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BEVERAGE CONTAINER REUSE AND RECYCLING ACT OF 1979

GOVERNMENT

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HEARING BEFORE THE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE NINETY-SIXTH CONGRESS

SECOND SESSION

ON

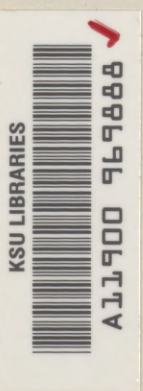
S. 50

TO REQUIRE A REFUND VALUE FOR CERTAIN BEVERAGE CON-
TAINERS, AND FOR OTHER PURPOSES

MARCH 3, 1980

Serial No. 96-102

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Committee on Commerce, Science, and Transportation



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BEVERAGE CONTAINER REUSE AND RECYCLING ACT OF 1979

MONDAY, MARCH 3, 1980

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Portland, Oreg.

The committee met, at 9:30 a.m., at the Bonneville Power Administration Building, Hon. Bob Packwood presiding.

OPENING STATEMENT BY SENATOR PACKWOOD

Senator PACKWOOD. This hearing will come to order. This is a precursor of some hearings that will be held in Washington, D.C., later this month on the subject of national container legislation. Or as we call it in Oregon, the bottle bill. The obvious reason for holding the hearing here is that Oregon has a longer history of experience with bottle legislation than any other State in the Union. That experience will be very constructive as to whether or not we should have a national bottle bill, whether it should be uniform, or have any differences, whether you can allow differences, even if you have a national bill. We now have six States that have it, and numerous counties, some cities, and a genuine issue is being raised as to whether or not we can have 20 or 30 States with bottle legislation, 50 or 60 counties, and 100 or 200 cities, all different, and still have any rational interstate commerce of transportation of bottles and cans. I have had a number of people from industries in the past who might have been opposed to national legislation say that they would prefer uniform legislation to a plethora of different kinds of legislation throughout the country. But before we move into consideration of whether or not we have a national bottle bill, and what kind, we thought it would be constructive to hear both pro and con, from the experience Oregon has had since the legislation was passed.

[The bill follows:]

96TH CONGRESS
1ST SESSION

S. 50

To require a refund value for certain beverage containers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 15, 1979

Mr. HATFIELD introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To require a refund value for certain beverage containers, and
for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Beverage Container
4 Reuse and Recycling Act of 1979".

FINDINGS AND PURPOSES

6 SEC. 2. Congress finds and declares that:

(1) The failure to reuse and recycle empty beverage containers represents a significant and unnecessary

1 waste of important national energy and material re-
2 sources.

3 (2) The littering of empty beverage containers
4 constitutes a public nuisance, safety hazard, and es-
5 thetic blight and imposes upon public and private agen-
6 cies unnecessary costs for the collection and removal of
7 such containers.

8 (3) Empty beverage containers constitute a sig-
9 nificant and rapidly growing proportion of municipal
10 solid waste, disposal of which imposes a severe finan-
11 cial burden on local governments.

12 (4) The reuse and recycling of empty beverage
13 containers would eliminate these unnecessary burdens
14 on individuals, local governments, and the environ-
15 ment.

16 (5) A uniform national system for requiring a
17 refund value on the sale of all beverage containers
18 would result in a high level of reuse and recycling of
19 such containers when empty.

20 DEFINITIONS

21 SEC. 3. For the purposes of this Act:

22 (1) (A) The term "beverage" means beer or other
23 malt beverage, mineral water, soda water, or a carbon-
24 ated soft drink of any variety in liquid form and intend-
25 ed for human consumption.

1 (B) The term "beverage container" means a con-
2 tainer designed to contain a beverage under pressure of
3 carbonation.

4 (C) The term "refundable beverage container"
5 means a beverage container which has clearly, promi-
6 nently, and securely affixed to, or printed on, it (in ac-
7 cordance with section 4) a statement of the amount of
8 the refund value of the container.

9 (2)(A) The term "consumer" means a person who
10 purchases a beverage in a beverage container for any
11 use other than resale.

12 (B) The term "distributor" means a person who
13 sells or offers for sale in commerce beverages in bever-
14 age containers for resale.

15 (C) The term "retailer" means a person who pur-
16 chases from a distributor beverages in beverage con-
17 tainers for sale to a consumer or who sells or offers to
18 sell in commerce beverages in beverage containers
19 under pressure of carbonation to a consumer.

20 (3) The term "Administrator" means the Admin-
21 istrator of the Environmental Protection Agency.

22 (4) The term "commerce" means trade, traffic,
23 commerce, or transportation—

24 (A) between a place in a State and any place
25 outside thereof,

1 (B) within the District of Columbia or any
2 territory of the United States, or

3 (C) which affects trade, traffic, commerce, or
4 transportation described in subparagraph (A) or
5 (B).

6 (5) The term "State" means a State, the District
7 of Columbia, the Commonwealth of Puerto Rico, or
8 any territory or possession of the United States.

9 **REQUIRED BEVERAGE CONTAINER LABELING**

10 **SEC. 4.** No distributor or retailer may sell or offer for
11 sale a beverage in a beverage container under pressure of
12 carbonation unless there is clearly, prominently, and securely
13 affixed to, or printed on, it (in accordance with regulations
14 prescribed by the Administrator) a statement of the amount
15 of the refund value of the container, such amount being not
16 less than 5 cents.

17 **RETURN OF REFUND VALUE OF BEVERAGE CONTAINERS**

18 **SEC. 5. (a)(1)** If a consumer tenders for refund an empty
19 and unbroken refundable beverage container to a retailer who
20 sells (or has sold at any time during the period of six months
21 ending on the date of such tender) a brand of beverage which
22 was contained in the container, the retailer shall promptly
23 pay the consumer the amount of the refund value stated on
24 the container.

8 (b) The opening of a beverage container in a manner in
9 which it was designed to be opened shall not, for purposes of
10 this section, constitute the breaking of the container.

13 SEC. 6. No distributor or retailer may sell or offer for
14 sale a beverage in a metal beverage container a part of which
15 is designed to be detached in order to open such container.

SEC. 7. (a) Except as otherwise provided in this section, State or political subdivision thereof may establish or continue in effect any law respecting a refund value of beverage containers sold with a beverage under pressure of carbonation to the extent the Administrator determines the law is consistent with this Act.

(b) No State or political subdivision thereof may, for purposes of determining the amount of any tax imposed by such State or subdivision on the sale of any refundable bever-

1 age container, take into account any amount charged which
2 is attributable to the refund value of such container, if a
3 statement of such refund value is affixed to or printed on the
4 container in accordance with section 4.

5 (c) A State may require that a distributor pay a retailer
6 for the tender of a refundable beverage container an amount,
7 in addition to the amount of the refund value required to be
8 paid under section 5(a)(2), for the retailer's handling or proc-
9 essing of the container.

10 (d) Subsection (a) does not prevent a State or political
11 subdivision thereof from establishing or continuing in effect
12 any law respecting a refund value on containers other than
13 for beverages.

14 SEC. 8. Whoever violates any provision of section 4(a),
15 5(a), or 6 shall be fined not more than \$1,000, or imprisoned
16 for not more than sixty days, or both, for each violation.

17 SEC. 9. (a) The provisions of sections 4, 5, and 7 shall
18 apply only with respect to beverages in beverage containers
19 sold or offered for sale in interstate commerce on or after
20 three years after the date of enactment of this Act.

21 (b) The provisions of section 6 shall apply only with
22 respect to beverages in beverage containers sold or offered
23 for sale in interstate commerce on or after one year after the
24 date of enactment of this Act.

Senator PACKWOOD. Now, our first witness today is a man better qualified to testify on this subject than anyone else in the United States. He has dealt with it longer; he was Governor, of course, when the Oregon bill passed; he has spoken on the subject all over this country and I am delighted to welcome the best leader Oregon has had, Governor Tom McCall.

STATEMENT OF HON. TOM McCALL, PAST GOVERNOR, STATE OF OREGON

Mr. McCALL. Thank you very much, and the leadership that you and Senator Hatfield are giving on this measure I think is of value, because it is a discouraging business trying to expound the usefulness of this type of legislation across the land. We recall Senator Hatfield's bitter complaint when he lost this bill in the Senate: "It's impossible to defeat the unbeatable power of big labor and big business marching in lock-step against this legislation." I first felt the pressure when I had the option of vetoing Oregon's bill in 1971; it was the strongest pressure I had on any bill in all my 8 years as Governor.

After campaigning in a dozen States for bottle bills since then, I can report the pressure, if anything, is increasing. I campaigned in both Washington and Ohio last fall, and it was a particularly bitter experience, even though we had suffered a 23 to 1 disparity in bottle bill campaigning costs in losing in Colorado in 1976. The enormous clout of the industry was never more evident in the Northwest than in the handling of this matter by the Spokane City Council. The night before the election, I was taken off the agenda, through a power play of the chamber of commerce and big labor, and the sponsor was defeated the next day—a brilliant, progressive woman was defeated the next day, in the election in Spokane for city council. I think that the claim of Washington, for example, the falsehoods that were used, the tremendous spending, made the combination that subverts the integrity of the whole election process in this country. The claim, for instance, in Washington, that they would lose 5,000 jobs on passage of the initiative whereas there are 6,000 jobs in the industry in the State, this was blatantly a falsehood. But at least labor in Ohio was more honest; after being questioned, they withdrew their claim, that the passage of the initiative would cost 10,000 jobs. Their explanation was that "we simply cannot substantiate it."

I think the thing that I would like to emphasize most this morning is the ubiquity, if you will, of the Washington Litter Control Act. It is introduced in State legislatures in those States where there is a chance of passage of a bottle bill initiative, and then when the threat is defeated at the polls it is completely forgotten that that bill was pending in the legislature. It is used as a red herring, so that the people will believe that there is a better plan waiting in the legislature: If only you vote down this initiative, the legislature will give you the Washington Model Litter Control Act. We have got to remember it is financed in Washington by a special tax, and as compared with Oregon, it costs three times as much per year, at the State level, and is only about one-seventh as effective.

I think the sad commentary on a Federal bottle bill law is the silence of the Carter administration, which is excellent on conservation

matters, generally. But I think that the presence of half a dozen Coca-Cola officials in the administration has swayed this administration in Washington, D.C., away from the bottle bill. Coca-Cola is a big spender, as you know, in all the campaigns against this legislation and a former Coca-Cola president actually is Secretary of Energy in the Carter Cabinet.

So I think it is an amazing evasion of responsibility, when an industry that uses 100 billion containers in America recycles less than 15 percent of its aluminum beer containers. That's 70 percent less than the rate of recovery under Oregon's system, which brings back some 400 million containers, both glass and metal, in a year's time.

These are random observations of a barnstormer, but they do set the climate of difficulty in which this legislation finds itself. I see here today a friend of mine—I should use "friend" in quotations I think—Malcolm Owen, vice president of Continental Can. We debated this matter in Cleveland before the City Club in October, and I was accused of being an exponent—and this is a tremendously important—of the "economics of permanence," which is now old fashioned and out of date. Mr. Owen said industry favors, on the other hand, the "economics of transience." That means that I favor reuse and recycling and durability in goods, and this "enlightened" industrial group favors a throw-away society.

I testify enthusiastically in behalf of claims made for success of this legislation; to save energy and material and dollars and reduce container and other litter materially, and add substantially to the job numbers and the job income. It fits the Jarvis mood, Mr. Senator, for Oregon has created no bureaucracy, it has created no new taxes, and the law is implemented by the people themselves, not by mercenaries, as is the case in Washington State.

So, in conclusion, there are States possessed by the swill syndrome; even their younger generations are insensitive to the litter mass around them, and I think it is unconscionable that this industry in its throw-away world, with its gross campaign of spending, is actually subversive of schools.

A number of Ohio grade schoolers, several hundred, were asked to write essays on the topic, "Why Forced Container Deposits Won't Work in Ohio." Now that is a subject that is free from bias, "why it won't work." No chance to favor the bottle bill at all, and use of the word "forced" is to remind the voters that the most controversial of all institutions in the United States today is forced busing.

My thanks to you again, Senator, best wishes to all in Congress who stand with you and Senator Hatfield on this legislation, and may they have the guts to become the majority. And whoever is in the White House when they do, may he be a man of honor, and stand up to the pressure that he veto this superlative legislation.

Thank you very much.

Senator PACKWOOD. Thank you very much, your comment about the Carter administration, shows that you are not unduly critical of the the administration's position, the best I can figure is that they are not opposed to it, nor do they favor it. They have left it hanging there, despite the fact that the Resource Conservation Committee has recommended passage of this, and the studies done by their own department of energy seems to conclude that it does save energy, but it is fair to say they have not been in the forefront of pushing it.

Mr. McCALL. They have been quite happy that it's enjoying a living death. I guess they want the best of both worlds.

Senator PACKWOOD. Have you noticed in Oregon, as you watch the bottle bill here, a transfer of the bottle bill ethic to other conservation, other environmental issues?

Mr. McCALL. It's tremendously influential. For example, I started the famous organization called "Save Oregon from Litter and Vandalism" before we had the bottle bill. It is very active and successful and so is "Save Oregon's Livability." Two organizations that apparently have some effect. They do a lot of spots on radio and television. They also say if you find some garbage in your favorite camping spot, pick it up yourself, even though it isn't yours.

The ethic is there, and very quickly, Senator, the ethic has developed in Michigan in a way that makes your head spin. When I testified and debated in Ohio, Governor Milliken of Michigan had just released statistics on the first 11 months the bottle bill was in effect in Michigan: 81 percent reduction in cans and bottles, 41 percent reduction in total litter, and the 19 percent of cans and bottles that were found on the roadside came from Ohio. It is highly interesting. The Ohio reporter that covered the Michigan situation in great depth said that a State official who was right on the ringside of this whole thing observed, "Nobody seems to be throwing anything out of their automobiles any more." So it does inculcate and perpetuate and spread what I think is a remarkable ethic and that ethic is to keep your home clean, whether it is the natural environment or your front yard.

Senator PACKWOOD. Tom, thank you very much.

[The statement follows:]

STATEMENT OF HON. TOM MCCALL, PAST GOVERNOR, STATE OF OREGON

My congratulations again to you, Sen. Packwood, for the tenacity you and Sen. Hatfield have demonstrated in your pursuit of national deposit container legislation.

It is a discouraging business, trying to expand the usefulness of this essential legislation across the land, in the face of overwhelming odds, best described by Sen. Hatfield when he complained, in defeat, of the unbeatable power of "big labor and big business marching in lockstep."

I first felt that pressure as the time came close in 1971 to act on Oregon's bottle bill as Governor. The lobbying to have me veto it was the toughest ever targeted in on me with respect to the thousands of measures that crossed my desk in eight years.

And after campaigning in a dozen States for bottle bills since then, I can report that that pressure has, if anything, increased. President William Coors of Coors Brewery estimates that opponents spend up to \$20 million a year in a campaign that has seen 34 legislatures vote down the bottle bill and at least six States defeat it on the ballot.

My campaigning for the legislation in Ohio and Washington last fall was particularly embittering, although it was hardly pleasant in 1976 to be outspent, 23-1, and outlited by at least 6-0 in Colorado.

We were outspent in Ohio and Washington last year on the order 15- to 16-to-1, and were leading in the polls until the opponents tipped the scales the other way by means of a ninth-inning propaganda blizzard fueled by hundreds of thousands of dollars.

Their enormous clout was never more evident in the Northwest than on election eve at Spokane city hall. The city council had an agenda item to put it on record as supporting the initiative. The item was whisked from the agenda and its backers insulted and their motives maligned in a labor-chamber of commerce power play as raw as any I've seen in my 45 years around politics.

The Spokane area was drenched for days before with literature and speeches promising that passage of the initiative would destroy the area's aluminum industry. In a pushing match outside the council chambers, a union official screamed that I was a liar in claiming that measured sections of I-5 in Washington were 750 percent more littered with cans and bottles than comparable sections of I-5 in Oregon.

"That's right," I said, "7½ times." To which he rejoined, "But that's 75 percent." I mention this only because it was symptomatic of the opponents' logic and arithmetic in Washington, like their claim that passage of the initiative would cost 5,000 jobs. It was never corroborated; in fact, it wouldn't hold water since there were only 6,000 jobs in the entire beer-pop-container industry * * * in the State.

At least organized labor was more honest in Ohio. After being questioned, they withdrew their claim that passage of the Ohio initiative would cost 10,000 jobs. Their explanation: We just cannot substantiate it.

Opponents even roped Governor Dixy Lee Ray into their fibbing contest. A year before the election, she went across the Cascades and reported that the littering she saw was the worst she had ever witnessed in her home State. Her administration came out a day or two before the election with the boast that The Washington Model Litter Control Act was working perfectly.

Increasingly, The Model Litter Control Act is used as a red herring to forestall passage of Oregon-type bottle bills. This is a fraud on the public, for a mistake early in its enforcement produce the claim it was 66 percent effective. (Enclosed is an explanation of how this false figure was arrived at; in fact, Jim Lawless of the Cleveland Plain Dealer telephoned the Washington Department of Ecology in October 1979 and was informed that, so far, the only proven figure on litter-cleanup effectiveness was 12 percent.)

But it is introduced into State Legislatures and used as bait for the people not to vote for bottle bill ballot measures; then, when the "threat" passes, nothing more is heard of the once-pending WMLCA. It must be remembered that it is financed in Washington by a special tax and, compared with Oregon, costs three times as much per year at the State level and is only one-seventh as effective.

A sad commentary on the strength of the anti-bottle bill lobby is the silence of the Carter administration, which often sides with supporters of conservation measures. I can only conclude that the presence of a half-dozen former Coca Cola officials in the administration's top brass has swayed the White House away from the bottle bill. Coca Cola always is a big spender in campaigns against the legislation, and a former Coca Cola president is Secretary of Energy in the Carter Cabinet.

Interestingly, his estimates of oil consumption reduction due to stepped-up gasohol programming this year equal only half the oil savings projected by studies for a national bottle bill. Also of interest as we consider S. 50 is the vote of the nine Cabinet-level members of the President's interagency Resource Conservation Committee: A unanimous turn down of the litter tax (like Washington's).

The committee's professional staff declared the tax is regressive, may be inflationary, provides no incentive for either not littering or for cleaning up litter, would have no effect on resource conservation unless it is extremely high and, in sum, is not an effective substitute for a beverage container deposit system.

It is an amazing evasion of responsibility when an industry that looses 100 billion beer and pop containers on America recycles less than 15 percent of its aluminum beer containers—some 70 percent less than are recovered under Oregon's system, which brings back some 400-million glass and metal containers per year.

These are random observations of a barnstormer—but they set the climate of difficulty in which this legislation finds itself. More important, though, is the seriousness of society's continuing loss through nonpassage of a national bottle bill.

In an October debate before the Cleveland City Club, my opponent, Continental Can Company Vice President Malcolm Owens, warned me not "to force Oregon's luddite ways on the people of Ohio."

Later he asserted that I espoused the "economics of permanence" of the 1920s and 1930s while he and other "enlightened" industrialists advocated the "economics of transience."

Simply interpreted, I was for recycling, reuse and durability and he favored a throwaway society. It was precisely this lack of perception that caused the American automobile industry to plow on with its obsession with gas-guzzlers.

The same arrogant myopia afflicts the beverage industry, threatening it with the same fate.

The bottle bill is the key to a society's recognition that critical resources are finite. It is the most practical bridge available between a throwaway and a husbanding society.

Riding herd on it, I can testify enthusiastically that it saves energy, materials and consumer dollars, reduces container and other litter materially and adds substantially to job numbers and job income.

It fits the Nation's Jarvis-Gann mood, for in Oregon it has created no bureaucracy and no new taxes and it is effectuated by the people themselves, not by mercenaries, as in Washington State.

In conclusion, I suppose there are State's that are possessed by the swill syndrome, where even the younger generations are insensitive to the litter massing around them. It's unconscionable that the industry would push them into an even dirtier throwaway world, not only with its gross campaign spending but its subversion of the schools.

A number of Ohio grade schoolers were asked to write essays on the topic, "Why Forced Container Deposits Won't Work in Ohio." Now, there's a subject free from bias! No chance to favor the bottle bill, at all * * * and use of the word "forced," of course, is to remind the voters of that most controversial of all institutions, forced bussing.

Any way it can win the industry will surely try it. I'm so disillusioned by its tactics that he only words in its presentations I don't suspect are the conjunctions and prepositions.

Again, my thanks to you, Senator, and best wishes to all in Congress who stand with you and Sen. Hatfield on this legislation. May they have the guts to become a majority * * * and may whoever's in the White House when they do—may he be enough of his own man to beat back the pressures for a veto.

Attachment.

RETURABLE BEVERAGE CONTAINER LEGISLATION FOR WASHINGTON STATE

(Washington Public Interest Research Group)

February 1979

THE MODEL LITTER CONTROL ACT

Washington's Model Litter Control Act (MLCA) originated as an opposition-sponsored alternative to Initiative 256, the Returnable Container Initiative of 1970. The Model Litter Control Act provides a tax (for litter collection) on the gross sales on groceries, wine (but not liquor), newspapers, fast foods, and other items. It also provides a minimum fine for littering, standardized litter receptacles in public places, and litter bags in all cars. The litter bag requirement is not enforced since the Washington State Patrol defines litter bags to include any container, even car glove compartments. Revenue from the litter tax is used for educational and litter pickup programs by the Washington State Department of Ecology.

Since none of the provisions of the MLCA conflict with deposit legislation, and deposits do not conflict in any way with the MLCA, the two laws cannot seriously be considered as exclusive alternatives (although the MLCA is still offered as a substitute). Proponents of the MLCA say that this law is better than deposit laws because it deals with all forms of litter rather than just bottles and cans. The container and beverage industries, and other groups that sponsored the Model Litter Control Initiative in 1970, feel that this law has been so effective in reducing litter that deposit legislation is unnecessary in Washington state. On the other hand, opponents of the MLCA feel that the law has not been effective in controlling litter in the state. Opponents also feel that the tax is unfair since *all* items are taxed, regardless of how frequently they are littered. The tax itself is not designed to discourage littering, since non-litterers pay as much tax as litterers.

An accurate assessment of the effectiveness of the Model Litter Control Act in controlling litter generation is not possible at this time. Since no data exists on litter generation in Washington prior to the implementation of the Model Litter Control Act, measures of changes in litter generation before and after enactment are not possible.

Claims that the MLCA has resulted in a 60-70% reduction in litter generation are based on an artificially high estimate of litter generation prior to the implementation of the Act.

This "before" estimate of litter generation, made by the opponents to the Returnable Container Initiative of 1970, was based on the assumption that all Washington roads had the same litter generation rate as the average rate for primary and interstate highways in 29 states, not including Washington.

Since these major roads account for less than ten percent of all Washington roads, and since the county and forest roads that comprise the bulk of Washington's road mileage have much less traffic and thus much lower litter generation rates, it is not surprising that later estimates of litter in Washington were much lower.

These estimates also did not include areas away from roads, such as lakes and campsites—areas of litter concentration that are not targets for MLCA pickups.

Washington's Department of Ecology, which directly benefits from the MLCA, no longer supports any of these estimates, and instead bases all of its estimates of changes in litter generation on data it has gathered since 1975.

These data show a small (15%) and statistically insignificant decrease in litter since 1975. However, even these data have some serious problems. First, the methodology used by the Washington State Department of Ecology has changed since the study was initiated in 1975. In the beginning, the time between litter pickups averaged only about three weeks, while in later years most of the pickups were from two to four months apart.

This longer interval between pickups would lead to more litter being lost in later years (1977), due to being picked up or washed away, as compared to the first year (1975).

This occurred because no attempt was made to correct for (or control) outside pickups of the study sites or natural litter removal between sample pickups.

This change in methodology would lower the estimate of litter generation in Washington state in later years even if no drop in littering had taken place.

Second, a number of sample sites have been changed or dropped since the study was initiated.

This is especially true for parks and recreation areas, where changes or dropping of sample sites might have strongly affected the total estimate of litter generation.

In summary, the effectiveness of the Model Litter Control Act in controlling litter generation cannot be measured.

The greatest value of the MLCA is its educational role—but this is a very slow process, and not likely to control the litter situation in Washington state.

The Model Litter Control Act does not get to the heart of the problem—that of reducing waste and litter at the source, by not requiring so many containers to begin with.

Since the provisions of the Model Litter Control Act do not conflict in any way with deposit legislation, a deposit law in Washington state would reduce the litter that is not removed as a result of the Act.

SUMMARY

Returnable beverage container legislation for Washington state would cause a refundable deposit to be placed on soft drink and beer containers. Implementation of returnable legislation would subsequently cause a significant shift in beverage container systems towards reuse and recycling. The increased reuse and recycling of beverage containers would result in environmental resource and economic benefits. The following is a summary of the benefits which would come to Washington under returnable beverage container legislation:

Substantial savings to consumers who purchase beverages in returnable containers,

Sizeable increases in beverage sales, with positive impact on State revenue and the economy,

Overall net increase in jobs, with substantial employment increases in the areas of beverage filling, distributing and retailing, more than offsetting potential beverage container manufacturing job losses,

No change in the current beverage container mix, with aluminum cans holding their present share of the market,

Increased recycling of aluminum cans, resulting in an energy-efficient "package" and the reduced use of bauxite,

Increased convenience for consumers returning containers, by offering both retail stores and recycling centers as redemption centers,

Substantial conservation of energy and material resources,

Substantial reductions in solid waste and litter.

Senator PACKWOOD. I hope to go straight through the witnesses without breaking for lunch, and hope we can finish and not have to come back at 1:30 or 2 in the afternoon. We will move now to a State panel with Mr. William Young, and Mr. Charles Miller. I might ask Ted Gamble whether he received word that Mr. Rabe is not coming. He was scheduled to testify with you but he called and said he couldn't make it.

STATEMENTS OF WILLIAM YOUNG, DIRECTOR, OREGON DEPARTMENT OF ENVIRONMENTAL QUALITY; ACCOMPANIED BY WILLIAM BREE; AND CHARLES E. MILLER, OREGON LIQUOR CONTROL COMMISSION

Mr. YOUNG. I am director of the Oregon Department of Environmental Equality. Mr. Miller is here, too, from the Oregon Liquor Control Commission, also Bill Bree, who works with us, he has been involved over a number of years with the Oregon bottle bill. We appreciate the opportunity to give comments today, about the Oregon bottle bill and its relationship to similarly proposed national beverage container legislation.

The people of Oregon encouraged, even demanded, that the 1971 legislature enact the bottle bill. They support the Oregon law and they are the ones who make it so successful. The merchants and manufacturers in Oregon respect the public's attitude about the bottle bill and their active cooperation has likewise contributed to its success. There is a minimum of Government involvement with this law. The success is obvious. Aside from the initial study of its effects we have not been given instructions or resources to continue to collect information on the impact of this law. Indeed it would be very difficult now to isolate the effects of this law, passed 8 years ago, from the impacts of inflation and competition in the marketplace.

Oregon's bottle bill is 8 years old, 8 years of success and popular support. The Oregon bottle bill is a minimum refund act which has a two-tier system of minimum refunds. It covers all beer and soft drink containers. It also contains a detachable pull tab prohibition for all beverage containers. There are provisions for the establishment of redemption centers and there is no restriction on a handling charge at the time of sale at either the retail or wholesale level.

At the time of its origin this law was aimed at the most obnoxious, visible, and fast-growing type of litter, no-deposit-no-return containers. The law has been proven successful, in a before and after analysis and on the basis of continuing effects. We have seen no need to resume the expensive container litter analysis which took place before and after the act went into effect. Organizations from out of the State with a variety of sponsors have carried out limited surveys of Oregon's litter. Some have produced a high level of publicity and distribution of statistically questionable results. Litter analysis is far from a

science at this point. But there is a lot of money being spent on the development of the art. Reports which are based on "extrapolations" and "adjustments" of "apparent" litter rates in Oregon do not serve the people of Oregon and do not change their attitude toward the obvious success of our law.

The bottle bill affects more than just litter. Our solid waste management programs include both recycling and waste reduction elements. The positive example and effects of the bottle bill facilitate implementation of these programs. The bottle bill has a direct effect on our waste reduction programs and an indirect effect on other solid waste management by setting a supportive public attitude. The bottle bill has been complementary to our activities in waste disposal, recycling, and resource recovery.

Oregon is the recycling State. We lead the Nation in recycling. We have a higher recycling rate, more recycling per capita than other States. We have more public involvement in recycling than you see elsewhere. Recycling is a growing multimillion-dollar industry in Oregon. We annually recycle over 35,000 tons of glass, over 1,000 tons of tin cans, and 4,000 tons of aluminum. We also recycle similar levels of newspaper, cardboard, office paper, metals, oils, and industrial and agricultural materials. The Oregon bottle bill helps to make recycling a success. It is directly responsible for some of the recycling and indirectly encourages much of the rest.

The beer and soft drink marketplace both nationally and in Oregon is a dynamic one. The containers and products compete with each other. Since the passage of the bottle bill many changes have taken place in the Oregon marketplace. Products come and go. Containers come and go. And prices fluctuate. Markets shares have shifted and profits have done likewise. Factors internal to the beverage and beverage container marketing system have had a much greater effect on that system than our bottle bill, which is one of the few things which has stayed constant in the system.

The employment increase and positive economic impacts of the bottle bill are 8-year-old news in Oregon. These effects may or may not be repeated or improved upon elsewhere. That will depend upon the specific design and situation factors for other cases. The same thing is true of energy savings. Generally, however, internal changes in the industries involved have had greater effects than the passage of this relatively simple law.

What is the energy impact of using an aluminum can or plastic bottle which is manufactured and filled out of State? What is the job impact of a shift to plastic bottles or from steel to aluminum cans? How many times have the prices of containers gone up since the passage of the bottle bill? What is the impact on the recycling centers when the container industry sets up its own recycling programs to replace local recycling efforts? One brewery closure in a State with a bottle buyback recycling system would have more impact than the passage of a bottle bill. The money and resources spent opposing the passage of beverage container laws similar to Oregon's could be more constructively spent in making the proposed National Beverage Container Act a greater success.

In closing I want to point out that the Oregon bottle bill could be accurately described as the people's bottle bill. The public wanted it

enacted. The public supports it. The public pays the deposit and collects the refund. The strong public support of the bottle bill has provided a base for a stronger public support of the environmental quality activities of my agency.

One reason for the popularity and success of this law is the minimum of government involvement in it. There are no new revenues to government. There are no new government employees. No new government reports or records. No government fixed prices or deposit levels. No taxes to support bigger government programs. Even the unclaimed deposits do not go to government. They are kept by the beverage wholesalers.

With beverage container laws in Vermont, Maine, Michigan, Iowa, and Connecticut, Oregon is now only one part of the success story. Our part of the story is, "It works here." It has worked successfully for 8 years. We have no problems with a national act and we will cooperate with the Federal Government, the other States, and the public to help make the National Beverage Container Act as successful as Oregon's bottle bill has been.

Senator PACKWOOD. Thank you, gentlemen. First complete your statements and then I will ask some questions.

Mr. MILLER. Thank you. When this bill was passed in 1971 we were given the responsibility for its enforcement. This act is now covered by ORS 459.810 through 459.995. No funds or personnel were provided by the legislature for administration of this act. The additional work was in the enforcement division of the Oregon Liquor Control Commission. The law has been in effect since October 1, 1972, and its success has been dramatic. It has gained acceptance from nearly every group. It is most heartily accepted by the most significant group, the consumers, who have accepted it and welcome the change back to the return and reuse of soft drink and all beverage containers. No adverse effects on the sale of these beverages have occurred. The change was accomplished within a reasonably short time. Even though the legislation was passed in June 1971, no steps for implementation were taken by the breweries until July 1972. Nevertheless the change occurred on October 1, 1972, with only minor problems.

This change was in response to citizen's complaints about a particular glass bottle, which has a pull-tab opening device.

The enforcement of the bottle bill has been generally through the education of retailers concerning practices required in labeling, accepting containers for refund and the ban on pull-tab containers.

Six dealers were convicted as a result of complaints filed with local district attorneys. The convictions were for selling beverages in pull-tab cans, or refusing to accept containers for refunds. Although several inquiries have been received regarding redemption centers, only one actually started operation but it was discontinued after a short time.

There have been some problems with the Container Act and briefly some of these were: We get many complaints from the retailers concerning dirty containers and containers containing debris, which presents sanitation problems for the retailer with local health and sanitary inspectors, and difficulty with the agricultural inspector.

An unfair burden is presented by scavengers who arrive with pickup loads of bottles for refund in various states of cleanliness or uncleanness, at inappropriate times in business of the small retailer.

There is no doubt that the Beverage Container Act brought some additional costs to the industry. However, the contention that it was necessary to raise prices is basically erroneous. Increase in price has been due to inflationary and economic factors, particularly wage increases, rather than the container law. Since implementation of the law, malt beverage and carbonated soft drink bottle and can litter has been strikingly reduced, enhancing Oregon's natural beauty. Certified containers—those used by more than one manufacturer—have a refund value of not less than 2 cents. All other containers must have a refund value of not less than 5 cents. Two containers are certified, the 32-ounce export bottle, and the 11-ounce stubby bottle, both malt beverage containers. No manufacturers of carbonated soft drinks have made application for certification.

The law was amended in 1977 to extend the ban on pull-tab containers to any beverage in liquid form intended for human consumption, effective March 1, 1979, and prohibiting the use of plastic devices for holding cans together, unless the plastic decomposes within 120 days of disposal, effective September 1, 1978. Information available to the commission indicates there is only one manufacturer of the plastic used in such holding devices, and it decomposes within the specified time period. No problem with this amendment to the law occurred other than the initial effort to clear the retail shelves of these items.

In 1979 another amendment was enacted prohibiting any beverage container with a metal ring or tab, which is detachable upon opening, effective January 1980.

Labor disputes create problems of their own. You can have a strike of wholesaler Teamsters and drivers, creating an overflow of containers at the retail level if he runs out of storage space, and the law does not provide flexibility or suspension during that period. So the retailer becomes crowded and runs out of space.

The Retail Clerk's strike created an inability of the retailer to handle the flow of the containers presented for refund, particularly if individuals arrive with large quantities to be refunded. In both instances union members have created the situations that our organization must respond to. In other words, complaints being filed many times because the retailers failed to respond at the particular moment that they wanted service.

In June 1979, our assistant attorney general limited the commission's authority on administering or enforcing the Beverage Container Act to four items: the certification of containers; approval of redemption centers; enforcement of the act as it applies to retailers licensed by the Oregon Liquor Control Commission; and general violations must be referred to the local district attorney for action and prosecution if necessary. For effective administration the law responsibility for administration must be assigned to one agency, with an adequate staff. Crushed cans, as opposed the wholesale controversy between wholesale and retail, versus volume refund, is a

source of a problem. Manufacturers, wholesalers, and distributors should affix the refund value on the containers and not saddle the retailer with this responsibility. The law as it was written, has a good success within our State. The people in the industry support it, with minor opposition. Recycling, in cleanliness, helps maintain our environment.

Thank you very much.

[The statement follows:]

STATEMENT OF CHARLES E. MILLER, OREGON LIQUOR CONTROL COMMISSION

When the Beverage Container Act, known as Oregon's "Bottle Bill" was passed in 1971, the Oregon Liquor Control Commission was given the responsibility for its administration and enforcement. No funds or personnel were provided by the legislature. Additional work absorbed by Enforcement Division, OLCC. The law has been in effect since October 1, 1972. Its success has been dramatic. It has gained acceptance from nearly every group affected. Most heartening is the acceptance by the most significant group, the consumers, who have accepted and welcomed the change back to the return and reuse of carbonated soft drink and malt beverage containers. No adverse effects on the sales of these beverages have occurred. The change was accomplished within a relatively short time. Even though the legislation was passed in June 1971, no steps for implementation were taken by bottlers or breweries until July 1972; nevertheless, the change occurred on October 1, 1972, with only minor problems.

There is no doubt that the beverage container act has brought about some additional costs to the industry; however, the contention that it was necessary to raise prices because of the container law is basically erroneous. The increase in prices has been due to inflationary economic factors, particularly wage increases, rather than the container law.

Since implementation of the law, malt beverages and carbonated soft drink bottle and can litter has been strikingly reduced, enhancing Oregon's natural beauty.

Certified containers (those reusable by more than one manufacturer) have a refund value of not less than two cents. All other beverage containers must have a refund value of not less than five cents. Two containers are certified: the 32-ounce "Export" bottle and the 11-ounce "Stubby" bottle. No manufacturers of carbonated soft drinks have made application for container certification.

The law was amended in 1977 to extend the ban on "pull tab" containers to any beverage in liquid form, effective March 1, 1979, and to prohibit the use of plastic devices for holding cans together unless the plastic decomposes within 120 days of disposal, effective September 1, 1978. Information available to the Commission indicates that there is only one manufacturer of the plastic used in such holding devices, and it does decompose within the time specified. No problems after initial effort to clear retailers shelves of prohibited items.

In 1979, another amendment was enacted to prohibit any beverage container with a metal ring or tab which is detachable upon opening, effective January 1, 1980. This change was in response to citizens' complaints about a particular glass bottle which has a "pull tab" opening device on the cap.

Enforcement of the "bottle bill" has been generally through the education of retailers concerning practices required in labeling, accepting containers for selling beverages in "pull tab" containers. Six dealers were convicted as a result of complaints filed with local district attorneys. The convictions were for selling beverages in "pull tab" cans or refusing to accept containers for refund.

Although several inquiries have been received regarding redemption centers, only one actually started operating but it was discontinued after a short time.

The Commission does not have available for dissemination reports or studies on the effectiveness of the law in controlling litter and its impact on Oregon's economy; however, for the fee indicated, reports are available from the following sources:

Legislative Fiscal Office, H178 State Capitol, Salem, Oregon 97310, (Applied Decision Systems Report); \$7.00 per copy.

Professors Charles M. Gudger and Jack C. Bailes, University Press, Oregon State University, Corvallis, Oregon 97330; \$2.00 per copy.

Oregon Environmental Council, 2637 S.W. Water Avenue, Portland, Oregon 97201; \$1.00 per copy.

Copies of the Beverage Container Act (ORS 459.810 through 459.890) and the administrative rules relating to certification of beverage containers and approval of redemption centers are available on request.

Information Office, Administrative Division, Oregon Liquor Control Commission.

Problems—

A. Dirty containers and containers containing debris may present sanitation problems for retailer with Health Division Sanitarians and Department of Agriculture inspectors.

B. Unfair burden on small retailers by scavenger collectors who arrive with a pick up load of bottles for refund in varying states of cleanliness or uncleanliness.

C. Labor Disputes—

(1) Wholesaler drivers striking create overflow of containers at retailer during period—run out of storage space—law does not allow suspension.

(2) Retail clerks strike creates inability by retailer to handle excess amounts (containers) presented for refund.

(3) In both instances union members will create situations that our organization must respond to, i.e. complaints, claims of failing to refund, or other problems, thus creating work for us.

D. A June 1979 opinion from our Assistant Attorney General limits the Commission's authority on administering and enforcing the Beverage Container Act to:

(a) Certification of containers.

(b) Approval of Redemption Centers.

(c) Enforcement of the act as it applies to retailers licensed by the O.L.C.C.

(d) General violations must be referred to and prosecuted by local district attorney.

(e) For effective administration of the law—responsibility for administration must be assigned to one agency with adequate staff.

E. Crushed cans—whole cans controversy between wholesaler and retailers weights vs volume refund.

F. Manufacturer, wholesaler, or distributor should affix refund value on containers and not saddle retailer with this responsibility.

G. The law has had good success within our state—people and industry support it, with minority opposed. Recycling—maintain cleanliness of environment.

Senator PACKWOOD. Thank you.

Mr. BREE. My name is Bill Bree, and I am with the Oregon Department of Environmental Quality recycling program staff. I would like to submit for the record this morning the testimony which I presented to this committee in January 1978. I will provide some update in the testimony upon questioning, if necessary. There were issues raised at this hearing which have not been adequately covered in that testimony, or in the information provided by the other witnesses today. We will be happy to submit further information in writing or at a future hearing.

There has been a great deal of interest in the Oregon bottle bill. The State of Oregon has received a continuous flow of information requests as to its details and success. The first request regarded the details of the law and its passage. These were followed by requests into the effectiveness of the law. Finally, we are now receiving inquiries into the comparison of Oregon's law with those in other States. In response to the earlier requests we developed an informational package entitled "Oregon's Bottle Bill—the 1979 Report." This report does not, however, adequately address the latest series of inquiries which we are receiving. We have seen no service to the Oregon public in carrying out expensive analysis and comparison of the Oregon bottle bill and litter tax approaches used or proposed in other States. These requests alone are already adding extra workload onto department staff to

respond just to the request for clarification of misinformation about the effectiveness of the Oregon law.

Now I would like to provide a brief update of my 1978 testimony. I should note that since the State of Oregon has allocated no resources to the collection and dissemination of research data on the bottle bill, we cannot answer many questions. Response to many questions is difficult because most of the recent information which is being distributed in discussions on State and national bottle bills is controlled, generated, and disseminated by opposition groups or their consultants.

If there are questions regarding the information within that report, or any testimony here this morning, I would be glad to respond.

Senator PACKWOOD. Do you see anything in the report that you presented that would need to be updated now, based on your experience?

Mr. BREE. In general the information, accurate information by the Oregon group bottle bill was collected during the first 3 years, or 2 years of the law, the effects of the change from a non-bottle-bill to a bottle-bill State, could only be accurately recorded at that time. Because the testimony is 2 years old, there are some obvious inaccuracies in dates and numbers, which changed over the last 2 years; other than that, the general information, the general success story, the bottle bill, remains constant.

Senator PACKWOOD. If we were to have national bottle legislation, should there be a two-tier approach or should it be uniform?

Mr. BREE. There are benefits to both systems and I think with the national program one of the benefits to the Oregon bottle bill two-tier approach is that it encourages the refillable container as being particularly beneficial to local bottling and brewing companies who are within a relatively short geographic distance of the public. On a national level that consideration would have to be varied. For national distributors and different conditions in various States, the major proponents of a one-tier system are the manufacturing of containers which are not refillable, the aluminum cans, and now the plastic beverage, soft drink beverages, those that see no benefit from the two-tier system, the glass refillables.

Senator PACKWOOD. Should a Federal law preclude State variation?

Mr. BREE. I would think that Federal law should set the minimum requirements for the system; if a State wishes to have a two-tier system, rather than say for a one-tier Federal system, for the benefit of the public of the State, it should be allowed to have the other legislation, to have their own State standards if they are more stringent than the Federal.

Senator PACKWOOD. And they should be allowed to have those standards, even though one of the purposes of a national bottle bill would be uniformity? You are saying that in your estimation the right of the State to vary from uniformity is more important than the uniformity?

Mr. BREE. I can't say, Senator, a parallel is to be found in other legislation, that has been established whereon those fundamental issues where uniformity clearly has some kind of a preference over the ability to tailor a program for individual circumstance, that might be identified. We would encourage, I think, as a State, the greatest flexi-

bility that you can provide, consistent with establishing whatever minimal levels of uniformity is needed to allow States to pattern the program of their own interests and their own particular circumstances.

Senator PACKWOOD. How serious is the alleged health problem regarding returned bottles?

Mr. YOUNG. There haven't been any particular problems; it is the retailers objecting to having to handle them and store them in their storerooms and so forth. That's the primary objection.

Senator PACKWOOD. To the best of your knowledge, no serious health problems?

Mr. YOUNG. No serious health problems.

Senator PACKWOOD. I understand the nuisance. I understand all things concerned, grocers prefer not to handle returned containers, but there has been no health problem?

Mr. YOUNG. No; no health problem.

Senator PACKWOOD. Gentlemen, that's all the questions I have. Thank you very much, for your time.

Is Richard Granger here? Richard Granger is representing Senator Hatfield.

STATEMENT OF RICHARD GRANGER, ON BEHALF OF HON. MARK O. HATFIELD, U.S. SENATOR FROM OREGON

Mr. GRANGER. Mr. Chairman, thank you for allowing me to testify today in behalf of Senator Hatfield who was unable to be here. I'll read the Senator's statement, and I will be open to any questions that you might ask:

Mr. Chairman, I think it is appropriate that the first hearing for S. 50, the Beverage Container Reuse and Recycling Act of 1979, be held here in Oregon. On the one hand, as ranking member of the Senate Commerce Committee, and as an original cosponsor of S. 50, you have worked long and hard promoting the deposit concept. This effort exemplifies your abiding concern for conservation, both in Oregon and the Nation. I have appreciated the support you have given S. 50. Your position on the Commerce Committee and your active interest in the deposit concept have made a crucial difference in the success of this bill.

On the other hand, today's hearing is being held in the State with the oldest functioning deposit bill. Oregon has had its bill in force since 1972, and despite the warnings of opponents of that time, the Oregon bill proved, on balance, to be greatly successful in accomplishing its original objective—litter control. This has resulted in secondary benefits so exciting that they displace litter control as the driving force behind the mandatory deposit issue. Today, you will hear Oregonians discussing the effects of the Oregon bottle bill on this State. I would like to mention briefly the effects of similar legislation on the Nation, as hypothesized by one of the most exhaustive reports completed to date, the Comptroller General's Report of 1977.

That study, completed in December 1977, attempts to assess the direct effects of a national beverage container deposit on American industry and the consumer. In an effort to examine the range of possi-

bilities and the effect the mandatory deposit will have, the GAO assessed two extremes of container mixes. One end of the scale was assumed to be the present mix of 52 percent bottles and 48 percent cans and the other was assumed to be a shift by manufacturers to a mix of 80 percent bottles and 20 percent cans. The final result might be anywhere between these two extremes.

Within these parameters, the GAO reached conclusions which should give us all pause to consider the opportunity we have to live in a more conservative manner without sacrificing convenience.

The GAO estimates that even during a 3-year changeover period to returnable containers, cost savings would more than offset the costs of handling returnables, plus the cost of changing filling equipment from one-way bottles to refillables. After the 3-year changeover, GAO estimates that industry, as a whole, would save between \$1.3 and \$1.9 billion the following year. The savings would accrue to the bottlers. Increased handling costs to distributors and stores would have to be offset by them.

The effect of a deposit bill on the environment would be beneficial. U.S. iron ore requirements could be reduced by 2 to 3 million tons. Bauxite and aluminum use could be reduced by 1 to 1.4 million tons. Energy use could be reduced by 116 to 156 trillion Btu's. Even at the low end of the GAO estimates, this represents substantial savings.

Recently, the President's Resource Conservation Committee estimated that the packaging and distribution of soft drinks and beer consumes over 33 percent of all glass, 14 percent of all aluminum, and 2 percent of all steel. Doesn't it make sense to reuse these materials over and over, rather than to import nearly 90 percent of our bauxite and aluminum, as we currently do, and then to use it once and throw it away? And are we not discussing daily the need to save energy? Can we really afford to burn over a trillion Btu's of energy each year and have nothing to show for it? These statistics account for my support of a deposit bill and should be compelling to anyone who considers the issue.

Another aspect of a national mandatory deposit is its high visibility. It has been almost a year since President Carter gave his hard-hitting speech in which he questioned our resolve to bear any hardship in order to break the grip of foreign interests on the U.S. economy. Since that speech, neither the Congress nor the President has offered the American people much of an opportunity to do something extra which would be their effort to reduce America's dependence. This is such a bill. Study after study has shown that the effect of this bill on the consumer will be minimal. However, it will make conservation a daily task, and, if Oregon is any bellwether, it will encourage recycling in other areas, as you will hear from the upcoming panel of recyclers. It is worth noting that under this bill, the consumer will still have the opportunity to discard his beverage containers, but that decision will reflect the true cost of discarding this valuable material and, in addition, will make it worthwhile for someone else to pick up that discard. In addressing that issue, the report notes that the return rate for refillable containers has never dipped below 90 percent, from 1947 to 1975, nationally. Also, it publishes the rate for the State of

Oregon since the passage of the Oregon bottle bill. Oregonians returned over 92 percent of their bottles and cans in 1976 alone.

The alternative to this situation is probably one where the use of nonreturnable containers increases. The GAO report cites one prediction that the packaged beer market would increase its use of nonreturnable containers to 97 percent of total output and the soft drink manufacturers would increase use of nonreturnables to 63 percent of the total by 1985, if the Federal Government does not intervene. It is on this basis that I maintain we must provide national leadership on this very important issue and enact national deposit legislation.

Mr. Chairman, during the coming hearings, some will suggest that this issue needs further study. I hope the committee will resist that idea. This concept has been studied by every State which has passed a similar bill and by the congressional Office of Technological Assessment, the General Accounting Office, the Environmental Protection Agency, and the Resource Conservation Committee, to name a few. To my knowledge, every single study I have seen, which was not paid for by opponents of deposit legislation, has supported such a law to a greater or lesser degree. By the time these hearings are complete, the GAO will have published an update to its earlier report which will analyze the Michigan experience and its lessons about the effect of deposit legislation on highly urbanized States. There is very little new which can be said about this legislation. It is time for action.

Another "red herring" which I hope the committee will reject is the model litter tax. This is an alternative concocted by the opponents of the deposit concept and it comes complete with a body of arguments designed to further confuse the issue. For deposit bill opponents, who are generally the manufacturers of the nearly 90 billion beverage containers which are produced each year, the advantage of a model litter tax is that it diverts the costs of polluting from the beverage industry to industry as a whole. This would not only spread the cost of beverage container pollution wider, but if the committee can be convinced to discard the deposit bill for a model litter bill, the beverage container industry will be assured of complete victory, since a national model litter tax cannot pass the Congress. In practice, it is a sales tax. Anyone who questions the national mood concerning a Federal sales tax, should note the public reaction to the value-added tax, a sales tax proposal by a certain Oregon Congressman. Also the recent Resource Conservation Committee report to the President studied the model litter tax and recommended against it. The RCC found that the litter tax was an unequitable means of raising revenue, provided no incentive not to litter had no effect on resource conservation, ignored the "polluter pays" principle and was inflationary.

In summary, I think deposit legislation is inevitable. The savings are there, the public support is there. In any State which has had an operating deposit bill polls have shown that support is uniformly in the 80 percent to 90 percent range. Even in the industry, many are coming around to the realization that it is the only way to stop such profligate waste of our nation's resources. Since the benefits far outweigh the costs, even in the industry there will be winners. They will be adaptable companies who seek ways to turn 90 billion problems per

year into opportunity. The losers will be the dinosaurs; slow, ponderous, and resistant to change.

Thank you again, Mr. Chairman, for this opportunity to speak today.

Senator PACKWOOD. The Senate Finance Committee reflects your opinion that any tax passed be it added tax, or litter tax, or any other kind of tax, in this Congress is dead, zero, gone, period. And anybody who is hoping for that as an alternate to anything is whistling in the dark.

What are the arguments that you are aware of that are used against the bill? Is there static that it causes high prices? Do you have any recent information?

Mr. GRANGER. Yes, sir, a survey was conducted by our office—an informal spot survey in several stores—Fred Meyer specifically, and Safeway in Portland and Vancouver, just to get a variation on prices, and we had some interesting results. For instance the six pack of 16-oz. Coca Cola in cans sold for \$1.99 in Fred Meyer stores, in Portland which was the sale price, regular price is \$2.19, and the same item sold for \$2.39 in a Vancouver Fred Meyer store. The six pack of 12-oz. 7-Up cans in Safeway stores in Portland, sold for \$2.09. Over in Vancouver it was in a Safeway store for the exact same price. A six pack of 16-oz. Coke cans, sold for \$2.35 in a Portland Safeway store, same item over in Vancouver in a Safeway store, \$2.35. Just from our facts and figures that we collected one could conclude that the price differences between the stores and in the same State are at least as significant as any price difference between the States. Generally there is a greater disparity on beer prices between the States—lesser costs in the State of Washington, but the soft drink prices are fairly even across the board.

[The information follows:]

APPENDIX

MAR. 2, INFORMAL BEVERAGE PRICE SPOT SURVEY

	Stores			
	Portland, Oreg.		Vancouver, Wash.	
	Fred Meyer (Lombard)	Safeway (Jantzen Beach)	Fred Meyer (4th Plain)	Safeway (on Main)
Coke:				
16 oz cans (6).....	(\$1.99) \$2.19	\$2.35	\$2.39	\$2.35
16 oz bottles (8).....	(1.49) 2.49	2.49	2.19	2.29
7 Up:				
12 oz cans (6).....	(1.79) 2.09	2.09	1.99	2.09
16 oz bottles (8).....	2.49	2.49	2.19	2.29
Budweiser:				
12 oz cans (6).....	2.45	2.45	2.09	2.29
12 oz bottles (6).....	2.35	2.35	2.09	2.25
Olympia:				
12 oz cans (6).....	2.29	2.29	2.25	2.25
11 oz bottles (6).....	2.15	2.15	1.89	2.09

¹ Vancouver stores sold only 12 oz size of Olympia in bottles.

Note: Prices in parentheses were sale prices for the item that day. Oregon prices do not include deposit.

Senator PACKWOOD. Thank you, I have no other questions.

Thank you very much, and thank Senator Hatfield for presenting his statement.

Mr. GRANGER. Thank you, sir.

Senator PACKWOOD. Next we will take Ted Gamble.

STATEMENT OF TED GAMBLE, PRESIDENT, GAMBLE, INC.

Mr. GAMBLE. Senator, I am very disappointed that the soft drink association could not be here today. May I say at the outset that none of my remarks should be construed as a recommendation, that the Beverage Container Act be adopted in any other market in the United States because we feel that each soft drink market is unique. The members of the soft drink organization a great many years ago agreed not to testify before any other State lawmaking bodies. However, your office requested only that I relate our personal experiences as it pertains to the subject under discussion. If I might, Senator, be allowed to deviate somewhat from my remarks, in the absence of Mr. Rabe I should point out that about 50 percent of the bottlers in the State of Oregon are in favor and about 50 percent oppose it. That was the breakdown we have at the time of the passage and I don't think it has changed since. So while I will relate my personal experience I should point out that other bottlers in the State have had almost diametrically exposed experience. The impact of the Oregon bill, on litter and solid waste, must be positive, for the past 7 years, my companies have experienced a 97 percent return of our glass package, and over the last 3 years better than an 80 percent return of our cans. Although Oregon had been historically a high return glass market prior to the passage of the Oregon deposit legislation, there is no question that the high return of cans is easing the problems of solid waste disposal.

The statistics we have read on litter in the State are in great conflict depending on whether the report is written by the packaging industry or the Government. I don't know whether our State is cleaner because our highway department picks up more litter, or whether it is cleaner because our citizens litter less, but the fact is that there is less litter alongside our highways than in our neighboring States. There is no question that the elimination of the detachable pull-tabs has made our beaches and riversides safer for recreational activity.

Our raw material consumption increased dramatically after the passage of the bottle bill. Prior to its passage, we had purchased our cans from outside suppliers. As we discontinued the distribution of cans for 4 years after the passage of the bill but continued to have overall sales increases, we had to purchase the raw materials to produce that volume ourselves (25 percent of our sales were in cans when the legislation went into effect).

Aside from the increased energy costs associated with increased production, we have substantially greater fuel consumption than the average returnable-non-returnable operation, the predominance of glass packages in our markets results in smaller (by unit) but heavier payloads on our trucks both going out and coming back. Additionally, we must maintain a much higher frequency of service in order to relieve our customers of their returned packages. I would estimate our fuel needs to be 10 percent to 40 percent more than the industry average.

Our employment requirements are 20 to 25 percent above the industry in the areas of sorting, warehousing, and loading, and we incur costs unique to the returnable operation.

Although it is necessary for our retailers to get a slightly higher margin than the national average for our products due to their increased handling costs, it appears that the consumer pays approxi-

mately the same prices for soft drinks in Oregon as they do in comparable markets. The industry margins, as far as they can be compared nationally, are lawyer.

I would like to make a side note. Directly after the passage of the bill, prices in Oregon remained at the same level, for 3 years, following the passage. And only increased beyond that point when we went through the sugar crisis, and that, well I have to note, because that is when one of them was misquoted, quite often in fact in my company, because of a competitive situation, our prices actually lowered, at the wholesale level, after the passage of the bill.

In no way has deposit legislation impeded the growth of my companies. Productivity per man-hour has dropped.

The industry margins, as far as they can be compared, are probably lower in soft-drink companies in Oregon. And that is as far as I can make a comparison. The other information is not available.

Senator PACKWOOD. Ted, you said 97 percent return rate of glass containers, that is very high.

Mr. GAMBLE. It has been historically high, but it is exceptionally high, 3 percent can probably be accounted for in breakage. We are not very sure if that is getting into the solid waste disposal sifting.

Senator PACKWOOD. I think that is about as high—97 percent—about as high as you can get.

Mr. GAMBLE. That is maximum. There is another factor, we had a Governor who made it his patriotic duty to ask people to return the glass to the store, and without that return the bill could not have been economically successful.

Senator PACKWOOD. Let me ask you an unrelated question, Ted. You talked about your productivity per man-hours dropped, does that have anything to do with bottle legislation that this is a critical problem facing American industry generally, I am curious why? Why has the productivity dropped?

Mr. GAMBLE. I wish that I could answer that. I was referring specifically to the bottle legislation, in that we have had to create jobs that do not lend themselves to greater productivity, particularly in the areas of bottle sorting. I would have to say that overall we are experiencing the national problem of lower productivity per man-hour throughout, whether it is clerical, or whatever category you might want to put it into, I wish I had the answer to that. We tighten down constantly, and try to—well, frankly I feel personally that it lies in the area of job enrichment. I think that an awful lot of the jobs in our society are plain boring, and people do not apply themselves seriously to boring jobs, and I think probably the answer to increasing productivity is job enrichment.

Senator PACKWOOD. That is interesting, because you know in Congress we are wallowing in all kinds of suggestions on how to increase productivity, and capital gains tasks, and depreciation, now are you indicating that those may not be the answers, that indeed capital formation may be overestimated?

Mr. GAMBLE. I think in my mind, Senator, it is comparable that what has happened here is that we have been creating more highly educated work force, year by year by year, particularly since the end of the Second World War. Our jobs that we have applied that work force

to, have not taken advantage of that increased educational level. I think probably industry has to go back and take a long look at what they have people, or how they have people apply. Automation is available to us, robotism, for that matter, is available to us, and I think that we can better probably employ our human resources in a current rate of employment.

Senator PACKWOOD. You know the figures of major industrial companies, we are lax in terms of increased productivity today. In terms of increase we are still ahead of the other countries, but we are rapidly declining and last year even Great Britain was ahead of us in the increase in productivity. If we continue on that trend, by 1985, we are going to be last in terms of total productivity among the major industrial countries.

Mr. GAMBLE. It would seem to me, that obviously the nations that took this tremendous technological leap after the Second World War, then employed the work force more effectively, took them out of basically digging the coal out of the mine with a pick and put them to sorting and grading coal, in the higher categories. Even England down through their severe economic problems, has in many industries automated more highly than we have. And I think it has a great deal to do with it. Frankly I think a lot of automation has not kept up so that we can increase our productivity.

Senator PACKWOOD. The one incredible area where productivity has increased tremendously is agriculture, over the years, and whether there is correlation or not, I know that is the one area of export where we have done magnificently well. If it wasn't for agriculture we would be in even more trouble in the balance of payments, and if it wasn't for agriculture we would be internationally bankrupt. And their productivity has continued to increase year by year, turning out more bushels per man-hour.

Mr. GAMBLE. But isn't it true they have been, again, the most technologically advanced agricultural industry in the world?

Senator PACKWOOD. Yes; by and large, and blessed with better growing conditions than any other country in the world. Japan can make good cameras and Germany can make good cars, but they simply do not have the capacity to farm as well as the United States; they don't have the land, and they don't have the background that we have.

Mr. GAMBLE. I think this is also the problem of capital formation. American industry has not been able to live beyond appreciation. They have not really been able to accumulate enough capital to substantially go beyond just appreciating the equipment. We have not really—and I understood we had made substantial technological improvements in the 21 years that I have been in it; we have higher speeds, but we also are selling more products, so it has a tendency to even out. There has not been any real substantial change in the way we produce our product, or distribute our product, in the 21 years I have been in the business.

Senator PACKWOOD. The machines are running faster, but you mean in fact, a general technological change?

Mr. GAMBLE. Our quality control has improved but I have to plan my acquisition of equipment based on my capital depreciation ac-

counts, there is no way I can turn around tomorrow and say that I can bring this company up to date, bring it up to the state of the art. It is impossible because in my instance, and I am sure in the instance of most small businessmen, they can't get far enough ahead to make that kind of investment.

Senator PACKWOOD. With the so-called 10-5-3 depreciation available?

Mr. GAMBLE. I am not sure. I am not sure if I can answer that.

Senator PACKWOOD. Ted, thank you. I have no other questions. I appreciate it.

We have a recycling panel, Mr. Jerry Powell, Mr. Lee Barrett, and Mr. Dan Smith.

STATEMENTS OF LEE BARRETT, GENERAL MANAGER, PORTLAND RECYCLING; JERRY POWELL, RESOURCE CONSERVATION CONSULTANT; AND DAN SMITH, PRESIDENT, SMITH & HILL SYSTEMS, LTD.

Mr. POWELL. My name is Jerry Powell, and Lee Barrett and Mr. Smith here are all members of the panel on recycling, and we will make some statements first.

Mr. BARRETT. My name is Lee Barrett and I am general manager of Portland Recycling, the Nation's largest recycling center operation; last year we recycled 18 million pounds of material. Mr. Powell is the managing partner in a solid waste management consulting firm, specializing in waste recovery and planning; he formerly directed a recycling firm for 8 years.

The Association of Oregon Recyclers is a nonprofit organization of over 150 groups, firms, and supporters which are involved in waste reduction and recycling activities in this State. I am the chairman of that association, and Mr. Powell is the secretary, and Mr. Smith is on the board, serving as marketing director.

The Association of Oregon Recyclers, representing recycling and waste reduction interests in this State, supports the national container deposit legislation. Our support is developed on the remarkable impact of Oregon's legislation on solid waste management. Mr. Powell and I find out that we would like to mention five points.

The first point I think may assist in answering the question you had of Governor McCall; that is, we feel the container deposit system encourages source separation of other waste materials in the household.

Some individuals will not avail themselves of recycling opportunities for a variety of reasons. For instance, a survey by the city of Seattle, Wash., indicated that 41 percent of those citizens not recycling with a city-sponsored collection system felt "it is too much trouble." While the EPA has determined that multimaterial recycling, including beverage containers, only requires several minutes per week of effort, this message is difficult to deliver to some individuals. The reverse distribution component of deposit systems for beverage containers is a living lesson to Oregon residents of the ease and simplicity of source separation. Once Oregonians have practiced the elementary and quick habit of container redemption, we Oregon recyclers can easily urge them to reclaim their food cans and news-

papers. And astounding numbers of Oregonians do recycle their household wastes.

While buy-back systems have been instituted in non-bottle-bill States such as Arizona and Washington, their success in retrieving cans and bottles from the waste stream is minimal compared to the return rates in Oregon. The result is more cans and bottles in Washington or Arizona landfills. For instance, the composition of wastes in Seattle and Portland—two similar cities—are different due to the bottle bill. There are 24 percent fewer cans in the Portland waste stream; a similar waste volume reduction in terms of glass bottles is noted in the data.

Mr. Powell has a statement.

Mr. POWELL. I think the third point we would like to stress is that container legislation leads to vast increases in the recovery rates for secondary recycling materials. And without a doubt, as Mr. Bree suggested, from the State's viewpoint, Oregon is a national leader in recycling due to our container deposit system. Later this morning I am sure that you will hear testimony from the representative of Continental Can, also from the representative of Industry for a Quality Environment, of Washington, where they will try to tell you that the buy-back or other litter taxes for recycling systems in the State of Washington have a higher recovery rate. My guess is that they will use obscure newspaper articles to discuss the failure of the Oregon recycling industry. I am here to provide you with some data and I would ask them to provide comparable data. Let's take a look at the impact of the bottle bill on recovery rates.

Tin cans—Oregon recycling businesses ship more scrap ferrous cans to the regional detinner in Seattle than do Washington recycling systems. This higher recycling rate is in spite of the fact that Oregon firms receive considerably less per ton in revenues due to the cost of shipping north. The manager of the detinning facility has stated that "we get three times as many household scrap cans from Oregon than Washington; there is more recycling in Oregon."

Glass bottles—another common item, and also recoverable from the container stream. The glass plants serving Oregon received 30,000 tons of waste glass in 1978; that figure is now 35,000 tons for 1979. In 1978 the glass plant in Seattle, Northwestern Corp., Oregon, had a recovery rate of 12,000 tons, 60 percent less in the same period. Washington's population is approximately twice that of Oregon.

Aluminum cans—with an aluminum can recovery rate twice that of Washington according to data from northwest breweries, there is much interest among national and regional firms in handling Oregon's returned aluminum cans. For instance, Alcoa, one of the national big three in aluminum, has established a recycling facility here in Portland. The recovery rate has satisfied the company. They have switched their corporate position on bottle bills from the previous one of opposition. In addition, several Washington aluminum recyclers have entered the Oregon marketplace to purchase redeemed cans.

If the committee desires more information on the increased levels of recovery which are a consequence of the passage of container deposit legislation we would be most willing to provide such information.

Mr. BARRETT. The fourth point, we believe that the container redemption system provides a steady and profitable income to recycling firms and beverage distributors.

Due to the massive growth of national breweries and due to the Oregonian's desire for beverages in cans, significant volumes of nonrefillable bottles and waste aluminum cans are available for reclamation at Oregon beer distributors and soda pop bottlers. We are here today to tell you that the competition for these recyclable volumes is stiff, particularly in the Willamette Valley. In some communities, local recycling firms or nonprofit agencies handle the materials at no cost—or possibly at a profit to the distributor or bottler. In other communities, large integrated firms like Portland recycling are able to profitably service the beverage industry, thereby assuring the organization of a steady cash flow in order to undertake broader recycling programs. In the State's largest communities, the recovery of glass and aluminum is sufficiently lucrative for the distributor to perform their own handling of redeemed containers. For instance, three of the largest glass recyclers in Oregon are beer distributors—Spear, Royal, and Patrick. The development of recycling systems for the beverage industry now serve the whole State. In addition, numerous jobs in the container-recycling industry have been created.

Mr. POWELL. Container recycling stabilizes and expands local markets for reclaimed materials.

We contend that the increased and assured volume of secondary materials from the redemption system in Oregon has led to market growth for glass, aluminum, and corrugated cartons. For instance, the following market developments have occurred in relation to Oregon's deposit legislation.

Alternative markets for glass cullet have been developed in Canby and Portland. I have noticed that there is a religious flavor to the one in Portland, since it is one of the United States' largest stained-glass manufacturers, and so what you see in the church may have been a former miller's bottle.

The Owens-Illinois plant in Oregon installed sophisticated processing equipment to increase their cullet use.

There is also intense competition for waste aluminum by national firms which has led to price increases and the development of recovery facilities in our State.

The corrugated mills in Millersburg, Toledo, and Coos Bay, Oreg., have increased their use of waste corrugated cartons in the last few years.

Finally, the market prices are stable and increasing with the price for scrap aluminum approaching \$1,000 per ton on the bulk market, cans are being sought in every Oregon community. Also, Owens-Illinois will announce, likely at the end of this week, a 7.5-percent price increase for waste glass to the industry. And as many know, waste corrugated cartons are now generating the best prices ever in recent years.

In conclusion, the energy savings, particularly for aluminum, from container recycling, the saving of scarce landfill space, and the reclamation of resources through recycling are the primary reasons why support from the recycling community for container deposit legislation is assured. In May of last year the recycling associations of Oregon—Association of Oregon Recyclers; California—California Resource Recovery Association; and Washington—Washington State Re-

cyclers Association met in Seattle to discuss container deposit legislation. We unanimously stated our support for legislation which leads to container redemption on a national level. And the Oregon experience is clear—container deposit systems increase the recovery of wastes.

The third member of our panel has some specific comments I think might be helpful to you.

Mr. SMITH. My name is Dan Smith, and in addition to being a board member for the Oregon Association of Recyclers, I am the president of Smith & Hill Recycling, Ltd. Smith & Hill is a company which recycles thousands of tons of returned beer and soft drink packages every month on a day-to-day basis; we recycle over 2 million empty beer and soft drink containers.

Senator PACKWOOD. Would you say that again?

Mr. SMITH. Over 2 million empty soft drink containers and beer containers a day. And that means some people don't drink a lot of beer and other people do.

Senator PACKWOOD. Would you go through that figure again? Two million cans—

Mr. SMITH. No, cans and bottles.

Senator PACKWOOD. And that's a day, and your facility is in Eugene?

Mr. SMITH. No; we have a facility in Eugene, and Portland, and one in Klamath Falls.

Senator PACKWOOD. You mean 2 million a day in Oregon?

Mr. SMITH. Not all of those are Oregon packages. We participate with other programs in other States, but the vast majority of that is in Oregon.

Senator PACKWOOD. That is a stunning figure, for a State with a population of 2½ million.

Mr. SMITH. But those are determined also from what we get from California, and I feel that it is quite obvious that the Oregon bottle bill has significantly pulled beer and soft drink packaging out of the litter stream and out of the waste stream. I feel that in Oregon we have been very successful in doing that. But I do want to point out that in the last 8 years we have learned a lot about bottle bills. And No. 1, it is very important to me that even a national bottle bill, if it were imposed, would have some regional differences. Maybe a national bottle bill could be administered on the State level, and I will develop this point.

The reason I feel this way is because there are tremendous differences in population densities, packaging trends and site specifics. And another issue that I want to touch on is that if the concerns for writing the bottle bill are litter, the bottle bill is very narrow, it only addresses beer and soft drink packaging so I think that we should take a look at additional comprehensive litter control programs.

The implementation of certified redemption centers which is usually pegged along with bottle bills, is a much more efficient system than what we are experiencing in Oregon and Michigan, for example. I am in favor of the redemption system, because it gets the filthy packaging out of the grocery stores, that has been mentioned earlier, and it is an important point.

Senator PACKWOOD. The redemption system being the present bottle return system, you wouldn't return to the stores, you'd return to redemption centers?

Mr. SMITH. Yes; redemption centers.

Senator PACKWOOD. Then the redemption centers would repay the deposit?

Mr. SMITH. Yes. We have the ability to do it and now we don't have the choice, it has to be either returned to the grocery stores or the redemption centers, you can't have an option. Because our company has tried to implement redemption centers in Oregon and take that packaging out of the grocery stores and help the beer and soft drink industry with the labor costs by recycling that nonrefillable packaging on the site, but it just won't work. It has to be one or the other.

Senator PACKWOOD. Let me ask you, if you went to a redemption center system, it's obviously not going to be as convenient to the consumer as taking it back to the neighborhood store, what would you expect would happen on your rate of return if you went to the redemption system?

Mr. SMITH. We haven't really addressed that yet. Of course in Oregon we enjoy high return rates, and we know that—and this happens a lot in Oregon—if the consumers don't bother to redeem that package, it piles up in the garage or wherever, and civic groups, Boy Scouts, Girl Scouts, and so forth, they go on bottle drives, they go door to door, and it used to be that they went door to door to collect newsprint, and so forth, and now the most successful fundraising drive they can go door to door is bottles. And so there are other things that can happen, I feel that the return rates would certainly remain high, with the deposit imposed.

Also, now, the Oregon Michigan style bottle bill only addressed beer and soft drink packages, and once again it has been tried in Oregon, but you can't really attach other types of packaging.

With the redemption center concept, we are not putting any impositions on the beer and soft drink industry, we are giving them an option, other items could be added to that, like liquor bottles, and wine bottles, and things like that.

OK, if the bill were written without restrictive packaging requirements, I personally still would be very much in favor of eliminating the pull tab, as one of the big benefits of the Oregon style bottle bill, and if we don't impose restrictive packaging and we don't put the industry in the recycling business, we can eliminate a lot of the industry opposition to bottle bills.

Also, to address the issue of the cost factor I think if we went with the redemption center concept or at least made that available, on a State by State basis, that we would not be imposing higher costs to the industry and the redemption center concept quite obviously to me saves a lot of fuel.

One way packaging now is handled the way refillable packaging is handled, up to five times before it gets recycled, and the redemption center concept takes the packaging and puts it right in the hands of the recyclers.

I made another list, and tried to point out the problems that we see, with the Oregon style bottle bill. The problems we see, of course, is that it is narrow and only deals with beer and soft drink packages. It

causes restrictive packaging, and a special bottle bill may alleviate that problem, but that is an expensive problem to the industry and the consumers. It is inefficient to handle packaging, recyclable packaging, when it has to be handled so many times, and of course grocery stores are food-processing plants. They have meat departments and they have produce departments, and beer and soft drink return packaging does carry high bacteria counts, and of course, this is how I happened to come up with this solution. The solution to this problem would be mandating the packaging go to certified redemption centers, of course certified redemption centers also want to give the distributors first option, they could always pick up their packaging on a frequent basis, because we feel refillable packaging is the best option.

Another important thing, and the reason I say I would like to have a national bottle bill administered on a State-by-State basis, I think if we had a national bottle bill, in Oregon things are the way they are, and people don't like to change it, so we would like to stay with the system we have, with the packaging going back to the grocery stores, and the State of Arizona, and the State of Washington, where they have a good buy-back system and good recycling efforts, I think it is very possible that in those States, they would opt to have redemption centers and not have that packaging go through the grocery stores.

There are tremendous regional differences, as an example, in Nevada, it is not economically feasible to recycle one-way glass packaging, there isn't a good market, and of course some people say they have lots of room in Nevada, I don't want to speak to the solid waste issue, but of course in Oregon we enjoy a good market, so glass recycling is economically feasible.

[The statement follows:]

STATEMENT OF DANIEL A. SMITH, PRESIDENT, SMITH & HILL SYSTEMS, LTD.

I feel the "Oregon Style Bottle Bill" was one of the most progressive and innovative pieces of legislation of its time. The proponents of the Oregon Bottle Bill are to be congratulated for their successful efforts. I also feel, however, that in the last 8 years, we have learned a lot about "bottle bills". To wit:

(1) It is very important to me that even a national bottle bill, if imposed, be administered on the State level. This is because of tremendous differences in population densities, packaging trends, and site specifics.

(2) If the concerns are litter, the bottle bill is very narrow and it must be accompanied by a comprehensive litter control program.

(3) The implementation of certified redemption centers would be far more efficient than the existing "bottle bill" system.

(a) That would get the filthy empties out of the grocery stores.

(b) The redemption centers would take all recyclables, not just beer and soft drink packaging.

(c) With the redemption center concept, other items, such as wine packaging could be included without any problems.

(d) If the bill were written, without restrictive packaging requirements, except the elimination of the Pull-Tab, it is very likely there will not be the industry opposition that exists now.

(e) This concept does not impose higher costs to the industry.

(f) This system saves a lot of fuel.

We implemented a bill in Oregon which took the beer and soft drink packaging out of the litter, and solid waste stream. We were very successful in doing that. We have, however, created a few other problems. We listed those problems and tried to develop solutions to them.

The problems with the "Oregon Style Bottle Bill" are:

(1) It is narrow; it only deals with beer and soft drink packaging.

(2) Because it causes restrictive packaging, and causes much higher labor costs, the retailers and the industry is very opposed to it.

(3) Non-refillable, but recyclable packaging is handled 3 to 5 times before it gets to the recyclers.

(4) Grocery stores are most often also food processing plants i.e., meat and produce departments are on-premise. Beer and soft drink return packaging is filthy and it does not belong in a grocery store.

To solve these problems, we promote:

(1) Implement a bill which imposes no restrictive packaging, except the elimination of the Pull-Tab.

(2) Mandating that the packaging involved must be redeemed at certified redemption centers.

(3) The distributors have the option of having their packaging recycled or picking it up at the redemption centers on a frequent basis.

SUMMARY

These solutions take the unsanitary packaging out of the grocery stores, they reduce the handling of the returned packaging. They save the industry and the consumers money and fuel. There are almost no reasons for industry to oppose this bill.

Senator PACKWOOD. Tell me again why it's not in Nevada?

Mr. SMITH. They don't have a glass company in Nevada, so it is a matter of transportation.

Senator PACKWOOD. They have to take it to California?

Mr. SMITH. Yes; to get it to market.

What we call bi-metal or mixed aluminum and steel cans, and the beer and soft drink industry, and if that packaging was here in Oregon, and it is to some degree, but only to a small extent, that packaging is not recyclable with economic feasibility. You can get that packaging recycled, but we can't do it profitably.

Of course in Oregon we enjoy a high percentage, in the 90 percent area, of aluminum packaging and of course aluminum packaging is readily recyclable.

Senator PACKWOOD. Gentleman, thank you, and I don't have any questions. And Mr. Smith, your figures are very interesting. I want to make sure, once again, every person in Oregon, every day, using at least one bottle or can.

Mr. SMITH. Right. But that's not even close.

Senator PACKWOOD. But that's all you're doing?

Mr. SMITH. All our company processes is the nonrefillable beer and soft drink packaging, and maybe Ted Gamble could address to it more than I could, but certainly a far greater percent of the packaging is refillable.

Nr. POWELL. Also the biggest beer distributor in Portland and Eugene is not serviced by Mr. Smith's company, but in fact handle their own recycling, and this adds on to this figure that he offered.

Mr. SMITH. That's a lot of beer drinkers.

Senator PACKWOOD. Thank you very much.

Next we will take Gordon Bronk.

STATEMENT OF GORDON BRONK, PRESIDENT, LOCAL 112, GLASS BOTTLE BLOWERS ASSOCIATION

Mr. BRONK. Thank you very much for the opportunity of appearing before you to express my concerns over the job losses in our plant due to the Oregon bottle law.

I am president of Local 112, Glass Bottle Blowers Association, Portland, Oreg., and I am, fortunately, still employed at the Owens-Illinois glassmaking plant in Portland. Others are not so fortunate and I will tell you about them.

But first let me tell you about the bottle bill and how I feel about the State of Oregon. I am proud of my State. It is a clean State, a clean State for a variety of reasons.

The question of whether the bottle law has cleaned up my State has been furiously debated and the debate has never been resolved. Numerous times the matter has been put before State legislators and has been turned down.

The argument over whether the bottle law is a successful measure for conserving energy has been argued; and in my opinion, it has never been proven that Oregon conserves more energy because of the bottle bill. In fact, there are many figures out there that do not substantiate that claim.

Senator, I would like to deviate from my prepared testimony and I know you are aware of the study that was made after the bottle bill was implemented at a cost of \$50,000 to the State of Oregon. It was made by Applied Decisions Systems, an independent firm. A representative of Senator Hatfield made the statement before you a few moments ago, that some of the reports and studies that were made by opponents of the bottle bill were not acceptable regarding facts on the issue. I am sure, Senator, that you will agree with me that the credibility of the opponents of the bottle bill has been questioned many times. The same applied to that of the proponents. The independent study made by Applied Decisions Systems and contracted by the State of Oregon to weigh the effects of the bottle bill was not officially recognized by the State of Oregon as a credible reference. Yet, the report is available at a cost of \$7.50. I question the reasoning of the ex-Governor on the issue. But I am not here to renew arguments about litter and energy. I must leave those to other experts in the field.

No one, not one person has ever based an argument for the Oregon bottle law on the suggestion that the Oregon bottle bill is a good way to increase employment. Some have claimed that the bottle bill has created more jobs than it destroyed. But none has claimed it is a good job-producing bill.

If a measure like the Oregon bottle law could produce jobs all of us in this room would be working for their passage and they would be passed.

The plain facts are the Oregon bottle law produced a loss of jobs and job opportunities in Oregon and a national bottle bill would do the same thing, only the effect would be many times greater.

Senator Hatfield knows what I am talking about. He has been at our Owens-Illinois plant in Portland. He has seen the idle equipment and the holes in the production floor where two forming machines were removed and production lines permanently closed because of the bottle law.

And Senator Hatfield agrees with me. He has told me that if a piece of legislation threatened his job, he would oppose it. The bottle bill threatens my job and the jobs of my brother and sister workers.

Not only did the implementation of the Oregon bottle law in 1972 cause a direct employment loss in my plant, it also continues to depress

the job market. Presently we have had to shut down another machine. Opportunities for at least 100 jobs in my plant are gone forever because of the Oregon bottle bill.

My words are not just idle words by a disgruntled unionist. My words are confirmed by other laboring folks in my State.

They are supported by the Teamsters in Oregon, whose president, Joe Edgar, has written :

Once again, I state that we of the Joint Council of Teamsters No. 37 in Oregon are absolutely opposed to the Oregon Bottle Bill and to extending this type of job destroying legislation to any state, local or national jurisdiction.

R. G. "Bob" Kennedy, president of the Oregon AFL-CIO, has repeatedly expressed the opposition of that statewide organization to the bottle bill.

He wrote to me :

As you know, the Oregon AFL-CIO is totally and unequivocally opposed to this type of legislation and is convinced that the Oregon experience proves that bottle bill legislation is not a meaningful and sensible answer to the litter and solid waste problems here or elsewhere.

Senator, remember if you think you are on your way to enacting a popular politically ripe piece of legislation, that there are a great number of little people whose jobs you will be destroying for the sake of political expediency.

The working person's right to life, liberty, and the pursuit of happiness is directly dependent on his job, and the pursuit of happiness is dependent on the quality of life achieved through the quality of employment and the quality of environment, and it is the duty of the working person and society to strive for meaningful employment for all and forever more improving environmental quality.

Ill-conceived environmental protection of that single purpose can be counterproductive to jobs and the economy and in my opinion recycling all solid waste material is a step in the right direction and does conserve our natural resources.

The Portland Owens-Illinois facility where I work recycled 69,000,000 pounds of glass in 1979 which is a 14-percent increase over the year 1978. Thus reused glass represents over 25 percent of the materials being used in the manufacture of new glass. In addition to conserving natural resources, this recycled glass contributes to large reductions in energy usage for our manufacturing process.

The notion that all returnable beverage container bottles in Oregon are reused is false. For example, none of Oregon's No. 1 selling beer, Miller, bottles is reused. All Miller bottles are culleted—crushed and recycled through the Owens-Illinois glass container plant in Portland after a single use. Miller represents about 20 percent of the Oregon market. And of course, none of the beverage cans are reused after filling just once. Neither are Schlitz bottles reused—about 10 percent of the beer market—nor are Michelob, Mickey's Malt Liquor, and a number of other beers.

More than one-half of all deposit containers in Oregon are not reused.

The Oregon bottle bill just is not what it is cracked up to be.

The biggest distortion of truth is the claims of our beautiful clean roadsides being the result of the bottle bill. This is poppycock. The

national publicity on the bottle bill never mentions the hundreds of sacks of junk removed each month by the litter patrol financed out of State revenues. What has really happened is that we have a large number of low-paid people picking up the litter of the more affluent.

With the soaring unemployment figures in this country, it seems ridiculous to have people of our industry make such a sacrifice. Their jobs are important and should be protected.

Senator Packwood, thank you for the privilege of testifying before your committee on S. 50.

As you know, we have a dramatic difference of opinion over this particular piece of proposed legislation. Apart from the bottle bill we are each committed to strengthening Oregon's economy and where we can agree you can be assured of my support.

Thank you.

Senator PACKWOOD. Mr. Bronk, let me ask you this. Are you testifying that a bottle bill results in a net loss of jobs, or a loss to your particular segment of the work force?

Mr. BRONK. In the State of Michigan, the Charlotte-Owens Glass Plant shut down a line permanently which cost the people in that plant 160 jobs. All I am saying is in my opinion that until it is proven that a national bottle law would eliminate all the problems pertaining to litter, I am opposed to it. I contend that any time you single out a product or an industry, where there are numerous other sources of litter that prevail, then that is a discriminatory measure. One of your biggest contributors to solid waste is paper, and I am sure that if I went back with my well-read newspaper and requested a 5-cent deposit, if the law applied, there would be resentment. I heard the ex-Governor Tom McCall state this morning that when big business and big labor walk lockstep, they are almost impossible to defeat. Well, I am not big labor, I am not big union, I am a local union president. I go away back, I'll be retiring in a couple of years. I am concerned, and I hope that there is still retirement for the people that follow me and I think that a national bottle law would have a further adverse effect on our industry and the jobs of members as a whole.

Senator PACKWOOD. The only studies I have got all indicate that there is an increase in jobs in the passage of the bottle bill.

Mr. BRONK. You have low-paying jobs, bottle-sorter jobs, and as Mr. Gamble stated there is an increased cost in the energy, and there is more energy used. In reference to jobs I don't know what the total number is and I would not give you a figure that I could not substantiate. As an opponent on the bottle bill, I wouldn't want to stick my neck out, because if we make a statement and you find it in error, then it can be used against us; many times this has happened in the past.

Senator, I cannot give you an exact figure. I imagine that there are low-paying jobs, we are sacrificing high-paid, skilled jobs for people that are box boys, that are getting basically a minimum wage.

Senator PACKWOOD. I am reading here from the Michigan study, this is a legislative report study on Michigan, where they conclude that there has been a net increase in jobs in Michigan since the initiation of their law.

Mr. BRONK. As I said in my testimony, there have been numerous figures given out, by both sides. The proponents of the bottle bill are

accused of not telling it as it is, and probably there are people in our industries telling you people you are not telling it as it is. I don't know; there is a study on record and that study has not been acceptable. Maybe you won't accept my report; I can't give you the answer on it.

Senator PACKWOOD. Mr. Bronk, I am trying to come to an honest conclusion, the only reports I have are that in your industry and your union, there is a decrease, and I am trying to find, if it is because of the bottle bill, is there a way of cushioning that? But I don't have any studies that show either a net loss of jobs, or a net reduction in pay. Both figures increase, and I am looking for the evidence that you are talking about.

Mr. BRONK. Senator, you will have to get somebody with more expertise in that area than I have. All I am talking about is personal experience.

Senator PACKWOOD. Thank you very much.

Don Waggoner?

STATEMENT OF DON WAGGONER, REPRESENTATIVE OF THE OREGON ENVIRONMENTAL COUNCIL

Mr. WAGGONER. Senator Packwood, my name is Don Waggoner. I am appearing as the representative of the Oregon Environmental Council, a group that has followed Oregon's bottle bill very closely. I have personally been associated with and have followed container legislation activities for nearly 10 years. My testimony regarding Oregon's experience with this bottle bill can be summed up in three words: It really works.

The 1971 Oregon Legislature passed Oregon's bottle bill after one of the most intensive lobbying activities by both opponents and proponents that Oregon has witnessed. Opponents time and again stated that it would not work. We were told that a refund value of soft drink and beer cans and bottles would not encourage consumers to bring back those containers so we were wasting our time. Next we were told that litter would not be reduced since those that litter don't care about the economic incentives of refund containers. We were also told that total jobs would decrease and that cost to the consumer would rise because of the bottle bill.

Well, the people of Oregon and our legislators did not buy those arguments. We didn't know for sure what would happen, but we decided to try it. Indeed, one of the provisions of the bill was a requirement that a careful review be made of the impacts after it had been given a chance to show what it would do.

Well, so we tried it and we do like it. Those who spoke in opposition to Oregon's bottle bill have found that their arguments were not validated by Oregon's experience. People did bring their cans and bottles back. Return rates for soft drink refillable bottles stayed at their previous high rate of slightly over 95 percent while return rates for refillable beer bottles increased from 82 percent to 93 percent. Can return rates were up to 70 percent soon after the bottle bill went into effect and have since been rising to somewhere between an 80 percent to 90 percent return rate at this time.

Litter was reduced dramatically. Beverage containers are a very visible part of roadside litter. After all, they are designed to catch your eye on the shelves where they are sold. Careful analysis of 31 1-mile test sites were carried out during the year before Oregon's bill went into effect and for 2 years after the bill went into effect. On these test sites, comparable figures show that beverage container litter was reduced 83 percent by piece count. Apparently because many of those who used to throw out cans and bottles stopped that habit, they also littered fewer other items. Consequently, litter rates went down 21 percent for nonbeverage container items resulting in a total piece count decrease of 35 percent for all littered items. Cans and bottles tend to be somewhat larger as well as more visible than other items which are littered, so the total reduction in roadside litter by volume was 47 percent. Therefore, we can conclude that Oregon's bottle bill either directly or indirectly resulted in a cut in Oregon's littering by one-half.

Consumer prices were not affected unfavorably. Since Oregon's bill went into effect, inflation has been a major factor throughout the country. So, while prices did increase on all items, they were going up elsewhere as well. The net effect to Oregon consumers was that they were buying more products packaged in refillable containers. There is a substantial savings to the consumer, especially for soft drinks, when purchasing refillables. Therefore, Oregonians actually saved money due to Oregon's bottle bill.

President Carter has stated that the energy situation which confronts us is the moral equivalent of war. I believe that this is true. Our country currently is experiencing major problems due to our inability to control our energy consumption. The single-use container commonly known as a throwaway symbolizes the throwaway ethic which has come into vogue during the last 20 years. It is one of our best examples of energy waste. The EPA-commissioned report entitled "Resource and Environmental Profile Analysis of Nine Beverage Container Alternatives" typically showed energy use ratios of 2 to 1 between refillable bottles and nonrefillable bottles or cans which were being recycled at rates found in Oregon before Oregon's bottle bill. Especially in the case of aluminum cans, a large benefit occurs when these cans are returned for recycling.

The combination of a major change to refillable bottles plus a large increase in recycling rates for cans results in a major energy savings. Two years after the bottle bill became effective, compared to pre-bottle-bill values, Oregon posted an annual savings of 1.4 trillion Btu's due to Oregon's bottle bill.

This compares favorably with the GAO report. It is rather amazing that it comes out that closely.

This computation considers all aspects of the beverage system. Thus, it includes impact on the entire United States due to Oregon's decision. For perspective, the 1.4 trillion Btu's saved would provide enough energy to heat the homes of a city of 40,000, heating with natural gas. Another way of looking at this is that this is a savings of 46 percent of the total energy required for all Oregonian's beverage consumption. Here again, we found a significant positive impact savings. Energy consumption was cut nearly in half.

The other impacts of Oregon's bottle bill have been studied carefully and reported in detail. For example, no increase in enforcement activities was observed which would affect the littering rates. No changes in litter pickup expenditures were observed. No significant changes in historical patterns in either beer or soft drink sales were observed. Total employment was increased; an approximate net increase of 55 to 365 full-time jobs were created. Economic effect on industry was small. National studies have repeatedly confirmed that this same pattern would be shown should the bottle bill concept be extended nationwide.

So, what is holding us back? Why—if the blight of roadside litter is reduced dramatically, significant amounts of energy are saved, jobs are created, and there is no significant adverse impact on industry as a whole—wasn't the concept of S. 50 implemented years ago?

The answer seems to be that, while the net results of this change are very positive, it does represent change. In any change, there are those who benefit and those who believe that they will lose. Up to now, the can manufacturers and bottle manufacturers have believed that they would be the net losers. Recent information should cause them to re-evaluate their position.

The bottle manufacturers who once satisfied all the needs of the soft drink and beer industry through production of refillable containers, were forced to enter the single-use market because of competition from the cans. A move to a refillable market means an ensured long-term market for refillable containers. Even a bottle which makes 20 to 25 trips does eventually break and must be replaced.

Looking at cans, rising energy costs and long term scarcity of aluminum are problems which a refund concept assists to a rather marked degree. The economic incentive to return empty aluminum cans works. Every can that is recycled saves significant energy and conserves needed resources. Based on the return rates that Oregon is now experiencing, there is only a slight energy penalty associated with use of the aluminum can as opposed to the refillable bottle.

It is significant that we are having this meeting in the Bonneville Power Administration auditorium. The BPA has been rather staunchly in favor of the Northwest regional power bill and in that region, we are producing 30 percent of the aluminum that the country uses. I've heard testimony today that 14 percent of all aluminum goes to cans, and a rather small percentage of the nationwide production is recycled. So if we are saying that we can save probably close to half of the annual production of aluminum by bottle bill that would have a very significant impact. I agree that aluminum is a very versatile material and we need to be continuing to make it, but to put it into aluminum cans, to sell soft drinks and beer on a single-use trip, to the dump, doesn't make any sense.

There would be two alternatives, I think, when you start to talk about saving energy. One is to make an overall energy budget and say for the beverage industry "you must achieve some level of BTU's per filling." In the case of automobiles, where we also should be able ultimately to achieve energy savings approaching 50 percent, Congress has elected to give the auto manufacturers flexibility in meeting energy conservation goals by requiring fleet miles-per-gallon per-

formance by stated dates. After complaining bitterly, the auto manufacturers are indeed meeting these goals.

The specific changes required in the case of automobiles will certainly vary widely from manufacturer to manufacturer. In the case of the beverage industry, however, required actions are simpler: Move to refillable containers wherever possible; move away from single-use glass containers; encourage high recycling rates for all aluminum containers; and, discourage the visual blight cause by littering beverage containers.

S. 50 would accomplish all of these purposes. Based upon Oregon's experience, total litter will be cut by approximately one-half, and beverage container litter by more than 80 percent. Energy usage will be cut in half, jobs will be created and there will be no net increased costs to the consumer.

One suggestion for change to S. 50 is offered. To further increase the incentive for return of nonrefillable containers and to encourage the use of standard refillable containers, the minimum refund on containers which are not standard refillable containers should be set at 10 cents.

We endorse the position that we are involved in the moral equivalent of war and, indeed, run the risk of being involved in something that goes beyond the moral equivalent of war as a direct result of our energy wastefulness. Energy conservation has been pointed out by many as the cheapest, fastest and most certain way to curb our energy consumption. S. 50 would make a significant contribution to energy conservation and its passage would signal our intention to continue to take effective action in this area of urgent national concern.

We strongly support favorable action on S. 50.

Thank you.

Senator PACKWOOD. Let me thank you. I don't have any questions, but let me congratulate you for your long-term interest in this. I think you are the first one I ever heard testify or talk about this bill, and you are even aware of the energy parts of it. In fact, before the Nation was aware of the energy crisis, that was prior to the 1973 embargo and I admire you for sticking with it. And thank you for keeping us up to date on it.

Mr. WAGGONER. Thank you.

Senator PACKWOOD. Next we'll take David Whitbread, from the Oregon Beer and Wine Distributors.

STATEMENT OF DAVID WHITBREAD, OREGON BEER AND WINE DISTRIBUTORS ASSOCIATION

Mr. WHITBREAD. Good morning, Senator. I wish you could be as complimentary when I am through as you were with Mr. Waggoner. I am afraid you won't have that opportunity. I will take 5 minutes, I would like to say I was before you 2 years ago in Washington D.C. on this very subject. At that time I suggested some positive additions. Since that time more things have become more and more apparent than a bottle bill, nationally, as so designed, would not serve all of those purposes everyone claims it would. I am a native Oregonian,

and you and I went to the same high school, as I recall, and I am a citizen of these United States.

I am very concerned about the dissemination of such information that is in such error, and so outdated that we are really being unfair to all those who are considering this possible legislation. I cite, the letter coming out of the State of Oregon, in the packet I have given your committee.¹ I hope you study it because it does compare a letter written in 1978, and again this January. It is the same copy. It still refers to proponents reports, basically, that purport to be factual, when in effect I think they are factual inaccuracies.

The other one is the Department of Environmental Quality Report of 1977 and 1979. All they did was change the Governor's signature, and a few other things. And used the so-called statistical information from 1974 to 1976. We found that when they compared an Anhaeuser-Bush 12-ounce container in Vancouver Safeway stores, that they compared that with the 11-ounce stubbies here in the State of Oregon so we compared by the ounce, and found that the package in Oregon at that time was 95 cents per case more.

You have to refer to the media bias and I am sorry because I used to be a member of this august group. I visited you back in Washington, D.C., I thought at least the Oregonian would say something about my visit back there, but it was not covered, and I find that almost frightening. I am not paranoid but I am saying that you really haven't given industry an opportunity to speak, you and your committee, the media. Why that is is beyond my comprehension.

We are not out to destroy this country; we are not in favor of litter. As a matter of fact, I got up very early in Eugene and drove up the freeway and there is a lot of litter there. We really haven't solved the litter problem. But let's talk about the energy that Mr. Waggoner just referred to, all the savings, on the returnable packaging. Now everything in Oregon has a returnable price on it, up to 5 cents. He is referring to the refillable containers, the refillable containers are the 11-ounce stubbies, which were adopted when the bottle bill went into effect. Because of the pull tab ban on the cans of beer, the stubby became a very viable instrument. If you will check the grocery stores today the consumer has said, "I don't want that ugly package," and they are not buying it. Unless it is a generic thing, they are going for the price so we are not into the refillable bottle. Oregon somehow has said to the consumer, "what would you like?" and they are trying to supply what the consumer wants. So it is misinformation to say that they are receiving all this energy by refilling all these containers. I am referring to the beer industry as compared to the soft drink. We think there is an energy waste. We had to buy bigger trucks. We leave the warehouse with partially empty trucks, obviously burning more fuel, and making half the stops we used to. There's the double handling problem, not to mention what happens to uniforms when we throw those cases on a truck. We don't see a great increase in jobs in our industry. What happens is when Schlitz sales goes down and Miller's goes up, one employment goes up, the other goes down. We do see the box boy, the warehouseman, becoming more evident.

¹ The material referred to has been retained in the committee files.

I have included quite a few items. The recycling program in Arizona, which does rely a lot on people who say there is money in this stuff, like newspapers, and tin and aluminum and glass, and they do bring it back. Competition now is operating alongside the beverage industry recycling program. And it is the so-called private enterprise system as compared to what is happening here.

I guess in conclusion my greatest concern is that we have just so much energy in this country, and the mandatory deposit law, since 1969, through 1979, research shows that 1,793 container bills have been discussed in this Nation. My concern is that our energies would best be spent on life and death issues facing Congress now. However, if it is still believed that a national bottle bill must be pursued, then for God's sake, come and talk to the wholesalers and the retailers who are saddled with trying to stay in business and make a small profit at the end of it. If you don't do that, if you don't clarify all the misinformation in the State of Oregon, I think you will do a disservice to the Congress and to all the citizens of all the States.

Senator PACKWOOD. Dave, I have a question. You mentioned about the media bias. Probably everybody thinks there is media bias, the public thinks the media is against them, and the Democrats think the media is against them. Why do you think they are against your position, or don't report it?

Mr. WHITBREAD. Well, in the package that I left for you, I have a set of pieces of paper that shows what the Oregonian and the Eugene Register Guard did with Washington, Ohio, and Maine reporting. It is right there in black and white.

Senator PACKWOOD. But why?

Mr. WHITBREAD. Well, it is a "good idea." Oregon is a pioneer State, and they—media—are going to keep us in this covered wagon as long as they can.

Senator PACKWOOD. Why is the Oregon bottle bill so popular with the people of the State?

Mr. WHITBREAD. Because the people of Oregon have not been told the truth.

Senator PACKWOOD. Well, all they know is that they live with it. They buy their cans and bottles and return their cans and bottles.

Mr. WHITBREAD. Well, if here's at least 5 cents on those containers, that's 30 cents.

Senator PACKWOOD. You and I have seen the same polls in Oregon that people like the bottle bill. They say "yes", and they have a feeling that there is a dramatic drop in bottle and can litter. You are trying to analogize this to a litter bill. It is not a litter bill in the engineering sense, it is a bottle and can law, and the public likes it, and they think that litter has gone down, and it appears to have gone down. They are not being misled as to such a conclusion. They come to it on their own.

Mr. WHITBREAD. Well, the beverage container is 20 percent of the litter stream, and if we solve 73 percent of it, as Don Waggoner said, then why in the hell don't we attack the other part (80 percent). We are using highway funds to pick up the litter, we are littered with litter bags in the summer time, when the kids are out there, right now it is lousy weather, and no one is picking it up, and it looks like hell, and you know it and I know it, all you have to do is go out and look,

so are we really solving the problems like energy? Remember the trucks we are driving, remember the grocer's double handling, they have to hire box boys. I understand what you are saying, you are saying we should get away from being a throw-away society, but I think if we realistically would say solid waste management is the only way, total resource recovery where we quit taking pieces out of the garbage stream is the answer. I think you have probably journeyed through the southern and far eastern part of Oregon. There is plenty of space where we could put litter if we had to, or we could really start garbage dumps where we could resell it, or at least give it time to settle, then we could recycle all these items that end up in the dumps. Actually what we are doing, is recycling the dinosaurs of today—re-oil. So all I am saying to you is in our estimation, as businessmen, we are trying to stay alive, and are very confused about what is really happening in the marketplace, and how statistics have been manipulated and have not been updated—because it is too expensive, according to Mr. Bree. We really can't go on across this Nation, and mislead when the truth in Oregon has not been told. That's why I say if you are going to pursue this you owe it to this Nation to do a bonafide survey about the impact.

Senator PACKWOOD. Dave, what we are trying to do in legislation is to get the pros and cons, and come out on which side is best for the country, based on the best it can get. We'll make mistakes in judgment that's the nature of mankind I guess, but I look at the energy studies—

Mr. WHITBREAD. They are incorrect.

They are way incorrect. Look at the State of Oregon letter and what it refers to, as information that you could use, to go ahead and do your own bottle bills.

Senator PACKWOOD. Look at the General Accounting Office study, that didn't come out of Oregon, and that is just one among several that concluded that it is an energy saver.

Mr. WHITBREAD. Based on the refillable containers.

Senator PACKWOOD. Now the GAO is a reputable organization. Congress makes mistakes, but I don't know any better facts that we are getting, yet you say "wait for more studies,"—

Mr. WHITBREAD. Let me ask this question, I suggested it 2 years ago, in fact we sent a telegram to President Jimmy Carter in 1977, when the GAO report came out, and the telegram says "For God's sake, come and talk to us," now why don't they come and talk to us?

Senator PACKWOOD. Dave, they do. Now you know very well that you testified at the national level, you had your Washington counsel with you, you were listened to, and in addition your national association made comments on the GAO report. You say your voice is not heard. Your conclusion may not be agreed with; but it is not that you were not talked to.

Mr. WHITBREAD. I am here arguing—

Senator PACKWOOD. You think it would be commonsense to talk to the retailers and the wholesalers in the State of Oregon. And we do.

Mr. WHITBREAD. Well, I don't see that here in the reports, I don't see your talking to them. Do you have a survey of the wholesalers?

Now Gudger & Bailes did one right after the bill; some of those people are probably not in business anymore, so I don't think you have talked to them. All I am asking you to do is to seek the truth as we do.

Senator PACKWOOD. Do you mean have a survey of what they feel about the bill, a survey of what they think about energy, litter, or what? What are you asking?

Mr. WHITBREAD. I say come and talk to us. Testimony to this point is that we are in a refillable container; this is untrue. That's a factual aspect; that up to this point, until I sat down and shared some thoughts with you, it was pretty well understood by the audience that we are saving half the energy because we are in refillable containers. We are not in refillable containers. One thing I might bring up, when the bottle bill went into effect in 1972, it's true there was no real change in the price of a bottle of beer in the State of Oregon. The consumer, however, did not realize he had lost one ounce per container, and the price stayed the same. The reason was because at that time the three regional brewers were very strong; they said don't change prices. So the profit margin went and the consumer got 6 ounces less in each six-pack, and they didn't tell them, did they? They didn't know it.

Senator PACKWOOD. The same thing has happened to candy bars.

Mr. WHITBREAD. Well, I am just saying that we are not saving all the energy that Mr. Waggoner refers to, because we are not refilling glass containers. Thank you very much.

Senator PACKWOOD. Thank you for coming.

[The statement follows:]

STATEMENT OF DAVID WHITBREAD, EXECUTIVE SECRETARY, OREGON BEER &
WINE DISTRIBUTORS ASSOCIATION

Senator Packwood and members of the Committee, I am David Whitbread, the Executive Secretary for the Oregon Beer & Wine Distributors Association. I am before you today to speak in opposition to a national mandatory deposit law on beverage containers.

Two years ago I was before you in Washington, D.C. on this very subject. At that time I suggested what were considered to be positive recommendations for trying to make this type of legislation work. Since that time, it has become more and more apparent that a national bottle bill would be very disruptive and not do what it is intended to do.

We have been told that the Oregon Bottle Bill helped solve the litter problem in the State of Oregon. During our visit here look around. You will see that litter does dot our highways and it does include some beverage containers. Another reason why proponents of a bottle bill shout its effectiveness, is the savings of energy. I will address that in some comments as it impacts on the wholesale level of distribution of beer to the retailers.

I suppose what concerns me most as a native Oregonian and citizen of these United States is that information disseminated from the State of Oregon is so outdated and untruthful, that we are misleading other states and others who are basing their law on ours. Another concern is the bias of the press, here in Oregon especially and their reporting methods covering this topic. There is an energy waste with the bottle bill, and the jobs that they keep talking about really are box boy type jobs, and as we all have seen, glass-making jobs have disappeared in our state. Finally, reference to the refillable container is always based on the fact that with the return of the refillable, all of the savings will be made, when in actuality, the refillable is disappearing from the Oregon market place.

I will cover these topics I have listed as concerns and use documented data that I will attach to my testimony for the committee's consideration.

1. INFORMATION FROM THE STATE OF OREGON

Up until two years ago, a form letter from the Oregon Liquor Control Commission made statements to this effect:

"It's success has been dramatic. It has contained acceptance from nearly every group affected. There has been a major change from one way to re-useable containers with no major problems encountered during the changeover". I am told that this letter is still being utilized in hearings across this nation.

The State of Oregon Legislative Council Committee also has a form letter that was prepared obviously prior to September 13, 1978 as my file will show a letter to a college student in Brenham, Texas. This same letter was sent to me at my request when I asked for information about the bottle bill this January 28, 1980. You will notice that the two letters are the same and they refer to data that is very, very outdated. "There has not been any major disruption in the retail sales and distribution systems". That statement is untrue. Consumers in Oregon overwhelmingly approve of the law. That statement must be followed with the statement that the consumers of Oregon have not been told the truth of the bottle bill.

Another document from the State of Oregon comes from the Department of Environmental Quality. When you compare the 1977 report with the 1979 report, you discover that the Governors changed, however, the cover letter did not. It was the same letter with a different signature. However, these reports, the one being sent out now dated 1979, still utilizes the old research for the 1977 but the source of some of this information dates way back to 1974. This document put out by the DEQ utilizes information from proponents of a bottle bill. They use the comparison of prices in Safeway stores in Portland and Vancouver. And remember in 1976, the fact that a Vancouver Washington store (Safeway) was charging \$1.68 a six pack of 12 ounce bottles. They list in the Portland store, \$1.72, however, those are 11 ounce bottles in that comparison so the consumer is missing six ounces and paying more, plus the deposit on the beverage containers. As this particular document is still being utilized throughout the nation, I think it is fair to say that because the information is in error, it should be either stopped or corrected before it is sent out any longer. On that pricing, when we compared the Vancouver container with the Portland container, to make it fair, we broke it down into so many ounces per case and then we took all the costs. The state tax, the f.o.b. plus tax, the wholesaler's selling price and the retailer selling price. Again, this is that comparison with Safeway. We discovered that on a per ounce basis, during the survey referred to by the DEQ in 1976, the actual higher price in Oregon was \$.95 per case plus deposit. So, it appeared at that time that the consumer was charged more by the Portland wholesaler and the Portland retailer because of the additional handling cost involved.

2. THE MEDIA BIAS

I am enclosing a reprint of the testimony presented before Senator Packwood, January 25, 1978, as I prepared it for the members of our association. Upon returning to Oregon I discovered that the press did not cover our story and I enclosed copies of the newspaper articles from the Oregonian and the Register Guard to make my point. You have heard reference to the beverage industry recycling program and that is discussed briefly on this document.

Another example is enclosed and it is entitled "Are free news stories worth anything?" As you recall, when elections were being held in Washington, Ohio and Maine, the Oregonian and the Register Guard covered those stories. Note that the editorial control of these news stories is quite evident, and I think one could assume very easily that coverage on those issues was about even in those states based on the fact that industry must buy space to tell a story whereas the editorial control, the pro bottle bill people enable the advocates to sell and sell their program without cost.

I did attempt to reach through on an open line at KGW TV and discuss the Oregon bottle bill when the discussion covered the Initiative 61 in the State of Washington. I was unable to get through on the line having dialed for over an hour. I enclosed my letter to the manager at KGW TV and some of the concerns I had then as I have now. Needless to say, the media, the editors of the radio, TV, newspapers, do support mandatory deposit legislation.

I am enclosing an environmental bulletin prepared by the California Beer Wholesalers Association that does show that the Oregon Journal is taking a second look at their original position supporting the returnable beverage con-

tainer, and also it explains some discussion of the Washington State litter reduction as well as very interesting and quite sensible system in Tennessee where the litter control law requires the State Department of Transportation to provide each county with a driver and truck suitable for hauling litter with county sheriffs authorized to permit any prisoner who is serving a sentence of less than one year and who volunteers for the project to work on litter pick up. For each day worked on the program, the prisoner's sentence is reduced by two days. All prisoners who participate are supervised by the County Sheriff or his representative.

3. ENERGY WASTE

Wholesalers have purchased larger fuel consuming trucks going out with partially empty space to pick up containers. They make fewer stops. They have built larger warehouses. They are buying plastic bags for the cans that cost \$.35 to \$.50 each and they are used once because of the filth. This doubles handling of the driver, of the grocer and the consumer who must store those containers before bringing them back.

4. JOBS

Our industry has not seen a great growth of employees. We are affected by volume changes with different brands. We do know, however, that jobs once held by glass blowers and lines that Owens of Illinois has indeed been shut down. We do know that there are more box boys being needed to handle the empties in the grocery stores and certainly more warehouse handlers in the wholesale locations. We don't know the total statistics on this particular issue at this time.

5. THE REFILLABLE BOTTLE

We have heard over the years, and it is stated in the letter from the Legislative Council, "one aspect of the bottle bill which is becoming more important is the resultant energy savings. These are not small. The switch to returnable bottles in Oregon will result in a savings of nearly \$1,320 billion BTU per year; energy sufficient to heat the homes of slightly over 2% of Oregon's population." That is all based on the assumption that a switch to the returnable bottles will result in a savings as is shown in the market place. The refillable bottle, the 11 oz. stubby, is diminishing and the consumers prefer the packaging that is currently on the shelves.

So many people say that the bottle bill is working, yet when we get down to the elimination of emotion and really study the facts that we know them in our industry, we find a high probability that it is not working and when I say that, we haven't solved the litter problem. I think that if a survey would be done today, we would find that energy is not being saved.

The actual law as it is written is confusing. Even to the Oregon Liquor Control Commission who is vested with the job of administering it. However, as they interpret it, they are not really responsible for most of the activities of the bottle bill other than the certification of a container and the authorization of redemption centers. We have confusion as to where a deposit starts. We have confusion on the size and the marking of the deposit on each container.

I am including some documents covering items in 1977 on a release issued by Senator Packwood. A print, a copy of a mail-o-gram sent to President Jimmy Carter in 1977, a beverage industry recycling program editorial from Arizona might be helpful, a telephone conversation with a representative from Kansas and more recently, a reprint of a survey on beer and soft drink prices in non-deposit law and deposit law states and an interesting article from the Des Moines Register where they have wine and liquor bottles in the bottle bill and it is a controlled state with liquor stores, showing the problems they are showing there.

In conclusion, I suppose my greatest concern is that we have wasted so much energy discussing mandatory deposit laws. Since 1969 through 1979, research shows that 1,793 container bills have been discussed. My concern is that our energies would best be spent on life and death issues facing Congress now. However, if it is still believed that a national bottle bill should be pursued, then the wholesalers and retailers in Oregon must be surveyed before any final decisions can be made. We all seek the truth. The Oregon Beer & Wine Distributors Association is ready to help do just that.

Senator PACKWOOD. Next we have Mr. John Piacentini, and Mr. Roger Martin.

STATEMENTS OF JOHN PIACENTINI, PRESIDENT, PLAID PANTRY MARKETS; AND ROGER MARTIN, UNITED GROCERS, INC.

Mr. PIACENTINI. My name is John Piacentini, and I am president of the Plaid Pantry Markets of Portland. Plaid Pantry Markets are convenience stores. We have 100 stores in our chain. Our stores are located in the Portland metroarea, the Willamette Valley, and southwest Washington State.

I would like to tell you the effects the Oregon bottle bill has had on the operation of our stores.

Before the bottle bill became law in Oregon, opponents of this legislation stated several reasons why this law would not work if enacted. The bottle bill has been law in Oregon for nearly 8 years and the same opponents who said it would be a failure in Oregon are still telling people around the country that it is not working in Oregon. They are telling these same people that if they enact similar legislation in their States the results will be disaster.

Opponents of the bottle bill have been telling people that the Oregon bottle bill has not worked because of the following reasons: Retail stores would lose sales; the cost of beverages would go up because of a bottle bill; storage space in retail stores would become a serious problem both spacewise and sanitarywise; the bottle bill would create widespread unemployment; and the deposit, no matter what, would still not keep people from littering.

Have the just-mentioned reasons made the Oregon bottle bill a failure? No; they have not. Let me tell you what effects the Oregon bottle bill has had on the operation of our stores.

Have retail stores lost sales? Prior to the Oregon bottle bill approximately 27 percent of Plaid Pantry sales were in beer and soft drinks. During the first month of the bottle bill our sales did go way down, but this was due to a period of transition. Stores had let their old stock run down and many new packages were not yet available. Following the first month, our sales picked right up to where they were before the law was enacted. Today, beer and soft drinks account for over 30 percent of our store sales.

During the past few years, sales of beer in Oregon with a bottle bill have shown a larger increase per capita than some of our neighbor States without a bottle bill. Opponents are telling retailers around the country that they could lose up to 50 percent of their beer and soft drinks sales if they have a bottle bill; this just isn't true.

Has the cost of beverages gone up to customers because of the bottle bill? When the bottle bill became law in Oregon prices did not go up. There have been several price increases in both beer and soft drinks as there has been in everything we sell. These price increases are due to inflation and not because of the bottle bill.

The fact is just the opposite. A one-way container is expensive to produce. A one-way container makes one trip; if it can't be refilled or recycled the customer has to pay for it.

We purchase beer and soft drinks for our stores from distributors in Oregon and Washington. There is no great difference in prices for

the same products. Some prices are slightly higher in Oregon and some prices are slightly higher in Washington, and many prices for the same products are equal.

I understand that in some States that have recently passed bottle bill laws, mainly Michigan, that retail prices have skyrocketed. What better way to convince the public that a bottle bill will raise prices than to deliberately raise them.

Is storage space a problem in retail stores? Storage space is somewhat of a problem, but it is something that we can live with. If we didn't have a bottle bill our stores wouldn't be getting back any empty containers. These containers that we are getting back are either being refilled or recycled. If we weren't getting them they would be strewn along the highways and parks or in the garbage, with all of their value lost.

Our stores are much smaller than a supermarket, our store size is 2,400 square feet, with a storage area of about 400 square feet. Dollar wise we will sell as much beer and soft drinks as many large supermarkets. We will also buy back as many empty containers. We can have a more serious storage problem if we have a real warm summer weekend or on a holiday weekend, but the majority of the time storage is not a serious problem.

Since the Oregon bottle bill became law we have built over 60 new stores. Our store design is basically still the same as it was for stores built before the bottle bill became law.

Empty containers returned to our stores are not filled with insects, mice, and bugs. On rare occasions we may get back a dirty container that may have cigarette butts or dirt in it, but this problem is not as bad as some would have you believe.

Customers who return containers to our stores have had them stored in their kitchens, storage areas, and garages, the condition of these containers in no way causes a health problem to our stores.

Many opponents of the Oregon bottle bill will tell you that the law isn't working. They will tell you that people are still littering containers, some will tell you that we are littering containers more than we did before the bottle bill became law. These same people will tell you the grocers are buying back more empty containers than they are selling full. If grocers are all buying back more empty containers than they are selling how can these people still be doing all this littering? We are buying back about 95 percent of the containers we sell.

The main purpose of the Oregon bottle bill was to stop littering of beverage containers. Since then the energy problems we have had make this an equally important reason. The Oregon bottle bill has helped people stop littering of beverage containers far more than anyone ever expected. Not only has it helped stop the littering of beverage containers, but the psychological effect of the Oregon bottle bill has helped to decrease littering of all types in Oregon.

Opponents of the bottle bill claim that if a bottle bill is passed, beverages in cans will go off the market as they did in Oregon. This is not true. When the bottle bill became law in Oregon, the pull tab top for cans was outlawed. Customers had no way to open a can unless they had a can opener. This made the can very inconvenient, most stores discontinued the sale of cans, so can sales did drop to nothing.

Since then, a new type opening for cans has been developed and can sales in our stores are almost to where they were before the bottle bill.

I understand a major soft drink company did a study which showed that because of the Oregon bottle bill most distributors had to buy extra trucks to deliver beverages. These trucks were needed because the majority of sales had moved from cans to bottles and the extra weight of the bottles caused the need for the additional trucks. The study claims that the extra fuel for these trucks was more costly energywise than the savings with a bottle bill.

The results of this study could happen if all sales switched from cans to bottles as it did in Oregon when cans were not convenient for the customer. In Oregon as we see the customer moving back to the can as they did before the bottle bill, I think a study would show these extra trucks might not be needed.

If bottle bill legislation is passed and the deposit on the can is the same as the bottle, I don't think there will be any major switch from one type package to another.

Has the bottle bill caused widespread unemployment? This is one of the strongest arguments opponents of the bottle bill will use. Nobody likes to see unemployment and this scare tactic can be very effective in killing bottle bill legislation. The Oregon bottle bill did not create widespread unemployment. There was a shift in some industries, but the end result was not drastic.

Opponents of the bottle bill will tell you that the price of beverages will go up if we have a bottle bill. They say this is because of more handling by more people. They will also tell you that there will be widespread unemployment. Their logic is confusing.

During the past years automation in the container manufacturing and brewing industries has caused many more job layoffs, how concerned has industry been about this?

Having a different bottle bill in each State doesn't make economic sense. A national bottle bill makes sense, a national bottle bill will work. It will stop the littering of beverage containers; it will help to stop other littering; it will save energy. A bottle bill will not stop the economy.

Senator PACKWOOD. Mr. Martin?

Mr. MARTIN. Senator, my name is Roger Martin and I am here representing United Grocers, the independent wholesale grocer's company in the State of Oregon—I should say cooperative. The members number 300 and some independent grocers, including the Thriftway chain of grocery stores, Dino's chain, Century Markets, and many independent supermarkets here in the State of Oregon.

My testimony is going to differ from John's; for one thing we represent different types of stores. John pointed out that they are convenience status stores, averaging about 2,400 square feet; our stores range in size up to 20,000 to 60,000 square feet. Some are much larger in range of materials, and I can honestly say, at least from my own experience, that probably one of the differences is that a lot of sales he does. I get back—they go to a lot of our stores. That statement is my own personal experience. I buy beer occasionally at John's store, on the highway going to West Lynn, but I return it at a Thriftway

Store, in Lake Oswego, because that is where all our containers go back.

Senator PACKWOOD. What was that figure again? About 95 percent?

Mr. MARTIN. I don't know what the percentage is.

Senator PACKWOOD. You told us you were getting back about 95 percent of the containers you sell.

Mr. PIACENTINI. Yes; we are. We had a survey and we bought back—but another major container bought back 100 percent—and we do buy back about as many as we sell.

Mr. MARTIN. I want to start out by apologizing, Senator, for not having my written testimony. I exchanged cars with my wife; she was bringing the children, the luggage, and my testimony. I am very familiar and I think I can state what the Oregon bottle bill—I chaired a committee in the Oregon House of Representatives when the bill was first introduced. I chaired that same committee in 1971 when the bill passed, I supported and spoke for it in the house of representatives in that session, and I have traveled to one other State to testify in favor of the Oregon bottle bill. I know it is a very popular bill and is one that I think that I can honestly say that I understand, both the strengths and some of the weaknesses.

It has definitely helped to reduce a specific type of litter in Oregon. It has not eliminated the container litter in the State of Oregon; coming back today from Highway 26 from Seaside I just observed, as I went along, there is still bottles and cans along the highway and I guess we will have an element in our society that no matter how much the return is, the deposit, they are still going to throw it out the window. That is unfortunate. Oregon highways are cleaner today than most other States, not because of the Oregon bottle bill but because of a piece of legislation that passed at the exact same time, that was the bill that basically dedicated the funds from our personalized license plates to the pickup of litter. The bill was introduced by former Governor McCall and the purpose for the money was for another reason. Representative Clair Howe of Klamath Falls submitted the bill, and the committee that I chaired required that the money raised by the personalized license plates would be to collect litter. We spent somewhere in the area of \$500,000 a year. For people who drive the highways as I do, I know that the litter consists of all kinds of things, most of it is blown off or dropped off vehicles and not thrown out along the freeways. Especially, like frequently these trucks for example; it is a natural phenomena and has to be picked up on a regular basis. Because you are not going to stop it, no matter what kind of law we pass.

The key point I would like to make is suggesting a change to the bottle bill if it is enacted on the national level; that the return containers should go back to recycling centers not to grocery stores. I am sure some of those will say well he obviously represents a grocer and they don't want them back anymore; that may be true. I don't see any justice in making the grocers the required body to take the container back. It isn't the grocer that causes litter, and it isn't the grocer that causes solid waste deposits. They sell the container and pay the full price to the packer; we make no money in this. There are two reasons for suggesting this; if the Oregon Department of Health Divi-

sion was really enforcing its sanitation rules and statutes as zealously as they are in some other areas, they would be citing most Oregon retailers for unsanitary conditions in the grocery stores. Contrary to Mr. Piacentini's feelings, many of our grocers feel that those bottles are very filthy. They contain a variety of things—cigarette butts, bugs, of various kinds—I personally have to rinse out returnable containers when I use them. Most people don't. They simply store them in a garage or some place like that, until they take them back to the store; they have ants and all kinds of other things in them. Those are the kind of conditions that the department of health would cite in a meat market, or anything else, but they ignore it here, because obviously they don't want to buck the Oregon bottle bill.

But the second reason I suggest that they go back to recycling centers is more important. Oregon's recycling effort in comparison to other States is not a record Oregon can be proud of. We are not doing a good job of recycling the majority of things that we use in our society. In the last several years, over several dozen—and I have the figure in my formal testimony, and I'll give it to you exactly, these figures from the Oregon Department of Environmental Quality—several-dozen-plus recycling centers in the metropolitan area have closed and two have opened. The reason is that they can't make it without some kind of a subsidy. It is not profitable to recycle just the kind of glass that is used, for example wine bottles, or other kinds of glass, paper and the other kinds of things that recycling centers get. If we added beverage containers to the items that recycling centers get, and giving the recycler a small amount of money for each returned container, which has been suggested a number of times by grocers in the State, we would make it profitable. The best example I can think of is to point to the State to the north. Washington has a different method of handling litter, but they have a recycling record that is far better than Oregon's. There's over 400 active recyclers in the State of Washington, and they are profitable. They are profitable because in addition to all the other kinds of things that come back, they also get the returnable and nonreturnable containers coming back to them and they are resold to whoever uses them. And incidentally I think that a lot of one-way containers are reused in the State of Washington; they are not all thrown away and not all ground up for cullet. They are returned to brewers like Olympia and Rainier.

About any handling fee, the grocery business is very competitive. One of the reasons that Mr. Piacentini says that it has done his business a world of good, he would be the one grocer that is a strong proponent of the bottle bill, and I am sure you would like to take those containers back. That is not as big a part of our business, we know that the grocery business is so competitive that if you offered the grocer a penny or two cents for handling, he would go right into a discount. We would have one grocer down the street say, "Well, I will just return that to the customer," and "I have no choice, he is doing it," so they would all do it. And I think if you give the grocer some kind of a percentage to handle that it would simply go into the competitive chain. I would rather see that put under a recycling center, where that profit would help him to recycle a lot of other things, that are not profit.

[The statement follows:]

STATEMENT OF ROGER MARTIN, REPRESENTING UNITED GROCERS, INC.

I would like to thank the Chairman and the Committee for the opportunity to testify today and for the recognition this hearing gives to our State's conservation efforts.

I am testifying today as a representative of United Grocers, Oregon's largest wholesale grocery cooperative, with over 250 members all around the State—each an independently owned and operated store.

I am also speaking as one who supported the bottle bill in its earliest days. As a legislator, I not only voted for passage of the bill in 1971, I also endorsed it before legislative committees in several other states considering similar bills.

Nine years later, I still believe the bottle bill was a masterful stroke for its time. It represented a breakthrough in litter control and conservation. Perhaps its single greatest achievement, is that the act itself helped to create a strong new conservation ethic in our own State and elsewhere.

The past nine years have also shown, however, that the bottle bill can be improved. The point I want to emphasize today is that just one change in the way the bill works—having beverage containers returned to recycling centers instead of to grocery stores—would be a significant improvement in the bottle bill for several reasons.

First, recycling efforts—at least in our State—badly need a boost.

In 1971, when the bottle bill passed, the key issue was litter control. In nine years, the issue has broadened to include the whole question of solid waste management.

In 1980, local governments scrounge desperately for solid waste disposal sites to handle the growing mass of throw-away garbage.

Recycling is essential to better solid waste management. Unfortunately, recycling is not exactly a booming industry in Oregon—just the opposite, in fact. According to the Metropolitan Service District, 45 recycling centers closed up shop in the Tri-County area of metropolitan Portland between December, 1978, and September, 1979. How many opened up during that same time? Only three.

Virtually all of the recycling centers operating in Oregon are non-profit. The reason is, very simply, that profit in recycling is hard to come by in Oregon. Removing the majority of beverage containers from the centers' recycling chain has deprived the centers of a major revenue source.

If the containers now returned to grocery stores were instead returned to recycling centers, the centers would have a far better chance of surviving and even of becoming a viable, profitable industry.

This same change in the bottle bill would automatically clear up what has become a severe problem for grocers in handling the returned containers—specifically, how to maintain sanitation in their stores.

Grocers must check in the bottles and cans, store them and transfer them back to the originating companies. With each step, the grocer must take special precautions to assure sanitation. It is an uphill job. Beverage containers are returned in a variety of conditions; some contain insects, cigarette butts and other filth.

I am convinced that if the State Health Department were to investigate the sanitation difficulties caused by returned containers as vigorously as they pursue some of their other responsibilities, the findings would reveal serious problems.

These problems could be solved if beverage containers were returned to recycling centers where sanitation is obviously not the critical issue it is for grocery stores.

In the nine years since its passage, the bottle bill has surpassed motherhood and apple pie in Oregon. It has become as untouchable as public beaches and Big Foot.

There is good reason for this pride in our creation. But our justifiable pride in the bottle bill should not blind us to the fact that the legislation can be made better. I urge your Committee, as you study Oregon's bottle bill, to investigate the advantages of having containers returned to recycling centers rather than to grocery stores.

Thank you again for this hearing and the opportunity to testify today.

Senator PACKWOOD. What do you think of John's answering a question about the redemption centers? That it isn't fair to make somebody drive 3 or 4 miles when they buy the bottles at the local grocery store?

Mr. MARTIN. Well, I'll give you two answers. First of all, in Seattle, you don't have to drive that far, there are centers all over the city of Seattle, so you don't have to drive clear across town. Or even 2 or 3 or 5 miles. In addition to that, there are a lot of people in our society, and I will include my family, who would like to recycle a lot of things, we are unable to—I live out at Lake Oswego, and the last close recycling center closed there. They simply closed it down, so other things, newspapers and other types of glass, I either have to take all the way to Portland someplace, or maybe sneak up at night and dump it in back of the Lions' semitrailer that's at a grocery store someplace. But it is not convenient. I don't think it is that inconvenient, I think enough Oregonians have gone into this recycling mood that they are going to be willing to drive a little further than some of those who live close to one of John's stores.

Senator PACKWOOD. No other questions, John or Roger, thank you.

Next we will take Mr. James Walz.

STATEMENT OF JAMES WALZ, MANAGER, DISTRIBUTOR SERVICES, CONTINENTAL CAN CO.

Mr. WALZ. My name is Jim Walz, representative of Continental Can Co., U.S.A.

Continental Can Co., U.S.A., opposes S. 50 and as a citizen of Oregon; so do I. Our society is debating and experimenting with two legislated ways to abate litter. One of the mandatory deposit on beverage containers and the other is the litter recycling law. Deposit laws have been passed in seven States with six of them now in effect—Oregon, Vermont, Maine, Michigan, Iowa, and Connecticut. These seven States have only 9 percent of the U.S. population and the therefore mostly rural.

Litter recycling laws have now been passed in nine States, Washington, California, Virginia, Colorado, Hawaii, Kentucky, South Carolina, Connecticut, and Nebraska. These nine States have 24 percent of the U.S. population and are therefore more industrial and urban States.

As deposit laws only affect beverage-related litter, and such litter is 8 to 18 percent of all litter, they have been found to be narrowly focused and accompanied by significantly negative side effects, particularly in urban States. Conversely, the litter recycling approach seeks all litter abatement coupled with changing the littering ethic, and funds seed money to recyclers.

Continental Can Co., U.S.A., with operations in 32 States, including Portland, Oreg., has concluded that local area recycling does not proliferate without seed money grants to recyclers and the experience in the great Northwest substantiates this judgment.

On September 21, 1979, 8 years after deposit legislation has passed in Oregon, the Portland Oregonian stated, "45 recycling centers have failed in the last 9 months." "Recycling in the greater Portland area is still in its infancy."

Just to the north, in the State of Washington, there are now well over 320 full-time recycling centers in operation registered with that State's department of ecology. What is the difference? A litter recycling law in Washington, a deposit law in Oregon.

I might also add that Continental is a recycler of aluminum cans. We buy them and return them to the aluminum companies.

A deposit law in Michigan has substantially reduced the total market consumption of beer and soft drinks and reduced further the use of beverage cans. At the same time, beverage prices have increased in Michigan and Roger Rosendale, chief of licensing and enforcement for the liquor control commission, stated in the *Detroit News* Thursday, January 3, 1980, "Michigan has lost more than \$2 million in tax revenue since Michigan beer prices have increased by as much as 50 percent." Now you hear people say, "I went to Ohio and bought five cases of beer." Imagine what a national deposit law would do to our inflation in food and beverage prices?

I saw a reprint in the *Washington Stear*, February 27, 1980, in the column of Sylvia Porter, titled "Your Money's Worth," a very distinctive article discussing these very facts, and I have included that in my packet. We ask ourselves what makes prices go up. All you have to do is look at some of the things like the rolling stock, the extra trucks, to accommodate the cans and bottles that you have to take out to and return from the consumer markets and the additional warehousing that has to be done, to accommodate these containers. There are extra materials handling costs and bottle washing fees, and when the consumer goes out and buys a favorite brand of beer or soft drink, he has to pay that deposit and that deposit is up front money. You say, well, he gets it back. True, if they don't drink any more beer or soft drinks, but if they repurchase, that money is gone forever. It is up front all the time.

A study of fuel consumption in the State of Michigan in the 10 months following mandatory deposits, revealed an increase of 4,380,000 gallons of gasoline and diesel fuel to accommodate their two-way distribution system. It required 32 percent more fuel to deliver one case of soft drinks and 25 percent more fuel to deliver one case of beer.

Coca-Cola's monitoring of distribution requirements in the States of Oregon and Washington show 94.9 gallons of gas required for 1,000 cases in Oregon and 47.4 gallons of gas required for 1,000 cases in the State of Washington.

It's no wonder 58 percent of the voters in Washington rejected deposits in last November's election.

These actual fuel consumption results confirm the projections made by the Battelle Institute in their study of June 1978, which concluded that any switch from beverage cans to refillable bottles would save coal but consume one-third more oil, or 2 million barrels annually. These are not equivalent barrels of oil but real barrels of oil.

The result is that deposit States have legislated a way to save coal and use more oil. No wonder American energy policy is under attack.

As an employer that pays an average \$17,000 per year to our hourly employees, we would be derelict not to point out the job dislocation tradeoffs that deposit legislation always bring about. Head of household mother and father jobs traded for mostly part-time, \$7,000-a-year jobs. The AFL-CIO calls deposits a "fire the mother and father, hire the son and daughter," situation. Why not fund recycling centers and have the whole family employed?

In two-thirds of the United States fresh water sources are either now a problem or are predicted to be by 1983. Any increase in the use of refillable bottles uses four to six times more hot water for bottle washing. Where is the water and sewage treatment system required for this law?

I can only allude to another thing that happened to one of our customers in Willamette Valley several years ago. They were confronted with addressing the problem of sewage. And they elected to close their plant rather than beef up the system and spend \$1 million so they could stay in business, so this would be something that confronts a lot of people in the years ahead again.

In summary, research has shown that deposits are inflationary, use more gasoline and oil, cause significant head of household job loss, require more hot water where often it is not available, have caused retail sanitation and health problems in Detroit, and at best can affect only 8 to 18 percent of all litter.

In the last 2 years, deposits went to the ballot in seven jurisdictions, five States, one county, and one city. With only one exception, in rural Maine, the electorate overwhelmingly rejected the idea, with urban Ohio voting a resounding 72 percent "no."

Ohio is now moving a litter recycling law through the legislature, and we predict it will become the 10th State to adopt legislation covering the abatement of all litter and funding recycling. When this bill passes, 29 percent of the American population will have litter recycling abatement and prove there is not a need for narrow focus beverage container litter, only legislation on the Federal level.

Our Nation needs legislation to make our economy grow, not legislation that causes dislocation of labor, declining markets, and inflationary increased gasoline use.

Thank you, Senator, and I am also willing to answer any questions you might have.

Senator PACKWOOD. What is the impact on employment? The studies I have—General Accounting Office, Federal Energy Administration, and the Resource Conservation Committee—have differing estimates. All of them show not only a net increase in the number of jobs, but a net increase in wages, and I have yet to see any study that says there is either net loss in numbers of jobs, or net loss in wages. I would appreciate your comments on that.

Mr. WALZ. I think it is a difficult thing to assess. I suppose what I am saying is that if you eliminate the high industry pay jobs that you have in the can industry, it is true that you are going to have jobs to replace these jobs, such as bottle handlers. There are going to be more warehouse people, and perhaps more truckdrivers, but I think in the balance, there will be a loss in skilled, high-pay jobs. I don't think there has been enough time to tell yet what all the affects are. You can't really use Oregon as a complete guide because it is rural as opposed to heavy populated States. You are going to get an entirely different situation in the highly populated States. A lot of these are theoretical projections, and you can't say for sure that this State, at this stage in the game, is going to have more money paid out for work that is performed by the new jobs in what is taking place today versus the jobs that are lost. I just think it is a highly theoretical hypothetical situation.

Senator PACKWOOD. That's all we have to go on. They are the best studies we have. You could say the studies aren't complete, but I don't have any other studies to say that they are wrong.

Mr. WALZ. It seems that we have to do our homework very thoroughly, as Dave Whitbread suggested. It is a good idea. I think perhaps a task force, or somebody representing Congress and the Senate could spend time going around talking to all of the people, not just reading press releases and having a specific hearing like this one, in one city. I think you have got to go all over and get the true story from everyone. I think Michigan is a very excellent place to start and I think Connecticut might be another very good place to start. Connecticut is just implementing the mandatory deposit law, and Connecticut is a very high nonreturn State, over 90 percent return of nonreturnables. They are going to have an entirely different set of circumstances there than we have in Oregon. Oregon was a very heavy return State to start with—65 percent.

Senator PACKWOOD. We ought to have some very good evidence out of Michigan. You certainly can't classify that as a rural State, in any sense of the word. I noticed you lumped it in with the small States, and you certainly can't classify that as a rural State.

Mr. WALZ. There have been some problems in Michigan, too. I think that would be a good place to start looking at it very carefully.

Senator PACKWOOD. Let me ask you another thing. This report from the Office of Technology Assessment, July 1979, reviewing other studies—they made independent studies of their own, but this is what they say on energy: "There is broad agreement in all major studies on the amount of energy used to deliver soft drinks"—and it goes on about the amount of energy, and it says "seven major studies on beverage containers and deposit legislation estimate 20 to 60 percent savings, clustered around 40 percent of total systems used," and then it goes on to conclude, "every rational study that has been done shows a net savings of energy."

Mr. WALZ. I think it is good that there is a savings in energy. As the Battelle study points out though, if we go to an all-refillable system, all-returnable system, we are actually going to be burning up more Btu's of petroleum-based products. That is the critical element of energy right now. We are going to save coal, we'll save some gas, and we'll save some hydropower, but we are going to be using more oil. As the years go by, that is going to be the most critical thing, right now, and it is going to be more critical.

Senator PACKWOOD. I can assure you that I'll certainly go on the best evidence, and the most recent evidence available as the studies come out. Circumstances change. We found this when we were passing the windfall profits tax, circumstances changed dramatically when it was passed in the House, the House of Representatives, they presumed that in 1980 oil would be \$22 a barrel, when we passed it in the Senate, we presumed that it would be \$30 and we have a feeling we are going to be right by the time 1980 is over.

Mr. WALZ. Well, if it gets up to \$2 or \$3 a gallon, nobody will want to go to the supermarket.

Senator PACKWOOD. Thank you Mr. Walz. Thank you very much.

[The article referred to follows:]

[From the Washington Star, Feb. 27, 1980]

VOTERS BACKING AWAY FROM BOTTLE BILLS

(By Sylvia Porter)

In Oregon, which passed the first law to reduce solid waste and litter by forcing consumers to return bottles and cans to stores to collect deposits, Portland consumers pay 24 cents more for a six-pack of a popular beer—not counting the deposit—than do residents of Vancouver, Wash., the Beer Wholesalers Association reports. Portland is just across the river from Vancouver.

In Michigan, the largest state to pass a bottle deposit law so far, residents near the border are reported driving to nearby states without bottle laws to save \$6.00 on a case of beer. Michigan officials say that 250 head-of-family jobs have been lost due to the closing down of small bottle and can plants.

While driving to nearby states to save money because of bottle laws eats up gas unnecessarily, so does trucking returnable bottles. The Pacific Coca-Cola Bottling Co. reports in a 1978 study that it needed about 94 gallons of gas to deliver 1,000 cases of soft drinks in Oregon, but only about half as much to deliver the same number in neighboring Washington. Also, refillable bottle systems consume one-third more oil than can systems, which rely mainly on coal as an energy source. Conversion to refillable bottle systems does save coal, but also increases oil consumption.

There is no disputing the popularity (or value) of mandatory deposit bills to cut the use of one-way beverage containers. But voters have started to draw back as these negative tradeoffs have emerged.

For instance, in the Nov. 6 elections, Ohio and Washington both rejected bottle bills as a solution to environmental ills.

These rejections raised to 33 the number of states which have turned back bottle legislation in one form or another since January 1979—the latest being the California Senate in January 1980, by a vote of 24 to 12.

Why the ironic paradox between an America yearning for a cleaner environment and the repeated defeats of bills designed to bring this about?

The loss of jobs is one factor. In vetoing the Massachusetts deposit bill last July, Gov. Edward King estimated that 900 jobs would be wiped out in Massachusetts if the bill became law.

Inflation and the energy crisis are two other evils said to be worsened by forced deposit bottle bills. The increased costs incurred by beverage retailers and wholesalers for handling, sorting, transporting and washing empties are passed on—and the pass-throughs stop at the consumer—you and me. In addition, the procedures essential in refilling sterilized bottles take four to seven times the hot water required to process cans for filling. And water shortages are becoming commonplace in the United States, especially in the West.

What's more, beverage containers and tops make up only about 5 percent of urban street litter and 16 percent of rural highway litter. If every single container were traded in for its 5-10 cent deposit, 95 percent of urban litter would remain where it is. The Environmental Protection Agency estimates that litter in Vermont was reduced by only 10.6 percent a year after that state's law went into effect. Litter in Oregon was down only 3 percent after five years, the Institute of Applied Research in Sacramento, Calif., says.

Then, what might be an answer? Litter recycling legislation might be, for it goes after all litter, including the 80 percent which comes from sources other than cans and bottles.

In eight states, with 20 percent of the U.S. population, this has been the route taken toward total solid waste disposal in preference to bottle bills.

In 1971, as an illustration, Washington State passed a litter recycling law. When, six years later, the Institute for Applied Research compared Washington and neighboring Oregon with their competing solutions to the litter problem, the Institute found:

"Washington's litter control program is significantly more effective than Oregon's beverage deposit legislation in reducing exposure to street and highway litter."

Recycling laws "affect all litter," Malcolm W. Owings, Continental Can Co.'s vice president of public affairs, adds. "They fund plants for recycling, create new

jobs with no tradeoffs, keep our food stores up to 1980 sanitary standards, have no impact on gasoline use or beverage prices and change littering behavior so we can have cleaner, more beautiful landscapes."

Senator PACKWOOD. We will conclude with Mr. Ronald Murphy.

**STATEMENT OF RONALD MURPHY, CHAIRMAN, INDUSTRY FOR
QUALITY ENVIRONMENT, STATE OF WASHINGTON**

Mr. MURPHY. I guess I am about the only one from out of State here, maybe that is why I am last. I am Ron Murphy, chairman of the Industry for Quality Environment, which is the industries ad hoc committee which was formed back in 1969 to wrestle with and try to solve the State of Washington, the litter problem.

I have some written testimony which I presented to your staff, and will not read that because in the interest of time and the tiredness of people here, it can be studied later. I do not want to present the testimony that is cumulative and will go over the same things that have been said here by many people.

As I stated I represent the Industry for Quality Environment, which is an ad hoc committee composed of glass, can, metal, beer, soft drink, grocery industry, and other industries that are involved in trying to solve the litter problem, and the recycling situation and the energy problems in Washington.

This ad hoc committee was formed back in 1969, with the intention of trying to come to some conclusion for our State as to how to handle the litter problems. Contrary to what Governor McCall stated, this committee of industry people and their representatives have worked diligently in the State of Washington to continue to work with the Washington public, and the Washington Legislature, to solve these problems.

We spent a great deal of time and money and energy ourselves, trying to solve the problem. And maybe the way I can be most helpful to the committee today and to you Senator, is to emphasize some of the information about the Washington State situation, which might be useful to you in coming to some conclusions on S. 50 which has to do with the national program.

In the State of Washington we haven't solved all the problems, but we feel we have come a long way. We in the industry and the employees that we represent and I speak for them, too, are opposed to a national deposit system, for several reasons, which have been stated here. But also because it is not necessary. It is counterproductive in our State, and it will not do much more than what we have already accomplished, without all the bad portions coming to the fore, and we would like to not have the Federal Government interfere with our lives there, in this area, because we think we can take care of it ourselves.

From the very beginning, when we started our program, we came up with the idea of working with the State legislature to solve the problem, and we came up with what we call the Bottle Litter Control Act. That act works on the basis that nobody can really put together a comprehensive litter program in any State when everybody complains about it; this was back in 1969 and 1970, at the time that the Oregon bottle bill passed. We came to the conclusion that one of the

ways to solve it was to put the responsibility of the litter solutions under one State agency, which would be funded by industries whose products might contribute to the litter stream.

So we voluntarily went to the legislature, and then to the public, with the comprehensive program. It was modified by the legislature, and passed by the legislature and then voted on by the public in 1972. In that program—as I stated, financed by small assessments, which is the same as a tax of course, on industries whose products end up as litter—it raises about \$1½ million a year now. It started out at about \$500,000 a year and the tax rate has not increased and there is ample funds there at the rate per industry or per business of \$150 per \$1 million in gross sales.

The program is based upon letting the people become involved in litter pickup and recycling by using self-help, by having a department of ecology help organize litter pickup projects throughout the State, like garden clubs, Boy Scout groups, college groups. It is also funded—rather it is also organized—by having the department of ecology work with the sportsmen's councils, work with people at the local level. We have a State program based upon litter receptacles being of uniform size and standards; we require that all cars have litter bags in them; we require that there be a school program to be funded from the department, to emphasize the litter ethic to the children.

There is also one major program that has been a tremendous success; that is, funding from the department is used to hire young people throughout the vacation period, most of the summer, sometimes on weekends, to go out and pick up litter. They call it the youth litter patrol, and these people are youngsters that are hired to go out in the parks, in the playgrounds, and on the beaches, at the places where there is high litter incidence, and actually physically pick it up.

Most important the program is not just a record of bottles and cans; it is directed at all litter. You will probably say, "Well, that is fine and dandy; does it work?" Well, in the past several years we have statistics to show that we have made a great impact on the rate of littering in the State of Washington. We haven't yet completely solved the problem, but independent studies at the department of ecology show that we have in the State of Washington upward of 60-percent reduction of litter in the State.

The other aspects of the Washington Litter Control Act have developed not by our design, because we weren't in the litter business in those days. Now we have amended the act to include more emphasis on recycling; it is not in 1979 because the amendment was made by the Washington Legislature last year. As a result of the recycling act, more funds are now directed to recycling activities, more than before, because recycling and energy control is more important now. A fallout, you might say, of our act was that the recycling industry in the State of Washington, as you heard testimony here already, has been very healthy and vigorous. The basic reason for that is that in Washington most of the bottles and can used in the beverage industry are brought back and are reused, in the case of bottles and the aluminum, or the other metals are retrieved by bringing these back to the redemption centers—which are really independent recyclers—not to the stores.

Now I would like to tell you that industry would like to take all the credit for that in their foresightedness in the Litter Control and Recycling Act, but I can't, because I had a lot to do with drafting that act into concept myself, and I didn't think about that at the time because litter was such a big item back in 1969 and 1970. But as a matter of fact, the system that we have in the State of Washington does work to foster recycling, and I wish I could take credit for it, but it just happened that way.

The latest figures that we have from the department of ecology in our State is that there are about 600 recyclers in the State. Some are very small, Mom and Pop operations, but the story they give us—and I know it is true because in the last election the Washington State Recyclers Association went on record as opposed to deposits in the State of Washington because deposits would destroy their industry. They have to have, as it has been testified here earlier, the money from the bottles and cans that are brought to them, in the State, in order to survive and that helps recycle and helps them survive—for all the other products, not just bottles and cans.

I could give you a lot of figures, in this oral testimony, but they are on the record in the information that we gave your staff this morning, to give you those figures to look at. Any information that we can substantiate those figures, as to where we got the information, we certainly will document if you desire.

So not going through all the details of the figures and the tons, and all those things that have been testified to here today, I would like to just conclude by saying that I support on behalf of all the industries and labor in the State of Washington—I think that was stressed earlier by Mr. Smith, a recycling group in the State of Oregon—that we must have a system in our State which does not take the bottles and cans back to the grocery stores to get them out of the main stream of the recycling, but to the recycler, in order to have the recycler survive.

We do not need, in the State of Washington, a national system. Our system works fine for us; it will be detrimental to put in a national system. The people in the State of Washington have voted twice now in the statewide election and expressed themselves as being opposed to deposits. They defeated the deposit initiative which was pushed in the State of Washington for 2 years by professionals—in 1979 by a much higher margin than they did back in 1969.

Thank you.

May I ask if there are any questions?

Senator PACKWOOD. Does the litter patrol get as many bottles and cans off the beach as you do in Oregon?

Mr. MURPHY. I think the statistics we have are not as high on bottle and can aspect; no. But in defense of the Washington system, as being better for us, we get most of them back, and the industry people are supporting the system and working with the recyclers. We're getting the materials back, other than bottles and cans, and the litter aspect of it, as I understand it, is much better than yours.

When I say "yours" I mean the State of Oregon.

Senator PACKWOOD. Oregon has never made any pretense of having other than a bottle and can bill, and for the life of me, I have never

understood why both litter bills and the bottle and can bill are not complementary rather than exclusionary. It seems to me they've been designed for different purposes, and the bottle bill works very well for bottles and cans, and the litter bill works well for litter; but I don't see that one has to exclude the other.

Mr. MURPHY. The reasons that our group, all the various industries that I represent, as chairman of this committee, and speak for, say that they won't work together is the reason as stated here earlier, because if you take just the Oregon approach alone, it is too heavy a baseball bat to use on the problem to put it in, well, not a very careful way, but a dramatic way when Mr. Bronk loses his job, that is devastating for him, so there are always other counterreasons as to why. And if you get—well, maybe—well, don't quote this figure, I'll give you the best I can, but 20 percent more bottles and cans, but you have all these counterproductive consequences that follow. I guess the question you have to ask is is it worth it?

Is it worth the chance to take? We've got all these unknowns out here.

Senator PACKWOOD. That's a fair question.

Mr. MURPHY. Well, I don't know if it is fair. I know you are sincere, and I understand your situation in trying to get at these facts, it's a difficult question to answer. Our system is working, and the recyclers tell us that they will go out of business and lose all the good things they have done if we go to a deposit system in the State of Washington.

Senator PACKWOOD. Thank you.

Mr. MURPHY. You are very welcome.

[The statement follows:]

STATEMENT OF RONALD A. MURPHY, CHAIRMAN, INDUSTRY FOR A
QUALITY ENVIRONMENT

Mr. Chairman and members of the Committee: I am Ronald A. Murphy, chairman of Industry For A Quality Environment, which is an ad hoc industry committee formed in 1969 in Washington State. This committee represents members of the soft drink, beer, glass, can, metal, plastic and food retailers and often most of their employees and the labor unions representing them. IQE has been continuously active since 1969 to date.

PREFACE

The Pacific Northwest has been the testing ground and the initial battlefield for container legislation.

In the 1969 session of the Washington state legislature the container and beverage industries were told by legislators that if they wanted to avoid restrictive legislation—probably a refund law of some sort—they would have to come up with a litter program that would solve the increasing accumulation of roadside rubbish.

The industry responded through a special committee, "Industry for a Quality Environment" (IQE), with a proposal for a state law which would require uniform litter receptacles throughout the state, litter bags in all automobiles and boats, and provide state-directed educational, enforcement and pick-up efforts. The program was to be supported by income from fines and bail forfeitures.

While the Model Law was being introduced, the students of a history class at Western Washington State College in Bellingham filed a container refund initiative measure as a class project. The students distributed petitions throughout the state and within sixty days had something in the order of 175,000 voter signatures which was far more than necessary to put the issue on the general election ballot.

Industry responded by forming a statewide citizens' committee to sponsor a new version of the Model Litter Control Act which now included a special assess-

ment on the manufacture and sale of all products reasonably connected with the litter problem. The industry proposal was filed as a "Initiative to the Legislature," a little used technique under Washington state law which would force action by the legislature at its next session. Industry and the labor unions then turned their attention to the bottle deposit initiative and helped defeat the initiative.

In May 1971 the Model Litter Control Act was passed with modifications by the legislature and signed into law by the governor. In November 1972 the Model Litter Control Act as amended was overwhelmingly approved by the voters of the State of Washington.

Within its own state the Washington law has been an unqualified success. It has reduced the litter accumulation dramatically. The public has accepted the law and not only do a majority of motorists carry litter bags in their automobiles, as required, but each year an average of more than 100,000 citizens of all ages turn out to participate in Department of Ecology litter control programs. And, finally, the "litter assessment" on litter-related products is now producing as much as \$1,500,000 per year with no complaints from the taxpayers.

The Washington Model Litter Control Act has been an effective alternative to any type of restrictive legislation and the public accepts the Model Litter Control Act as an effective means of controlling litter. In 1975 an environmental coalition sponsored an initiative petition to establish a container deposit ordinance in the City of Seattle. Even though only 20,000 voter signatures were required, the petition effort failed after struggling listlessly for six months.

In 1979 industry sponsored and the Washington state legislature passed amendments improving the Washington Model Litter Control Act. These improvements provide more emphasis on recycling and resource recovery and more funds for youth litter pick up programs. The Act is now known as the Washington Model Litter Control and Recycling Act.

In 1979, after almost two years of campaign preparation and signature solicitation, an environmental group sponsored another state initiative to establish forced container deposits in Washington. The initiative again failed when put to a vote of the public and by a larger margin than it failed in 1970.

Washington's Act has survived critical testing since it was passed in 1971. Two of its neighbors, Oregon to the south and British Columbia, Canada, to the north, have been pioneers in container deposit legislation. Despite that, the Model Law is successful in controlling litter, it enjoys the support of the public for the job it does and it provides a sensible method for government to deal with the litter and recycling problem.

HOW THE MODEL LITTER CONTROL AND RECYCLING ACT WORKS

The Model Litter Control and Recycling Act defines its purpose to accomplish litter control by delegating authority to the State Department of Ecology to conduct a permanent and continuous program to eliminate litter from the state. All departments of state and local government are directed to cooperate.

The Director of the Department of Ecology (DOE) is vested with police powers to enforce the law and is given authority to subcontract with local law enforcement entities for services within their jurisdiction. In addition, the state patrol, game protectors, fire wardens, forest and park rangers, sheriffs and marshals, among others, are directed to enforce the law, issue citations and, if necessary, arrest without a warrant.

It is unlawful in the State of Washington to drop litter on any public or private property or waters of the state from vehicles or otherwise, including highways, parks, beaches, campgrounds, roads, streets, trailer parks or elsewhere. The only legal place to put litter is in an approved litter receptacle.

Violators are guilty of a misdemeanor and are subject to fine or bail forfeiture of not less than \$10.00 (reduced from the previous and unrealistic \$100.00 minimum). In the discretion of the court, the culprit may be directed to pick up his litter or any other litter within a defined area.

The law directs that receptacles of uniform color and design will be placed in all public places, whether public or private property, and designates among these service stations, campgrounds, shopping centers, grocery stores, tavern parking lots, marinas, beaches and recreation areas to name only a few.

Owners or operators of areas open to the public are responsible to provide litter receptacles at their own expense and must place them in the number and locations

directed by DOE. Shopping centers, for example, require roughly one litter receptacle per 200 parking spaces.

Since the strategy of the law is to provide places for people to put their litter, all automobiles and boats are required to carry litter bags and the operators are subject to the \$10.00 fine for failure. DOE passes out millions of free litter bags although any paper bag or other container will be sufficient under the law.

Removal of litter from any receptacle is the responsibility of the owner or operator of the public area concerned.

Funding for the law is provided from a "litter assessment" which is levied on industries whose products including the packages, wrappings and containers are reasonable related to the litter problem. The assessment amounts to \$150.00 per \$1 million of gross sales within the state. The law lists these specific categories:

- Food for human or pet consumption;
- Groceries;
- Cigarette and tobacco products;
- Soft drinks and carbonated waters;
- Beer and other malt beverages;
- Wine;
- Newspapers and magazines;
- Household paper and paper products;
- Glass containers;
- Metal containers;
- Plastic or fiber containers made of synthetic material;
- Cleaning agents and toiletries;
- Non-drug drugstore sundry products.

When the Washington law has been discussed by industries in other states it has always appeared that its tax feature was a matter of great controversy. Oddly enough, within the State of Washington the litter assessment has been accepted without opposition by all concerned including newspaper and magazine publishers who certainly would have the capability to make their dissatisfaction known. The willingness of the industries involved to accept their fair-share responsibility is a very significant reason why the Model Law concept works.

The litter control assessment is handled through the state's Department of Revenue which administers the Business and Occupation Tax (i.e., a tax on business income) on businesses and industries. When the Model Law was passed by the legislature its tax feature was implemented simply by requesting B & O taxpayers to report their sales within the state in the selected categories.

The law established a "litter control account" within the state's general fund and directed that all assessments, fines, bail forfeitures and other funds collected be used exclusively for the administration and implementation of the law.

After the typically halting start during the first year of collection, the litter account receipts have increased substantially:

Calendar year:	
1972	\$386, 476
1979	1, 500, 000

AN EFFECTIVE LITTER REDUCTION PERFORMANCE

When the state legislature approved the Model Litter Control Act in 1971 the Washington Department of Ecology was less than one year old and over-extended in all directions attempting to get America's first coordinated state environmental agency underway. The arrival of the litter law was just one more problem to deal with. Funding for the new law was not to be forthcoming until the 1972-73 state fiscal year when the litter assessment would be available. What to do?

Industry for a Quality Environment made one more bold move to get the Model Litter Law going without delay. Since the legislature had not provided DOE with funding to do the initial planning, the committee commissioned Booz, Allen & Hamilton, national management consultants, to proceed immediately on preparing a detailed plan, timetable and budget for implementation of the law and to develop a detailed organizational structure for the administration of the program by the department. IQE donated the complete study to the state with no strings attached. In addition, it assigned its public relations agency to handle public information for the new law at no charge to the state.

In its study prepared for use by the Department of Ecology, Booz, Allen & Hamilton calculated that the State of Washington would generate 100,000 tons

of litter during 1971 and that under the then existing programs it would increase to 116,000 tons annually by 1975.

In 1975, DOE commissioned the URS Company, a national engineering consulting firm, to develop a standard method of quantification of litter which the department could use on a continuing basis to evaluate its progress. Using a totally different technique from the earlier forecasts by Booz, Allen & Hamilton, URS reported that their study showed the litter program has achieved an overall reduction of 60 percent of all litter in the State of Washington since the program was initiated. A year later the 1976 URS study reported the reduction had increased to 66 percent, a significantly greater decrease in litter than predicted by the Booz, Allen & Hamilton report.

They also said that while achievement of further litter reduction will be at a decreasing rate, "an ultimate reduction of 80 percent as compared to 1971, is achievable. This translates into 20,000 tons annually statewide by 1995."

In 1977, the state instituted a system of trend measurements by which each year is measured against preceding years for purposes of determining a trend of improvement or non-improvement. This system continues to utilize the previously established grid of typical areas and the same measurement technology.

Using this system, the Department of Ecology found that litter occurred at an annual rate of 39,200 tons in 1975, 38,000 tons in 1976 and 33,270 tons in 1977 in the State of Washington.

The trend measurement system thus indicates that a reduction of all litter of 14.8 percent occurred during the two year period 1975-1977 alone.

Joined together for purposes of comparison, each separate system of measurement appears to confirm the findings of the other. These being the base line method found that litter was reduced by a factor of 66 percent during the six year period 1971-1976; the trend system found that litter was reduced during the two year period 1975-1977 by a factor of nearly 15 percent. Both confirm that a significant reduction in the presence of all litter has occurred in Washington since the inception of the state's Model Litter Control and Recycling Act.

The Litter Control Section of DOE estimates that they have achieved 70 percent compliance in placement of uniform litter receptacles. DOE has published regulations which cover every conceivable site including highways, parks, campgrounds, trailer parks, service stations (one per gasoline pump island), drive-ins, taverns, boat moorages, beaches and bathing areas, school grounds (one at each bus loading zone), racetracks, fairgrounds and carnivals (one at the entrance to each ride) and sidewalks in business districts (one per 800 feet of curbing).

One of the most innovative of DOE's efforts is the "Professor Rittel" program (which they say is litter "spelled backwards and inside out"). This is a week-long, audio/visual presentation using one segment each day for an individual class. DOE provides the self-contained projection unit and the teacher does the rest.

Most visible of the department's activities are the programs designed for civic and youth groups which annually turn out tens of thousands of volunteers to grub litter from the land and the lakes. The department provides all necessary materials and complete instructions for committees to "Shoot for Zero Litter," a program for hunters; "Pick Up a Mountain" for back-packers and "Shore Patrol" which on one weekend drew 5,000 volunteers to Washington's sparsely populated Pacific Ocean beaches to fill their official "Department of Ecology Volunteer" litter bags.

The department currently has law enforcement grants in effect with city and county governments to provide full-time police officers assigned to litter control enforcement and education. Appropriately, their official cars carry a "litter patrol" emblem.

For the past several years DOE has utilized a youth corps program for summer pick-up activities in litter hot spots such as parades, hydroplane races and other public events. For 1980 the department is planning an expanded effort with its "Youth Litter Patrol." Young people will receive a maximum of six months temporary employment directly with the Litter Control Section, working full-time during the summer and weekends only when school is in session. The department says the function of the Youth Litter Patrol is to provide high visibility for litter control.

The Litter Control Section of the Department of Ecology has thirteen full-time employees located in five DOE offices around the state. Four of the staff are located in the DOE headquarters office and provide planning, purchasing, grant co-

ordination, budget tracking and other administrative support services to the regional offices.

The regional staff implements the program activities in their respective regions, dealing with government agencies, business and private citizens in promotion of litter abatement and control. They organize litter prevention and clean-up activities at public events and coordinates public involvement campaigns throughout the year.

RECYCLING IS BIG BUSINESS FOR WASHINGTON

The number of recycling facilities in Washington state has been rapidly growing under the Model Litter Control and Recycling Act. There are now over 600 facilities compared to 200 in 1976.

In 1978 alone, 117 of these facilities reported handling 15,057 tons of aluminum, 4,691,934 cases of refillable beer bottles, 12,147 tons of container glass, 123,236 tons of newsprint and 83,592 tons of other paper. They also handled such diverse items as car batteries and drain and waste oil.

In Oregon, there has been a steady decrease in the number of recycling depots. The Portland metropolitan area alone has lost 47 depots since December, 1978.

The Portland Recycling Team reports that they spend \$1.84 for every dollar they get in revenues. They claim that they have been able to survive only by making up the difference with government subsidized workers.

In Vermont, another mandatory deposit state, there are very few recycling redemption centers left because there's simply not enough profit on redemption to make it worthwhile.

DEPOSITS DESTROY RECYCLERS

The Washington State Recyclers Association is strongly opposed to forced deposits because from 75 percent to 90 percent of the typical recycler's income comes from beverage containers. In Washington by way of example, 60 percent to 70 percent of all Rainier beer bottles and 74 percent of all Olympia beer bottles sold in Washington are already recycled. 65 percent of aluminum beverage containers are recycled. A forced deposit would take away the major source of recycler's revenue through channeling bottles and cans back to grocery stores, effectively destroying a new and valued industry and the opportunity to recycle the enormous variety of material not covered by the Oregon type deposit system.

CONCLUSION

A "bottle bill" at the national level will disrupt and destroy critically important economic factors affecting containers, mortally wound the healthy and growing recycling industry in Washington and impose an unnecessary and inefficient system on top of the broad based efficient system now working well in Washington State.

Senator PACKWOOD. I do have time, Mr. McGlaston, if you can be brief, I'll try to catch the plane.

This is Mr. Edward McGlaston, vice president and division manager for Pacific Coca-Cola. He has not previously testified, we are putting him in.

STATEMENT OF EDWARD McGLASTON, VICE PRESIDENT AND DIVISION MANAGER, PACIFIC COCA-COLA BOTTLING

Mr. McGLASTON. Thank you very much, Senator. I appreciate your special efforts. My name is Edward McGlaston, and I am an Oregon Coca-Cola bottler with soft drink sales and distribution centers, in Portland, Salem, and The Dalles, and Astoria, Oreg., as well as Longview, Wash. I am here today to share with you the reasons which I feel argue against the passage of the national mandatory deposit legislation similar to that presently in effect here in Oregon.

While I do not profess to be an expert in the areas of litter and solid waste management, I am very knowledgeable about the sale and dis-

tribution of soft drinks, a field in which I have earned my living for the past eleven years. I can, through personal experience, relate to you the hardships and inequities placed upon my business by the mandatory deposit law that has been in effect in the State of Oregon since 1972.

Perhaps the most devastating effect of the Oregon deposit law has been the resulting higher prices for soft drinks, in all types of containers, that must be borne by Oregon consumers. Our market research department indicates, for example, that the price for soft drinks in refillable glass containers in Oregon is the highest in the Nation. A more vivid comparison can be made, however, by comparing my wholesale prices in the State of Oregon with those in our operations in the State of Washington, whose voters last November defeated a mandatory deposit measure.

For example, 16-ounce refillable bottles in the State of Washington wholesale presently at \$5 a case compared to \$5.80 in Oregon; that is 16 percent higher in Oregon. One-liter refillable bottles in the State of Washington wholesale at \$4.45 a case and \$5.30 a case in Oregon; that's 19 percent higher. In the State of Washington 12-ounce cans are \$6 a case, and in the State of Oregon they are \$6.55; 9 percent greater. Two-liter plastic, \$8.25 a case in Washington and \$9.30 a case in Oregon; that is 13 percent higher.

As you have just heard, on the average soft drink prices for the four most popular packages that are common to both States are almost 15 percent higher in Oregon than they are in Washington. Since I have the same source of production and am charged the same price for products that is charged to my counterparts in the State of Washington, I can only attribute the higher wholesale prices I must charge in Oregon to the bottle bill which has increased my costs for labor, motor vehicles, motor fuel, and has resulted in higher overhead costs brought on by the need for additional facilities to handle the returned beverage containers. This is why I believe that the enactment of national mandatory deposit legislation would fuel the Nation's already skyrocketing rate of inflation by pushing up the price of soft drinks.

What has been the effect of the Oregon law on consumer packaging preferences? The proponents of the Oregon legislation predicted at the time the law was passed that the passage of the deposit law would result in fewer containers on the marketplace and that consumers would shift overwhelmingly to refillable containers. This prediction was true initially, but it should be pointed out that the Oregon deposit law also contained a provision which banned the so-called pull-tab opening commonly found on can packages. The ban on the pull-tab opening caused an artificial shift in consumer packaging preferences because the technology was not yet fully developed for the present-day, stay-attached opening and many Oregon soft drink bottlers removed cans from the market entirely.

Since the development of the stay-attached opening for cans, cans have experienced a dramatic growth in the Oregon market and give overwhelming testimony for the consumer's preference for this package. According to A. C. Nielsen Co. surveys that are conducted bi-monthly in the Portland major market area, the following changes took place between 1975 and 1979, with respect to the container preferences of Portland area consumers.

This is annualized data and in 1975 refillable bottles amounted to 90 percent of the market, in 1979, they had diminished to only 68 percent of the market. While on the contrary, cans and nonrefillable bottles in 1975 were 10 percent of the market and today at the end of 1979 they represent 32 percent of the market.

As these market share figures indicate, during the 5-year period, 1975 through 1979, the percentage of Oregon consumers preferring refillable glass containers steadily declined, while the percentage of Oregon consumers preferring cans and nonrefillable bottles grew dramatically. The dramatic growth of the consumer's preference for cans and non-refillable bottles is true in spite of the fact that we continue to promote refillable bottles as vigorously as we promote other types of packaging.

What about energy consumption? Since the enactment of the Oregon deposit law, the amount of motor fuel used to operate my sales and delivery vehicles has more than doubled when viewed on a gallons used per case delivered basis. This has occurred simply because it requires more and larger vehicles to operate a totally returnable system. As an example, a typical soft drink delivery vehicle, when fully loaded, can hold 880 cases of cans compared to only 300 cases of 16-ounce refillable bottles. A case of cans weighs only 23 pounds compared to 55 pounds for a case of 16-ounce refillable bottles. Therefore, the more product that we sell in 16-ounce refillable bottles, then the greater the necessity for us to use more and larger vehicles to deliver them, and the greater the amount of fuel these additional and larger vehicles will consume.

In order to handle the returned bags of empty cans, my sales force must use 1¾-ton stake body trucks, while in neighboring Washington the sales force uses fuel-efficient, compact and/or subcompact automobiles.

Since the facilities of most food retailers in Oregon, as mentioned earlier today, were not of sufficient size to handle a totally returnable system, we have had to increase our delivery service frequency to prevent our customers' facilities from being overrun with unsanitary empty beverage containers. This obviously has resulted in increased motor fuel consumption.

The need for larger facilities to handle the returned bottles and cans is not limited to the food retailer. After the passage of the bottle bill, we had to find additional facilities to accommodate the new totally returnable system. Since there was no land available to expand our existing facility located at NE. 28th Avenue, here in Portland, we had to lease an additional warehouse on the other side of the Willamette River, in Northwest Portland. This has resulted in tremendous additional overhead expense and continues to be a major drawback to the efficient conduct of our operations in Portland.

In summary, I have just outlined the major reasons why I am opposed to the passage of national mandatory deposit legislation. This is an extremely complex issue as you know and since I was only allowed 5 minutes to speak today I would like to send to the committee, for its review and consideration, some additional and more detailed information. This information relates specifically to the conduct of my business in the State of Oregon which presently has mandatory deposit legislation in effect that is similar to that being considered by this committee.

Thank you very much for granting me the opportunity to share this information with you.

Senator PACKWOOD. Mr. McGlaston, we will receive that material because we will have hearings later in March in Washington, and you can get it into the record.

Thank you very much. We appreciate your waiting.

That will conclude our hearing today.

[Whereupon the hearing was adjourned at 12:30 a.m.]



I have not yet made up my mind as to the expediency of doing
 the thing you suggest. I have not yet decided whether or not
 to do it. I have not yet decided whether or not to do it.
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