

# Consumer News & Views

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## *In this Issue...*

- **Weak Consumer Confidence Index Keeps Fed's Interest Rates in Check.**
- **Volkswagen Scandal threatens Long-Term Stability and Growth.**
- **ACC's Friend of the Consumer Award Recognizes Consumer-Friendly Companies.**
- **Apply for the 2015 Green C<sup>SM</sup> Certification Program.**

**Weak Consumer Confidence Index Keeps Fed's Interest Rates in Check.** When consumer sentiment hit its lowest level in a year in early September, and producer prices were flat in August, it was a clear indication that any serious move by the Federal Reserve to bump up interest rates would have to wait until 2016. At a time when millions of consumers are still struggling to climb out of the Great Recession (2008-2012), some three years after its official end, the Fed did not want to risk further damage to the nation's economic recovery by raising interest rates.



After several months of upward movement in the consumer confidence index, it appears that consumers are tightening their belts and bracing for a slow fourth quarter in 2015. It seems that consumers are concerned over a sluggish labor market and the lack of income growth. The American Consumer Council, a non-profit consumer education organization, observed that the recent stock market volatility and a strong dollar internationally are two factors contributing to the consumer confidence drop and the sluggish economic performance during the past three months in the United States.

The University of Michigan said its consumer sentiment index fell to 85.7 in mid-September, the lowest since September 2014, from a reading of 91.9 in August.

**Volkswagen Diesel Scandal Threatens Company's Long-term Stability and Growth.** The Volkswagen diesel scandal has toppled the company's chief executive officer CEO Martin Winterkorn, who resigned last week taking responsibility for the German carmaker's rigging of U.S. emissions tests in the biggest scandal in Volkswagen's 78-year history.



"Volkswagen needs a fresh start - also in terms of personnel. I am clearing the way for this fresh start with my resignation," Winterkorn said in a statement. He said he was shocked by events of the past few days, above all that misconduct on such a massive scale was possible at the company.

A five-member executive committee had grilled Winterkorn, 68, since morning at the company's headquarters in Wolfsburg, Germany. The company was under huge pressure to take decisive action, with its shares down more than 30 percent in value since the crisis broke.

Many consumer organizations including the American Consumer Council have labeled Volkswagen as a company with "a culture of deceit and corruption" and called for the CEO's removal.

Thomas Hinton, president of the American Consumer Council, a national consumer advocacy organization, responded to ACC's efforts to unmask the Volkswagen deception by stating, "What in the world was Volkswagen thinking? Did it never occur to those involved in this campaign of deceit and dishonesty that they would be caught? And, once their deceptive practices were disclosed, did they not think that their company would suffer irreparable harm in terms of a complete loss of consumer confidence in their products, not to mention the serious financial consequences? One really needs to question the stupidity of Volkswagen's actions. It suggests that Volkswagen has a corrupt corporate culture."



Unfortunately for Volkswagen, the bad news continues to pour in. German prosecutors said on Wednesday they were conducting a preliminary investigation into the manipulation of vehicle emission test results at Volkswagen, while French Energy Minister Segolene Royal said her country would be "extremely severe" if its investigation into the company found any wrongdoing.

U.S. authorities are planning criminal investigations after discovering that Volkswagen programmed computers in its cars to detect when they were being tested and alter the running of their diesel engines to conceal their true emissions.

German Chancellor Angela Merkel had urged Volkswagen to move "as quickly as possible" to restore confidence in a company held up for generations as a paragon of German engineering prowess.

The U.S. Environmental Protection Agency (EPA) said Volkswagen could face penalties of up to \$18 billion for cheating emissions tests on some of its diesel cars.

The story has sent shockwaves through the car market, with dealers in the United States reporting people holding back from buying diesel cars. Diesel engines account for less than 3 percent of new cars sold in the United States, but around half of cars in Europe, where governments have encouraged their use to meet fuel efficiency and greenhouse gas targets.

Their biggest selling point is their fuel economy and low carbon emissions compared to standard gasoline engines. But they also emit far more nitrogen dioxide, a toxic gas blamed for health problems. The suggestion that their emissions in real world conditions are worse than reported in tests could harm the whole sector and alter the future of the car industry worldwide.

Volkswagen said on Tuesday it was setting aside 6.5 billion euros (\$7.3 billion) to help cover the costs of the crisis. Analysts doubt that will be enough, with the company disclosing that 11 million of its cars were fitted with Type EA 189 engines that had shown a "noticeable deviation" in emission levels between testing and road use.

The U.S. Justice Department has launched a criminal probe, a source familiar with the matter said. New York and other state attorneys general are also forming a group to investigate.

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## **ACC's *Friend of the Consumer* Award Recognizes Outstanding Businesses in 2015.**

Is your business consumer-friendly? Does your business deserve greater recognition for its service to consumers? If so, you should apply for the American Consumer Council's Friend of the Consumer Award. Now is the time to apply!

Throughout the year, ACC presents its "Friend of the Consumer" Awards. This prestigious award recognizes manufacturers, retailers, and other businesses that produce or sell products in the United States that meet or exceed federally-mandated standards and are touted by consumers as "consumer friendly."

Each year, ACC awards numerous "Friend of the Consumer" Awards to deserving companies and organizations because they have "demonstrated a commitment to American consumers by providing a specific product or service that fosters consumer confidence and market acceptance."



To apply for the "Friend of the Consumer" award, complete the online application and return it to ACC with the application fee. Applicants will be notified within 5 days of receipt of their application. Thereafter, a panel of independent judges will review your application and make a formal recommendation within 20 days of receipt of your award application.

For more information, visit: <http://www.americanconsumercouncil.org/awards.asp>

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## **Green C<sup>SM</sup> Certification Accepting Applications for 2015 Winter Cycle:**

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green C<sup>SM</sup> Certification**. Applications for the 2015 Winter cycle are now being accepted through December 21, 2015.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green C<sup>SM</sup> Certification** criteria can be viewed at ACC's website located at: <http://americanconsumercouncil.org/greenc.asp>

