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The Office of Consumer Counsel in the California State Government is now six months old.

In his successful campaign for Governor of California, Edmund G. Brown proposed the appointment of "a public defender of the consumer interest" to work "through public education and the impact of facts before legislative committees, public agencies, and the final court of public opinion."

Almost immediately after his election in November, he and a few of his top staff paid a visit to Averell Harriman, then Governor of New York. They met with Dr. Persia Campbell and studied the program she and Governor Harriman had developed. Governor Harriman and Dr. Campbell, as most of you know, pioneered the program of consumer representation in State government.

In January of 1959 when Governor Brown placed his first legislative program before the State Legislature, he put the protection of the consumer interest second only to his Fair Employment Practices Act.

In his Inaugural Message to the Legislature Governor Brown said:

"We are all consumers. Yet, we have never been able to speak in a single voice because we are disorganized and our needs are so diverse. Without a forceful spokesman in government, we have little defense against highly-organized special interests. I therefore recommend ... the appointment of a consumers' Advocate..."

Senator Richard Richards of Los Angeles introduced the Governor's Bill in the State Senate and Assemblyman Richard Hanna of Orange County (south of Los Angeles) carried it through the Assembly, after it successfully passed the Senate. Its passage was by no means easy and the final vote was close and almost entirely on party lines. The Democratic majority in both houses of the Legislature and a very strong and roceful leadership from the Governor's Office account for the success of its passage.

As Dr. Persia Campbell's position was in New York, the Office of Consumer Counsel in California is in the Governor's Office. The Consumer Counsel is appointed by the Governor and serves at the pleasure of the Governor.

The legislation creating the Office spelled out its functions as follows:

1. Advise the Governor as to all matters affecting the interests of the people as consumers;
2. Recommend to the Governor and to the Legislature legislation deemed necessary to protect and promote the interests of the people as consumers;

3. Make studies deemed necessary and render reports thereon to the people; and
4. Appear before governmental commissions, departments, and agencies to represent and be heard on behalf of consumers' interests.

The legislation was passed in May to become effective mid-September. Soon after its passage, Governor Brown invited Dr. Campbell to come out from New York and serve as a consultant to him in setting up the program in California. We feel greatly indebted to Dr. Campbell not only for the sage advice she was able to give the Governor, but for her willingness to meet with interested community groups, to help make the potentials of the program better understood, and to counsel membership groups already at work in advancing the interests of their members as consumers. Her dedication, her knowledge, and her charm have had a wide and lasting influence in helping us in California get off to a good start.

When I was sworn in as California's first Consumer Counsel on October 2, 1959, Governor Brown gave me this one directive ...

"I want you to study problems affecting the consumer and make your own independent judgments; then I want you to fight for what you think is right."

To serve as legal adviser to the Office of Consumer Counsel and to work in cooperation with our Office, Attorney General Stanley Mosk created a Consumer Frauds Division headed by Assistant Attorney General Howard Jewel.

We have a very close, very good working relationship with the Consumer Frauds Division of the Attorney General's Office. These two positions supplement each other -- the Consumer Counsel is an economist; the Assistant Attorney General, of course, is a lawyer. We are at present working jointly on one particular major problem. We have worked together on other problems in past months and will continue to work together in the future.

The Office of Consumer Counsel has neither law enforcement powers nor administrative responsibilities. It is entirely advisory. Yet, it is not a weak position, for we are able to call upon the entire resources of the State of California --- in writing the legislation creating this office, the Legislature saw fit to spell out that "Each agency, officer, and employee of the State shall cooperate with the Consumer Counsel in carrying out his functions under this article."

Moreover, we can in effect call upon the resources of the entire citizenry of California, for the statute creating the Office of Consumer Counsel enables the Governor to appoint advisory committees to assist the Consumer Counsel in carrying out the functions of the office. These advisory committees work under the direction of the Consumer Counsel.

The most limiting factor on the effectiveness of the office is a very low budget. Budget support is presently and will be for the next year at the rate of about \$5,000 a month. Yet, we feel we are accomplishing much.

At the outset, we identified problems of the use of credit as our Number One concern.

Bankruptcy referees are working into the night as our bankruptcies skyrocket in number. They are mostly family bankruptcies. Family service agencies report that their cases today are not concentrated in a particular area of the city, but come from all areas and the suburbs. These agencies are holding week-end staff training conferences in family financial counseling in a frantic effort to offer a much-needed service.

The Los Angeles County Federation of Labor has issued a 26-page booklet, Design for Debt Control, providing advice to their members on debt-entrapment or what has been becoming recently a common wage-earners dilemma: "how to feed his family, and at the same time prevent his creditors from attaching his salary, creating the more serious hazard of possibly losing his job."¹

This year is not a general legislative session year in California. Any legislative program must wait until next year. To serve as a first-aid kit until legislative help arrives, the Office of Consumer Counsel prepared and issued a small pocket-sized brochure entitled "Credit Costs Money--Know How Much It Costs You." This brochure which can be carried in purse or wallet shows the actual cost of some commonly quoted credit charges in true annual interest terms.

The Consumer Counsel represented consumers before the Assembly Interim Committee on Finance and Insurance by providing information on 11 different, confusing methods of financing a small consumer purchase. The Consumer Counsel also urged action against tight-money, high-interest policies of the Federal government in a report to Governor Brown, pointing out that lending agencies charge "points" to home buyers which may boost the cost of a loan by as much as \$1000.

We have now scheduled a series of conferences throughout California on "Credit - Its Uses and Abuses," and have invited consumers, merchants, union leaders, family counselors, and other interested persons to attend. Each state department which has a regulatory responsibility in connection with the use of credit will have a representative present to answer questions and to hear the presentations.

After the conclusion of the last conference scheduled for May 11, a report with recommendations will be submitted to the Governor.

An especial vicious form of the abuse of credit selling is that which accompanies high pressure door-to-door sales. The door-to-door scheme rests on a pre-arranged market for the conditional sales contract the householder is persuaded to sign. As our Corporations Commissioner, Mr. John Sobieski has said:

¹Design for Debt Control, Los Angeles Federation of Labor, AFL-CIO page 1.

"If we can shut off their source of money, we can take a constructive step toward stamping out these improper sales methods."

The most heart-rending of all the many sad letters we receive in our office come from victims of door-to-door sales schemes. Against the advice of many who have been familiar with the problem for years from the point of view of local law enforcement and who subscribe to the adage that you can't protect people against themselves, we have not yet turned our backs on this very large and miserable problem.

We have obtained pledges of support and commitment of staff from each of the departments of state government which have any possible regulatory or tax-collecting function to which the sales company, the installation contractor, or the financing institution might be subject. The Attorney General's Consumer Frauds Division has assigned a deputy to work with the staff member from the Office of Consumer Counsel as well as with local law enforcement agencies.

The concerted plan is that the Office of Consumer Counsel will funnel information to each State agency regarding any of their licensees or tax-payers and that each agency will give this information appropriate attention. Local law enforcement agencies are being given all the support and assistance possible from this coordinated State effort. We have now at present the Office of Consumer Counsel, the State Attorney General's Office, the State Contractors License Board, The State Corporations Commissioner, the Los Angeles City Attorney, the Los Angeles City Police Department, and the Los Angeles City Building Inspection Department and the Los Angeles County District Attorney working together on one case which represents \$7 million annually in door-to-door sales of water softeners where the householder signs a contract to pay upwards of \$700 over a three-year period. This situation illustrates how this office can serve as Governor Brown likes to put it -- as "A focal point."

These victimized householders are isolated and alone in their disillusionment and their debt. They now have in the Consumer Counsel a message center.

The Consumer Counsel, situated in the Governor's Office, is in a position to define or point out the problem to the line agencies responsible and to lend an easy means of coordinating the departments' actions.

In this particular campaign we have vowed to battle the high-pressure door-to-door sales schemes. We have not only State and local governments working together, but we also have the full cooperation and support of the Chambers of Commerce and the Retailers Associations.

Although consumer credit has been our Number One priority, it has by no means been a preoccupation. Consumer problems being as many as they are today, we have ranged widely, even in the short space of our first six months. Some of the other activities during this early period can be briefly indicated as follows:

Investigated consumer complaints that some reducing and health salons sell long-term or lifetime memberships, then go out of

business, leaving the consumer with a huge financial obligation for which he receives no services, and determined, with the aid of the Attorney General's Office, that present laws are inadequate in this regard. New legislation is being drafted, and legislative committee hearings will be held in May.

Investigated consumer complaints regarding flagrant misrepresentations in advertising in a telephone directory classified section by some washing machine repairmen. Representatives of the telephone company concerned promised to check out any listings questioned.

Acted to protect consumers against excessive rates for moving household goods by successfully urging the Public Utilities Commission to prepare information on rates and services for a brochure. The Public Utilities Commission sets minimum charges but does not set maximums or service standards.

Represented members of a newly-built community in a large metropolitan area in discussions with the Public Utilities Commission and successfully obtained a review of telephone rates in their area.

Undertook at Governor Brown's request a thorough study of the Milk Stabilization Laws and the administrative function of the State Department of Agriculture in setting milk prices.

Informed consumers, through Alexander Grendon, State Coordinator of Atomic Energy Development and Radiation Protection, that there is no appreciable danger in the present content of Strontium-90 in milk.

Moved to protect consumers against possible dangers in food additives by recommending appointments to a proposed Governor's Advisory Committee to hold hearings and set public policy in this regard.

Recommended to Governor Brown the repeal of a section of the Business and Professions Code which permits the State Department of Agriculture to authorize short-weighting.

Represented consumers at a hearing of the State Department of Agriculture in opposition to a proposal to authorize short-weight in frozen food packages.

Urged publicly that advertising agencies police the ethics of their profession by signing their advertisements, thus making them accountable to the public for their work.

Inaugurated monthly reports of court actions taken by county sealers of weights and measures, providing the first measure of protection given consumers at this level.

Submitted monthly bulletins to Governor Brown on changes in the cost of living, average earnings of factory workers, and the consumer debt as a guide to the economic well-being of consumers.

Prepared a list of publications distributed by various groups through which consumers may become better informed buyers and users of products and credit.

Waged a vigorous campaign to have creameries print on their labels the protein and calorie counts and types of ingredients in their products and to have canneries print on their labels the size and grade of fruits and vegetables.

Joined consumer groups throughout the country in a successful attempt to obtain a reversal of Secretary of Agriculture Ezra Taft Benson's order suspending the Federal grading of lamb.

We look forward to the year ahead, when we will be preparing legislative programs for the 1961 general session of the Legislature.