

4116 Magoun Ave.  
 East Chicago, IN.  
 46312-2516  
 Sunday, 15 June '97

Office of the Secretary  
 Federal Trade Commission, Room 159  
 6<sup>th</sup>. Street and Pennsylvania Ave. NW  
 Washington, DC 20508



Dear Secretary,

This concerns the Commission's proposed of May 5<sup>th</sup> to change the meaning of "MADE IN THE U. S. A." labeling requirements. For the past 50 years 98% of manufacturing cost had to be incurred in the USA to qualify for that label. The FTC is telling us that these guidelines, which will reduce that to 75%, are designed to reflect the increasing interdependence of manufactures in the global marketplace and the growing understanding of U.S. consumers about how the products they buy are made.

I have a suggestion which leaves absolutely no doubt about how products are made. It is a label such as this:

Composition of this product: % material from the USA % imported materials 100% total % labor from the USA % foreign labor 100% total
--

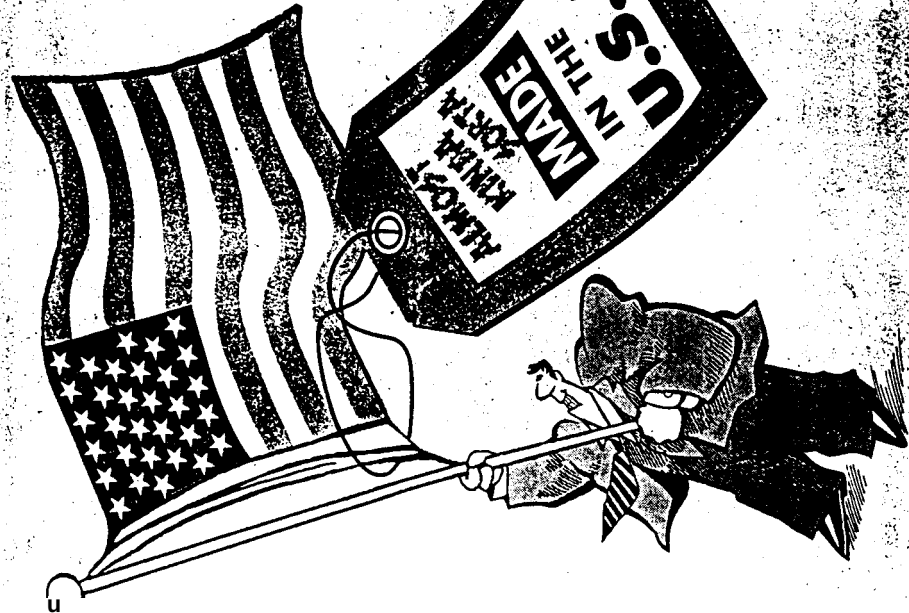
This kind of labeling will certainly increase the understanding of U.S. consumers about how the products they buy are made.

Sincerely,

A handwritten signature in cursive script that reads "Anthony J. Jordan".

Anthony J. Jordan

# Feds: Firms can fudge "Made in USA" labels



by BRUCE INGERSOLL  
Wall Street Journal

**T**he government is proposing to let consumer-product makers fudge their Made-in-USA claims.

Under a Federal Trade Commission proposal announced May 5, products no longer would have to be "all or virtually all made" with domestic labor and materials for manufacturers to label and advertise them as All-American wares.

The proposed guidelines, FTC officials said, are designed to reflect the increasing interdependence of manufacturers in the global marketplace and the growing understanding of U.S. consumers about how the products they buy are made.

## 75% MADE IN THE USA

The agency's proposal would let companies label products "Made in USA" if at least 75 per cent of the manufacturing costs are incurred in the U.S. and if the product is "substantially transformed," or assembled, in this country.

For 50 years, 98 per cent of the costs has been the generally accepted minimum standard for claiming U.S. origin.

The FTC also said it would allow U.S.-made claims by manufacturers who assemble their products in the U.S. and use major components that also have been assembled in the U.S. But some of those components can be

foreign-made, under the FTC proposal. "We sought to strike a balance between two important concerns: the commission's recognition that our policies must keep up with changes in the global economy and ensure that consumers aren't deceived," said Jodie Bernstein, director of the FTC's Bureau of Consumer Protection.

The proposal stems largely from a 1994 enforcement action that FTC brought against New Balance Athletic Shoes Inc. (See "FTC settles case against shoe firms" NWR, (see FTC, page 4)

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# FTC wants to weaken 'Made in USA' standard

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10/31/96.)

The FTC charged the Boston-based manufacturer with deceptive advertising and labeling because New Balance imported outer soles from China for some of its footwear and claimed the shoes were American made.

The company responded by mobilizing the congressional delegations of Massachusetts and Maine, where it has factories employing 1,200, and mounting a lobbying campaign for a more flexible U.S.-origins standard.

Scores of companies from a broad spectrum of industries weighed in with comments, as did 26 members of Congress, who were evenly divided on the issue.

The FTC has set a deadline of August 11 for public comment, after which it will issue final guidelines. The new standards would not apply to the automobile, textile, woolen or fur industries, which are regulated by individual statutes.

## TRUTH IN ADVERTISING?

The proposal is bound to be highly controversial. Many consumer groups and labor organizations vehemently object to liberalizing the U.S.-origins standard, saying the proposal would unleash an onslaught of misleading marketing claims on unwary shoppers.

Manufacturers of wholly domestic products complain it would confer an unfair advantage on rival companies that use less-expensive foreign-made parts and materials in their manufacturing processes.

## MAKE YOUR VOICE HEARD

To comment on the proposed guidelines for "Made in USA" labels, write to the Federal Trade Commission. Public comments must be received by August 11.

Office of the Secretary  
Federal Trade Commission, Room 159  
6th Street and Pennsylvania Ave. NW  
Washington, DC 20580  
Fax line: 202-326-2496

All public commentary will be made available at the  
the FTC web site: <http://www.ftc.gov.usa.htm>

a fraud on

the American

public."

The proposed guidelines "will be confusing to a lot of consumers," asserted Edwin Rothschild, spokesman for Citizen Action, a federation of 30 state consumer groups. "The Made-in-USA label should be reserved for items that are actually manufactured here," says Rothschild.

"Manufacturers know how valuable that label is, but we shouldn't allow it when it isn't true."

Polls commissioned by the FTC show that consumers still expect products bearing the Made-in-USA label to have a high amount of U.S. content.

"Most consumers were willing to accept 70 per cent U.S. content as long as the product was assembled here," said Beth Grossman, an FTC lawyer. "But if you get lower than that — like 50 per cent — consumers start feeling they're being misled."

At a two-day FTC hearing in March, deep divisions were evident among industry representatives.

Stanley Works, a major hand-tool manufacturer based in New Britain, Connecticut, that makes some of its products out of imported forgings, was pitted against numerous other rival manufacturers of wholly domestic tools.

## EXPORTING JOBS

Most trade associations and multinational companies favored a 50 per cent content standard for products assembled in the U.S. Most labor unions and several state attorneys general, however, lobbied for maintaining the status quo.

The AFL-CIO denounced the proposed guidelines, saying they would perpetrate "a fraud on the American public and open the door even wider to the export of U.S. jobs." □

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