepth plans called "Leader Activities" that cover the topics in five sessions in depth.

Ms. Monroe explained that for each of the topics mentioned above there are major and specific objectives, learner competencies, and a conceptual outline provided. The conceptual outline gives the leader the basic guidelines for what material should be covered, but she suggested that to be even better prepared, the leader should consult some of the additional references that are also listed in the module. The glossary, evaluation device, and appendix that provides masters from which transparencies can be made were also mentioned briefly. Ms. Monroe added that future modules will follow this same basic pattern although the manner in which the content is written and the number of indepth sessions may vary.

Sandy Jeffrey followed this explanation of the contents and approaches by demonstrating how one would actually go about conducting a session using the credit module. Selecting as her topic "Consequences of Credit Usage," Ms. Jeffrey first showed how she would handle the leader/lecture oriented Overview Approach. Through the use of transparencies, she briefly covered the various advantages and disadvantages of using credit. In order to show the contrast between the two approaches, Ms. Jeffrey then recovered this same material as it would be done in an indepth session. Urging audience participation through thought-provoking questions and amplifying their answers with content from the conceptual outline and transparencies, she again showed how the objectives can easily and effectively be accomplished.

Dr. Garman again wished the audience success in their use of the modules and thanked them for their attention.

Announcements: Dr. Glen H. Mitchell

Before we break up, I've a few announcements that I'd like to make. One is for people who want a ride to the CEC dining room tonight, Martha McDonald will be picking up people at the Econo Inn. Another thing I was asked to announce was that for people wanting a limousine to the airport tomorrow, you should sign up today at the desk. Also, there will be a film fair starting at 3:00. In this film fair, we do have the award-winning film "The Incredible Bread Machine" which has been on national TV. Also, we have General Mills "To Your Credit," plus a number of films that I think you will enjoy. They will be running until 7:00 tonight.

Before we adjourn, I'd like for you to look at your agenda, and if you would look here on page 2, about the district meetings, we'd like for you to meet at 3:30 rather than 4:00 and if I could impose on the people who are going to hand out these forms, if you would, I'd appreciate it. These are maps which tell really where the districts are and in case--I think many of you do know, but there are some people here that are not used to our districts, and a few people--if you would go ahead and distribute those. The Southwest will be meeting in the committee room, Miss Harris will be chairing that; Frances Graham will be covering the one for West Central, and that will be in the rear of the auditorium on the left, that's your left or my right over here; East Central is Miss McCoy, and that will be the rear auditorium right, Southeast with Mrs. Frame will be in the rear auditorium center, Northeast with Ann Sanderson and Betty Parker in Conference Room G. There's a divider in there, and also the northern group will be there also.

NOTE: DISTRICT MEETINGS TO PLAN SPRING CONFERENCES WERE NOT TAPED.

BANQUET SPEECH: Mr. Sidney Margolius, noted syndicated Consumer Education
Columnist

Introduction of Mr. Margolius: Dr. E. Thomas Garman

Well, if you can relax now and turn your chairs around and get comfortable--you were comfortable before, now you'll be more comfortable because you want to aim this way so you can see all the action that's going to happen up here when we turn on the bright lights. I first want to say that the advisory committee insisted by unanimous vote, as I understand, that I announce to you that they had nothing to do with the idea of a buffet and should tell you folks over here on the right especially (laughter). They also insisted, and this is even more important, that I communicate to you that it was their idea to have all this wine. And these people over here

on the left, they have really enjoyed it (laughter and applause). I would like you to please just check your senses and if you remember the truly beautiful and soft and pleasant guitar accompaniment, would you please express your appreciation to Mrs. Glen Mitchell, Annabelle Mitchell. Thank you very much, Annabelle, that was beautiful (applause). Our project director has resources just everywhere (laughter).

All of you work, I think all of you do, in an office, and you know how important your office is and what makes it tick. And we've got the ticker back there and you haven't seen her yet during this conference. I'd like Miss Martha McDonald to stand. She's the project secretary making this thing go. Thank you very much, Martha. Really a super girl. At the head table, I believe you've either already met all of these people in one introductory capacity of other, or they serve on the advisory committee, and they are listed in your different publications, so I won't tell you everything about everyone who's already up there, just so we can move along rapidly. At the head table we have listed here Butch Foutz-- would you please stand, and hold your applause till the end if you will-- Mrs. Robert Anderson, Wendell Smith, Mrs. Van Dresser. I see Lit Simpson, Juanita Strawn, Jim Paredes, and I'll hold this lady here for just a moment. This is Dr. Nancy Barclay, and I want to hold her. That's two holds. I'll have to try to remember that now, two. And we have here Dr. Van Dresser and Lillian Mohr, Ann Thompson, Lee Richardson, Martha Pritchard, Robert Anderson, Mrs. Jean Beard, and Roy Farmer. Please hold it--I've got two. I've got Connie Garman, my wife, the one that keeps me going. Please express hello to all these folks and thank you for their help. (Applause) It's a pleasure to introduce Sidney Margolius. I'm sure you read his column in the newspaper and know him in that way. I want to tell you some other things about him so you'll get perhaps a little more understanding about the man.

Sid writes a syndicated column for over eighty publications, such as labor unions, co-ops, credit unions, and others for a current circulation of twelve million readers. In addition, he writes a column that you probably read for United Features Syndicate for many, many daily newspapers across the country. He has written virtually hundreds of articles for magazines like Good Housekeeping, Ladies Home Journal, and others, and 19 books through the years on consumer economics, money management, social legislation, and other consumer concerns. One of his books was A Consumer's Guide to Buying. I see some heads going up and down and some smiles, because it had eight printings in its original and paperback versions for a total sale of 850,000 copies. His most recently published books include--these should sound quite familiar-- The Innocent Consumer Versus the Exploiters, Your Personal Guide to Successful Retirement, How to Make the Most of Your Money, The Innocent Investor and the Shaky Ground Floor, and The Great American Food Hoax. These books all told number over two million sales. That's a lot of readers. His book, Health Food Facts and Fakes won the National Press Club award in 1973 and I was pleased to be able to be there when he received that commendation. It's really a good book, too. He has obviously earned the respect of people across the country and therefore served in many advisory capacities to our

regulatory agencies, the White House, and others. Clearly, I think we can sum up a description of this man as an honest and a true dedicated friend of the consumer. Please welcome Sid Margolius who will speak tonight on the topic of "Consumer: Lost Lamb in a Merchandise Maze."--Sidney. (Applause)

THE CONSUMER: LOST LAMB IN A MERCHANDISE MAZE: Mr. Sidney Margolius

I'm grateful for this opportunity to be here with you today. Virginia Polytech has become a leader in consumer education and this conference is an especially significant and useful event.

I can think of few more worthwhile educational efforts than consumer education in this age of widespread consumer problems with their often-harmful effects on individuals and on our national economy and social life. As we are coming to realize, a waste of personal and family resources is, on a large scale, a waste of national resources. To me, this is the truly compelling reason why we need expert, effective consumer education. In almost every area of consumer expenditure noticeable waste of resources is taking place.

My objective is to discuss some of the consumer's most urgent needs in a period when our economy is teetering between inflation and recession, and much of the public is teetering with it. At times we seem to have achieved the remarkable feat of having inflation and recession at the same time.

Certainly in recent years consumer problems have become a matter of national attention. The high costs of food, fuel, gasoline, and auto insurance; high mortgage rates; repair and service complaints; hazardous products; flammable fabrics; climbing utility rates, and many other problems including even the nutritional value of breakfast cereals; all have been among subjects of scrutiny. The last time I counted at least eight Congressional committees were investigating various consumer problems.

While consumers have made some gains, many of the most serious consumer problems remain unsolved. Our gains mainly have been some reductions in deceptions, and some improvement in car and product safety. The gains include truth in lending and several other credit reforms, including cooling-off regulations and better protection for workers against garnishes; also, clearer labeling of net weights, unit pricing and open dating in some areas, and a Truth in Packaging law which did not, however, even return to us the standard pounds and quarts of twenty years ago. We now also have a new federal warranty law which eventually should help to improve durability of goods as well as reliability of warranties.

Other important gains include the 1962 amendments to the federal Food and Drug Law which have helped restrain prices of prescriptions and assure the safety and efficacy of medicines, and currently, even though fourteen years after enactment of the law, are being used by the FDA to require genuine effectiveness and more honest advertising for the thousands of over-the-counter drugs that deluge the public with the well-paid help of TV.

Another important advance, initiated by Virginia's own Citizens Consumer Council, is the Supreme Court ruling that states could not prohibit ads for prescription drug prices. This ruling may have even wider effect since it may affect restrictions against the advertising of other professional services.

The Federal Trade Commission also has become increasingly active in promulgating regulations to help defend consumers against some harmful practices such as the holder-in-due-course laws which until recently allowed finance companies to escape responsibility for deception by some installment and car dealers and home-improvement contractors.

These reforms certainly have been useful although often slow in implementation after the enabling legislation is enacted.

But consumer protection has been less effective in defending the public against the major problem of the day--the off-again, on-again recession and the persistent inflation which has already seen a transfer of billions of dollars from consumers to oil companies, mining companies, banks, and food processors.

The result is a good deal of bitterness among consumers. To understand the public's bitterness, you need only realize that the rise in living costs has wiped out virtually all the wage gains made by the average worker in the past ten years. Contrary to popular misconception, most working families literally have been spinning their wheels. In 1967 the average worker with three dependents had spendable earnings after taxes of \$91. By 1972 his spendable earnings in terms of those 1967 dollars had risen to \$97. But as the result of inflation, by February, 1976, those spendable earnings in terms of 1967 dollars had dropped back to \$91, and only recently have they recovered to \$92. So the average worker who now makes \$159 in after-tax earnings compared to \$91 in 1967, after ten years has virtually the same purchasing power.

There are six overriding problems today on which consumers need serious help. I purposely said "serious." While there's a flood of consumer advice being handed around, much of it is superficial, platitudinous, or plain silly like telling people to buy day-old bread and not to go shopping when they're hungry, as though many homemakers really shop in such a childish way. Sometimes I think the public knows more about shopping than some of its would-be advisors.

Here are what I consider to be the main consumer problems of the day:

1. FUEL, UTILITIES: The most pervasive inflationary force is higher "energy" costs on top of the already seen recent rises. Electricity and gas rates have become one of the fastest-rising components of the Consumer Price Index, having approximately doubled nationally in the past ten years. Oil users are being squeezed even harder, with increases of 150 per cent in the past ten years and more in sight this winter.

After the 1973-74 crisis conservation measures lagged, in the use of gasoline as well as oil, and oil imports have increased. With government price controls on most petroleum products now removed, conserving utility and fuel use again has become a number one consumer goal.

Aside from personal conservation efforts, one hope for restraining utility and heat costs is that state utility commissions may stiffen their resistance to further increases. Another is the intensified efforts in many communities to develop alternative energy sources.

2. The high cost of food is another pervasive problem. Food prices have gone up 92 per cent since 1967 and 45 per cent in just the past four years. And while food costs, especially for meat, leveled off in 1976, they are headed for a new rise later in 1977. Food, of course, is one of the two main living expenses.

3. Relentlessly-rising medical costs and inadequacies of present private medical insurance are causing real anxieties among many families and encouraging high-pressure promotions of low-value insurance policies seeking to capitalize on these anxieties.

Severe as the general inflation has been, the rise in medical costs is even more drastic. In the past ten years overall living costs rose 74 per cent, but medical costs went up 89 per cent. Last year medical costs rose at a 9 per cent rate, or almost twice as fast as the overall cost of living.

4. High housing and operating costs, including 9 per cent mortgages as well as the sharp increase in utility and heating costs.

5. Serious quality problems which have led to high repair costs especially for cars and household appliances, and which even create safety hazards. The lack of quality standards, and the further deterioration of quality in a period of inflation, has caused an increase of complaints about furniture and clothing now as well as cars and appliances.

6. The big jump in costs of car ownership due to the increase in gasoline prices, plus the higher prices of cars, and the rising cost of auto insurance, the difficulty sometimes of even getting coverage, which as hit Virginia families quite hard.

All told, it now costs over \$2,000 a year to own and operate even a compact or intermediate-size car. Transportation expenses, and this means mainly cars, now are the third largest expense in a typical family budget, outranked only by food and housing expenses.

The high food costs are one of the most basic problems. Food costs affect all other costs. One-fourth of the labor cost of manufacturing steel or building a house actually is the cost of the food required to feed a worker's family. Food and housing take about 60 per cent of a typical moderate-income family's budget.

The special need is to eliminate some of the waste in the marketing of food today.

One of the prevailing myths is that we have the most efficient food distribution system in the world. What we really have is the most elaborate and sometimes the costliest. Any industry that takes 13 cents worth of cracker meal and other ingredients and packages it as a product called Shake 'n' Bake and then sells it at the rate of \$1.92 a pound, is hardly efficient. An industry that goes in for such proliferation as 151 different brands, sizes, and types of breakfast cereals as you may find in just one medium-size supermarket,

certainly is not efficient. What would you call an industry that takes 24 cents worth of dried noodles, adds a one-ounce package of dry sauce and sells it as Hamburger Helper for 69 cents? Or that takes 19 cents worth of rice, adds some dehydrated vegetables and charges 69 cents for what it calls "Beef Flavored Rice"? I can cite hundreds of such examples.

The increasingly complicated processing and packaging of food products is one of the main causes of the increase in the farm-to-market spread. Up to about the 1950's, farmers traditionally got 50 cents of the retail food dollar and the distributors got 50 cents. In recent years, distribution and processing have been taking 60 cents and the farmer has been getting only 40. The increase in the spread is a major reason for the discontent of both farmers and consumers.

A persistent stumbling block to trying to reduce some of the spread in marketing, is the frequent claim of the food industry and the Department of Agriculture that food takes only 17 per cent of income.

This statement is enough to make any housewife bang her head against the wall as she tries to think of new ways to stretch a meatball. A representative family with two children under 14 and an after-tax income of about \$13,000 a year, more likely spends about 29 per cent of after-tax income on food.

That's the way the government's own cost-of-living specialists figure it, in the official Bureau of Labor Statistics estimates of a moderate-cost budget. Why this difference in estimates between the two departments?

The BLS estimate is based on surveys of actual family expenditures. In contrast, the 17 per cent figure used by the food industry is an estimate by the Department of Commerce of how much of the national income goes for food. This figure includes the Armed Forces, institutions, and farm families, all of whom spend less than average for food.

Still another dubious claim is that food costs more nowadays because of "built-in maid service," and that the public wants this convenience. Well the truth is that the public wants, at least for a while, what it has been sold on TV the week before. One out of every four dollars now spent for TV advertising is for food products.

Actually what the public is getting is a lot of pseudo-convenience. One manufacturer sells an instant oatmeal that takes only one minute to prepare four servings. This company now has brought out what I can only call an "instant instant" oatmeal. It takes half a minute to prepare four servings, but costs more. I figured out that the housewife pays for this time saving at the rate of \$5 an hour while her husband, the average wage-earner, is earning at the rate of \$4.75 an hour. Sometimes I think the poor fellow would be better off staying home and stirring oatmeal for his wife, sprinkling sugar on his children's cereal and mixing water into their orange juice.

Not all the high-pressure selling today is from the commercial food industry. Consumers today, including many young people, are being pressured from both sides of the compost heap.

Certainly the exaggerations of the commercial food industry are more widespread and cause greater total economic loss. But the exaggerations often involved in the health food movement cause more economic damage to those who do **get** involved, as in the case of people on small incomes spending \$30 to \$35 a month for vitamin supplements, which is a large part of the price of a good diet of regular foods. Another example is the families frightened by talk of

being poisoned by aluminum cooking utensils into paying \$200 or more for sets of stainless steel "health" cookware. Worried people even spend \$10 for a bottle of Yucca tablets to try to cure arthritis, or pay high prices for such products as ginseng root to try to solve personal problems.

Many of the foods heavily promoted by the health food industry are good wholesome foods but none have any curative or life-extending power even though the health foods store may charge more for them, as in the case of so-called fertile, range-fed eggs. Some even may be as harmful as the commercial foods they are supposed to replace.

For example, honey is merely a sugar and has only slightly more vitamins and minerals than the detested sugar it is supposed to replace, and even may be more harmful to teeth. Brown rice has a little more nutrition than white rice. Raw vegetables are not miracle foods. Even the popular granola cereals do not have much more food value than some of the unsweetened commercial cereals and in fact are quite high in calories for the nutrients provided.

Let alone the extra costs involved in so-called health foods, there is the greater risk of possible self-harm through attempts at self-medication with so-called health foods and vitamins.

As far as housing is concerned, the average U.S. family has been priced out of the new housing market. The national median sales price of new homes currently is about \$51,000. A family needs an income after taxes of about \$20,000 a year to afford this kind of price tag. Even existing houses now have a national average resale price of \$40,000.

As one example of how this inflation takes dollars out of the pocket of consumers, note that for a \$30,000, 30-year mortgage at 9 per cent, you have to repay a total of \$87,000. A typical wage-earner earning \$13,000 a year after taxes would have to work over four years just to pay the \$57,000 in interest.

Now some lenders want to increase mortgages to as long as 40 years with a balance at the end of 25 years which the homeowners would have to re-finance at the current rate. This is called a balloon mortgage.

There are many more consumer issues than I can cover here, of course. But in my own experience, one of the most pressing needs is the development of quality standards for consumer goods in order to stop some of the widespread waste of family money on faulty goods and on repairs. We need to educate the public on what standards are, and how to use what standards are available in order to choose the most suitable quality for the buyer's needs, and to compare values. A few but very useful standards already are available on some foods, and on refrigerator-freezers which are now labeled with their energy consumption performance and storage capacity, and air conditioners, labeled with BTU output per watt.

Other consumer needs are for family financial counseling and for group legal services. The legal services seek to provide legal assistance at more economical cost for the large group of moderate-income people with too much income to qualify for legal aid and too little to afford costly private counsel. Revealingly, some surveys indicate that about a fourth of the caseloads of the group legal services plans already in existence involve consumer problems such as contract and warranty disputes and product performance. Thus, the extension and greater use of group legal services could have the capacity for discouraging inferior quality and performance and needless product hazards.

The financial counseling methods and training materials being developed by the VPI & SU consumer project also are urgently needed. By and large we don't train our young people for the increasingly complicated money world they will live in. We train our young women to be secretaries, airline stewardesses, even nuclear physicists, but not in how to compare installment interest rates or, even sometimes, in how to buy a chicken if it hasn't been cut up into parts first. We train our young men to be engineers and agronomists, but not in how to read and evaluate a life insurance contract.

Pending development of quality standards, consumers at least should have the right to know what they are buying. While the FDA and the food industry have been willing to go into nutritional labeling, which tells you the relative amounts of protein, vitamins, and minerals in the product, they have been slower to provide percentage ingredient labeling, which would tell you, for example, actually how much sugar there is in pre-sweetened cereals and how much water in canned "drinks", and even how much chicken in canned chicken soup (2% cooked weight).

After a long struggle, the FDA now requires canners to say how much real fruit juice there is in the big-selling canned "drinks" such as Hi-C and Hawaiian Punch; for example, that they have 10 per cent orange juice. But what was left out of this regulation is a frank declaration that the rest is mainly water; in fact, most are 90 per cent water and sugar plus a few additives and artificial coloring; really just flavored water with a little inexpensive synthetic vitamin C. In fact, there's so much water in foods these days you can see why there's water shortages in some parts of the country.

Similarly, the popular presweetened cereals actually are approximately 50 per cent sugar and 50 per cent cereal. I estimate that you pay for the sugar in these presweetened products at the rate of 90 cents a pound. No wonder they call them the breakfast of chumps.

The most urgent reason why we need both basic standards and more information at the point of sale is the proliferation of merchandise that has made shopping a kind of roulette; in fact, has made the modern consumer really a kind of lost lamb in a merchandise maze.

As one example, ten years ago there were some 1,100 tires of different brands and quality on the market. Now, there are some 1,700 different models, grades and brands, and most of them come in 12 to 15 different sizes.

Take clothing materials. With the development of synthetic fibers and the many blends of these with natural fibers in varying percentages, there must now be several thousand different blends, weaves, and finishes. In carpeting, too, there are some 15 different natural and synthetic fibers, and blends of these, in 12 different weaves or tufted constructions, and many different qualities.

As another example you encounter frequently, a modern supermarket now stocks 8,000 to 10,000 different items compared to 1,500 to 2,000 the service stores of the previous generation used to offer.

Trying to select a suitable appliance has become a complicated venture. There are seven basic types of kitchen ranges in four different grades, available in 24 makes and ten oven sizes. In washers, each manufacturer now has six to eight models.

In sewing machines, because of the proliferation of zigzag, semi-zigzag, fully automatic and very deluxe machines, a sewing machine has become the single most complicated item to buy. We recently counted about 200 different models and didn't cover the entire market by any means.

The proliferation of merchandise and the resultant increase in costs and service problems has caught the attention of political and consumer spokesmen. However, some of the proposals advanced even by well meaning advocates have no practical relation to the consumer's real needs and even serve to divert attention from basic remedies. One proposal pushed by some highly-publicized consumer spokesmen in and out of Congress sought to have all buying information computerized so that a consumer could "pay a few dollars" and get a compilation of data on various models of all products on the market "from automobiles to zucchini."

In an age when there are, for example, some 900 to 1,000 TV models in various sizes and makes, to try to solve the consumer's buying problem by collecting and computerizing all this data would keep half the country busy amassing constantly-changing data for the other half.

The real need, of course, as I've already mentioned is for standards that would assure consumers basic serviceability and product safety, no matter what the model, plus information on performance specifications and characteristics labeled right on the product.

The further need is to encourage manufacturers and stores to reduce the extraordinary waste caused by the many thousands of barely-differentiated models. Already car manufacturers have begun to cut back on the number of models they produce and on annual changes to try to stem rising production and service costs, and the serious parts supply problem.

Young people welcome consumer education, and they should because they need it most. Children are our most vulnerable and manipulated consumers, starting with the hard-sell TV commercials for toys, sugar-coated cereals and other snack foods, and building up to the relentless merchandising pressures on teenagers. One survey several years ago found that 86 per cent of children's TV programs were sponsored by food manufacturers. Teenagers are very vulnerable because not only do they have some money of their own, but they are at an age of unsure ego and uncertain sexuality. They are especially exploited by the music industry, the auto industry, and of course, the cosmetics, clothing, and jewelry manufacturers.

Not only have young people been manipulated into spending actually billions a year on music equipment and rock concerts but they've been manipulated into such economic absurdities as buying not only engagement rings but pre-engagement rings. Young adults also are the chief victims of dealers who unload what often are seriously defective used cars at high prices. One father even complained to me that his son had bought a car that ran only backwards.

The teenage magazines are as manipulative as the disc jockeys. The sexuality of ads in such magazines is even more noticeable than in promotions for adults. Parents also are shocked when they see the many ads in teen magazines for diamond engagement rings costing from \$200 to as much as \$5000. While teenage girls comprise about ten per cent of the female population, they account for over twenty per cent of all spending for cosmetics.

As well as education in buying and money management, young adults need education in coping with recessions. Those who have not gone through recessions before are most likely to hit the panic button when a job is lost and bill collectors start pressing for payments, letting valuable possessions be repossessed and even abandoning homes in which they have some equity. Obviously young people and perhaps many mature ones too, need education in

their rights and defenses as debtors, including the new protection of their rights when their notes are turned over to the holder in due course. This kind of preventive education also will teach care in taking on debts.

We should also be aware that nationally bankruptcies have been running at a rate of 200,000 to 225,000 a year. Many of these overloaded debtors are young couples; some of them in bankruptcy court even before the engagement ring is paid for.

With all these education problems to try to solve, dependable resources are not always easy to find. I often wonder, who will teach the teachers? Much of the materials used in schools is supplied by industry. Some is moderately useful but much is so generalized as to be platitudinous. Some also is noticeably self-serving as in the materials from finance-company associations, cereal manufacturers and some others.

Significantly, business interests sometimes are the chief proponents of consumer education. Especially when some form of consumer legislation has been proposed, business spokesmen are apt to say, "We don't need more laws, we need consumer education." This, of course, is a red herring. Consumer education by itself cannot solve all the problems. A struggle for legislation often is an effective form of consumer education. On the other hand, of course, legislation won't work well without educating consumers in what it does and doesn't do, as we've seen in the case of Truth in Lending, and the continuing need to make clear the value of using the ingredients lists on food and drug labels to compare values.

Not even all the consumer materials that come from government are truly useful. Much of it is. But some is superficial and generalized, and some even seems to cater overly to processing interests as in several attempts to justify high-priced convenience foods, or to justify high food prices.

As well as trained consumer educators, we also need to develop more expert spokesmen. A great deal of speaking for the consumer in Washington is being done by well-meaning but relatively inexperienced lawyers and others with little training in consumer economics, nutrition or other matters on which they exert a surprising amount of influence, largely because some journalists reporting these opinions themselves are just beginning to develop greater sophistication in consumer issues.

One reason I call attention to this situation is that sometimes these spokesmen impede the consumer's real needs, as well as the good they often achieve. Among the questionable activities have been the opposition to some truly useful government efforts such as the FDA's effort to better control the huckstering of vitamin products and the new government grades on beef which seek to encourage leaner beef and less use of grain-feeding. Sometimes, too, consumer advocates jump on bandwagons without much informed appraisal as in the case of no-fault auto insurance which sounds good but actually has been quite oversold and is something of a red herring in that it diverts the public and lawmakers from the more-penetrating reforms needed in the costly and ailing auto insurance industry. No-fault insurance is little more than accident insurance with motorists compelled to buy it from a high-cost auto insurance company rather than a low-cost group insurer.

The other reason is to advise you that you may need to evaluate proposals offered on behalf of the consumer, too.

Now that I've listed all these problems that challenge us, I want to re-emphasize that the needs of the consumer finally have become widely recognized, and some progress has been made, as in the Truth in Lending law which twenty years ago I would never have dreamed could happen. I don't think that in a democracy the work of representing and teaching the consumer will ever be finished. What we need to work for is to make consumer interests an effective countervailing force along with other economic interests, and to help stop at least some of the present waste of family and national resources.

Thank you for coming and listening.

Dr. E. Thomas Garman

There are no words that I can use to fully express our appreciation. You've read his books, and you've had the opportunity to hear his voice, and he speaks a very clear message. We thank you.

FRIDAY, JANUARY 14, 1977

GENERAL SESSION

Announcements: Dr. Glen H. Mitchell

Debt Counseling Office of Education Grant: Dr. Ruth D. Harris

Project Co-Directors: Dr. Ruth D. Harris, Dr. E. Thomas Garman, Ms. Betty Harrison

Research Associate: Mr. David Myhre

This project focusses on further professional development, through inservice education, of non-profit debt counselors in Virginia.

Until 1975, state law in Virginia prohibited debt contract modification by anyone other than an attorney. On March 24, 1975, the Governor signed into law Bill No. 1481 which states "Any person of organization licensed hereunder may operate a nonprofit debt counseling agency, subject to regulations of the State Corporation Commission." This law makes provisions for debt counseling agencies to conduct education programs, provide advice

as to budget management, negotiate with creditors on behalf of debtors, and administer debt pooling plans.

The primary objective of the debt counseling project is to develop viable materials for use in developing the competence of consumer debt counselors.

Specific focuses of the project are:

1. Conducting an assessment of the professional needs of consumer debt counselors in Virginia
2. Developing inservice training materials which are designed to meet the aforementioned needs
3. Developing training material user guides which will be designed to enhance transportability of the materials across the nation
4. Field testing the materials and guides to obtain feedback regarding their usability and acceptability and make appropriate revisions based upon this feedback

The output of the project:

1. Identified and assessed training needs
2. Field tested training materials and user guides designed to meet inservice needs
3. An inservice training program for consumer debt counselors

Four educational modules were developed and field tested throughout the state of Virginia. The modules are to be used by individuals desiring to learn more about counseling techniques and the effective use of credit. These modules will be published by the VPI & SU Extension Division for use throughout the state.

WORKSHOPS

Financial Counseling Workshop: Dr. Anita Webb, Dr. Mike Sporakowski, Dr. David Hutchins, Mr. David Myhre (Note: Mr. Mike Ferguson was unable to attend the conference)

Sporakowski: Not feeling good about self frequently is tied into a lot of other things. How many times have you, when you didn't feel good about yourself, gone on a shopping spree?

It was fun to get out and spend twenty or thirty or fifty or one hundred dollars, or whatever it is for you that does something. I know several people who we're really talked about who when they're depressed, the dollars just flow, whether they have them or not, because they happen to have charge accounts and those kinds of things. It's very important to see that tie.

Another comment in that area: maleness and femaleness related to this money value we put on each other. Who "wears the pants," who controls

the money. One of my favorite stories is, again, a personal one. In my family of orientation, the family I come from, I imagine for the first, let's see, my folks were married for forty years, probably the first thirty-five years, Mom controlled the money. And Dad felt terrible about this. He was the one who went out--it was a very traditional marriage--went out and worked, then he came home and gave her the money, and she doled it out. I wish I had the other video tape I've got, of another couple with this situation. All of a sudden, something like three or four years ago, something occurred, and now Dad's doing it; and the irritation going the other way--the hostility--is really there. This is reality; I'm not making fun of them, I'm just trying to give you an example of how people feel about handling money and who handles it and who controls it, how they do this. The classic for me was a thing that NBC did a number of years ago called "The Blue Collar Trap." Maybe some of you saw this about people who worked in a Ford Pinto plant in Ilpedes, California, and there are three couples and a single guy and they talk about some of the relationships. But there's one marriage that is a remarriage for the gal, first marriage for the guy. They ask him and her, in interviewing them, "Who wears the pants in your family?" And he looks and sort of frowns, "She does." And she looks and sort of smiles; she isn't comfortable with it. What had happened in her first marriage: they had a tremendous financial problem. So she decided when she remarried, by damn, she was going to control everything. And the guy, I'll say poor guy, found himself in a situation where he had 35¢ a day to buy a drink and lunch time and she made the sandwiches for him. And that was all the money he had--period. Never any more. And he was really upset, and one of the things that came out was, "You know, I go out to lunch with the guys, and I don't even like to go, because we go down to the local tavern or something at lunch time, and they have a beer, and they have a sandwich, and another beer, or something like this, and I've only got 35¢ and I could buy a Coke, and these guys roll out a wad that probably has a hundred or two hundred dollars in it. And I never have more than a dollar in my pocket." And the feeling in terms of that is fantastic.

Dave, do we have to summarize something? In terms of where we are with financial counseling?

Hutchins: I'd just like to make one comment: on a questionnaire that you folks had filled out some time ago, a number of you commented on the need to give information or advice or whatever to the clients. Well, I personally distinguish between giving information and giving advice. For example, if I tell you, here's what I think you ought to do, before I've taken the time to find out what your life is like, and what your situation is like, how you think and feel, then chances are, my advice is just going to roll off your back like water. That's one of the reasons why it's essential to find out about the client and then you can give them some type of information. Nothing wrong with giving information in counseling, but be aware of the goody-goody advice giving that isn't going to do any good. And I think, with that, since we've been encouraged to wind it out--we could do this for days, we're having fun, but . . . I enjoyed this, thank you folks.

Webb: We have a couple of announcements, please, First, I want to thank these fine gentlemen. All three of them have worked very hard, reading, editing, adding material to the manual, doing the tapes, just all kinds of things.

One announcement is that Marty Christie has been in touch with the state police who say the roads are very bad this morning; they do not advise anyone to get out unless it's an emergency. They do predict the temperature to rise this afternoon and the roads will be in better shape but there is a caution; please, do not try to leave early. You will be much better to stay through the luncheon, and leave this afternoon. Please do not leave early.

Okay, the second thing is during break, we'd like to start getting these manuals out to you. Dr. Simmons and I will be over at the side, we would like to ask about the first three rows to come down, sign your copy number and your name, and then go out and have your coffee and doughnuts, then the rest of you go out and have your coffee and doughnuts, and then come back in and you can work on your manuals. Dr. Simmons has a couple of things to ask you first.

Simmons: I want to say something to you about why I want the books returned. In the front of this book I have given credit to several people who have helped. Now, I know that there are many mistakes in this. The pages are even numbered crazy because we printed chapters 4, 5, and 6 before we printed 3 and 2. And we allowed page numbers, so you will notice in Chapter 3 that there are pages numbered 28a or whatever. I would not be fair to Dr. Hutchins, Dr. Harris, Dr. Webb, Dr. Sporakowski, people who have worked so hard, to have this copy go out and have people look at this and say, "My goodness, those people up at VPI can't even number pages?" I say in some places in here that there's something in an Appendix. Because of the expense of putting in extra sheets, the Appendix was not set up for this issue. It did not need to be in there, and so we put in some forms that will be in the Appendix. I think you can see, with just that brief explanation, why it is important that this copy be returned to us. Now, in one section of this, there is a place where you can be a great deal of help. There is some space left. And even in areas of the book where there is not space left, I want you to, if you read something that doesn't make sense, just simply write in the margins, "I don't understand, this is a bunch of bull, make this clearer, what's this got to do with what?" Put how you feel about it. If you don't do that, we will not have as good a product as we want. Okay? Thank you.

(Break)

Webb: We have had several requests to continue our previous session. Many of you have questions, so let's spend a few minutes and try to answer some of them.

Question: Is there a maximum percentage recommended for individuals and/or families for debt repayment?

Sporakowski: I had one family that I consulted with, and they were in a position that they couldn't pay the interest on their debts, not along with the principal. Now that's way overboard, obviously, but you're talking about expendable income, probably some people would say, not more than twenty per cent of your income after taxes should go for credit payments other than a house mortgage and maybe a car. You've got a lot of experts in this area, and I don't know that any agrees with anybody. Depending on which book you read, you need to look at this in terms of where the family is, because some people using twenty per cent or twenty-five per cent of

their "expendable" income, money after taxes, if you want to call it that, that may be the definition for some people, are in deep trouble. Others aren't; it depends on where you start with this thing, in terms of how much is being taken out for whom and all of you know that the Federal government and the state government and Social Security and everybody else gets into that. But let me address that, if you will. Dave, I know you're just walking in and it's going to throw you, but maybe we could ask Dave Myhre, because he's got more counseling experience in debt counseling per se. The question was, you want to restate that question?

Question: Is there any maximum percentage that you would allot to debt repayment?

Myhre: That's the basic answer, it all depends. If, say for example, a family has already contracted a mortgage that takes up thirty-five per cent or forty per cent or the most I've ever seen is eighty-five per cent of their take-home pay, the fixed expenses determine how much money is left over to do all the other things, and you could probably give optimum figures, but it all really depends on the situation of the family.

Sporakowski: Here's where we really get into what their life style is, and what they consider their needs to be, and what needs in reality are. There are a lot of variables, and saying it all depends, I don't think is really a cop-out, although some people say it is. I really think you've got to get into an individual case and set it up and take a look at where they're at. Some people will have savings or investments that could be made use of, and they won't tell you about this, they've got it hidden away someplace, or something like that, and if they got into a bankruptcy court you'd find out after the fact, and here you've been trying to go one route with their creditors and they've had this other socked away someplace and you get yourself in hot water, too, on that one.

Question: Have you ever taken their credit cards away?

Myhre: Standard operating procedure. Yes, in the agency that I worked in, unless people would voluntarily stop using all forms of credit, we would not take them on as clients. We'd take them on as talking clients, but we wouldn't actually put them on a plan or anything, because they're doomed to failure, as soon as you're short, people use credit cards in lieu of money.

Sporakowski: I want to respond to that, though, because I think it depends on the kind of set-up you're working in, that may be part of your ground rules, and if you know this ahead of time, it's probably okay though maybe illegal. And I'd hate to get caught in that mesh. On the other hand, I think it's a good idea and I think you should talk with them about why this should be done, etc. It may be a ground rule you want to set up and you may feel comfortable with it and your agency may work with this, if you're in an agency, but I've got some negative vibes about it somewhere. I wouldn't personally--and I don't work in a debt counseling agency--I wouldn't personally say they had to do this. Now, some people would, and I think this is a differing approach to the counseling area. I think it can be a good way. The other--and I could just see--here's the other side of this--I could just see they come in and you literally tell them, cut them in half and throw them away. Two weeks later they've got them back because they called BankAmericard and Mastercharge and said, hey, I lost my card, can you issue a new one? And they don't tell you about this, all right? I'm being a little bit paranoid here, in terms of what people will do. That

kind of thing wouldn't surprise me in some instances. I think you need to know the clients you're talking with and get into advice-giving versus counseling. I think Dave might even want to address this, I think there's something very directive and very forceful in saying, this has to be done, this is part of the contract you're setting up with us. And I think you need to look at that in light of where these folks are and you are, and what legal grounds you might and might not have. I don't know that you wouldn't have legal grounds, but I would question it.

Question: In most cases, though, if you've got a debt client that's really in trouble, he wants to give those cards up because he realizes that he doesn't have the discipline to keep them at home. And I think that it's something that a debt counselor should mention to a client, he doesn't have to make it part of a contract, but it should be made known to the client.

Sporakowski: Last night, Mr. Gilbert was talking to me about this, and one thing that we might do as a variation on this is have them come in and you talk about the use of different kinds of credit, and that if they were going to maintain those accounts, they would have to clear using them again through you, you know, not cutting them up. Now, that's a fine difference, but it may be a fine difference that saves your client and saves you in terms of a couple of things. And that would be important. Dave wants to say something.

Hutchins: Just one way of how to go about this--the difference from the advice and from the information--instead of saying, "I'm going to cut up your cards," then, just ask the client, "What would you think about turning in your cards?" And then, you will find out about how the person feels about it, and what they think about it, and so forth, and you'll have the information to go on. So that's an easy way to handle it.

Sporakowski: There are a couple of questions over here.

Question: If you're concerned about cutting up the cards, cutting up cards in a non-profit consumer credit counseling session is not a punishment, like beating the client, we cut up the cards, and return them to the creditor, and mark them that those accounts will be paid through our office, and that's part and parcel of standard procedure, not just to cut them up and stick them in a drawer.

Sporakowski: I think the key to that is how you handle it and what you're trying to do with it in terms of goals that your clients know about, that you have as a person functioning in that area, and if these things are clear, I think you're okay. I think sometimes, though, people come in and say, "My God, you know, if you just would read the Bible, things wouldn't become problems for you." Some people say, what do you need financial counselors for? They just read the Bible. Maybe that'll work, too, but I really don't buy that for the kinds of things we're talking about right here. In terms of debt counseling and financial counseling problems.

Question: Are Extension agents expected to actually do financial counseling as a result of participation in the workshop?

Sporakowski: The intent of our presentation earlier was to expose you to what we thought credit counseling, financial counseling, and debt counseling were, those kinds of things--we're not trying to train anybody. When you leave here, you are not going to get a certificate saying you are now a certified credit counselor. That's not our intent at all, and I don't think we have grandiose illusions to that. We're trying to talk about some of the pros and cons, some of the limitations that you have, and I think these things are important to recognize.

Counseling is something that is being licensed or certified in a number of states, I believe now, you've got to be able to differentiate in terms of function or title what's going on. I think a lot of people don't know, if we say financial counseling, what does that mean? For some people, that means going down to their stockbroker and buying X shares of something. A question over there.

Question: I fully agree that budget counseling is an area where we need experience. When they recognize a problem, they need to revert to somebody, or someone to handle it. I don't believe that an Extension agent doing budget counseling should collect and return credit cards. On the other hand, once they . . . the creditors are not going to sit still while the counselor keeps their credit cards, they are going to ask for payment on that unpaid account.

Sporakowski: Is Anita here? How much time do we have? I don't want to cut out what you're doing.

Webb: How about just one or two other questions?

Question: While I think this is an interesting issue of cutting up credit cards, I don't think it's our business to cut up someone's property. It seems to me the real issue here is how do you maintain the motivation for the program? I noticed that in the first case study it was suggested that the clients perform a task keeping track of their expenditures. What kinds of things can you do to maintain someone's interest in the five days when they're not in your office, before they come back? It's like a diet, where you're gung-ho, and you make the list, and you're going to do it, and next week you're gung-ho again, but for six days in between you don't do anything about it. What techniques do you use?

Myhre: In a lot of cases, you don't need a technique. They have their built-in motivation. We were talking earlier about people's finances being secretive and for the most part, people will not go to the debt counselor until they are in dire straits, until it's an emergency or a crisis, and they may have had bill collectors knocking at the door for three months. They may be getting five, six, eight, ten creditor phone calls at home, at work, people will be calling their boss, they'll be getting their wages garnished, some things like that, and a lot of the positive incentive for them to remain on the program is that, as long as they put the program together and maintain it, they don't get any of that harassment.

Sporakowski: That's one thing, I think it's important, in terms of if somebody's harassing you and now they've stopped, maybe slipping, and then we'll get it back. Another thing, and again you've got to try to assess the motivation of the people involved, if they're highly motivated that's one thing, if they're not, that's another. One thing that some people would suggest is keeping very close, accurate tabs on them, you know, calling in once a week, or maybe every couple of days. Now, this is a pain in terms of where you are, maybe, in your agency at this time, but again, depending on that agency's purpose, it may be important. Setting up regular interviews, maybe, is another possibility, but again it depends on the kind of agency in which you're functioning. Have them come in, and I would, especially if you've set this up, and you've spent four or five hours with them, for a couple of weeks or a couple of months regular contact, you know, set up a regular appointment--come on in, let's take a look at where you're at, where you're going, what things are likely to come up in the next six months, see if we can do some planning.

This is personal involvement, and I don't know, that all agencies would afford that kind of time. There are so many different places that I've seen this occurring--won't that kind of thing occur here? Humbug, it occurs a lot of places, is what I'm trying to say, you know, the minister working in his congregation is doing debt counseling, whether he wants to or not, in some cases. It may not be the professional debt counseling we would refer to, but it isn't that well-defined an area, and neatly defined an area--but we're moving towards a better definition. But I don't see, and it took me a long time to get this message across to myself, I don't see that you can say that there are 873.5 different kinds of counseling going on. You know, you've got people who are doing counseling, focussing on some areas, but there are some basic processes that all counselors are going to use. If you say, all we're going to do is set up a budget for you, that's not counseling. It's a mechanical procedure. It may be an essential mechanical procedure, necessary to something larger. But when you say "counseling," you're implying a lot more than just setting up a neat little form for somebody. Now you don't have to buy that--that's my bias. But I think, all too often it's sort of like people who are going to a marriage counselor; that's a unique thing. Well, it is unique, but you've got to be a counselor first, if we want to focus on that interpersonal relationship called marriage, because if you don't want to be a counselor first, you're not going to be a good marriage counselor. One more over here, and then we've really got to quit; we'll be available later.

Question: In terms of a client being motivated, and willing to give up his credit cards, and anything else in terms of accepting information that's given by the counselor, the first element, or one of the elements that has to be established first, is trust on the part of the client. In other words, he looks at the counselor as a person who is genuinely concerned with his well-being.

Answer: Yes, why would somebody come in and, because you're the counselor, sitting at the desk, give you their credit cards? Somebody once said, a client came in to a counselor, and said, well, why should I trust you, I don't even know you. And that may be very vital, whether you've got the authority of an agency or anything else going for you.

Hutchins: Yes, about this trust. When I was younger I used to be bothered by it. Somehow I thought it occurred by magic, and I didn't have it. But I've come to believe that trust is something that happens as a result of your demonstrating that you're listening to the client, you're feeding back, reflecting the essence of what the client said, and how he said it, you're assisting that client by giving information that he needs, that can make a difference in his life, and so forth, and by doing these kinds of things, that's how trust is established. There's no other way. Initially, the client comes in and he's got to take it on faith, but as a result of what the counselor does, he demonstrates that he's interested in the client, he can take action, not only in the counseling setting, but outside the counseling setting, that'll make a difference for the client. It's the only way that I know that trust can be formed.

Webb: I think it's very appropriate at this time, with all the comments on credit cards and etcetera, that Dave's beautiful slides on all the doors in town have earned him a new name--the "Doorman." Can't you just see him,

in Blacksburg, taking pictures of all those doors, with signs on them. Now, we would like to go into, for a few minutes, the use of credit. Dr. Simmons has some information for us.

Simmons: We had to interrupt a good group that's interacting, as you have been doing with Dave and Mike, it is my hope that if you have some unanswered questions, that you may read this manual very carefully and you may find some of the answers. It's my purpose to expose for your information some facts, regarding the use of credit. You may say, why all this fuss about credit counseling, or financial counseling. Why do we have to be worried about it? What's the point? Is there a need for it? I have handed out four little printed pages that are lifted from this publication, "Consumer Credit in the United States." It's part of the National Commission of Consumer Finance. You may have this in your offices, I don't know how generally distributed it is. And this is a 1972 copy, which makes it almost obsolete already. But I did think that you would benefit by having that graph, look at the graph, and you can get the idea, without me saying anything more, you can see how the use of credit is spiralling almost in a straight vertical line, up, up, and away. Where does it end? Will it end? Where does it begin to curve and come back down again? Who makes it curve back? And that's where we come in, of course. Using credit is like an algebraic equation. When the outgo exceeds the income, then the upkeep becomes the downfall. A ship doesn't come in that hasn't been sent out. I want to tell you a story that I borrowed from David Earl in his book, The Bankruptians. It goes something like this:

One time in the twentieth century, there lived, in a great and prosperous land, three men named Tom, Dick, and Harry. Tom was a bank teller, Dick was a salesman in a jewelry store, Harry was a foreman in a lumber mill. Each had a beautiful wife, two lively children, a pleasant house on the edge of town, and an earned income of more than \$6,000 a year. But, alas, the three suburbanites were not happy. Tom longed to join the country club to show his neighbors that he was truly a man of substance and standing in the community. Dick dreamed of owning a 20-foot cabin boat, in which to take his friends fishing, so that they might see how really successful he was. Harry wanted a color television console, a Polaroid camera, elegant clothes for his wife, a second car, and a new hunting rifle to impress the boys at the mill. Unfortunately, banker Tom did not have the \$1,000 he needed to join the country club. Jewelry salesman Dick did not have the \$3,000 he needed to buy his boat. Foreman Harry did not have the \$5,000 he needed to buy his many status symbols. As time went by, each longed more and more for the things he thought would make him happy and socially prominent. Then, each in his own way set out to obtain them. Tom embezzled \$1,000 from the bank and joined the country club. Dick stole \$3,000 worth of jewelry from the jewelry store, and bought his cabin boat. Now, Harry was different. He skipped a month's payment of the household bills, and payments to the department store, the doctor, the bank for his remodeling loan, and others, and that left him enough to make a small down payment on each of these things that he longed for. Then he promised the television store, the used car lot, the camera store, the sporting goods store, that if they would only let him have these items now, that he wanted, he would pay faithfully every single month in the future. And so the merchants let Harry have what he wanted. Several months passed, and crisis hit all three of our self-indulgent characters. Tom's embezzlement

was discovered. Despite his plea that he would put the money back, considering it only a loan, he was sentenced to five years in jail. His beautiful wife and two lovely children could subsist on welfare until he got out. Tom and his family were made wretched. When his term was up and he was set free, Tom said that he had learned and dishonesty does not pay, and he lived a simple, honest life forevermore. When the owner of the jewelry store missed his diamonds, he called the police. They soon found that Dick was the culprit. He explained to the judge that he had only meant to borrow the diamonds, but the judge said that it was a serious crime, and he sentenced Dick to three years of strict probation and ordered him to pay for what he had taken. When the three years were finally up, and the debt was repaid, Dick said the humiliation he caused his family had taught him a lesson, and he resolved never to do anything dishonest again. Harry was different. He had received more in value than Tom and Dick put together, but he had promised to pay for the things he took. Soon he realized that all his promises could not be conveniently kept, so he sought help, and he found it. Harry had a friend at the mill who told him about a wonderful Wizard of Laws. For a fee, the Wizard would take Harry to a powerful magician who would make debts disappear. Harry followed this wizard and was told that for \$200 he would be conducted into the magician's presence. Harry let more bills go unpaid and gave the Wizard the required sum. The magician told Harry to list all his debts on a sheet of paper and to swear that he was unable to pay them. Harry hesitated, because he knew he was able to pay some of them then. In time, he could probably pay them all. Certainly, he did not want to risk the wrath of God by taking an oath that was in any respect false. But the Wizard and the magician both assured him that there was nothing to fear. Since he had paid the proper fee, he was protected and was entitled to take the oath by which he could benefit with the magic formula. All his doubts thus removed, Harry took the oath, and the magician waved the magic wand over the list of bills. He was told that each of the merchants to whom he had a pledge of payment would receive a copy of the list, bearing a sign of the magic wand, and they would become helpless to collect what was owed them. Such amazing powers were beyond Harry's understanding. He asked the magician how he came to be blessed with this miraculous gift--how could \$5,000 of unpaid debts vanish with such ease? The great man confessed that it was not really his own power at all. The mysterious formula had originated in another kingdom across the ocean, America. It had been passed down from generation to generation, waxing in power over the years, and was now being revealed to more and more magicians with wisdom equal to his own. Harry learned that this astonishing process was called bankruptcy. He went home satisfied that he would never have to pay for the goods he had received, regardless of his promises to pay faithfully. He admired the two cars in his garage, he complimented his wife on how stunning she looked in her new clothes, he took pictures of the children with his new camera, he telephoned a friend and arranged a hunting trip so he could use his new rifle, and sat down to enjoy his new television console. While it was warming up, he reflected on the easy way he had found to enjoy all these useful things without paying for them. In addition, it was a good way to write off the bill from the doctor, the department store, and others. Harry decided that the Wizard of Laws was a wonderfully clever man. This process called bankruptcy was so delightful, he must try it again sometime. Now, what do we conclude from this? It gives one deep and serious cause to doubt

the wisdom of such laws, which, in our progressive and educated time, fail so miserably to make the punishment fit the crime. Bankruptcy has been called the fastest growing, most gangrenous disease ever to infest our American free enterprise system. Within the past decade, when this richest nation in the world reached what is described as a golden age of prosperity, America had created a fifty-first state: the state of bankruptcy. Its population is made up of the 1,240,000 families that filed for bankruptcy in the ten-year span between 1955 and 1965. Its capital city, Don't Pay, USA, is inhabited by the 153,322 families whose Harry's took the legal bath every seven minutes, every working day in the United States during a single year. That was ten years ago. The figure today would stagger us beyond recovery. The present number of Bankruptians, and the gargantuan dunghills of never-to-be-paid bills that they deposited in every corner of our land is appalling. But the most significant and terrifying aspect of this spectre is its rate of growth. From 1948 to 1963, the United States population increased by 26%. At the same time, the state of Bankruptcy's "debt-set" had swelled by 840%. And if you figure this out, you come to the conclusion that the Americans who don't pay their bills are increasing about 32 times faster than those that do. A self-righteous air of having won a victory over his creditors characterizes the attitude of many a bankrupt. Maybe he has outwitted the doctor who delivered his new son at 4:00 in the morning, the corner grocer who fed his family on credit the winter he was out of work, or the widowed landlady who believed his story of woe and let him get behind three months on the rent before he skipped out. Robert Dawson, Jr., of Michigan State, found that bankruptcy is a contagious disease. His study gives conclusive proof that bankruptcy tendencies are passed from father to son, from brother to brother, and from in-law to in-law. And from neighborhood to neighborhood. Now comes the time to ask, who paid for Harry's luxuries? The answer, is simply, every one of us. The price of every item in every store goes up a little bit with every Harry who comes along every few seconds. This is reason enough for us to become involved in trying to prevent the overuse of credit. Now, let's retrace our steps and rewrite the story. Let's change Harry's name to Ernest. And let's make him a man of ethics who has a sense of fair play. Ernest would not truly enjoy a television set for which he had not paid, so when he found himself in financial trouble, he passed by the suggestion to see the great magician, and instead sought the help of a consumer credit counselor. The creditors were contacted and told of the situation, and they were offered a plan by which Ernest might pay off his debts, but in a longer period of time. An extension of time seemed a much better deal than the one Harry had made. Ernest and his family enjoyed with a sense of pride the things they had paid for, and the rest of the treatment of their financial condition. As I see it, the challenge of this workshop is for us all to find ways to pool our resources so that we may produce more and more Ernests and fewer and fewer Harrys. Thank you.

Financial Management Workshop: Ms. Hilda Dailey, Extension Specialist, Home Management; Dr. Esther Martin, Associate Professor, Management, Housing and Family Development; Ms. Janet Faith, Extension Specialist, Management Information

Martin: We might say that there are three types of factors influencing the use of income:

1. The familial, i.e. size and composition of family,
2. The environmental, and
3. The behavioral--these have to do with people's preferences in the way they act and their values and their personalities and just some of their habits, even, are the behavioral.

Let's look at these factors.

The Standard of Living. The standard, actually, is the way people feel they must live. A level of living is the way they do live and so if their standard of living and their level of living are fairly close to each other then they may be getting along fine and be content. Maybe they will not be stimulated to go further. There has to be a little bit of a push of wanting to rise to a higher level of living in order for them to be motivated. If their standard of living is extremely high, or if there's a great deal of difference between their standard of living and their level of living, then they are going to be having problems. They're going to either rebel in some way or they are going to become apathetic and will feel that there is no use in trying.

The Net Worth of the Family. This is important. This is the difference between their liabilities and their assets. You know that if the net worth is something of substance, it's something that the family can fall back on, so that they are not so dependent on every penny that is coming in every day. It's something that is stored up.

The Socio-Economic Status. Some indicators for this are education, source of income, and amount of income. There are several different models for socio-economic status, for the way it may be measured; it's not just how much money you have, it also has to do with various cultural things and with education.

Referring to the list, we talked about size and composition of the family and the stage in the family life cycle. The next factor, size of income--of course is important. There are people with high incomes that get into trouble financially and overshoot themselves in the spending just as much as there are people who have less income. People who have quite low incomes know that they might get into trouble if they're not careful, but some of the people with higher incomes, don't realize soon enough that they may. A change in income brings about a need for a change in planning, whether it be a change up or down. It's easy to get a raise and have that absorbed without reaching any of your long-time goals, unless you think about them at the time you get it. Regarding the gainful employment of the wife--about 50% are now gainfully employed, not all of them full-time, a statistic that has risen regularly.

There are many families that cannot get along without two incomes, but not all families have two incomes. There certainly is a difference in the management problems of people who have two incomes and those who have one income, affected also by whether the wife is at home sparing the income by her good management. Of course, if she is not a good manager, maybe she doesn't spare it. Maybe it would be better for her to be out working and then hire somebody who is a good manager. There are various possibilities.

The State of the Health of the Family Members. This factor works two ways. One is whether poor health may demand more money because of medical expenses, and the other is that if people's health is not good, they cannot bring in as much income nor be as good managers of it. A neighbor of ours, when I was growing up, was a very skillful paper-hanger. But he had asthma, and much of the time he couldn't work. So his family of eight children, intelligent children, really, would come to school with holes in their shoes, or they would take off their boots and they would have no shoes on underneath. This wasn't a deficiency in his education, it was a matter of health. And so the family's needs for money management were influenced by his health.

The Managerial Skill. I've been talking about this. Some people have the knowledge but not the skill. You have enough facts in your mind, but you are not resourceful or skillful. This is going to be one of the hardest things for you to communicate to some of the people that you work with, how to develop skill. Sometimes we have been lucky enough to associate with people who have a great deal of skill. We see some of the things that they have been able to manage and so kind of "catch it" instead of learn it. It is possible to learn how to manage.

The Flexibility of Family Members. This doesn't mean the kind of flexibility that lets you get pushed around. It means your ability to cope with changing situations. It's an intelligent type of flexibility. There are all sorts of real and psychological reasons why people don't cope. Some people are able to adjust--some people can take more risk than others, and some people don't know that they need help--adapting to the situation is part of managing.

Home Production. That's a fairly obvious one. If you have a garden and are able to take care of it, if you know how to preserve food, if you can mow your own lawn, if you know how to do your own home furnishing, if you can sew, if you can do your own cooking, if you know how to shop well; these things, are home production. We're not going to go back to the time when we raised our sheep and spun our wool. One of my students said she does this now. It's more of a hobby nowadays than it is real production. But there are some things that we do at home these days that are real home production. Free community services--this is certainly a factor which influences money use. Some communities provide many resources to the family.

Then, the Attitudes of the Family Members. As a family member, you probably feel you have a responsibility in helping to develop the attitudes of your fellow family members. When you're deciding to get married, you may choose somebody whose attitudes are known to you. It doesn't always work out that way. As a professional person helping others, you may find that one reason the woman in the family cannot manage well is because her husband

doesn't allow her to be a partner, because he has a set conception of appropriate roles. Or perhaps the husband cannot manage well because the wife has the attitude about money: "this is something my husband is supposed to hand to me and I'm not supposed to worry about it." Or, you could have a real good situation; everybody understands the situation and they're willing to make whatever sacrifices are necessary, whatever efforts are necessary, to increase the resources, and distribute them.

The Location, the Climate, and the Soil, and so forth. This cold winter is affecting everybody. It's a factor that's affecting our management of money. Anybody in this area, and I guess all over the country, is affected by the additional fuel bills. Well, then, we've got to look and see what else we're going to do to compensate for this expense.

Advertising and other forms of sales promotion. We can't get around it, we are influenced by these, sometimes to our misfortune, sometimes not. They can work for you or against you.

Customs and Conventions. It's very nice to be able to know exactly what to do in every situation. You know, some of the people we know are so bound by convention; when you're in this situation you do this, when you're in that one, you do that. But we are changing now, we really believe we don't have to do exactly the way our neighbors do, the way our mothers did, or our grandmothers. This puts more responsibility on us to make decisions for ourselves and to know what the consequences might be. There are times when a tried-and-true custom might be to our advantage; we should at least look at it and think about whether it is. Some people have never been exposed to alternatives to their customary actions. I think you'll find that some of the people you work with have never known that there's another way, and maybe this is where you can help them, by suggesting some alternatives to what they have been doing. Some people are afraid to trust themselves to innovative solutions. They'd like somebody else to take the rap in case it doesn't work out.

Current Prices. Of course, this goes without saying, that this factor will influence our management.

The tendency of people to emulate others. To emulate others, means to mimic or copy or want to be like others. All of us want to do that. If we're the only family on the block that has a car that's more than five years old, we kind of have a feeling that we ought to think about getting a new car, and still, if we'd really look at the hard facts, we'd find out that the car is in very good condition, that it has a good gas mileage, miles per gallon, that there aren't very many repairs to be made for awhile and that it would be better to keep it.

So these are factors which will influence the management of money. You probably can think of some others. Now, we're going to go into the techniques for planning. Hilda Dailey is going to take this part of it. Dailey: To most people, the word budget means something that you mold yourself to, and it also means spending and maybe saving without any attention to where the family wants to be five years from now. It's how they want to use their money, like this month or the next two or three months. So setting up a family financial plan involves a process. And this process is a very simple one. And the way I'm presenting it today is a very simple way to present it because it doesn't have to be complicated.

Someone has said that the best things in life are free but the enjoyable things are very expensive. It is enjoyable to be warm enough, isn't it? And Dr. Martin mentioned the fact that heating bills can be increasing. Because families are being forced to change their spending plans, it's more important now than ever that families do make a financial plan in writing. And that's what we're going to spend the next few minutes talking about; how families can put a financial plan down on paper. I like to call this guiding the outgo of your income. I believe that's exactly what you are doing. If you just think about your outgo as partly savings, I think you'll get along--we'll get along--all right with this title. I don't usually write down these, you can copy the chart, and you can take notes, but I am going to give you a good deal of material that will explain this in a different way, so don't feel like you have to write down every word, because it isn't that crucial.

The steps that I like to use, what do you want? Well, these steps don't have to come in sequence. You can start with almost any step, and you can work on several steps at one time. This is not a neat little package that fits together. Your actions won't fit inot a neat little package. You have to work on parts of it for a while and think about it, and then work on some other parts, and collect records.

What do you want? These are your goals, and the family that can define their goals, can identify their goals, are the ones that are the best managers. Most often families start to think about what they really want to accomplish and which one of those goals carries the highest priority, and this takes a lot of thinking and a lot of discussion.

What do you want? For some families, it's a trip to Bermuda. For some families, it's a college education for the children. For some families, it's a desire to own a home. For some families it's a desire to buy a new car. For some families, it's a desire to come out even at the end of the month and pay all the bills. For some families, it's to be able to pay some if not all the bills. And for some families it's to be able to eat next week. Or to pay the rent this month. These are goals, and we have all kinds of goals. And, of course, families work toward several goals at one time.

I find that if you're talking about goals, it's easy to kind of divide them into groups. We want to be able to meet our everyday expenses, and we want to be able to afford some of our wants. In order to be able to meet our everyday living expenses, we want to be able to meet our unexpected expenses, like emergencies. And all unexpected expenditures are not bad, some of them are opportunities.

In working with families, we can't stress enough the importance of setting up an emergency fund. When a family has to borrow to pay a doctor bill, or has to borrow to pay to have the car repaired, or to buy a new washing machine on credit because they don't have enough money to get the old one fixed, this emergency fund can alleviate a lot of problems. It could keep a lot of families from going too deep into debt.

Martin: I think that right there we might say that in addition to the emergency fund, which some people call savings, you might consider some of the devices for security, and providing to meet emergencies. Like types of insurance. You know, everybody carries car insurance, and that ought to meet an emergency.

Dailey: These are protective devices, and families need these. I'm thinking about everyday emergencies. And how do you arrive at setting up your emergency fund?

It might be that one way to do it is to determine what you think your emergencies will be. You know, the car can break down, you have small medical bills, the equipment breaks down. Those are general emergencies. How much would it take--let's think of your family right now--how much would you need to be comfortable with an emergency fund? If you had an unexpected expense of \$50, could you write a check for it, or would you have to go to savings? So, the amount that you can afford, the expenses that you cannot afford to take out of your checking account, then you should plan to take out of your emergency fund. This doesn't have to be a, you know, a big emergency fund, maybe five or six hundred dollars, so that you don't feel that you're taking out of your long-term savings. But put it in passbook savings to get to it quickly.

Opportunities. One family told me they had to use their emergency fund to go to Washington, DC, for their daughter's wedding. That's an opportunity, the unexpected. Then, we have another kind of expected--the large, irregular kind of expected, that we pay quarterly or annually, what are these? Taxes, car insurance, for some families, car licenses. Car licenses are \$20, that's a big expense, and maybe that should be one of their expected expenses that they should plan to come out of their emergency fund. You could include Christmas expenses. And you could include vacations. Then, a good place to put this is also in passbook savings. Because you're planning to draw it out at certain times of the year. It's very simple to add up the total of these and divide it by twelve and this gives the amount that you need to deposit in savings each month.

The next step is to look at the amount of income that's available. That's income from jobs, of course; it's income from savings, income from retirement funds, from rental property, from investments, these are all kinds of income.

Martin: And some of my students call their savings income, but that's not income.

Dailey: But a small amount of interest would be your income.

Martin: That's right, earnings on your savings would be.

Dailey: Interest on your savings is income, because you add it on, but you may like to forget about interest and leave it there; don't consider it as income to spend. It is income for tax purposes.

Martin: It's a device that you use to help build your savings. If you're really going to be fairly precise, you would need to list it, and you should be aware of it, of course, but--

Dailey: Some families have to use it--

Participant: Uncle Sam wants it!

Martin: He makes you notice it. You have to pay tax on it.

Dailey: I'm sorry I skipped one point, forgive me for reverting one time. I think that in looking at all the goals, at a family's goals, that we need to set time limits. Because we can see that we're going to try to achieve that by a certain time, so if we divide our goals into things that we need to accomplish soon, things that we want to do within a year, and things that we want to do in five years. And we have other long-time goals also.

As we look at them in terms of time, the far distant ones are less concrete, they're harder to define. I don't want to spend any time on these, so I'll take that time to say that the long term goals, the ones that you want to reach in fifteen or twenty years from now, may be abstract to you. But we can go a long way in determining how much money we want for those goals. Then, define your steps to reach a specific amount. As long as we keep them vague, it's very difficult to reach them. But, if you can come up with a figure, it may not be exactly, it may change, all our goals change . . . but when a specific amount is selected we are more likely to achieve that goal.

Martin: Sometimes you may change your goals.

Dailey: Oh yes. You can change your goals. The cost of education rises, but the idea is that you try to determine the amount. It makes saving a lot easier. It makes your planning a lot easier, because you know that you have to put away five dollars a month. This certain amount makes it concrete, and makes it a lot easier to follow through on your plans.

The next step is, how are you using your money now. We need to know exactly how we spend our money now. These records will show us where we need to make changes. If we are reaching our goals, then undoubtedly our spending pattern needs changing.

We can find out how we are using our money now by keeping records. These may be in the form of receipts, checks or accounts. But what ever method is used, a family should be able to account for at least 90% of its income. Probably the amount that can't be accounted for is the problem. This represents the leaks, or the waste that could be used to make the whole thing work. This leak could be the money that is needed to pay that overdue bill.

Records should be kept for at least three months then the total for each category should be examined. The categories, for example, are such items as rent, utilities, food, clothing, personal care, recreation, etc. It is a good practice to project these expenditures for a year. Then ask yourself how the total expenditures will balance with the income, on an annual basis. Where do you need to make changes in the amount spent in each category to balance with income, and to assure you that you are making progress on reaching your goals.

It will probably take a year for the full picture to become clear. It is a good idea to examine the total expenditures every three months and certainly once a year. Periodically look at progress made on goals. Some you will reach, some you will probably change, and you will add some. Again list your goals and the target date for reaching these goals.

A financial plan, is, again, very simple. Putting the plan into action requires more effort, but all is valuable in helping families get the best living for their money.

Faith: The computerized Management Network (better known as CMN) is an interactive computer system using remote terminals.

The computer is accessible through toll-free telephone numbers, so wherever you happen to be, even in a shopping center, you can always call up and get the computer without having to pay toll charges.

The CMN system provides an individualized in-depth approach to problem-solving, including things that you could do if you sat down with a calculator and did a lot of calculations, but the computer programs are quicker, easier, and more reliable. The computer asks you questions about various things, and you type in the answers. The terminal prints out a solution to the problem. One of the things about the system is that it's designed to be used by non-computer people. After about a half an hour training time, most people are able to use the system. The biggest thing is learning where the keys are on the terminal keyboard. It's like somebody who's never typed before having to learn how to find where the keys are on a typewriter.

The Computerized Management Network has programs that were originally developed for agricultural uses, mainly farm management, but now there are programs in the area of family resource management, too. We have quite a few programs that are oriented toward financial management--everything from budgeting, to calculating taxes, to estate planning, to costs of running an automobile, to the cost of sending your children to college (and how much you have to start saving from this point on to achieve that amount of money). We even have a program on buying groceries that assists you in providing full nutrition for your family with a fixed amount of money.

Today I will demonstrate the program, Speedy Spend. Its main purpose is to summarize a family's budget and compare it with the budget of a "typical family" within the same income bracket, family size, and number of cars.

Hilda and Esther have talked about how you should always look at the individual family's budget in light of their specific situation and needs, ignoring how other people spend their money. Speedy Spend, however, is really an introduction. It's a quick and easy way to start out. It gives a few insights. My first reaction when I ran the program for myself was, that's not right! And then I sat down and tried to figure out why it wasn't right and really learned a lot just from thinking about why I thought it was wrong. The learning process is really quite valuable.

If anybody wants to run this program, I would be more than happy to show you how.

Question: Is there an input form for that?

Faith: Yes, there is. I brought a few along. These are filled out. Actually, I didn't get back to my office again from last night and I have more people here than I expected for the demonstration. With the ice and all, I couldn't get in there this morning.

Participant: I feel that this is the place where your value system can fit in. When you run the program and you find out where you are compared to the other, then you see the way you spend your money in comparison with the average is justified--whether it's justified--by where you place your values, if you think you place higher values on different types of things than other people at this particular time in your life cycle, but that's just one of the ways.

Question: Is this program adjusted to fit the cost of housing for a particular locale?

Faith: It isn't right now, but we're trying to get it that way. That's something that really is necessary. Any more questions?

Question: You were saying that you could do some planning for savings, for housing or education--what type of inflation figures are built in?

Faith: Well, most of the programs allow you to enter the expected interest rate that you will gain on the money. Some of the programs do have expected inflation rates built into them, I think. It's a matter of how you answer the questions . . .

Question: I was just wondering, do you have any kind of idea, with inflation rates being as flexible as say, five years ago, we had some suggestions as to what we thought the inflation rate would be, is there any more flexibility?

Faith: It's a matter of when the program is run, you specify what you expect the inflation rate to be. The computer can't guess it any better than you can.

Question: But I thought it might be built in.

Participant: Someone has to determine what they expect the inflation rate to be, and one person's guess is about as good as someone else's.

Faith: You have a little bit better idea of what interest rate you're going to get for your money, and that you can also specify. Actually what happens with this particular program (Speedy Spend) is that you enter half a dozen different expenditures and then the program estimates what the rest are. Now, this is just a starting point. It's something that can catch people's attention, and then you go on from there. It's definitely nothing that you follow religiously. One thing we found in Extension in Virginia was that the computer's a newfangled toy. There are a lot of people who will pay attention to it but ignore the old tried-and-true methods. If you can get them to listen, you might as well try it!

Factors Influencing Use of Income - at any given time

Standard of living

Net worth

Socio-economic Status

Size and composition of family

State in family life cycle

Size of income

Change of income

Gainful employment of wife

State of health of family members

Managerial skill of homemakers

Flexibility of family members - extent to which they are willing
to make adjustments

Home production

Use of so-called "free" community services - health services, public
library, parks and recreation centers, adult education programs

Attitudes of family members

Location - climate, soil, topography, rainfalls, etc.

Advertising and other forms of sales promotion

Customs, conventions

Current prices

Services and home produced goods marketed

Tendency of people to emulate others

School of Home Economics
University of Maine

J. H. Crow 10/61

Distributed by Hilda Dailey
Extension Division
Virginia Polytechnic Institute and State University

Energy Conservation: Dr. Lee Richardson, President of the Consumer Federation of America and Chairman of the Department of Marketing, Louisiana State University

NOTE: Dr. Lee Richardson made presentations in two workshops. The following is a composite of the presentations and the questions and answer periods from each session.

Richardson: In the circumstances that all of us face, in 1977, going into approximately the fourth year since we discovered energy was a problem, that, I just try to hang it on a framework, give you a skeleton of what I see is the picture, so that when you talk to any group of adults, or any age, that people can see the scope of what their focus is. That is, when they have a solution to the problem, you can put it into perspective and say, that would be nice, but it really doesn't solve the problem. Or that that's a nice personal solution for one little part of your energy problem, but really, much more fundamental to you is something else. So I'm trying to give an overall picture where you can take off in any direction you want in your own educational work. That's quite an undertaking, in general, but for me, having such a litany of biases on the subject, it's doubly hard. I must be able to describe the problem to you without giving you all my solutions. Part of what I'm going to try to say to you is that's one of the really difficult parts of the educator's job right now, to try to avoid preaching, to try to give people a framework, as opposed to an easy way out of the problem. So I will, at least in my own mind, avoid biased statements about this very biased controversial area of debate, and you watch me, you catch me, you interrupt at any point, and I'll try to remember that this is not a fifty-minute class, and stop before that, so you'll have time at the end for questions.

As we enter into the fourth year of our discovery of a crisis, that we have already beaten it to death, and we have discovered so many negative impressions among the public who is affected by energy issues that we are fighting a worse problem than we were a few years ago. The atmosphere is emotionally charged. People have very strong views. On the other hand, they have heard so many people give some of these statements about this, and have had such negative feedbacks from it, that is, whatever they predicted didn't come true, or that their solution didn't turn out to be a solution, that many people are finding that they personally would rather just dodge the whole issue, which is actually worse off than we were a few years ago. And as a nation, it's clear that we haven't done much in a coherent fashion to try to deal with this area of issues. But it can be interesting, mainly because it's vital to individuals. And so I would suggest as a way of approaching things in this kind of environment that we begin by finding where people are, where they plug in unintended to the energy situation. My big assumption, which can be attacked, is that they are sort of bored and skeptical at the same time. And they're waiting for you to prove that you're better than any of the other junk that they've heard.

Some of the ways not to approach people, because this is what they have been through and found no rewards for, is to say that there really isn't a problem. You know, a lot of people believe that, as a defense mechanism, at least on the surface, I think they believe that. When challenged on it, they're afraid that the defense that they have against all this information thrown at them just possibly might not be true. But, there are those ducking it who at least on the surface say there's no problem. If you say that, I don't think it's very credible either. There are others who have the south Louisiana-Latin conspiracy approach. And that is to say that there's somebody pulling strings and running the crisis to their advantage, at our expense. This varies; it's oil companies, there is that theme; the Houston conspiracy. Or, the Federal government conspiracy, the government in concert with somebody else, or the OPEC or all those people trying to run Israel into the Mediterranean, or some group that is manipulating all this to some advantage and they have tremendous power and that's the problem-- if we can break all that we'll solve the problem. Okay, that's another simplistic approach, and one that we all jumped on immediately, I think, during the crisis, because it looked like obviously the catalyst to the problem was the OPEC oil conspiracy. So we found it easy to blame Nixon and oil companies and Arabs and so forth. And then, there are those who have gone one step further--"you folks just don't know that I have found the solution." The instant solution, that you can get on the drug store or the supermarket shelf. And that is that there is some exotic fuel that they have discovered and read an article on in Popular Science. Or Reader's Digest maybe. Then, they may be nuclear advocates, or coal, or that some fantastically disruptive conservation process, such as an invasion of the Middle East would help. But somebody with an instant, immediate, single solution. That state of mind is also very difficult to deal with, whether you have it or your pupils have it.

A second problem, because of the difficulty of the last few years, is the credibility of the source. And that's you. Obviously other people have it, but can you generate some authority here that makes it worthwhile for them to listen to you? All I can say is there are some things that make it hard for you and for other people. Obviously if you happen to be coming in and creating advertisements for the public, what the real problem is, and you sign it "Mobil Oil," you've got a credibility problem. Mobil has done some really interesting things to try to overcome their own problem of being an oil company, but clearly that's a credibility problem. Well, that's probably not your problem. Or you come in with your single solution which more than likely is not their single solution, or that you show some sort of incompetence in dealing with the subject. People are so skeptical that they expect the source to be really expert; they have been burned so many times. So you really have to kind of do a better than average job to make a dent in what people think about conservation and other energy matters.

Or you're a formula type person. You come in and say "I've just finished reading this book and I have the answers." You lose a lot of people right there with that kind of statement. Or you say that there must be billions spent for research on solar energy or something of that sort. Or the real answer is break up the oil companies. Those kinds of formulas, of course, people are very skeptical of, and will cause credibility problems.

Well, I think, with people who have problems, but are unwilling to look at the big picture, you begin with where the problem affects them. So you talk to them about, as an introductory approach, to build that interest up, in that you may have something to offer. Begin with what may be mundane, from an academic point of view. Talk to them about a nearby nuclear plant with construction going on. Just open it up. "Have you heard about the VepCo plant at Wytheville? That they're building that's all controversial, that there's an earthquake about to happen under it?" And just get people to talk about it, and then you have a starting point into energy issues. Or ask, "Have you all seen your parents or your own electric bills lately? Can you read it? Do you know what a fuel adjustment is?" That's the second line that somehow doubles the bill. But it isn't supposed to be part of the bill. And people are all confused about that. But just begin to talk. Well, here's a lead into energy crisis. Bills going up. Probably in this part of the country people use a lot of fuel oil. Why did fuel oil prices go up? Before long, you're talking about OPEC.

Then, "Have you noticed that a number of plants in the community have shut down? Or they're cut off for a few days at least. Because it's been a cold winter. And they can't get any natural gas. But your house is still running, hopefully, with natural gas. Why is that?" Then you'll begin to talk about, if you pursue it far enough, you'll begin to talk about Federal Power Commission policy on natural gas, and who's got the priorities, and why is it this way? And just by taking the question and the answers to them that people offer, you can begin to get into these issues. Or ask them, "What are we going to do if suddenly there's only about two-thirds as much oil as we're used to? . . . this week, another embargo, what would you suggest that we do next time? Shall we go back to long lines at gas stations? Shall we all get little rationing cards?" If you are talking to an older group, you certainly can get a good conversation going about gas rationing, because they have experienced it. They also experienced it through a long enough period that many of them learned how to beat that system. By 1944 and 1945, we had some of the best cheaters that the world has ever produced in getting gas rationing. Cards that they weren't supposed to have . . . even kids could joy ride with the gas ration cards that they were able to get. Some people have figured out the system. Well, in any event, I think that if you begin to talk to people where energy affects them that will be much better than coming in with the world view of the energy crisis. Another thing I have found in trying to talk to people about these issues is that basic terminology is a matter of information; basic terminology is not clear. Obviously this is much more of a problem for people with a scientific background (electrical engineers or that sort of folks) who will immediately begin to talk about ten of the six BTU's. Or a million BTU's of gas costing fifty-two cents or something of that sort. Now that is really guaranteed in the communication right there no matter how much you talk after that. Or kilowatt hour, can anyone tell me what a kilowatt hour is? That's what you buy from VepCo or whoever it is. Can anyone give me a notion of what a kilowatt hour is? This think you do to get energy into some sort of ordinary terms so I can understand what it means. One thousand watts used for one hour. Now, could you translate that into some term that I could visualize? Now we're not getting into the engineering, because I don't know what a watt is from a scientific point of view anyway.

Scientific knowledge says that a watt is a unit of electrical energy. Well, what is a volt then? Or an amp? In other words, I think that if you try to become an engineer or approach people that way, I'm not sure that it's going to go any place. It's a unit we buy. You can translate it as I guess we heard yesterday. Ten hundred watt light bulbs burning for an hour. You can put it in terms as it will make sense. Now you can just say well that's sort of a standard or understandable unit--one light left on overnight, in other words, is a kilowatt hour. That roughly costs 2¢ in my part of the country to 8¢ some places in the east. And also depending on what the rate structures are, and all kinds of other stuff, but don't worry about that, it's somewhere in that range, and you can find out locally whatever it is. Then tell folks about what other appliances use, you can get that information, you probably have it readily accessible--local utilities can provide that. What does a refrigerator use, and then multiply it by 2¢ or 8¢ or whatever, if you're in New York, 12¢, or if you're in Washington state, about one and a half cents. But whatever the figure is, you begin to get a picture of what kilowatt hours are. You don't know anything about science yet, but you still know what a kilowatt hour is from the point of view of the consumer. It's somewhat like, what do you teach--internal combustion? Or how to use the key?--when you talk about automobiles. Which is the most important? I think you have to pick out the parts the consumer wants to deal with. The consumer makes decisions about units, such as kilowatt hours, in terms of consumer usage. They do not make it in terms of volts times amps or that sort of thing. And then, talk about the ovens, the electric toothbrush, which would use about 4¢ in every year, and the oven which would use 4¢ in half an hour. You know, there's a difference. And put a little perspective on it. Electric heat, on Monday in Blacksburg, if you have electrically radiant heat, how much electricity was that using? Barrels of oil--how many times have you seen somebody stand up, like a President, and talk about barrels of oil? I think it's another irrelevant term, for most people, but still most folks don't even know what that translates into, in terms of gallons. Or OPEC, who's in OPEC? Well, actually, we buy from OPEC, but most of what we buy from OPEC is not from Arabs. You have to explain what an interesting consortium of folks OPEC is. So, depending on which direction you're going into the discussion of energy, I find that usually people are not ready with certain basic terminology. It's too easy to assume. And, like I said, I don't know what a kilowatt hour is either, and you don't when you start off talking about some of these subjects--like barrels of oil. There's a difference between a kilowatt and a kilowatt hour. Which is so important if you're going to get into a fierce debate over ethics and behavior of your friendly local utility. It's frightening to hear people stand up in public hearings using the terms in the wrong way.

Well, I think you can center the whole energy situation around the concept of supply and demand. Like you can most anything else. It has to do with the distribution of resources and that little chart on the sheet there is not quite complete enough (reference to blackboard chart; see handout). If we have energy, somehow measured, whatever you like--well, we've been using energy up something like this. From hardly any use, to tremendous amounts of usage, and then you can make up your own mind, which way we go if there weren't any problems. If there weren't a crunch on the

supplies. In terms of our use, we have used more oil in the world in the last twenty years than in the whole history of the world put together. You can even say that about all forms of energy put together. I mean, it's just incredible how we've begun to use those resources.

But anyway, whatever you think the future would be if we kept it up, if we just had no restraints, and could go along fine, using our new technologies, which will help us use energy more and more, what would it be like? Nobody knows what that is, and everybody has a different answer for it, but in the all and all everybody things it's going up, or would have. Then, historically, I would say, the United States has been able to pretty much produce what it used. Right here today, we have begun to see some sort of gaps, we could even say this line was once even higher than this use, because we could export a lot of coal and stuff. But anyhow, somehow, right now we are not quite up to what we are using--that's demand and that's supply. You don't need any numbers--don't confuse it with that. Just a trend, is all I'm trying to describe. Now, what is this going to look like? What is the ability of our country to produce energy? Well, on the chart there, I just compromised. I said, maybe it'll be level. Because something will go up, and something will go down. But, you draw a bunch of other dotted lines, if you will. So, the energy crisis, or the purported, alleged energy crisis, has something to do with the difference. Whichever one it is, at whatever time you would like to talk about it--1978, 1990, or the year 2525. Which a lot of high school kids can identify with, because of the record. So in 2525, or 1978, whatever you want to talk about, you can just draw your little gaps. And say, well folks, we don't know what these lines look like, but we have some feeling that there is a gap, in our abilities, to satisfy our needs. And I think you can pin most of the rest of the energy discussion you have around that subject. And all the theories that are raised have something to do with that chart. Which, so far, you're beginning to say, "Why am I sitting in here hearing the obvious?" But I really think it's just an interesting, simple framework to deal with these questions.

Well, one thing you can begin to say is--well, in the first place, you really cannot have any more use of energy than you can actually supply, right? If this is what we would like to have, and this is what we can produce, that can't happen. That gap has to be filled. One way we fill it, and the way we currently fill it, primarily, is we import energy, from outside. So the U.S. supply line here, right here, when we add the imports to it, will come up somehow, wherever this line happens to be. Okay, how good is that option? And then you talk about OPEC. Will OPEC be around forever? History says, absolutely not. Nobody has ever run a long-run conspiracy to control supply. There are reasons to argue for and against that. Another problem is: I can't tell you whether it's going to break up this February, or in the year 2525, or in 1990, or whatever. But it is really a feasible possibility. And it would really be wonderful if it did. It would solve a lot of our problems way into the future, like twenty years. At least give us enough time to deal with what happens after that. But truly that would be a wonderful thing to happen, that somehow the price would come down, and the supplies would ease up, because there is oil out there in the rest of the world to take care of pretty hearty appetites for a fair amount of time into the future; ten, twenty years the best guesses are.

Well, should we depend on these folks? Let's say the answer is probably yes, mainly because we don't have any other choices right away. Well, how much gap can we afford? In 1978, shall we allow ourselves to import ten per cent of our energy needs? And then you can talk about the Middle East and Israel and the fact that Henry isn't there any more and what's going to happen? Great political discussion. All part of the energy situation, an important part of it. So, one way to talk about this might be to mention imports.

Another part might be to talk about how we can dam either one of these lines. Much of the discussion, frankly, is about that. So, conservation has to do with lowering these lines. The top lines. That's saying, we've got to, through various means, get people to use less. Can anyone say how we are doing that, for example, already? In any kinds of energy. What are some of the devices that are talked about, that you can use?

Participant: Well, there's the natural gas thing right now.

Richardson: Well, actually, gas is the kind of thing we supply and what that is doing is, if we drew a line of our gas, that would be a line that would probably go down. So what we've got to do, if gas goes down, is bend the line for the use of gas down to catch up with it.

Participant: The thing is, the supply of natural gas is now being controlled, isn't it?

Richardson: Well, the prices of it are partly controlled. As far as Virginia is concerned, in this part of the country, it's virtually all controlled. They have recently been raised from a few years ago, when they were allowing it to go for 25¢ and I'm talking about two or three years ago, when price controls were down in those levels, plus whatever it costs to get it in Virginia, from the wells. Now, any new gas you find, you can charge up to a dollar-forty something. That's the legal price. But there is still a lid on it of some kind. But the supplies, no need to control that, there isn't enough of it, unless you think the oil companies and the gas companies are all hiding it somewhere to force the price up. But the problem, in perhaps just that one form of energy, is the price.

That won't deal with my line here. How do we use less? What are some of the ways you use less?

Participant: Insulation.

Richardson: Insulation--there are certain classes of personal things you can do, right? Thermostats, insulation, drive less on weekends to visit Mother, small cars, car pools, and so forth; ride the bus, put mass transit in Blacksburg (laughter). All kinds of things are suggested, some are being done, Washington, DC, has mass transit going in. Well, which ones have we used, and to what effect? So far? How effective have any of those been? Lots of car-pooling going on in your area? All these energy patriots getting in their cars together? Learning to know their neighbors in order to help the nation's energy situation out? HA! They wouldn't do that in the winter of '73-'74, much less now.

Participant: They did more then, but we became unbelievers.

Richardson: We did some of it, you know--my secretary and I rode in from the suburbs for awhile, and we got to the point where her schedule was different from mine, and phooey on the energy crisis. After all, gas is only fifty cents. Well, what else have we been doing, actually, both voluntarily and involuntarily? In the way of conservation? I've changed thermostats around, 64 degrees in the winter, 82 degrees in the summer. Which is the reverse of most people, I think. Most of them would rather have it colder in the summer than they do in the winter. Around 72 degrees for air conditioning in the summer and 76 degrees for heat in the winter.

Okay, but we can cut this down by various means of voluntary and involuntary conservation. Right turn on red, I understand, started in Virginia on January first. There was a national law passed--big hoopla--so many millions of barrels of oil would be saved by people not waiting for the light to change.

Participant: Why use gallons? Why not use a percentage figure--it might be more meaningful.

Richardson: Well, I'm just saying, the way it's talked about in public, barrels of oil, nobody has any idea--they don't put barrels of oil into the car. But nonetheless, that's the way it's discussed and whatever you translate it into, it's a small step, but in the right direction as far as usage goes. The 55-mile-an-hour speed limit, which the CB radio industry has overcome . . .

Participant: Since industry is such a terrific consumer, how do we know that industry is trying to gear down, when you look at who gets the slices of the pie? The individual consumer doesn't have a whole big piece of it.

Richardson: Okay, so beside the direct conservation by consumers, all of the things we've talked about are consumer goods; we have not talked about other ways industries and commercial users are consuming oil and gas, coal, electricity, and what have you. And, in direct terms, the consumer uses less than those other users. In fact, depending on how you classify transportation, the consumer directly uses only something in the neighborhood of twenty-five per cent, or thirty per cent, of the energy, directly. The rest of it is used by industry, but that's the consumer indirectly, right? Because they make aluminum and steel and many products out of plastic, and the clothes you wear are made from petroleum, and so forth, so that indirectly, we are responsible for much of the demand of industry; it's an indirect demand on industries, and office buildings, and stores that we like to have at perfect temperatures, and what have you. So we can't escape at least an indirect responsibility for virtually all the use of energy. But we only have real solid control over our direct uses, like gasoline, and heating and cooling, electricity, and so forth. But there are opportunities that industry is using, right away, and has been--in fact, conservation by industry has been much more effective, to date, than conservation by consumers. Many large companies have undertaken, for the first time, some sort of energy management, which they go in and say, here we are, we're using a very inefficient furnace system, for an industrial process, or we're throwing away all this energy in

boiling water, or whatever. Phenomenal amounts of energy, just incredible by household standards, are used in many kinds of plants, in the making of cement and steel, and chemicals, and what have you. And they have, in some cases, company-wide, made fifteen to twenty per cent savings just by, really, for the first time, just taking a look at it--very significant. Someone had a hand up.

Question: It seems to me, the biggest waste of energy, are the shopping malls. They completely heat and air-condition the whole thing.

Richardson: Conceivably, with good architecture, you can make a mall very efficient, because you have less walls exposed to the outside air, by putting it all under one roof in one set of walls, see. Instead of having all the spaces in between the stores and so forth, open to the climate, where heat escapes, and cooling, it's fought by the ambient outside air temperatures. Conceivably, you can design such malls to be efficient. I won't say they are, but it's not necessarily bad. It's just we have to take all those architects and send them back to school.

Question: But the lighting, it's bound to be a tremendous cost.

Richardson: Yes, and there have been efforts there. There used to be, just sort of a gradual creep in engineering standards, as to what we needed for light, it just kept up and up and up, you know, so many foot-candles per point in the room, you know, all these standards for building commercial buildings, or putting lights into your house, it's creeping up, as if our eyes were getting worse as the years went by. It would seem to be a phenomenal creep that nobody could back up with scientific data and that has been somewhat reversed. We simply do not need the kind of lighting necessary for jewelers to fix watches out in the hallways, which is about how bad it had gotten, by just not paying any real attention to the subject. So that's another area of some saving. But if you save all--if you turn out all the lights in the country used for lighting things up, you would still save only a very, very small fraction, about four per cent, of our total energy use. In spite of what seems to be the answer, or something very easy to do, just turning off light switches, you could turn them all off and save four per cent of the nation's energy that way.

Question: Well, they also produce some heat, though, so you aren't losing everything.

Richardson: As long as it's winter, that's fine. Then it's working for you. But in the summertime, it's working double against you. You're wasting it, and then you have to find, in addition to that, a way to get rid of it. So, most of the energy going into the light fixture is wasted to begin with, and then you have to use that, plus another amount of energy, just to remove the wasted energy that you couldn't turn to light. It's incredible--it's sort of a double penalty.

Question: They used to say that if you were going to turn off a fluorescent light, and turn it back on within an hour, that it's cheaper to leave it burning than to switch it off and on. Is that a myth?

Richardson: Well, the problem is, there is no single standard that's really applicable. Depending on the type of starters, and so forth, each model varies somewhat. So, it isn't clear--you can't just say, it's forty-five minutes, or an hour, or . . . unfortunately, that's part of our general problem, we don't have data to know what it is we're wasting a lot of times. But, again, the architects, sometimes they have one switch for the whole floor, so all the offices on the floor, for example, go on with one switch. The only thing you can do is pull out lamps to avoid that problem.

Now, there are some other ways beside so-called conservation to bend these lines down. We tried some of that, for example, in 1973 and 1974, and that caused the long lines at the gas station. We simply said that we would cut the supply to such a point in the use of gasoline that the demand for those could possibly, obviously, be as high as it was. We all waited for it to come in. We sat there, running our engines, waiting for gas, that we were running out of. And we even invented new terminology for that period--we called it topping off, you know, that was a new term we invented just for the crisis, and we all practice it, too. So, there are ways, really, by sort of artificially pushing this lever, and moving this lever, to affect the use. As I said, you can never use more than you have. I don't know what law of physics or thermodynamics or whatever is involved here, but I know that much without having studied it very hard. That if it's not in the gas station, you can't put it in the car. So, we can do that, by manipulating the supply, is another way of not having much demand. Just as the industries that are being cut off, currently, by gas supply problems. We are at least affecting the use of gas. Of course, in the case of those industries, they turn around and buy fuel oil or something else, maybe on a stop-gap measure to cope with it, others, of course, don't have any way to convert quickly.

Another way to deal with it is rationing system, which is kind of a cousin. That says that instead of telling the gas stations they can't have so much, we give everybody sort of a little demand limiter. You have to have these little cards that say, "my demand allowance is . . ." so many gallons. But those are related types of measures to use. Another is the idea of taxes.

Marty Christie: Excuse me. I just wanted to tell you all that I called the state police to find out about road conditions. I-81 is open, but they recommend that you don't drive unless it's an emergency. They also said it's supposed to warm up this afternoon.

Richardson: So at least we stay here until 10:30, right? Okay, taxes is another way--a straight economic solution. And that would be to make it so expensive that people would use less. Raise the prices is another one, and that has a way of causing people to use less. The problem with those kinds of solutions are the people who feel it first are always the people who can least afford it. Now I will consider, when you raise the price of gasoline to a dollar and a half, by adding a tax, I will consider that, I have to, just like I consider the price of artichoke hearts going up, or anything else. But I can adjust. If it kills me, I'll still go to work. For other people, it's going to be, for a dollar and a half, I can't

use cars. Or when your fuel for your floor furnace goes to a dollar, for a tax, well, you just cut it off, except when it gets below fifteen degrees. You know, you have enough heat to keep the pipes from bursting. So, it hurts; you've got to start worrying about the impact on people when you start playing around with prices. Just as you do when you allocate--you know, who has priorities? People who have private planes, for pleasure, or the farm equipment? It's a very tough decision, it's like being God. The FEA was God, when it came to deciding where the allocations should go for petroleum products.

Well, then, there are ways, of course, of trying to push this thing up (referring to the chart), to meet where the demand is, and that's all your solutions--coal and nuclear and drilling holes off the Louisiana coast to find the bonanzas, and the Alaska pipeline, all those things are an attempt to bend this line. A few points that I brought out here in section four already, not to bore you over again, but there's a lot of domino effects when you try any of these solutions out. I've only merely mentioned them in a framework that happens to fit this. I have not said all of the things, other than an occasional . . . for example, if you're a believer that we can find the energy, and utilize it, whether you're talking about solar, or oil, or gas, or nuclear, or coal, you have to talk about things like the economic resources necessary to do that. Nuclear plants, to produce enough energy to keep ten light bulbs running at one instant, say a hundred watts, just the cost of building that part of the nuclear plant to do that, is now predicted for the 1980's, to be something between a thousand and twelve hundred dollars. That's how much capital. Money coming from somewhere is necessary to keep those light bulbs running. To keep your oven running, at an instant, would be forty times that figure, if you're using 4,000 watts at an instant. Suddenly you see yourself being a squanderer of capital. The impact on capital is quite obvious. Then you go down and look at your local industries and see how much they're using in electricity at certain times. Well, of course some people are using it at one time, and some people at another time, and if they happen to coordinate themselves right, they can use the same part of the plant and have twice the capacity, if we all use electricity at different times. You'd get 24-hour use of those facilities. So we can maybe figure ways to save capital by everybody changing when they run their dishwashers, those who can afford those. They can turn on their furnaces just when it's warm, to offset those who run theirs when it's cold. Well, you see, there gets to be some limits to what you can do here. And, in our part of the country, the Southwest, the consumers, all put together, use about twenty per cent of the electricity. Industry, and commercial users, and governments, and what have you--that's eighty per cent of the use. So no matter what we did, there's the matter of what industry does. It's a capital shortage. Or, if you're going to triple the production of coal, who's going to dig it? Who's going to open all those mines up? You need people and machinery as well as the money--they're all necessary to do these things. And as you begin to examine any solution, you realize that it's an enormous undertaking. Just to say, let's have the government do it, doesn't solve it--you still need people, you still need money, you still need machinery, you still need to have people who can find out where the oil

is to dig for, to spend the \$20 million to sink that thing down to 15,000 feet, or whatever the cost might be. So, just saying that Exxon's big enough, or the government is big enough, doesn't solve all the problems. And we have to worry about what that does to our other priorities. Here you get off into kind of global sized things, but it's--it all starts with running that oven, and those light bulbs. So, if we're going to use virtually all of our savings, that the country can generate, and put it all into energy, who's going to build houses, and with what? Or hospitals? Or educate people? It takes away from the other uses of our monies. And what is savings? Savings is just what you don't spend. So ultimately it comes back to our other things that we do with our money. The government can raise taxes, as one way of forcing us to save, to spend it on energy with a gas tax, for example. But the tax comes out of something. Artichoke hearts, for me, but a lot of basic services and very basic needs for other people, perhaps. My wife would look at me cross-eyed, for using that example, as if our biggest problem was artichoke hearts. The reason that's on my mind is, for the first time in my life, I had artichoke hearts served at home in a salad last week, so it's up front for me and I'm using that for an example. Well, because of all the various limits of expanding supply, I could begin to say, now, here are the obvious solutions. I will give you one that I will hold to, and you can attack it if you'd like. I think if we have a problem of bending this thing down, or closing this gap in the very near future, we'll probably have to do it with conservation. Find a way to really cut down the use of it, because it appears to be very difficult to expand that supply of energy. The same is true--I don't care whether you're talking about coal or nuclear, the standard solutions that the government and big companies have, or whether you're talking about the peoples' solutions. The solar one, or windmills, or something of that nature. There seems to be a spectrum of political beliefs that cause people to come up with one or the other solution. People with long hair believe in solars and windmills. People with pin-striped suits and short hair tend to go for coal and nuclear. Whatever the reason, whatever you believe, I think, in any case, you have an impact on resources that's phenomenal, in trying to really, in a very important way, step up the supply of energy. And the faster we try to do it, the more wasteful we will be trying to do it. Crash programs are just going to be more expensive. And whatever comes of the methods we undertake to close the gap, the impact on people and the way they live, and the costs of their living, are going to be important. Well, we can solve the energy problem if we're willing to bear the cost. And the costs are more than economic--I would call them more than likely obvious impacts on the way people live. But we have to consider the other national priorities, that are sort of very closely tied to energy, such as the ecology, and pollution problems that are associated with energy. Do we wish to make compromises, or should I say, further compromises, in this area? These are trade-offs, they are direct trade-offs. If you want pollution-free coal plants, and that's absurd, nobody should want that, but if you want it pollution-free, the costs of making it pollution-free are phenomenal. But what is the cost of pollution--who has the figures, who can give us the data to make the choice?

Well, the rest of the material here is some suggestions on where to get information to fill out this bare-bones kind of approach that I've

used. And to begin to answer some of the questions about the impacts of some of these various solutions. I hope that I have insulted you in a couple of areas in the sense that you had some sacred cows about how you thought the problem should be dealt with and if I have insulted that stance you had, I've achieved something. But I also have allowed just enough time to get you to come back at me, if you don't appreciate what I did, and I do invite you at this point to ask any questions.

Question: What would be your reaction to what I think would be a partial solution to all of this. First, I believe, as I think you believe, that conservation is the answer, but the real problem is with people. The problem is that people cannot be manipulated unless they see the consequences immediately. For example, you can't get people to stop smoking because they can't see the consequences of smoking--it's just so remote. So I suggest that we have, for example, feedback to tell us how much energy we're using. For example, let's translate that meter that sits outdoors into digital readout that sits in the kitchen and when you turn on your stove, you can see dollars and cents go by. Let's take that gasoline meter we have in our car and let's translate that into a digital readout, so when we fill our tank up, we see five dollars, and as we drive a certain speed, we see the dollars ticking away. I've been involved the last four years in tests to manipulate behavior so as to preserve our environment. For example, I've found that if you instruct people, if you tell people where to put their trash, about thirty per cent of the people will follow instructions. For example, I got about twenty per cent of the people to buy returnable bottles rather than throw-away bottles just by asking them to do it. You have to ask them at the point of purchase--you have to ask them, when they're about to buy bottles, you have to say, "Please buy returnables," and about thirty per cent of the people will follow those instructions. Likewise, I've been able to get students on this campus to recycle newspapers only, only when they get a reward for doing it, even if it's only a raffle ticket later to be translated into some prizes that the merchants in Blacksburg have donated. So I think that we can get behavioral change only if we give instructions prior to when we want that response to be made, and if we allow consequences. And it doesn't take a lot of cost and a lot of reward; sometimes people just need to be reminded. And I think the answer is in behavior modification. Of course, I'm biased, because that's my area of research and study, but one of the answers I think is there and I'd like to hear your reaction.

Richardson: Yes, one of the points you made is an obvious marketing principle--you have to ask for the sale. In other words, you really have to ask people to do something, you don't sort of present it to them, which tends to be my problem, even though I know this principle, I tend to present it to a student and let them decide. But if you really want to influence people to change, you sort of have to ask them. It's a sound principle of behavior. Most of the attempts to get feedback, of course, are economic in nature, so far. Most of the thinking, and you mentioned several, they're geared toward saving us money, and certainly that will be a useful type of feedback, as long as it isn't viewed as the only thing

that matters in life is how much you're spending. You can lead people into a materialistic, consumerist frame of mind. But we haven't made very much progress in that area, so we're not close to making that error. There have been some suggestions for just what you said, the technology of such digital readouts is easy, we've got that, that's no problem, it's just whether we want to do it or not. Translating into dollars seems to make a lot more sense than using BTU's and kilowatt hours, because people don't make the immediate translation. The time peak meters, that have been demand meters, have been suggested, so that we give people a price incentive that if they go over a certain point of use in so much time, you know, so many watts running at the same time, the meter will register that and they will be penalized some amount of dollars for doing that. Or, you do it at a certain time of day. That is, when the utility is running full blast trying to meet demand, the rates go up during those hours. Of course, if you don't tell people that they're going up, they will act the way they always have. So you've got to have some information to them, and impress them with it, and feedback is better than a chart, to say the least. But the idea of time-of-day pricing for electricity, from an economic point of view, if you could set the price incentive to bring down the use, and cause people to do some emergency things at those hours so they could avoid the severe penalties, it should have some effect. But there may be some life-style adjustments, such as using your furnace only when it's warm. I mean, you can get ridiculous with these kinds of solutions. But there's a lot that could be done. We can't all come home from work, those in the traditional mode of eight-to-fivers, and run everything. Cooking, we turn the air-conditioner back on, or adjust the heat, we throw some things into the washing machine, or turn the dishwasher on with the last few dishes from this morning that we didn't get a chance to put in. Suddenly our demand shoots way up. That's why our utilities in the South, particularly, have these late afternoon peaks, which are extremely costly, five hundred dollars, thousand dollars, per kilowatt hour for ten light bulbs running. So, with these things, there's very good economic reasons for trying to do these, and we haven't really come up with the information systems to try to do it as well as you suggest. But there's no reason why we couldn't, technologically

Question: There is an example, recently, of hydroelectric power companies trying to build a dam over the New River, saying that the New River was the oldest river in the country, or something like that. How do you bring about that reason, that energy is more valuable than the preservation . . .

Richardson: I think that's a social political decision. There is no single measure of the value of the beauty of the New River, whatever it looks like, I have never been there, but there's something about it that gets to people, it has some value, but it's not an economic thing. And industry makes the fatal mistake of saying, well, we're giving up so much capacity of electric power, and it's going to save so many dollars for folks. That is a political choice that we have to make as individuals and collectively somehow through the political process to decide that beauty is worth a lot more than so much energy. There is no direct way to translate it, and I

would say that we'd better make sure that that political process is smooth and working, and balanced, so that we can continue to make those decisions. Historically, our country has ignored those unmeasurable sorts of pollution and aesthetic considerations, now it's coming more into balance, and we at least feel now that the system works better, but there is no measure for that. Somehow we'll make this decision with very imperfect information. That's why you have very strange coalitions of politicians involved here-- it wasn't traditional line-ups of people. It's a very interesting case that you mention. Any other questions?

Question: Is the Federal energy policy that we keep reading about going to be a document?

Richardson: Well, there are 75 or 100 Federal energy policy documents, with all different policies. And, unfortunately for us, some agencies are following one, and some following another. And within the Federal Energy Administration they're at least going in ten directions at once. Don't expect it to come down as a nice, neat statement. On the other hand, until it becomes a centralized idea, probably coming down from the President, until he gets up there on TV and tells us all what he has in mind in real terms and convincing terms that we'll eventually accept, and tell our members of Congress to go ahead and let him do that, we are not going to have an energy policy. He's got to communicate it to us, or else this phenomenal conflict between the politicians is going to continue, with all of them pushing for their own view of the world, which meant for two years we got nothing done. So, I would put the finger on President Carter. I see that as the only way out on energy policy. He cannot leave it to his agencies as has been done. Ford may have had the disadvantage of coming in at a rather inopportune time, early in the situation. I won't blame him as such. Besides, he had a Democratic Congress, which is bound to create extra frictions. But I think it's time for a really national leadership. It's got to reach me and you and we've got to agree to it before we'll ever develop the national will. There's a lot to be said, that maybe that's almost impossible, until we get such direct feedback, like long lines at gas stations, no natural gas in January, maybe that's what it takes Americans to move. I don't know if it's really that bad. They say Americans can do anything once they're convinced, but they're extremely difficult to convince. We do great things, like World War II was certainly a true cooperative spirit in this country toward a common goal, but in peacetime, I would challenge you to give me any example where we've done something.

Question: Well, what about the space program?

Richardson: That was somewhat of a war threat. The Russians sent up Sputnik, right, isn't that what, symbolically, started our response?

Question: Anyway, when Kennedy came out and said, we're going to the moon in this decade, it was a unified effort.

Richardson: Well, I think the government was unified. Perhaps . . . I can't say we've never done anything, I don't want to put it that way, but . . . little pamphlets from the Federal Energy Administration that say, "You, too, can turn down your thermostat," as if that was all that was involved. It's sort of ducking the issue. I think we simply have to recognize the issue is bigger than any individual's action; individual voluntary conservation; that whatever documents you use, and whatever program you put together to try to deal with people, who are concerned with energy, whether it affects just them, or they're concerned about the nation's energy picture, is to recognize that it's very much of a group national decision that we individually cannot deal with. We can only make coping adjustments. But if we're really trying to straighten the problem out, that there are basic national responsibilities we have, and as citizens we have to try to do this. I don't see that written down anywhere, in any one place, I would just say it's a theme of any program that you avoid talking about individuals being able to deal with it all by themselves.

Question: I was thinking at lunchtime that we're lucky, because you're going to talk about the "challenge to all of us."

Question: What are the real research findings regarding turning your thermostat down at night versus keeping it constant during the night?

Richardson: Well, that's what I said, the old argument that if you keep it constant you're better off. Now, that's true in terms of the husband turning it up and the wife turning it down, that kind of adjustment, game-playing, where you do waste a certain amount of energy that way. But, where you simply don't need the heating and cooling for a few hours, it might be better to go ahead and adjust it. So, at night, then, you would turn it down, or up in the summer if you can stand it. Depends on what you can tolerate, obviously, before you do this. But at our house, we have learned, we are phasing it in, not out of economic necessity, but just trying it out, we keep the thermostat on sixty-four degrees in the winter, which means it hardly runs in Baton Rouge, and in the summer it's eighty to eighty-two. Whereas as used to just always keep the heater on at seventy, and seventy-two or seventy-four for cooling. It's amazing how you can adjust to it.

Question: It sounds like it would take an awful long time to heat the house up in the morning.

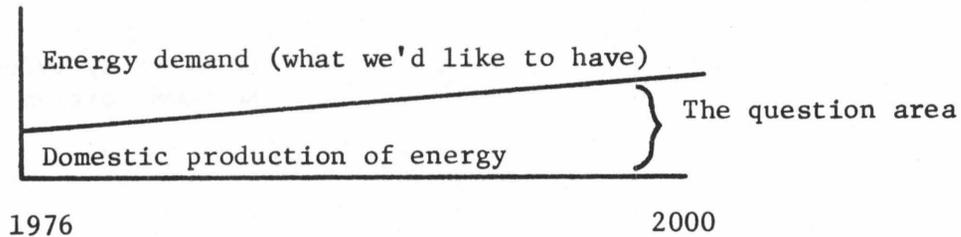
Richardson: Certain kinds of heating systems are very rapid start-ups, others are kind of slow. You have to know your own system to know how much you can stand. Cold toes in the bathroom are really something to avoid, I know. But maybe you can overcome that some way. Well, those are life-style trade-offs, whether you want to find out if the price is worth it, go ahead and experiment with it.

December 1, 1976
Revised Edition

CONSUMER EDUCATION ISSUE:
UTILITIES, ENERGY, AND CONSERVATION

by LEE RICHARDSON
PRESIDENT, CONSUMER FEDERATION OF AMERICA

- I. Basic education problem: converting an emotionally charged and overworked public policy issue into a reasonably coherent and interesting subject
- II. Beginning points for educators/public information people
 - A. Deal with students and people where they are: bored and skeptical
 - B. You can't teach anyone who firmly believes:
 1. There is no problem
 2. The only problem is a domestic conspiracy to raise prices (by oil companies, by the federal government, etc.)
 3. There is a single simple solution (any one of several exotic fuels, nuclear, coal, banning cars, invading the Middle East, etc.)
 - C. You can't teach anyone who perceives you aren't credible (you are from Mobil, you have a single simple solution yourself, you are not exceptionally well informed, or you sound like an ideologue with a formula approach -- the "free market," "billions for research and development," "divestiture," etc.)
 - D. Warm up the subject with a display of empathy for the predictable biases and personal concerns of a particular class or audience.
 1. Biases are easily predictable
 2. Personal concerns - price of gasoline, electric bills, nuclear plants in the neighborhood, natural gas curtailed for heating area homes, gasoline rationing and getting to work, etc.
 - E. Avoid technical terms, earth shaking predictions, and other sure-fire methods of losing the audience
- III. Now you can communicate the big picture
 - A. Don't assume any general audience or class know what a BTU, kilowatt hour, barrel of oil, or OPEC member looks like
 - B. Don't assume you do either
 - C. Basic question: demand equals supply or else



- D. The options for the question area
 1. Import the difference and hope the supply is reliable and we can afford it
 2. Low demand various ways (conservation, allocation, rationing, high taxes, high prices)
 3. Increase supply various ways (drill more holes, but is oil and gas still to be found? can new energy sources be developed?)
 - E. Dilemmas stem from the fact that the future hasn't been tried yet and various options are debatable
- IV. Additional Issues that seem to always come up
- A. Voluntary conservation: it is not the national answer to anything; it is often a good personal option to protect households from high and ever higher costs of energy
 - B. International relations, OPEC's ability to hold together, Arab-Israeli relations: take your choice on predictions in this area, but don't ignore it
 - C. The substitution of one type of energy for another is currently limited (atomic autos, coal-fired airplanes, solar submarines), but this can change if technology comes through for us
 - D. Capital, labor and other resources are limited so that the necessary changes will take decades to implement (do we want to use capital for housing, health, industrial growth, or energy? can we do all of these? can we do anything else without adequate energy?)
 - E. Conservation is probably the only five to ten year rapid solution, but it too will be painful if not carefully conceived; what happens to Disney World if we stop car vacationing?
 - F. Can the poor conserve too? Should the poor be given hardship exemptions (Lifeline, fuel stamps, etc.)? the less you have the tougher
 - G. Is it a national problem only? States have options in environmental protection, public service commission rulings, conservation incentives, etc., public law utility group in Louisiana (plug) is statewide consumer energy advocate for the poor.

- H. Individuals can respond in two ways:
 - 1. Personal conservation and life style changes: individual level
 - 2. Public policy involvement: state and national with concerned businesses and utilities, consumer and environmental groups, and government agencies; societal level

V. Information and education resources

- A. Basically information overkill and greatly biased content in most private and government materials
- B. Needed: educational materials evaluations and development of truly educational materials
- C. The energy spaghetti chart (joint atomic committee, U.S. Congress and other sources: shows flow of use of all fuels from the earth through the electricity, transportation, and where energy is wasted)
- D. Industry view: Mobil always responds
- E. Environmental view: any environmental group
- F. Consumer view: Consumer Federation of America and Center for Science in the Public Interest
- G. Electric utility issues: your local utility or the Environmental Action Foundation; EAF has "How to Challenge Your Local Electric Utility," 100 page citizen's guide for \$1.50

ADDRESSES NOT EASILY OBTAINED:

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Economic Education: Dr. Dennis O'Toole, Department of Economics, Virginia Commonwealth University

Dr. O'Toole was unable to participate in the conference. This workshop was cancelled.

Consumer Education for Older Persons: Mr. Fred Waddell, Graduate Research Associate, Management, Housing and Family Development

Participant: They talk about what they want to talk about. I'm young, so they think I really don't care and don't know anything. But I've tried to get a group together and ask what type of program they want. I asked them, what do you want to discuss, talk about or what do you want to do? Then I drew up a little survey of different topics for them to check. I didn't find out anything, except they want to eat and travel. They all want to eat and travel. But they come to the meetings even if we don't have anything. There will be 75 or 100 of them just sitting there. I arrange the chairs so they have to look at each other. Our county is large so they don't know each other, and the ones who do know each other might see two or three together talking but the majority of them just don't know each other and they don't tell me anything they want. I've decided to try a show and tell of the old days, i.e. bring something from the old days to remind them of an incident in order to get them to talk. The ones I know in the county wouldn't dare get up before a group. What do I do?

Waddell: Let me see a show of hands of you who have had difficulty getting older people to open up. How many people have had that problem? One of the things that I would suggest is that what very often brings them together is

a feeling of fellowship or an opportunity for socializing and your ability to get them involved depends in large part on the amount of trust formation that you can generate in that group. They will open up in direct relation to the amount of trust formation that has been generated among them, and if there is no feeling of closeness or if they're new or don't know each other thoroughly, they won't participate. This is why socializing and fellowship activities are really part and parcel of a consumer education program for the elderly because it gives them that chance for fellowship which generates the trust formation you need to get them to participate.

Participant: Would simulation games, similar to those used in social studies class or consumerism and economics, solve both of those things providing some information at the same time assist that social atmosphere you want?

Waddell: Very much so! An excellent question. The problem is finding the right simulation games, finding the appropriate one they will enjoy doing. They must enjoy it, be turned on, on a feeling level. If they don't enjoy it, you're not going to be able to get it off the ground.

Participant: They like games. If you say we are having a game today, maybe 200 will come out.

Waddell: The idea is finding games where you can get across the information and concepts that you want to get across and it is a little difficult to do that.

Participant: My experience of working with Senior Citizens is that you have to talk their language. You have to be one of them. We have three different senior citizens programs in Franklin County and I attend all three of them, including the nutrition center, the Senior Citizens' Program which meets once a month at the different churches in the county. They always prepare a covered dish and the ladies of the church meet down in the basement and heat up the food and set tables. Talk about an "all day meeting and dinner on the ground," that is one of them. Then we started the program with the Senior Citizens, I am president of that also, and I get up and greet everybody and generally start a song. Since it's the bicentennial year, I generally sing "America" and "My Country, 'Tis of Thee" and then instead of me telling them what songs to sing, I ask if anyone has a special number they want to sing and they start naming them off and we sing those for about 15 or 20 minutes. Then we have the devotional program and general discussion. Then sometimes a person tells about Social Security benefits or how to do this or that. We have a blessing by some member of the club and they really enjoy themselves.

In the Senior Citizens' Club and the Nutrition Center, we do the same thing there. We start off with song services and the main songs they like to sing are not the new modern songs but the old hymns like "Amazing Grace" and "How Firm a Foundation." They are looking for something in the future, that some of them do not have or are uncertain about, in those old hymns; it helps to help them and encourage them to go along.

Waddell: What he was talking about was not about singing. He was talking about people. In terms of such things as Pledge of Allegiance to the Flag, the Benediction or prayer, that kind of thing is very important to older people because of a feeling of patriotism that they have which is very strong in later years. Singing is an enjoyable activity; but it is also much more than that--it's a non-threatening way of involving these people. It is a way of generating a feeling level that will then be followed by the consumer education thing that you want to do.

Participant: There is a University that puts on a college week for Senior Citizens each year. Their approach to the problem is having the first session in the evening be purely a social session in which chosen members of the group meet in much of the same activities that the gentleman was just talking about. They keep the subject titles very broad, for example, personal financial planning. Resource persons are expected to be prepared to talk about everything from budgeting to the Internal Revenue's latest changes in estate planning and estate taxing and the groups are kept to about ten to eighteen people. The first thirty minutes is conducted in an informal setting in the various lounges of the building where they sit on sofas and chairs and talk among themselves, get to know each other and prepare topics within their groups within the general broad outline. One member of the group is asked to present the group's concerns to everyone. They may ask how to budget. The approach is to utilize the older people themselves in the classes; how did you do this and then to the resource person to reinforce it and to provide the information they may have or want to apply. By the time you are done with the three hours if you have kept good notes you have learned more than they have. My problem was never getting them to start talking; my problem was how to get them to shut up!

Waddell: I think that says a great deal for the success you have had in the program where you've reached the point that you're having a hard time shutting them off. Terrific! The only question I have is that I think it may be slightly preferable to integrate socializing aspects with the group conversations, the academic aspects of some of it rather than having one day a social day, and the next a work day because what you'll have is the group coming to the socializing part and avoiding the other sessions.

Participant: Then how many seniors would go? I didn't mean to imply that was the only one they have.

Waddell: Yes, I would sort of mix up the socializing, the fun, what you want to accomplish and the consumer part rather than just sticking with socializing for the day and the rest of the afternoon for work. My great frustration here today stems from the realization that there is immense wealth of knowledge in this room and we just don't have time to tap it this morning. I doubt if there is all that much that I'm really telling you that you really haven't thought about or known already. Such things as room comfort, and comfortable chairs to sit in are very important. I have been able to work with Senior Citizens for as long as two hours without a break. Generally you have to do it in small

chunks of twenty minutes to half an hour. But you can keep them as long as a couple of hours without having them get tired or bored, if you mix it up; if you keep it fast moving, and generate interest. Any lecture would be a little "lecturette" or just elaborating on comments that have been made. If you keep mixing it up like this, time passes very quickly. But the success is going to be in mixing and keeping it fast moving and generating the involvement which again stems from the amount of feeling and trust formation you have been able to generate in that group. Now something else occurred to me. I have been in Consumer Education since 1965 and if there is one thing I know, it is that it is impossible to know it all and it is impossible to do it all. There are just too many different areas. You are going to be successful in so far as you can get others involved; if you will identify other interested people who would love the opportunity to work on that same program within your community. Why don't all three of you work together to help each other in the respective group. I am really impressed with the immense interest here today, demonstrated by the fact that so many of you are here and hope that perhaps it would be possible to have a list of the names and addresses of everybody in this room. If there is somebody in your city or town or area, put your heads together; your planning is going to be better and your potential for success in working with the elderly instead of working by yourself. Are there any other questions to start out with?

Participant: Where do we find your book, The Elderly Consumer?

Waddell: It can be ordered from Antioch College, 5829 Banneker Road, Columbia, Maryland, 21044, and it sells for \$11.50. In terms of the project here, we've just completed a four-month national needs assessment survey on consumer problems of the elderly here at VPI and sort of as a by-product of this, we've identified just about every major current consumer education for the elderly, throughout the country. While I was with AARP, we did several consumer surveys in 1972. We surveyed every state and local consumer office around the country asking them if they categorize complaints by age. How else are you going to know what kind of major consumer problems they have if you don't break them down by age? Not one of the 309 consumer agencies around the country categorized consumer complaints by age. We just did this again last fall in our needs assessment survey at VPI and one state (Georgia) was the only state in the country whose consumer office categorized complaint by age. While I was with AARP, we also surveyed every state and local office on aging (there are some 87 of them). When asked what they were doing in the way of consumer programs for the elderly, the most frequent response we got back is "What do you mean by a consumer program?" In our current project here at VPI we have just completed a national needs assessment survey. There were about six different possible needs assessment approaches you can take. We used four of them, the key "informant" approach, where you identify people known to have information you are seeking; we also surveyed 293 local consumer protection agencies and and 75 state and local offices for older persons and when I was with AARP, we had a national consumer forum on the consumer concerns of the elderly, at the Mayflower Hotel attended by 136 people and we thoroughly surveyed those. We got back an average of about 44% returns or about 30% of which had some information but the information ranged from mere conjecture--I think this might be a problem--to responses where there was a great deal of information. We

identified nineteen different problem areas on some of these questionnaires and from this nineteen, we chose ten that appeared to be more major consumer problems than anything else, then we went back to the key informants and asked them to rank the top four of the ten. We also administered the same questionnaire to three groups of senior citizens in the Blacksburg-Christiansburg area and this information is, as I say, in rather rough form. But the ten areas we identified were: Social Security and Supplemental Security Income was a major area, financial planning before retirement was a major area, community services and how to use them, stretching income to cover expenses, housing, repair services (these are not in any particular order), repair services on house, appliances, and car, health care and cost, cost and/or lack of transportation, frauds, deceptions, and schemes, recruiting mail order, and problems of utilities. Now, these results, I think have to be taken with a grain of salt, because there is no such thing as "the elderly," as you know from working with them. Groups differ widely. I did a "nominal group technique" with a AARP chapter here in Blacksburg who are mostly retired professors. Their median income was in the range of \$10,000 to \$15,000 a year, higher SES and affluency than you'll normally find. Another group of senior citizens, might be at the very lower end of the socio-economic scale and can barely read or write. As you know, these people have cataracts, arthritis, hearing problems and all of these things are going to affect what you do. These physical difficulties of hearing, of seeing, cataracts, arthritis limit what you do to some extent even in your simulation games. The intelligence rate of older people is just as high as it is for anybody else. There is no loss of intelligence per se. But the pacing of response must be slower. The pacing or spacing of information given as well as of the pacing of information received will be much slower. For example, the Area Agency on Aging here administered a questionnaire to 400 senior citizens. It took the staff an average of only seventeen minutes to complete the questionnaire in a dry run. It took the senior citizens involved well over an hour and a half to complete the same questionnaire. So the pacing must be much slower. But they are quite capable of learning if you motivate them, raise their sensitivity level, their emotional level, their feeling level, and enable them to build up trust in that group first. I'm only sorry, again, that I don't have more time to spend with you. I've really enjoyed it and am delighted that so many of you showed up and I encourage you to write me.

Participant: The counseling I know will be helpful. But you were speaking of budgeting with an income of \$167 a month and with that they have to buy fuel and say it is coal, and it's \$50 a ton. The rent, the food, the clothing, the medical, how can you counsel people like this? There's no way; you can counsel all you want to, but there's no way their income can cover all that.

Waddell: I know there's no answer for that. That's a heart-rending, a very real, widespread fact, and I have no answer for it. When I was with AARP, we had a complaint service we called the National Consumer Assistance Center. They got letters from senior citizens all over the country and some of the letters were just unreal. A woman with a \$150 social security check had a fuel bill of \$90 a month. Sidney Margolius has just completed an article

entitled "Heat or Eat" based on some of my observations. For many older persons this winter, they have an option. They can heat or eat, but not both. How to get out of that dilemma, I don't know.

Participant: I know that in my county and everywhere else a man and his wife are hardly living on \$250 a month on social security. Some people tell me that they should have worked when they were young and saved their money and they could have something now. But I also know that those people in Franklin County grew up on a farm, raised their family, sent them to school as much as they could, gave them an education, brought them up to be honest citizens and I think those people have made as great or a greater contribution to the United States than anybody else in the whole country. And to see those people are now suffering for food, suffering from something to eat, hungry, cold, and no way to get anywhere living out in the country depending on their friends and neighbors to pick them up assume are forgotten by a lot of us, and to set up there are spend the last days of their years in a life like that, I think the United States is going to be held responsible for those people suffering like that.

Waddell: That's true. When we talk about the elderly people, let's not lose sight of something. We are them a few years from now. They did a study in Seattle which found that the fastest growing social case load were elderly people who had been middle class during their working years but who had simply outlived their income. A colleague of mine developed a retirement program called "One-Third of Your Life." One-third of your life will be spent on retirement. People simply outlive their income. Have you ever heard of the rule of 72's? The rule of 72's goes this way--if you want to find out how much it takes a given sum to double in the bank, for example you put \$100 in the bank and would like to find out how long it takes to double (to become \$200). You take the rate of interest, say it's 6%, divide it into 72 and it's twelve years. It works just the opposite for inflation. You want to find out how long it takes a given amount of purchasing power to be cut in half by inflation. You take the rate of inflation, assume it's 9%, and divide it into 72 and that means that a given level of income will be cut in half in 8 years. You are going to live on your retirement for at least 16 years. For example, you are making \$20,000 a year right before retirement. You retire on half of that, say, \$10,000. Within 8 years, the purchasing power of the \$10,000 will be worth \$5,000. Within another 8 years (and you're going to live this long), it will be cut again down to \$2,500 and that is why the fastest growing level of social welfare case load is the elderly.

Participant: I don't mean to disagree with this gentleman over here, he's made a good point but if these families have extended their resources to educate their children, I think there is a point that we should emphasize. The children have an obligation to look after their elderly parents, and not the federal government. I know that because my 81-year-old father-in-law has been with me for two years. We feel an obligation and I am a dedicated citizen and I don't think enough of the federal government to look after him.

Waddell: We have a major social security dilemma in this country that with the low population growth right now (it is less than zero population growth), we have a smaller and smaller per cent of a working force supporting a larger and larger per cent of a non-working force for a longer and longer period of time, and unless there is a major reform in the social security laws the people who are working are not going to be able to support more older persons who are retiring earlier and living longer.

Participant: I think that some of these young people are not taking it upon themselves now to save what they have. I don't think it's the federal government's job to rescue these people when they get old.

Waddell: Yes, that's true. That's all the time we have. Thank you very much, again.

How to Survive in Consumer Journalism: Mr. Sidney Margolius

A consumer journalism workshop sponsored by a leading university is an event I could not have envisioned when I became interested in consumer affairs some 35 years ago, and my fellow consumer journalists and I held our first workshop in a phone booth in New York City. Sometimes during those isolated years I used to think that the light you could see in the eyes of the few consumer journalists of that time really came from the sun shining through the holes in our heads.

But today consumer problems have become a matter of national interest. Congress is almost as preoccupied with consumer affairs as with foreign affairs. Every state legislature also has a laundry list of consumer reform proposals.

Why should there now be such widespread concern over consumers, and why are today's consumers so disaffected and even alienated?

The fact is, "consumer problems" 30 or 35 years ago were relatively simple, and so was consumer journalism. Finance charges were relatively low, and most people did not buy on installments anyway. That was for poor people.

Nor did we worry about which of a hundred health insurance policies were the best buy. Few families had any health insurance.

If we were able to buy a few household appliances, they were likely to be quite solidly constructed; the retailer who sold them to us usually also serviced them and they were simple to repair anyway. We cooked our own food instead of defrosting it, and could see beforehand what we had bought.

Today we have higher earnings--but a host of new problems, some merely irritating, but others quite damaging. There actually are more consumer bankruptcies today than in the big depression of the 1930's.

In the past 25 years, total installment debts have increased seven times as much as population and twice as much as the increase in disposable income. Not only are American families buying more goods on credit, including small items traditionally bought for cash, but they are paying higher finance

rates and taking longer to pay. Banks did not plead with you to take out credit cards. You had to come in and plead with them for a loan.

While the problems stemming from the use of easy credit as a selling vehicle are some of the most serious, there are other consumer dilemmas, too. An especially important one is the price of food in general, the proliferation of new products, and the increase in the supermarket operating margin from the 16 cents of the dollar taken by the early supers to 22-23 cents today. The proliferation itself is one reason for the increased marketing spread.

You can see what both farmers' resentments and housewives' complaints of recent years are all about. Farmers want a larger share of the food dollar, and consumers feel prices are too high.

Between them and the processors and distributors, the air has been troubled with charges and counter-charges. One side says that consumers are at fault for demanding variety and convenience. Consumers retort that the food industry forces wasteful packaging and duplicatory products on them. Industry says that American consumers have the widest choice of goodies in recorded history. Consumer spokesmen reply that a choice of 32 different kinds and sizes of potato chips, for example, in one store adds both to costs and the confusion of the marketplace.

In household appliances, too, there is controversy. Some cost little more than twenty years ago. But there are many complaints about breakdowns, overselling, costly repairs, etc., and even about safety of some products.

Here, too, the very automation that has held down appliance prices has helped create new problems. Today appliances are designed--among other considerations such as appearance and convenience--so they can move quickly along a mass-production line. Sometimes durability is sacrificed for this objective and sometimes also to save on materials.

Today's consumers have also been led to expect too much from their appliances--that they are truly automatic. Many users don't even bother to read their instruction booklets. One dealer got a complaint from a woman that her new dishwasher wouldn't work. He found that the instruction booklet had jammed the machinery. Another woman complained that her new refrigerator wouldn't make ice cubes. The serviceman found that she hadn't put water in the ice cube trays.

And as cars have become easier to drive and more attractive, they also have become more complicated to repair.

Some of the most serious problems afflict homeowners. They have become a target for a succession of deceptions, based on easy credit and on skillful selling techniques employing bait ads, canvassers, and salesmen working on a "par" commission. (This means that any price that they get over a stipulated amount is split with the contractor.)

Wave after wave of such high-pressure promotions have hit homeowners: basement waterproofing that doesn't waterproof; food-freezer plans; wall-to-wall fire and burglary alarms; vacuum cleaners for \$200 even though nature abhors a vacuum at that price, and a host of overpriced aluminum siding and other promotions.

When reforms are proposed, people who don't want more regulation, sincerely or not often say that you can't legislate intelligence. Unthinking or emotional people always will be susceptible; deceptive sellers are only a fringe, and all you can do is to try to educate or warn, this argument goes.

The other question, however, is whether we should condone laws that not only permit but sometimes facilitate the exploitation of the innocent. This is especially true of the laws governing credit transactions. Young families who are most likely to become involved in installment contracts, mortgages, and other complicated legal instruments of an abundant society, have little experience in dealing with them.

Another part of the consumer problem is that goods have become more sophisticated and complicated while the consumers have not.

The consumer is less and less able to know even what she's buying. Many modern products are invented products sold under invented names. Thus, a consumer increasingly buys not orange juice but something called Tang, Wake, Alert, and Start. She buys a product called Shake 'n' Bake which sounds more like a new dance step than mere cracker crumbs and flour. She buys something called Cap'n Crunch instead of corn flakes, and another something called Instant Breakfast instead of nonfat dry milk at half the price.

Still another part of the forest is that much of the selling nowadays is done by a powerfully motivating and nakedly commercial medium--television.

Not only did TV quickly become an instrument of advertising, rather than advertising becoming an instrument of publishing as in the newspaper business, but TV's high costs have facilitated brand domination by the bigger companies. To a large extent Captain Kangaroo has replaced price competition. Even when all brands are exactly the same, people will pay more for the most advertised one, as in the case of Clorox, which is chemically identical with all other chlorine bleaches. Sellers have even been able to get people to pay \$1.69 or more for what is basically 39 cents worth of aspirin with a little bicarbonate of soda or caffeine added, as in the case of Bufferin or Anacin.

How the consumer spends his money, or is induced to spend it, has significance beyond even the effect on the individual. I would "guestimate" that a typical installment-buying moderate-income family might waste in the neighborhood of \$1 of every \$8--about \$1,600 a year of its income--by paying higher finance charges than it needs to; paying more for food than it could buy attractive, wholesome meals for; more for insurance, and so on.

Multiplied by the number of families, this indicates that perhaps \$100 billion a year may be spent unnecessarily by American families. In a time when other critical problems from deteriorating cities to soaring medical costs are begging for solution, this is a great deal of money that might be more usefully employed. There's an opportunity cost as well as a dollar cost.

I've reviewed some of the most pervasive problems to show some of the work that needs to be done. Consumer journalism is the youngest branch of journalism, but already is making a significant contribution to stemming the many deceptions and diversions that cause this massive waste of family and national resources.

Without the new interest of the media, we might not have achieved the advances of the past fifteen years such as truth in lending and other credit reforms on federal and state levels; the product safety law; advances in car safety; some packaging reforms; drug amendments requiring that drugs be proven efficacious as well as safe; the exposure and regulation of multilevel investment schemes, and of many other money-wasting deceptions whether actually illegal or barely inside the law.

In 1961 I said at a conference of the American Council on Consumer Interests that we would not permit people to be exploited as badly in their function as workers as we let them be exploited as consumers. Today, this is less true. Some of the cruelest levels of economic coercion, such as the threat of being fired for a single garnishment, and the holder in due course doctrine, have been eliminated.

What consumer journalism has helped to accomplish, however, is just a beginning to what needs to be done, including the massive task of finding ways to control the persistent inflation and recurring energy crisis.

An executive of a leading news service said to me not long ago that he believes there is no turning back for consumer journalism; that consumer news is here to stay as a permanent feature of the American press; that readers themselves want competent information to help them with the problems of living in a complicated economy and an increasingly perplexing and even threatening environment.

Consumer journalism is a demanding and sensitive field. There are fewer established sources of information than in other fields of reporting. We have libel on our minds constantly. We often face threats of suits by promoters such as multilevel franchisers, land promoters, and high-pressure selling home improvement companies. Sometimes we must cope with pressure on our publishers and advertising departments. We are troubled by our own self-censoring fears.

But even with these constant worries, we have come a long way since a major New York newspaper in 1948 refused even to take ads for a book that criticized the insurance industry, and even refused to accept ads from Consumers Union.

We also have a way to go both in developing information sources and in coping with economic pressure, including getting our own papers and TV and radio stations to learn how to weed out the misleading ads that still appear in classified columns; some purported "help wanted" ads, for example, that really are trying to trap people into buying vending machines or distributorships.

We also need to develop our own expertise.

A new reporter assigned to cover consumer affairs sometimes does not know where to turn. I often get calls from other reporters around the country asking where they might get information on the consumer problems of older people; or how to set up a market basket for comparing food prices; or how to compare meat grades, and so on.

Because of lack of experience, new consumer reporters themselves have tended to rely on the more publicized consumer groups. But often they found that these people are not much more experienced than they. Sometimes they even may be more activist than knowledgeable about what to reform.

In one incident, a young lawyer from one of the Washington legal activist offices did more harm than good in helping to convince a committee of consumer organizations to criticize the FDA for what they called its "arbitrary and hostile attack on health foods."

She later admitted to me that she had not even asked to have the opinion of her own group's medical consultant; that she herself had little background in nutrition other than from reading books by Adele Davis and

Carleton Fredericks, and "conversations with friends in medical college." These convinced her, she said, that "doctors lack adequate nutritional education" and the "standard scientific worker is probably conservative."

As you can see, sometimes the cliches are as undependable on one side as the other.

Just to show you the random way in which positions are sometimes taken, the fact that this lawyer and another committee member were most vocal in their attack on FDA, and other members were quieter and often even absent, resulted in a joint organization statement supposed to represent the attitudes of the nation's consumers.

The press makes celebrities and the new consumer journalism has done its share of concentrating on consumer personalities, especially those located in Washington, and sometimes overlooks local sources of expertise in the established agencies and community services.

One of the most revealing incidents involved Claire Townsend who led a group of high school girls in working anonymously in nursing homes one summer. Subsequently they related their experiences at a Senate hearing. The stunt was a good one even though the same revelations had been made time and again. But what was remarkable was the amount of press attention the girls got.

Anyway, the following summer, a reporter asked Miss Townsend if she intended to continue her investigations of nursing homes for the elderly. No, she said, she was training horses this summer and elderly people really needed to learn to do things for themselves.

As consumer journalism matures and the journalists gain specialized experience, I hope they will not be afraid to tackle what on the surface seem like unglamorous stories, such as explaining quality standards to the public.

One eye opener occurred several years ago when I was serving on the National Committee on Product Safety. At one hearing we had a crucial debate among witnesses about the need for safety standards, which are one kind of quality standard. We also had Larry Czonka, testifying about the injuries he suffered because of inadequate helmets. Czonka got all the stories. The reporters paid little attention to the conflict over standards, failing even to use Czonka to dramatize the standards issue.

So if the public seems more interested in football than in product standards, this isn't only the public's fault. It's ours too. Sometimes we ourselves don't take the trouble or don't know how. We tend to say the public is not interested, and that is a self-fulfilling prophecy. The fact is, once you understand some of the basic consumer issues yourself, it is not hard to find ways to dramatize their importance to the individual reader or listener in terms of her problem in shopping for a rug or repairing her washing machine.

Today we do have a more questioning, more educated public that wants serious answers and is willing to do some thinking.

To help develop the kind of experienced and motivated consumer journalist that the public deserves, I think we need to convince our editors that this is a highly specialized field, and consumer reporters need to stay with it long enough to know at least more than their readers about the subject. One large Eastern newspaper a few years ago got a new outdoors editor and simply put the old one into the business news department. Another large paper made a long-time foreign correspondent its food editor, and he stayed there about two years.

As an example of the kind of journalistic ineptitude produced by inexperienced, transient reporting, you may recall the Senate hearings a few years ago in which a consumer advocate gave numerical ratings to various breakfast cereals. Well, the testimony itself was pretty confused. The ratings depended excessively on the amount of added synthetic vitamins. But one radio reporter phoned a leading nutritionist and asked, "Is it true that breakfast cereals have no nutrition?" Obviously, of course, they all have some. In general, the way that balled-up testimony was played up dramatized the need for more expertise in consumer reporting.

Nor is it really possible to provide adequate consumer news and service with just one reporter and a page a week. There is too much happening and too much real research is required.

Another point I'd like to make: in the final analysis, consumer journalism is primarily local. There's too much tendency to rely on Washington for spot consumer news and to treat Washington-based consumer news as more significant. The truth is, by the time consumer problems get to Washington they're already old. I can cite numerous instances; for example, that the high prices of prescription drugs already had been exposed in some local papers before the 1960 Senate hearings; that many local authorities were working to stem the pyramid schemes long before the FTC and SEC even began to investigate; that the meat boycotts originated in local communities; that local organizations and legislators were working on such problems as flammable fabrics, auto and tire hazards, credit gouges, and so on, long before word got out to Washington.

One big help is that more information sources have opened up on both national and local levels, and more experts who can advise you have greater sympathy with consumer needs. A number of industries now have consumer action or complaint panels, although of varying effectiveness. Various federal agencies now provide more specific buying guidance such as gasoline and other car data. Both the FTC and FDA are moving, although sometimes like molasses, towards requiring more consumer information. The appliance industry has led in voluntary disclosure by providing useful data on air conditioners and refrigerators, and some of the larger companies also now have their own consumer representatives who can be somewhat helpful.

I've worked up a brief list of information sources, certainly not comprehensive but possibly useful, and have asked that it be distributed. Also attached is a breakdown of some of my own mail showing the most frequent inquiries as one index of what's on consumers' minds.

(Handout)

HOW TO SURVIVE IN CONSUMERS' EDUCATION
By Sidney Margolius

(This is not a complete list by any means, but it is a list of organizations I would go to myself, and often do, for information or teachers. But note qualifying remarks.--S.M.)

CREDIT UNIONS: Excellent source for information on credit fees, debts, credit laws, financial counseling, even life insurance, car buying.

LEGAL AID, COMMUNITY LEGAL SERVICES: Useful for educating on such legal problems as repossessions, garnishes, landlord relations.

CONSUMER CO-OPS: Where available, helpful in advising on food buying, household drugs, other goods.

STATE ATTORNEY GENERAL CONSUMER OFFICES: Most can advise on current deceptions, consumer rights, contracts, landlord problems, job rackets, weights and measures (sometimes separate office).

CONSUMER GROUPS: Can advise on legislative issues, consumer rights, local consumer laws. Addresses of state or local associations available from Consumer Federation of America, 1012 14th Street, N.W., Washington, D.C.; National Consumers League, 1785 Massachusetts Avenue, Washington, D.C. 20036; Conference of Consumer Organizations, Box 4277, Tucson, Arizona 85717.

BETTER BUSINESS BUREAU: Good for early warnings on current deceptive practices in home repairs, merchandising, vocational education promotions, investment schemes, charity promotions.

PUBLIC INTEREST RESEARCH GROUPS: Can advise on legislative issues; sometimes on general problems such as medicine, hearing aid costs, etc. Local addresses available from National Public Interest Research Group, 1932 M St., N.W., Washington, D.C. 20036.

UNIONS: Community service representatives can advise on sources of assistance with health and welfare problems, legal assistance, etc.

COUNTY EXTENSION SERVICE: Information on food buying, clothing, home maintenance, other purchases, in varying capacity.

FAMILY SERVICE AGENCIES: Advise on family problems, resources, debts.

DEBT COUNSELING SERVICES: Pro-rating for overindebted consumers; also credit bureaus.

OFFICE OF CONSUMER AFFAIRS, HEW: Main federal agency for general consumer representation in government; also liaison with local agencies. Publishes "Consumer News" useful for keeping up with activities of federal agencies.

FEDERAL TRADE COMMISSION: Regional offices can advise on current deceptions and antitrust activities. FTC News Summary useful digest of actions.

FOOD AND DRUG ADMINISTRATION: Regional offices can advise on current deceptions and antitrust activities.

FEDERAL RESERVE BOARD: Supervises truth in lending.

OTHER AGENCIES: Housing and Urban Development, Social Security, Consumer Product Safety Commission, can supply speakers in their specialties.

CONSUMER ACTION PANELS: Can provide information on complaint-solving in specific industries.

LOCAL RETAILERS: Can be useful source for information on specialized projects but their interest, objectivity, knowledge varies.

AMERICAN COUNCIL ON CONSUMER INTERESTS: Sponsors conferences, newsletters, journal; Address: Stanley Hall, University of Missouri, Columbia, MO 65201.

BANKS, SAVINGS ASSOCIATIONS: Mortgage practices, rates on savings.

INSURANCE AGENTS: Objectivity varies on kinds of coverage, sources.

(Handout)

HOW TO SURVIVE IN CONSUMERS' EDUCATION

By Sidney Margolius

MOST FREQUENT CONSUMER INQUIRIES (Nov. 1976)

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LUNCHEON SPEECH: Dr. Lee Richardson, President of the Consumer Federation
of America

Introduction of Dr. Richardson: Dr. Ruth Harris

THE CHALLENGE FOR US ALL: Dr. Lee Richardson

You've heard a lot in these last couple of days. You are not only digesting food, but your heads are probably spinning--you know that you've got a lot to think about, you're not sure whether you should be frustrated, challenged, or just plain confused. But I think you will probably, if I pick up the spirit of this group, come to find that your feeling that there was a lot of ignorance, among consumers, out there worth working on is certainly true. And you've heard speakers define some of that in terms of national studies. It just confirms the obvious, what you probably have learned better than any national survey could have possibly shown, but it is kind of reassuring to know that there is a problem as you had thought. On the other hand, you've also heard some success stories, and methods, and solutions, and you know that others are able to do some of the things that need to be done, also confirming that you're not alone in working on these problems and coming up against some of the same kind of trouble and getting resources and finding a way to really communicate ideas that others have experienced. And to top all that off, digesting food and information, you are trying to outguess the weatherman and the ice is still out there, I've noticed, it isn't falling off! So I've got all those things that I know you're thinking about, but I don't know exactly how far you have to drive. And I suppose you're all in different states of agitation as a consequence.

Well, because we've gone over these subjects before in such a thorough way in the last couple of days, I thought all I could really do is repeat it in a different way. And I'd like to somewhat broaden the concept, or maybe mostly look at it in a different perspective, of what consumer education is all about. We get so involved in trying to find out what we've heard here that is useful in terms of our own work, that maybe it won't hurt if I kind of repeat this and try to say: now, wait, here's where you or I fit in to this activity we call consumer education.

Part of our work, and perhaps the part that we naturally would emphasize, as most of you, as I understand, are involved in at this point, is trying to help the household cope, get by, to do better with the resources they get, money products, or services; to increase the standard of living of the people you're directly in touch with, or who in the future will be consumers as you are explaining to them. And a lot is involved with that. The first things we think about are the Saturday morning at the supermarket kind of tactical problems that we all face. Or little things you can do to

conserve here and there. Or how to avoid burning the food. And other real practical hints--there are millions of them, probably, and they've been listed in lots of places and they're worth knowing, for all the perhaps seeming unimportance of all of them individually. They add up to quite a bit. That's an important part of what we're trying to do in consumer education. And what some people look down on condescendingly as buymanship should not be looked at that way--it is important. But beyond that we do have more to do in helping the household and the individual, and that is we've got to give them a conceptual framework to deal with the problems that we can't teach them all the answers for. I mean, how to approach a person who's selling you something you haven't heard about before. How to deal with marketing, how to deal with advertisements, personal selling, what you should be skeptical about, what you should start asking--approach to decisions (which is going to be valuable far beyond February 1), when the market will change in some of the areas that you've probably been talking about to them. A new product comes out, or the old product disappears, or the price goes up, and other things change that you had pat answers for in January. Also part of this are the values and attitudes that people have. And for all that is said about going around converting people to your value systems, we don't really mean that. We know we have to deal with people where they are in terms of priorities in life, and at least we could let them know what they have assumed in terms of what's important about buying clothes and cosmetics, cars and houses, where their priorities have not ever been perhaps looked at, and offer them alternatives to the food they eat, and so forth. Make them see themselves; make them challenge themselves. A change in attitude will go even further than a conceptual framework for decision making, and we've got to somehow find ways and methods to get that across. Even beyond that, we have to get across the idea to people, that they are part of a collective problem as a citizen, and a consumer. But there are a lot of things that they really cannot do themselves, and I want to talk about some of those. They must take the responsibility with their neighbors and friends, and the people across the country, to try to bring about the changes that are causing the fundamental problems that they cannot deal with as individuals. There are lots of those. That's why Ralph Nader was invented. If we didn't have a Ralph Nader, we would have to invent one, or something similar, to try to bring about some of those changes. Well, in order for them to understand their citizenship roles, we have to go beyond the household kinds of answers and talk about the way the society is put together that leads to these kinds of consumer problems. And when you start saying that, you're talking about the whole social studies area, economics, and all the other pieces of social study, understanding the political system, and how it works, and how to find the levers on it that you, as consumer-citizen, can bring about change.

But beyond all that, the micro-household things, the macro-societal things, consumer educators have another area of responsibility, and that is in trying to inculcate, if you will, some sense of responsibility and the need to do certain other kinds of things in other kinds of professions and other kinds of occupational groups who can make a large contribution to consumers and the education of consumers. Those in the press, the mass media, are obviously close cousins when it comes to communications and education. Those

in business--they advertise and they send out salespeople who provide a tremendous amount of information to consumers. We can work with them, with all the built-in problems that brings, but that's still an area that needs improvement. We can work with the government, and its tremendous amount of information efforts, advertising and pamphleteering, and all the other government communications and press releases. We need to talk to the consumer advocates. Incidentally, I am one, but I find that we as consumer advocates are sometimes on the wrong track because we don't fully understand the problem. I underscore what Sidney Margolius said on certain issues, where consumer advocates seem confused. And since lawyers, for reasons unknown to me, are important to making decisions in our society, we have to educate the lawyers, so that they understand the consumers too, in other than a legal framework.

So part of the task of many professions, whether it's doctors, whether it's nurses, or whether it's people who are in all kinds of occupations, we have simply got to make sure that they take advantage of their role as educators and communicators to consumers. We've also got to grow some researchers in the consumer education area. I'm appalled at the fact that some of us think that we have the answers on what will help the consumer best in a given set of circumstances. We really don't know quite what to say about life insurance, and what to do about your health, and how to eat food. I mean, when you think about it, we really don't have good answers yet. So, the research area, in the substantive issues of consumer education. And then the methodologies that we use. It's probably not true that somebody standing up at a podium after lunch is a good way of communicating to a group of educators. I can't prove it, but it's certainly traditional. And also, in the classroom: why do we have rectangular rooms? With these black and green boards in them? We have somehow assumed that they are the proper ways to communicate with consumers. Well, we have to really stretch our thinking, I think, to come out with new methodologies.

Besides, since we all live as consumers, we have a lot of potential there, for going beyond the traditional classroom or this kind of a setting here today. We have a lot of goals in doing all of this, which if I thought we could ever define clearly, we might actually be able to sell politicians and all these other professions on the idea. I think the one we emphasize the most here, and generally, is this idea of improving, ultimately, the standard of living of people through better information and concepts and values. But we also have special group problems that we tend to overlook. Within this mass of 215 million average Americans, none of which is average, we have very specialized group problems. And you can slice and cut the population lots of different ways and discover that those consumers have a specialized group of needs that we may be ignoring. And the achievements that are possible through education have to be clearly defined, I think. We have not more than simply sort of acknowledged as much as I have said-- I don't think we have a clear idea yet of what we could achieve.

There are a lot of social goals that can be accomplished through consumer education, such as improving quality of housing and getting more out of the housing stock, more out of the medical system, or any other consumer service where we're having problems. Education can help individual consumers use what is available better. Whereas money just to produce more services

may not be always the proper answer. So it can help solve a lot of national goals that people don't ever identify with "consumer education." It's a Saturday morning at the supermarket to them, perhaps.

Also, consumer education can have a lot to do with other forms of education. Because it offers kind of the living laboratory possibilities; we might be able to help people learn math better by using consumer situations. We can not only teach them math, but we can help them perform better as consumers in such little things as computing interest and prices that are quite obvious. It would certainly be a lot more interesting to most of the students that I went to school with to write something other than "What I Did Last Summer" essays in high school. So, clearly, the potential here for helping other forms and other purposes of education be accomplished are very high, and I think generally, so far, overlooked by most of us.

Unless we can somehow put together the system, though, that will get us answers on how to do all this, and what are our recommendations, I think we are going to fall flat. We're going to overkill on information that is not needed and ignore certain other areas. I'm arguing, I guess, for a systematic approach which implies some other kinds of reforms we've got to bring about in our efforts in consumer education. Without further elaborating that particular point, let me just illustrate how tough it is in two or three areas, to try to decide what the proper uses and types of consumer education should be applied. For example, let's pick insurance. Or, as we say in Louisiana, insurance! The insurance problem, it could be health or auto, properties, life, and so forth, and I will make the statement first, that I don't think education is the first and only answer here, to helping consumers get the most out of the insurance system. I think the problems go a lot deeper than that. I don't think, then, that worrying about the individual household and coping tactics, strategies, values, are really our first priority in dealing with insurance. And I'll pick, primarily, life insurance as an example. The policies available are horrendously complicated. We've made it so complicated that we've actually increased job opportunities for educators to explain it, but in a kind of false way, obviously, by having an overly complex area. My suggestion, recently, was that we make policies simple enough, at least so my Commissioner of Insurance in Louisiana could read the policies. And not to mention what the ordinary, everyday PhD could do, or anybody else who has not really worked in the insurance area. So I would throw these ideas at you to get perspective on what the role of consumer education is. One is that the right information really isn't available. What you really need to know about a life insurance policy is not really told to you by the current marketing system. That choosing the right policy is a very difficult task because there really isn't a method available to try to choose it, other than very complicated textbooks, and things of that sort. Once you decide on what kind of policy you need, trying to pick the right price is very difficult. You cannot get a unit price for life insurance, which is what we recommend. You know, it's almost in the same stage of development as credit was before the "Truth in Lending" law. I'm not sure that's automatically the need in insurance--for a truth in insurance law--but nonetheless that's the state of the art. We have some imperfect methods available, but unfortunately the agents don't have it

when you ask for it; in the first place, the consumers aren't even asking the agents who don't know. There are 1800 companies who, I feel, don't really have opportunities to compete for the business of the intelligent consumer. The system is just so improperly designed. Mainly because of the bottlenecks here in policies and information available. The agents are products of the same problem. They are ignorant, in large part, and are not able to guide the ignorant to come to the right decision. They are sort of like myself; when I was in college, I picked an agent who went to the same church, because a deacon couldn't lie or be wrong! And I think there's a lot of faith lying in life insurance. And the fifty state regulators don't function very well, where they function at all. I think we have to go back and find out why that is; we might find that it is a product of federal legislation brought about for reasons that we might challenge. It said that the federal government will stay out of the insurance business and leave it to the states, which was very pleasing to the special interests, to have it left that way. It, in effect, reversed a Supreme Court decision and caused that to be the way we handle insurance. Well, I don't think, then, if you walk into that kind of situation, ready to teach insurance, that you should be satisfied merely to tell people how to get through the maze of an imperfect system. What consumer educators need to do, I think, is to look to explaining the problem to consumers, admitting that education only goes a short distance, helping people to cope as best you can, because they do need much of that life insurance, a certain amount of it. In many situations, a good case can be made. But what we need to be doing is emphasizing better research, regulatory reforms, and I think the business education than can be conducted according to our standard theory that we can solve many of the people's problems. Once we make the information available, and develop the concepts through research that will help people use that information, including the very personal decisions in life insurance, then I think we can see education making a big impact. But the system does work. We've got attitude problems with people who don't want to even face the question of life insurance. And a lot of other pieces to the puzzle are, I think, far beyond the usual tactical "here's how to help the consumer buy life insurance."

In the area of energy, I won't be quite as elaborate, but let me say that when you come about to find a consumer in a certain circumstance, such as this, a person lives in an unpainted shack fifteen miles out of Farmville, no air conditioner, uses propane heat, has some electricity, a 1952 Buick, \$1600 average income, plus or minus \$800 a year, from odd jobs, and all the free tomatoes they can grow in their back yard, and you offer an energy prescription and conservation ideals to that individual, they've got to be different from the person making \$25,000 a year in Houston, living in a big house 26 miles from down town, two cars, having two kids--two girls in junior high who need new shoes to compete socially every week, \$125 a month fuel bill for a house that has to have air conditioning, because it was designed for it, and then you begin to approach that individual, you've clearly got a different set of problems with those two families. And if the first family moves to New York, and lives in town in a flat, or the second family moves to the suburbs of New York or lives on the commuter lines in the suburbs versus having to drive to work, the ball game is changed again. So, our answers for these families, in the first place have to be

very different. The coping tactics and strategies that we might offer them would be very different. But, again, in the energy area I don't think, as I preached all morning, that real problems can be solved by simply having people conserve and doing the other frequently recommended things that can be done as an individual or household. We've got to have an attitude adjustment and make people face up to a national problem, a social problem, a problem we're all in, and cannot solve as individuals. We've got to provide a framework for listening to President Carter and the board of Exxon, and the representatives of Saudi Arabia, so we can begin to figure out which way we want to go. They've got to know the implications of the many policy proposals that are offered which they are given a bunch of gibberish about by politicians. Then, hopefully with leadership nationally, we'll begin to make real impact on consumers, and not by educators offering prescriptions to individuals. Can we ever get to the root of these problems? There are a lot of action things that you can begin to suggest to tell people that they can do on a local or national basis. Consumers, by exercising their citizenship rights, can become involved in electric/utility rate cases, things of that sort. There really is a tremendous amount of opportunity right before us to reform rates and to put some kind of limits on utility companies and the way they spend money that could have tremendous impact on consumers, right in their own state, without having to wait for Washington to do something.

We move on to a subject like food, where I think the main problem is: I cannot even figure out what the priorities are in food. I'm preached at that I need to look at nutrition more, and my taste buds revolt. I have trouble even really knowing what I'm supposed to believe or say. A lot of ignorance is present; people do not realize that they're eating five pounds of chemical additives in their food per year, and that from time to time, like every year, one or more of these is discovered to be a cancer-causing ingredient. There's something vaguely upsetting about knowing that, and also that there are four or five hundred other ingredients that they haven't gotten around to studying yet. I know vaguely that self-discipline goes a long way in controlling the middle portion of one's body. That's an attitude adjustment problem, as they call it, but that's just about as simple as saying you've got to give up cigarettes or stop reading Playboy. It's a bit addictive, you know, these kinds of things. What can we really say about telephones? What are you going to say about a telephone to help a consumer cope with telephones, other than, take what they offer at a basic rate of \$10.50 a month, or don't have a telephone. I don't think you're really accomplishing a whole lot by telling people how to use the telephone as a consumer educator. The action, the change, the improvements have to come, I think, through regulatory reforms. Perhaps, different kinds of phone rates for different kinds of people. They're going up in other parts of the country, they're available even in DC, I understand, for limited use in limited kinds of situations. There are poor people in Louisiana who pay \$36.00 a month for their phone, because of the way the regulatory system works in rural areas. Very few pay that, but, you know, some of them get by cheap on \$28, \$26, \$25 a month, and have no protection from inflation and rate cases. Well, shall I go on and say that you can give all the answers to the health problems of the nation by educating consumers on how to use the current system of doctors

and hospitals and insurance policies that are available? But I think the point is fairly clear--that consumer education is much broader than the kind of traditional education or "the expert meets the ignorant" that we often think in terms of, and try to help them in finding themselves and coping better with their own personal situations. There's a lot we can do, still, in that direction, as visual educators, communicators; it's valuable for us to come to a conference like this to improve in the areas where we know we can be improved in terms of our knowledge of the subjects and also our ability to deliver to various audiences. We can still do a lot for people with our given abilities at this time by seeking out new opportunities to reach people, even given all these bigger problems of the system.

But I think where we really need to start thinking is more on a collective professional basis. There's a lot of professional power in this room. A lot of things can be done by a group like this and the many thousands of others who are beginning to become involved or who have been involved in consumer education. If we can first begin to clearly state what we're after, and begin to show the rest of the world what consumer education can do, it will, I think, begin to fall into place. It's very simple; we need resources to establish the discipline of consumer education and we need to have the funds to implement it to reach the millions of folks that can benefit from it. I think we need first, though, a sense of a consumer education movement, or at least a sense of some kind of mission that we're all here today somehow involved with. That we can, through some sort of group efforts and follow-ups to meetings like this, begin to solve these problems and collect these resources and money that we need to start doing the job. I think probably one of the steps in all of this has got to be what people like Dr. Garman and others have done in some states organizing a consumer education association. You know, let's fact it--you've got to have some sort of identification and power in order to contact the education establishment and government officials and other academics, the Congress, and so forth before the resources start to come to this area of education.

Also, I think we need to work with the other advocate groups. While they're as ignorant as can be on certain subjects, including the subject of consumer education, they can be valuable allies for consumer educators in convincing the public officials that we need the funds to carry out consumer education. It is really pathetic that the Consumer Federation, which I head, and other consumer groups, advocate groups, consider consumer education as a low priority. It's always legislation, legal reforms, and so forth, to do it all. We're just sort of letting education be a nice thing that somebody else can worry about. It's pathetic, because of these failings in our past history of trying to build consumer education, that in terms of a national program with a consumer education label on it, we have 3.135 million dollars per year in funding that is truly designated nation-wide for consumer education. And the rest is catch-as-catch-can. From other kinds of funding projects, and funding sources. Consumer education per se is identified with in the U.S. Office of Education, which is exactly where it ought to be, considering what we've done to get it. And I think truly it will get bigger or stay the same depending on what we decide to do after today, on how hard we work toward all the kinds of organizations and effort necessary to bring about real change in established consumer education.

FILM LIST

1. Public Service Announcements on Consumer Education developed by the Mayor's Office, New Orleans, Louisiana.
Source: Mrs. Nell Weekley, Director
Office of Consumer Affairs
Room 1W12
City Hall
New Orleans, LA 70112
2. "Shoplifting, It's a Steal"
Source: 9200 Film Center
P.O. Box 1113
Minneapolis, MN 55440
3. "To Your Credit"
Source: 9200 Film Center
P.O. Box 1113
Minneapolis, MN 55440
4. "Our Shrinking Food Dollar, The Economy of Convenience Foods"
Source: 9200 Film Center
P.O. Box 1113
Minneapolis, MN 55440
5. "The Incredible Bread Machine Television Special"
Source: World Research, Inc.
11722 Sorrento Valley Road
San Diego, CA 92121
6. Proctor & Gamble's "Is Anybody Listening?"
Source: Modern Talking Picture Service
2323 New Hyde Park Road
New Hyde Park, NY 11040
7. "Money Magic" video tapes
Source: Ms. Hilda Dailey, Extension Specialist
Management, Housing and Family Development
Wallace Hall
Virginia Polytechnic Institute and State University
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The following films are available from:

Bureau of Teaching Materials
Virginia Department of Education
P.O. Box 6Q
Richmond, VA 23216

(order number is listed with each film)

8. "Why We Have Laws: Shiver, Gobble, and Snore" 45306
9. "Why We Have Elections: The Kings of Snark" 45406
10. "Why We Have Taxes: The Town that Had No Policeman" 45506
11. "To Secure These Rights" 14510
12. "George Mason, Conservative Revolutionary" 14410
13. "Under the Law: The Ripoff" 11710
14. "Under the Law: The Hitchhike" 11910
15. "Supreme Court" 61204
16. "It's New, It's Neat, It's Obsolete" 30009
17. "Buy, Buy" 41010
18. "Virginia Enterprise" 14512
19. "Notes on Virginia: The Free Enterprise System" 05790
20. "Consumer Game" 09110
21. "Consumer Power - Credit" 39310
22. "Eat, Drink, and Be Wary" 30609
23. "Food Purchasing - Let the Buyer Beware" 75504
24. "Money Matters - Planning the Use of Money" 77504

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100. Mildred P. Hudgins
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Extension
103. Frances D. Hutcherson
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106. Z. Gray Jackson
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Other materials produced by this project include:

Pamphlets:

"Contracts and the Consumer"

"Credit and the Consumer"

"Fraud and the Consumer"

"How to Buy a Used Car"

"Warranties and the Consumer"

Educational Modules:

"Obtaining and Using Consumer Credit"

"Avoiding Consumer Frauds and Misrepresentations"

"Making and Using a Financial Plan"

Manual:

"A Financial Counseling Manual"