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JUL 30 1975

THE WHITE HOUSE  
WASHINGTON

July 25, 1975

MEMORANDUM FOR

Jack Marsh

FROM

Virginia Knauer

SUBJECT

Max Friedersdorf's Memo re:  
~~Charles~~ Rose (D.N.C.)

I wanted to send you copies of my responses to Max so that your files would be complete. If there are any further developments regarding the issue, I shall keep you informed.



THE WHITE HOUSE

WASHINGTON

July 25, 1975

MEMORANDUM FOR Max Friedersdorf  
FROM Virginia Knauer  
SUBJECT Charles Rose (D.N.C.)

In light of your interest in the controversy surrounding the shortage of jar lids, I wanted to bring you up to date. I testified for the second time before the House Small Business Subcommittee on Commodities and Services on July 22, 1975. A copy of my testimony which dealt exclusively with the issue of the shortage of jar lids is attached. I was followed by Congressman Charles Rose who used the bulk of his time assailing the Administration's position on the use of the veto, the increase in the price of gasoline, unemployment, the increase in the prime rate, the Russian wheat deal announced by Secretary Butz and the crisis of confidence pervading the country. I am attaching a copy of his remarks for your review; please note the comments on page 4. I am sure you will conclude, as have I, that Congressman Rose doesn't exactly sound like a friend of the Administration.

I also want to bring to your attention the fact that Congressman Bill Broomfield (R-Mich.) consistently defended the Administration's position against criticism from Congressman Rose and Ralph Nader who testified on July 23, 1975. Congressman Broomfield emphasized that the President was very concerned about the problem and that he would supply a report for the Record if necessary.



Max Friedersdorf  
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We were pleased to note that the media coverage dealt specifically with the issue and that Congressman Rose's partisan rhetoric received no play at all. If there are any further developments regarding this issue, I shall keep you informed.

✓cc: Jack Marsh



July 15, 1975

TO: Max Friedersdorf

FROM: Virginia Knauer

Thank you for your memo, which I received this morning, regarding my letter to Congressman Charles Rose (D-NC) on the subject of canning lid shortages.

Across the country, particularly in the Midwest and northern industrial states, literally tens of thousands of gardeners are very emotionally upset because they are unable to obtain canning lids. Thus, they face the prospect of spoiling goods, and, in some cases, severe economic losses. I have received hundreds of outraged phone calls and letters from the public on this issue, and over a hundred letters from various Congressmen.

Actually I have been involved in this matter for well over a year. My activities are well documented in my Press Conference remarks of March 10, 1975, and my testimony before the House Small Business Subcommittee on Commodities and Services on June 24, 1975. A copy of both is attached.

The problem last year was shortage of raw materials. We wrote to all tin plate and soda ash suppliers requesting that shipment be increased to canning supply manufacturers to avoid shortages based on the non-availability of raw materials. All suppliers responded favorably.

This year the problem is a mixture of real and exaggerated increased demand plus distribution problems. We have been working very closely with the manufacturers and retailers to solve this problem. And where shortages have been uncovered efforts have been made by the manufacturers and their distributors to alleviate the situation.

We have been urging the public not to hoard, and to buy only their fair share when and as they need them. Only in this way will the maximum amount of supplies be made available to all consumers.

With this as background, We were faced with a situation where Congressman Rose told the Washington Star in a page one picture and story that he and his staff were buying up all available lids in the Washington, D. C., area for constituents in his North Carolina District, (clipping enclosed). I, frankly, was appalled at such public behavior. Were we to remain silent on this matter when we had spoken out so loudly on this canning lid issue, it would mean that we condoned such activity.

I believe my even tempered letter (also attached) clearly showed that this Administration is on the side of the people having the problems, not those who were causing them. In this regard you may want to see the attached editorial from the Richmond Post Dispatch.

In terms of conversing privately with the Congressman, his very public stance made it impossible for me to do so. My staff did attempt to reach him to give him a full briefing on the issue but, as you know, he does not have an AA and apparently no one in his office was assigned the task of communicating with our office.

For your information, the New York Times is now doing a comprehensive story on the shortages. I believe the Administration will be seen in a very favorable light.

I am enclosing as additional background material on this issue a recent Nader column and the response of my Public Affairs Director.

Max, I really believe that what is bothering Mr. Rose is that he "got caught with his finger in the cookie jar" and is unhappy with the criticism not only from me but more importantly from his colleagues in Congress (see attached story) and the members of the press.

If there is anything else I can do, please give me a call.



THE WHITE HOUSE

WASHINGTON

July 11, 1975

Honorable Charles Rose III  
House of Representatives  
218 Cannon House Building  
Washington, D. C. 20515

Dear Congressman Rose:

Recent hearings by the House Subcommittee on Commodities and Services, chaired by Congressman Charles J. Carney, D-Ohio, showed that the shortage of home canning lids is a very serious, nationwide problem. Not only in North Carolina, but in Maryland, Virginia, and in the District of Columbia, gardeners are unable to obtain replacement caps and lids. They thus face the prospect of seeing their fruits and vegetables spoil.

I have heard from a great number of Congressmen on this subject. In efforts to help their constituents and yet be fair to residents of other localities, they have asked for assurances from the manufacturers and distributors that their districts receive their fair share of available supplies. Only in this way will the American people believe that a burden is being equally shared and that an equitable opportunity exists for all to have an equal opportunity to buy canning supplies.

It was for the above reasons that I was disturbed after reading in Wednesday's Washington Star about your efforts to buy up all available canning lids in the District of Columbia, Maryland, and Virginia. You are competing for those scarce supplies with average citizens who do not have the staff or the resources of a Congressman's office. You are taking away the fair share allotted to the people of this area and giving those scarce goods to the citizens of your district.

There may be a few in your district who will applaud your efforts. But I would venture the vast majority would rather play by the same rules everyone else does.

Sincerely,

Virginia H. Knauer  
Special Assistant to the President  
for Consumer Affairs



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# The Canning Jar Lid <sup>Star 7-9</sup> Corner

**By Timothy Hutchens**  
Washington Star Staff Writer

Home rule notwithstanding, if D.C. residents have trouble finding lids for canning jars, they can shake their fists at Capitol Hill.

In fact, they can shake them right

"I have a group of summer interns working for me," he said, "and I armed each one with a copy of the Yellow Pages and had them call all the grocery stores in the area. It was pretty slim pickings because most of them were sold out."

food, the result has been empty shelves.

"We're encouraged by the fact that store owners expect more lids," Rose said. "We expect to get five more cases."

Isn't he afraid he will incur the

FOR RELEASE AFTER:  
3:00 P.M., EDT- Tuesday  
JULY 22, 1975

TESTIMONY BY  
VIRGINIA H. KNAUER  
SPECIAL ASSISTANT TO THE PRESIDENT FOR CONSUMER AFFAIRS

BEFORE THE  
HOUSE SMALL BUSINESS SUBCOMMITTEE  
ON COMMODITIES AND SERVICES

ROOM 2359 RAYBURN BUILDING  
WASHINGTON, D. C.

TUESDAY  
JULY 22, 1975  
3:00 P. M.



Mr. Chairman, members of the Subcommittee on Commodities and Services:

I want to thank you for inviting me to testify for the second time before your subcommittee. Your continued interest in the shortages of home canning equipment is ample demonstration of how serious you consider this problem to be. And the problem of canning lids shortages is serious. Indeed, in many parts of the country right now it has reached critical proportions. The harvests are starting to come in, and canning lids are in tight supply. And with no other completely satisfactory method of preserving the crops available, the end result will be spoiling fruits and vegetables, and for many people severe economic losses. The shortage problem in short is getting worse, not better. Home canners stand to lose -- and to lose much. For many, it will be a wasted summer and a hard winter.

In my earlier testimony, I said the shortages were primarily caused by a growth of real and exaggerated demand; real demand meaning a growth in the number of new gardeners and increases in the amount of canning by those who have canned in the past; exaggerated demand meaning situations where people were buying far more than they needed. The manufacturers are unable to meet this demand even though most report that their plants are working seven-day shifts, 24 hours a day.



I think a major problem, Mr. Chairman, is that we don't know what the total market demand really is, a point I have consistently made to the manufacturers. If we don't know how much new real demand is and if we don't know how much exaggerated demand exists, then how can we adequately plan for the future?

You will recall that in my previous testimony I pointed out that earlier market demand projections for this year ranged from a low of .95 billion lids to a high of 2.85 billion lids. The majority of the experts we talked to believed that total planned production of 1.6 billion lids would be sufficient.

It is now quite clear that the experts were wrong, and the few projecting higher demands were right. But how right? And what is the real demand? No one seems to really know. To my knowledge no in-depth market surveys have been taken.

There are some other puzzling questions. We are assured by the manufacturers that more products are being made and more are being shipped than ever before. For instance, at the last hearing, I told the committee that I had asked the major manufacturers for a report on how many supplies they had shipped to the 12 states most seriously affected by the shortage according to reports I have received from consumers.

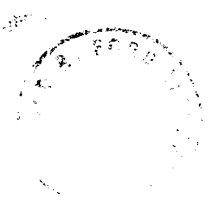
These states were as follows: Ohio, Michigan, Illinois, Pennsylvania, California, Wisconsin, Washington, Iowa, Nebraska, Montana, Oregon, and West Virginia.

I am submitting for the record the totals of the three manufacturers for this year's shipments. We have not yet received all the totals for comparable figures for the 1974 season. However, you will recall that in the prior hearings, your committee was assured by the manufacturers that production this year is substantially higher than last year. When we receive the final figures, which should be very soon, we will supply them to the committee. There is one precautionary note to these figures: these are shipments to brokers and wholesalers and while a wholesaler may be located in Ohio, for instance, he may ship some of his supplies to neighboring states.

What is puzzling about these figures is that while manufacturers claim they are shipping more, a number of retailers claim they are getting less and in some cases nothing at all even though they have received supplies in the past.

This is not just my thinking, Mr. Chairman. My office contacted by phone the Governor's office in each of the states I mentioned above.

Here are some of the highlights of this telephone survey:



In California, a consultant to the Governor said that there was a difference between what manufacturers say they are shipping and retailers say they are getting. An investigation is underway with invoices and broker shipments being subpoenaed.

In West Virginia, the Commissioner of Agriculture has undertaken a similar investigation. This investigation is expected to be completed and the results available by July 28.

The Department of Agriculture in the Commonwealth of Pennsylvania has been monitoring the problem since mid-June. It has sent my office a copy of its continuing survey of manufacturers, wholesalers, distributors, and retailers, county by county. This report is the most comprehensive state analysis I have seen to this date, and I believe members of the committee should take a look at it. To briefly summarize, some wholesalers are getting supplies, others are not. At the retail level, store after store, county after county, report no lids presently available.

Mr. Chairman, I would like to submit a copy of this report for the Record.

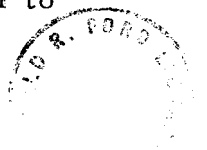
In Michigan, it appears to be a case of hoarding and lack of supplies. The Detroit Free Press quotes a spokesman for Chatham Food Stores as follows: "People are hoarding them, grabbing them off the shelves

in unreasonable numbers. It's the old case of the selfish customer creating an artificial shortage." But at the same time, the Free Press reports a Sears Roebuck spokesman as saying, "We haven't received any lids in 1975, but don't say that."

The general consensus from the Agriculture Department in Wisconsin is that many consumers are "overbuying" -- purchasing much more than they need, and as a consequence, people who really need lids are unable to buy them. In Oregon, however, a Governor's representative said there wasn't any hoarding going on because people couldn't hoard if they wanted to as there were not any supplies on the shelves. A Governor's representative in Montana made a similar observation.

In Ohio, the state where our office has received more complaints than any other area, the State Department of Agriculture said that the state capital, Columbus, was in very bad condition, with major chain stores unable to get anywhere near the supplies they need.

Our office looked into the situation in Columbus and uncovered a number of bizarre events. The Big Bear chain of about 50 stores in the Columbus area in mid-July has received almost as many lids as it did for all of last year. But it is impossible to keep the supplies on the shelves. Big Bear has a ration program for each customer, and when the supplies come in, buyers race in their cars from one Big Bear to another to obtain supplies.



While this telephone survey was being undertaken, my office received a call from Ann Wilkenson of the Evening Herald in Rock Hill, South Carolina. Miss Wilkenson said that all the major stores in her area were getting far less than they did last year. Further, she said, she had been informed by a Kerr buyer in Charlotte that no Kerr lids have been sent to North Carolina in the past three months.

Miss Wilkenson said she found "the last two cases in the world" at Hanson's Supermarket in Rock Hill, South Carolina.

Mr. Chairman, I have looked at various alternatives to home canning. In a recent issue of Consumer News, which I would like to submit for the Record, I mentioned four alternatives. Because of space limitations, I could not say all that I wanted to say in that article, namely, that each alternative to home canning has a number of drawbacks.

Freezers cost money to buy and to operate. And they will only hold a limited amount of goods.

Community canning centers are an excellent alternative, but there are not many of them around, and they do cost a considerable amount of money to establish.



Dehydration works, but it takes much time, energy and money. Some may not like the taste of the reconstituted product, and for many people it is a completely new process.

Farmers markets can help a gardener recover economic losses, but many home canners traditionally buy from farmers markets, and because of this, sales in farmers markets may be off considerably.

Mr. Chairman, I don't know all the answers to this shortage. It is obvious that we need to have more precise information on the market. We need to know how much of what we are seeing in the marketplace today is real as opposed to exaggerated demand. We need to have more information as to how the whole distribution system is working so that the public will have assurances that they are not victims of unfair practices. And if there are those who are taking advantage of buyer vulnerability, we need to know that, too, so appropriate action can be taken.

This is why I think the work of your committee is so important. We don't pretend to have all the answers or all the solutions. If anyone from the Congress, the Executive Branch, or the private sector has any proposals, any solutions, now is the time to come forth and state them. Through these hearings, and possibly through what we learn from the California and West Virginia investigations, we may be able to discover the exact nature of the problem and ways to prevent its recurrence.

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Remarks by  
Honorable Charlie Rose, D-N.C.  
Subcommittee on Commodities and Services  
Small Business Committee

July 22, 1975 · 3 p.m.

Mr. Chairman, two weeks ago The Washington Star spotlighted my efforts to help a group of constituents obtain some jar lids so they could put up fruit and vegetables for the coming year.

The story had a humorous touch, claiming I had "cornered the market" in Washington by sending these jar lids back home to North Carolina. This spirit continued the next day when the Members of Congress from this area took me to task with a tongue-in-cheek letter calling for a blockade of my district until I returned their lids.

Hopefully, these light-hearted pieces have helped call attention to the very serious problem that is facing thousands of families, particularly those farm families who for generations have depended on canning their abundant garden produce to sustain them during the coming fall and winter.

Unfortunately, several people only read the headlines of these stories or heard capsule versions repeated on radio and television. Among them apparently



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was Mrs. Virginia Knauer, the President's adviser on consumer affairs, who wrote me a letter on White House stationery accusing me of hoarding scarce supplies and not playing by the rules.

Although I was not extended the courtesy of receiving the letter before she dispatched a copy to the press, I would like first to set the record straight on this incident.

On July 7, I received a phone call from the director of civil defense in Columbus County, one of the areas I represent in Congress. He told me that 30 women from around Clarendon had come to his office with their problem -- an inability to purchase canning jar lids. Mrs. Louise Williams, spokeswoman for the group, took the phone and described in great detail their travels about the area and the problems they faced with tomatoes, beans and cucumbers rotting in the garden. There were plenty of jars available in the stores -- the complete sets of jars and lids and caps -- but the price ranged up to \$3 a dozen, not the 30-cents-a-dozen they were used to paying for the lids alone.

And, besides, the families all have canning jars which they have used from year to year -- handed down from generation to generation. If they are forced to buy new jars each year, there would be no savings. They might as well pay the high prices for commercially canned fruits and vegetables.

Mrs. Williams concluded her conversation with, "Congressman Rose, we need your help." I told her I would try.

I had members of my staff give me an assessment of the problem. Their calls to the U. S. Department of Agriculture, the Office of Consumer Affairs



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and the Department of Commerce brought replies that there are adequate supplies of tin plate for manufacturing the lids, that the major companies are in full production, that the 1974 shortage would not be repeated, that -- while some parts of the country may find shortages -- supplies of jars and lids should be adequate if there is no hoarding and no breakdown in production.

Well, this is the sort of bureaucratic response we have become used to. I was not about to tell a group of constituents that supplies were adequate when they knew from personal experience that they were not.

It occurred to me that the demand in urban Washington might not be as great as that in my rural district. I put two summer interns, armed with the yellow pages of the telephone book and a map of the District of Columbia, to work calling local grocery stores. The big chain outlets had complete jars but no jar lids, and the smaller stores had the same response: "We have plenty of jars, but we can't get just the lids."

Among some 60 negative calls, the interns hit pay-dirt at three or four stores, including one that sold us a full case of lids that had been sitting on the shelf for more than a year. All in all, some 2,000 lids were located.

I called Mrs. Williams, told her of our results, and received assurances that the lids would get a fair distribution of no more than three dozen lids per family. The supplies were packed and mailed, and on July 10 -- after a hectic day in which half the county called for a share in the lids -- Mrs. Williams acknowledged receipt with a delightful letter, enclosing the names and addresses of the families that had participated.



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"I do feel so humble and thankful," she wrote. "I'm almost exhausted, but do feel that many children will have more food for the winter. And being able to share in this great cause is rewarding, knowing that I have had a small part in helping, means a lot to me. Thank you so very much."

That is what this little episode is all about, Mr. Chairman -- helping a few farm families get more food this winter, helping a few average consumers combat the high cost of food.

Mrs. Knauer's criticism is a typical White House reaction: Veto a congressional idea without getting all the facts and without offering any alternative.

We get a lot of assurances from the Administration these days, but the facts just don't add up, especially where the consumer is concerned.

We have been assured that there is a surplus of gasoline and petroleum products. Yet the price of gasoline just went up again.

Government economists tell us the recession is over. But nine million Americans are still looking for work.

The Federal Reserve assures us there will be adequate finances. But banks have begun to increase the prime rate again.

Last week, Secretary Butz confirmed another Russian wheat deal was under way. He assured us that wheat supplies were adequate and that there is no cause for alarm. I hope, for once, that he is right, because the American people are fed up with high food prices and the double talk they have been getting from Washington.

We have a crisis of confidence pervading the country. And this shortage of home canning supplies is symptomatic of the crisis.



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Secretary Butz and Mrs. Knauer have both been urging American families to grow their own food as a means of combatting high food prices. But while their offices were churning out publications urging more home gardens and more home canning, did they consider supplies? Does one hand really know what the other is doing?

The major response from the Administration -- from official statements by Agriculture, Commerce and the Consumer Affairs Office -- is that demand for home canning materials increased by 170 percent in major part due to planting of around six million new family gardens.

Mr. Chairman, this is no response. Six million new gardeners would explain a shortage of jars, but there is no shortage of jars. The new gardeners need a complete set of supplies -- lids, caps and jars -- and they can buy them. There are plenty of jars around.

The legion of new gardeners does not explain the shortage of lids -- the product that can be used only once, the product that the old gardeners, the family farmers, need.

We have been told that manufacturers shipped supplies of jars and lids first to the South, because that is where the growing season begins and where home canning starts. Then we were told there were reports of winter tourists buying up these supplies in the Southern states as they drove back to the Midwest this spring. But now there is a shortage in the Midwest too. The shortage is truly nationwide, affecting every consumer who tries to combat high food prices by home canning.



There is a potential effect on every other consumer as well. If the families do not have access to home-canned products, they will have to compete with urban consumers for commercially canned fruits and vegetables, and prices again will rise.

There is more going on here than the Executive branch press releases are telling us. The giant conglomerate of General Foods, for instance, apparently has plenty of jar lids. All you have to do is send in a quarter and a label from a jar of Sanka coffee to get some.

But why should a family be forced to buy a jar of coffee in order to obtain the essential ingredient for continuing the home canning process that has been part of their family ritual for generations?

Mrs. Knauer accuses me of not playing by the rules. Whose rules? Those of General Foods? Are we now committed to the slogan that, What is good for General Foods is good for the country?

Why should family farmers, who have handed down their canning jars for years suddenly be forced to go out and buy complete sets to get the all-important lids, which can only be used once? Clearly buying whole new sets means more income for the jar manufacturers. Could that fact be playing a part in this picture? Forcing consumers to buy whole sets would also be a good way to get rid of excess jars. Is that a factor in the current situation?

I hope the Federal Trade Commission, the Justice Department, and this esteemed and able Committee can come up with some of the answers to these questions, because I tell you, gentlemen, that what I have seen of the situation so far just does not add up to the explanations I have been given.



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Mr. Chairman, in closing, I sympathize with the urban and suburban gardener who followed the advice of government officials who suggested they invest in seed, fertilizer, garden supplies and home canning equipment. The problems of these first-time-out food producers are real.

But they pale when compared with the plight of the small family farmers. With them, home-canned food means the difference between a balanced diet and subsistence for their children.

This is a very, very serious situation. I hope we will soon be able to sort out the problem and find the hitches which have developed in the delivery of jar lids to the gardeners and family farmers of this nation. Obviously we must act quickly as the harvest is already upon us.

Thank you.

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