

STATEMENT OF CONGRESSMAN LES AuCOIN  
BEFORE THE SUBCOMMITTEE ON MONOPOLIES AND COMMERCIAL LAW  
OF THE  
HOUSE JUDICIARY COMMITTEE

APRIL 24, 1980

I am pleased to be here today along with my Colleague, Congressman Jim Jeffords of Vermont, in support of HR 3567 and HR 3573. My purpose in testifying today is to urge adoption of an amendment to this legislation that encourages preservation of the returnable container in our soft drink market and brings us significantly closer to a true "National Bottle Bill."

Consideration of the bills before this subcommittee affords a real opportunity to focus on our nation's policy regarding returnable beverage containers, and to do some public good -- good for the environment, good for the economy, good for the industry, good for the consumer.

I represent Oregon, the pioneer in Bottle Bill legislation. I am here today to tell you unequivocally that the Bottle Bill works. It works because it reduces litter and solid waste. It works because it saves energy. It works because it creates jobs. It works because it saves consumers money.

Despite the overwhelming success and enormous popularity of Oregon's Bottle Bill and of similar legislation in other states, including Vermont, national container deposit legislation has been subjected to abuse, ridicule and lies. It has literally been studied to death.

This subcommittee is to be highly commended for its broad vision in linking the issue of competition within the industry with the issue of performance standards of the industry when it comes to returnable containers.

As you know, I am a co-sponsor of HR 3567. I support it because it is the only way to keep small bottlers in business. Industry sources tell me that 1,409 of the 2,042 bottlers nationwide employ fewer than 50 workers. In Oregon, we have 30 bottlers, and 26 of them employ fewer than 50 people.

Without these small bottlers, who are extremely sensitive to local consumer demands, the chances for maintaining or increasing the number of returnable containers in the market is doubtful.

A lesson can be learned from the beer industry. Their industry used to be highly localized. Without the protection of exclusive territories when throwaways were introduced in the late 40's, we saw a drastic change. In 1935 there were 765 brewers, in 1947 there were 457, and in 1977 there were only 47 breweries in the whole country. What happened to returnable containers in that industry? They dropped from holding 85 percent of the market in 1947 to only 12 percent of the market in 1977. Translate that to the soft drink industry and we're looking at a scenario sure to eliminate the returnable container in the container market.

Throwaway bottles are an easy way out -- for consumers, for supermarkets, for the industry. Unfortunately, it is not the cheapest way.

On the average, a customer pays a 57 percent higher cost for a Coca-Cola in a throwaway container than in a returnable container -- and for a very simple economic reason. If a bottle is used more than once, the cost of that container is spread over several purchases and is paid by several customers.

Of course, a returnable container must be collected at a store, transported back to the bottler and washed -- all for a cost. But that cost pales in contrast to the true "cost" of throwing a container away and replacing it with another one.

According to a study by Franklin Associates, independent research consultants in resource and environmental planning, a mere 5 percentage point annual drop in the market share of returnable containers would mean:

- o Consumption of an additional 5.1 billion pounds of raw materials;

- o Generation of an additional 385 million pounds of air pollutants and 67 million pounds of water pollutants;
- o Use of an additional 102 trillion BTUs of energy -- enough to electricity to power a city with a population of 100,000 for 34 years; and
- o Consumption of an additional 43 billion gallons of water.

One of the most reliable and recent independent analyses of returnable container legislation was conducted by the Resource Conservation Committee. It concludes that if we had a variety of packages on the market and between 40 and 60 percent of the containers were in refillable form we could reduce energy consumption by 70 to 130 trillion BTUs per year.

That is the equivalent of 12 to 23 million barrels of oil per year.

At a time when we are trying to conserve energy, reduce waste and save money to combat inflation, we cannot afford the extravagance of throwaway bottles. We cannot afford to allow minor inconveniences to blind us to the very tough choices that face us.

The truth is returnable containers represent no loss in standard of living. After enactment of Oregon's Bottle Bill in 1972, consumption of beer in my state, based on actual tax receipts, increased by 6.35 million gallons. Profits for bottlers have not suffered, either. The Pepsi-Cola bottler in Portland, Oregon, confirmed that his sales and profits were up the year following adoption of the Oregon Bottle Bill, and prices then, as they still are, were comparable to other Western states.

And what about jobs? True, there was a shift from container manufacturing to bottling plants and retail stores. The shift was hardly noticeable, and in Oregon over 300 new jobs were created. But another jobs aspect was more noticeable -- and again, we can look to the beer industry. With the rise of throwaways, breweries were able to make their product in regional centers. The number of breweries dropped, and the number of employes dropped. Minnesota alone lost seven breweries from 1962 to 1974.

A major obstacle to national container reuse legislation has been the argument that skilled jobs would be lost and replaced with unskilled labor. The Resource Conservation Committee determined that if in fact we had a national deposit system, we would get a net increase of approximately 50 to 55,000 jobs by 1985. Even more significant is the committee's conclusion that not only would those new jobs employ some of our unskilled unemployed youth, but that many of them would provide high-paying employment for skilled, head-of-household workers.

The fact is we have been worried about a job shift and paying the price with more energy consumption. A returnable bottle used 10 times consumes less than a third of the energy of a throwaway steel can and one-sixth of the energy in a throwaway aluminum can. The returnable converts that energy savings into jobs.

A final question has arisen about the constitutionality of container deposit legislation. The Oregon Court of Appeals, in declaring Oregon's Bottle Bill constitutional, summed up the issue well when it said:

"The availability of land and revenues for solid waste disposal, the cost of litter collection on our highways and in our public parks, the depletion of mineral and energy resources, the injuries to humans and animals caused by discarded pull-tops, and the blight to our landscape are all economic, safety and esthetic burdens of great consequences, which are being borne by every member of the public."

Which brings us to the legislation at hand today. The situation is getting worse. We are using more throwaways and fewer returnables. According to National Soft Drink Association figures, throwaways now represent 62 percent of the soft drink market. Returnables, at 38 percent of the market, are down from a 44 percent share just four years ago. In 1966, returnables represented 80 percent of the market, and in 1958, just two decades ago, returnables stood at 98 percent of the market. The direction is surely clear.

The direction is even clearer when you examine a breakdown of where throwaways dominate -- in large urban centers such as Boston, Philadelphia and New York where the share of returnable containers in the market is less than .1 per cent.

The amendment Congressman Jeffords and I are putting forward this morning will be a reasonable beginning to reverse this trend away from refillable containers. In light of the bottler's support of this legislation and their concern for retaining the refillable bottle, we think it's only appropriate to set minimum limits for refillable bottles marketed by bottlers who wish to benefit from this legislation.

It is our recommendation that within one year of passage of this bill, 10 percent of each franchise's beverage containers must be made available in returnable bottles. Within 2 years after passage, this percentage must be increased to 20 percent, and within 3 years, 35 percent of all soft drinks must be packaged in returnable bottles.

It just makes common sense to rid ourselves of the convenience mentality we developed when resources and energy were cheap. We're waging a war against inflation now, and in the long run legislation that helps us save energy and raw materials helps us counter inflation.

We of course are committed to a system that will ultimately result in a deposit on 100 percent of the soft drink containers marketed by the bottling industry. However, we are not seeking that today -- what we are seeking and urging is a modest proposal that addresses the industry's own concern for the fate of the refillable bottle. Our amendment will attain and improve the technology of the refillable bottle, which has long been considered the most efficient way to market soft drinks.

These bills will be strengthened by adding the Jeffords-AuCoin Amendment because it gives the consumer assurances of long-term savings through returnable container use. It's a balanced approach and it's one we can live with, and profit by.

This hearing is an appropriate forum, and these bills appropriate vehicles, for the kind of amendment Congressman Jeffords and I am advocating. The legislation before you recognizes it is in the public interest to keep small bottling companies in business. This amendment clearly addresses the same interest.

Americans want answers to the difficult issues facing our nation. Not all the answers are grandiose. Some are as simple as insisting on returnable bottles.

Your subcommittee has a rare opportunity to strike a blow for the small businessman and for the consumer, and save energy to boot. The Jeffords-AuCoin amendment, added to HR 3567 and HR 3573, will produce that result, and so I urge your favorable consideration of the amendment.