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Few Changes for Consumers in 103rd Congress

Although there will be at least 121 new faces, including unprecedented numbers of women and minorities, the 103rd Congress is expected to vote much like the 102nd when it comes to consumer issues.

Most of the changes in membership resulted from the record number of members who retired this year. But redistricting, the House Bank scandal, and a strong grassroots sentiment against politics as usual also contributed, causing more incumbents to lose than have in recent elections. Among them were eight House incumbents endorsed by CFA.

But the slight loss of ground for consumers in the House was not expected to cause a significant change in votes on consumer issues. And consumers held their own in the Senate, where the two incumbents endorsed by CFA won, as did two CFA-endorsed House members running for open Senate seats and one non-incumbent open-seat candidate.

In addition, among the CFA-endorsed candidates who lost their Senate races was Rep. Jim Moody (D-WI), who was defeated in the primary by Russell D. Feingold. Feingold went on to defeat Republican Bob Kasten in the general election. Although he was not endorsed by CFA, Feingold is expected to be far more supportive on consumer issues than Kasten, who was the Senate's leading proponent of anti-consumer tort reform measures.

Most CFA House Endorsees Win

Of the 120 candidates endorsed by CFA in the House, 96 won and 22 lost. In addition, Rep. Matthew J. Rinaldo (R-NJ) retired, and Rep. Ted Weiss (D-NY) died.

Of the 96 successful candidates, 84 were incumbents, and 12 were candidates for open seats. As in the Senate, none of the 11 challengers to anti-consumer candidates managed to unseat their opponents.

The eight CFA-endorsed candidates among the 43 House incumbents to lose their seats were: Rep. John W. Cox (D-IL); Rep. James Jontz (D-IN); Rep. Chester G. Atkins (D-MA), who lost in the primary; Rep. Gerry Sikorski (D-MN); Rep. Thomas J. Downey (D-NY); Rep. Stephen J. Solarz (D-NY), who lost in the primary; Rep. Mary Rose Oakar (D-OH), and Rep. Peter H. Kostmayer (D-PA).

The defeat of Reps. Jontz and Sikorski was a particular blow to consumers, as both had been leaders on issues of concern to consumers, and both had compiled pro-consumer voting records that earned them CFA's designation as Lifetime Consumer Heroes.

Other Lifetime Consumer Heroes who will be missing from the 103rd Congress are Sen. Brock Adams (D-WA), Sen. Timothy Wirth (D-CO), and Rep. James Scheuer (D-NY), all of whom retired, and Rep. Weiss, who died.

House and Senate Banking Committees Change Dramatically

One area where the election is expected to have a dramatic effect is in the make-up of the House and Senate Banking Committees, which both saw a large number of members retire or lose their fight for reelection.

Five left the committee in the Senate, three through retirement and two through defeat. In the House, 13 Banking Committee members either retired or were defeated. And still more changes could come if returning members request reassignment.

The good news for consumers is that most of those who are leaving have generally sided with industry in opposition to pro-consumer initiatives, particularly in the House.

Also, Rep. Jim Leach (R-IA), who has received special recognition from CFA for his pro-consumer record on banking issues, is next in line to take over as ranking minority member.

Furthermore, in the Senate, Alphonse D'Amato (R-NY) is expected to replace Garn as ranking minority member. Though no consumer champion, Sen. D'Amato has been more supportive on consumer issues than Garn, and he is not the strong proponent of financial restructuring proposals that Garn was.

Clinton Win Should Benefit Consumers

Perhaps the biggest gain for consumers in the 1992 election was Bill Clinton's victory in the presidential race. Although Clinton has been associated with the more conservative, pro-business wing of the Democratic Party, he is nonetheless expected to be far more sympathetic to consumer concerns than either George Bush or Ronald Reagan.

CFA Legislative Director Gene Kimmelman outlined four positive changes that he expects will fundamentally alter the legislative and regulatory environment for pro-consumer initiatives in a Clinton administration.

- The threat of a veto of reasonable consumer legislation has disappeared for the first time in 12 years.
- There is the possibility of administration muscle behind measures consumer advocates support.
- There are unlikely to be administration initiatives that are blatantly anti-consumer.
- And, despite the limitations imposed by the deficit, there is likely to be a new energy at the regulatory agencies.

"For the first time in 12 years we have the possibility of a positive legislative and regulatory agenda on issues that affect consumers' pocketbooks and their health and safety," he added. "While it is almost certain to be a moderate agenda, and the deficit will limit our opportunities, we should nonetheless see a major improvement over the anti-consumer attacks of the last two administrations."

"We will know more what to expect once we see what kind of appointments Clinton makes, but, all in all, this should offer a new opportunity for pro-consumer reform," Kimmelman said.

Successful CFA-Endorsed Candidates

SENATE

CA: Rep. Barbara Boxer (D)
FL: Sen. Bob Graham (D)
IL: Carol Moseley-Braun (D)
MD: Sen. Barbara Mikulski (D)
ND: Rep. Byron Dorgan (D)

HOUSE OF REPRESENTATIVES

AL: Earl Hilliard (D-07)
AZ: Rep. Ed Pastor (D-02)
CA: Rep. Robert T. Matsui (D-05)
Rep. George Miller (D-07)
Rep. Nancy Pelosi (D-08)
Rep. Ronald V. Dellums (D-09)
Rep. Tom Lantos (D-12)
Rep. Fortney "Pete" Stark (D-13)
Anna Eshoo (D-14)
Rep. Don Edwards (D-16)
Rep. Leon E. Panetta (D-17)
Rep. Anthony C. Beilenson (D-24)
Rep. Howard L. Berman (D-26)
Rep. Henry A. Waxman (D-29)
Rep. Matthew G. Martinez (D-31)
Rep. Esteban Edward Torres (D-34)
Rep. Maxine Waters (D-35)
Mayor Walter Tucker (D-37)
Robert Filner (D-50)
CO: Rep. Patricia Schroeder (D-01)
CT: Rep. Barbara B. Kennelly (D-01)
Rep. Sam Gejdenson (D-02)
FL: Peter Deutsch (D-20)
Carrie Meek (D-17)
Karen Thurman (D-05)
GA: Rep. John Lewis (D-05)
Cynthia McKinney (D-11)
HI: Rep. Neil Abercrombie (D-01)
Rep. Patsy T. Mink (D-02)
IL: Rep. Sidney R. Yates (D-09)
Rep. George E. Sangmeister (D-11)
Rep. Jerry Costello (D-12)
Rep. Lane Evans (D-17)
Rep. Glenn Poshard (D-19)
Rep. Richard J. Durbin (D-20)
IN: Rep. Peter J. Visclosky (D-01)
Rep. Frank McCloskey (D-08)
ME: Rep. Thomas H. Andrews (D-01)
MD: Rep. Benjamin L. Cardin (D-03)
Rep. Steny H. Hoyer (D-05)
Rep. Kweisi Mfume (D-07)
Rep. Constance A. Morella (R-08)
MA: Rep. John Olver (D-01)
Rep. Richard E. Neal (D-02)
Rep. Barney Frank (D-04)
Rep. Edward J. Markey (D-07)
Rep. Joseph P. Kennedy II (D-08)
Rep. Joe Moakley (D-09)
Rep. Gerry E. Studds (D-10)
MI: Bart Stupak (D-01)
Rep. Dale E. Kildee (D-09)
Rep. David E. Bonior (D-10)
Rep. Sander M. Levin (D-12)
Rep. William D. Ford (D-13)
Rep. John Conyers, Jr. (D-14)
Rep. Barbara-Rose Collins (D-15)
MN: Rep. Bruce F. Vento (D-04)
Rep. Martin Olav Sabo (D-05)
Rep. Collin C. Peterson (D-07)
Rep. James L. Oberstar (D-08)
MO: Rep. Alan Wheat (D-05)
NJ: Rep. Frank Pallone (D-06)
Rep. Robert G. Torricelli (D-09)
Rep. Donald M. Payne (D-10)
NM: Rep. Bill Richardson (D-03)
NY: Rep. George J. Hochbrueckner (D-01)
Rep. Gary L. Ackerman (D-05)
Rep. Charles E. Schumer (D-09)
Rep. Edolphus Towns (D-10)
Rep. Major R. Owens (D-11)
Rep. Charles B. Rangel (D-15)
Rep. Jose E. Serrano (D-16)
Rep. Eliot L. Engel (D-17)
Rep. Nita M. Lowey (D-18)
Rep. Michael R. McNulty (D-21)
Rep. Louise M. Slaughter (D-28)
Rep. John J. LaFalce (D-29)
OH: Rep. Marcy Kaptur (D-09)
Rep. Louis Stokes (D-11)
Sherrod Brown (D-13)
Rep. Thomas C. Sawyer (D-14)
Rep. James A. Traficant (D-17)
OK: Rep. Mike Synar (D-02)
OR: Rep. Ron Wyden (D-03)
Rep. Peter A. DeFazio (D-04)
PA: Rep. Thomas M. Foglietta (D-01)
Rep. Robert A. Borski (D-03)
Rep. William J. Coyne (D-14)
TX: Gene Green (D-29)
VT: Bernard Sanders (I-AL)
VA: Leslie Byrne (D-11)
WA: Rep. Jolene Unsoeld (D-03)
Rep. Jim McDermott (D-07)
WV: Rep. Robert E. Wise (D-02)
WI: Rep. Gerald D. Kleczka (D-04)
Rep. David R. Obey (D-07)

1992 Legislative Wrap-up

Telecommunications

Cable Reregulation

In October, Congress overrode the president's veto — the only successful override in the 102nd Congress — and enacted legislation to lower cable television rates and promote competition in the cable industry (P.L. 102-385). By April, the Federal Communications Commission must establish reasonable rates for a basic tier of cable service, uniform customer service standards, and maximum prices for installation and the equipment used to receive basic service.

Local franchising authorities will regulate rates according to federal guidelines. The FCC also will be required to resolve customers' complaints about unreasonable rates for expanded tiers of service, with the exception of premium channels, and can lower rates and order refunds where it finds the complaints to be legitimate. Eventually, cable companies will be required to offer premium channels without requiring customers to purchase an expanded tier of service. Where competition exists — for example, where another cable or satellite transmission company serves the community — cable rates will not be regulated. To encourage competition, programmers affiliated with cable operators are prohibited from discriminating against cable's competitors, and local authorities are barred from granting exclusive cable franchises.

Bell Company Business Restrictions

Although several bills were introduced related to regional Bell company entry into information services, equipment manufacturing, and long distance services, no legislation was enacted in the 102nd Congress. The House bill which came closest (H.R. 5096), sponsored by Judiciary Committee Chairman Jack Brooks (D-TX), would essentially have codified the business restrictions in the original AT&T breakup agreement. Bell companies seeking entry into these three service areas would have had to get a Justice Department ruling that they no longer possessed monopoly power that could thwart competition.

H.R. 5096 was approved by the House Judiciary Committee in July, but Energy and Commerce Committee Chairman John D. Dingell (D-MI) succeeded in stopping the measure from coming to the floor.

A staff draft of a bill with broad regulatory protections for consumers, put together by Telecommunications and Finance Subcommittee Chairman Edward J. Markey (D-MA), never was introduced. No action was taken on narrower information services bills, including H.R. 3515, a strong pro-consumer measure introduced by Rep. Jim Cooper (D-TN) and endorsed by CFA, and a weak bill introduced by W. J. "Billy" Tauzin (D-LA). The Senate never acted on a companion to the Cooper bill (S. 2112). A 1991 Senate-passed bill (S. 173) to allow the Bell telephone companies to design and manufacture telecommunications equipment, which was opposed by consumer advocates, was never acted on in the House.

900-Numbers, Telemarketing Fraud

At the end of the session, Congress cleared for the president's signature a bill (H.R. 6191) to address abuses in the 900-number industry. The president signed the measure (P.L. 102-556) in October. It requires that callers be warned at the start of a call of the costs and terms of the call. Callers will be able to hang up early and not incur a charge. Services aimed at children under 12 are banned. Bills that would have required the Federal Trade Commission to define and prohibit deceptive, fraudulent, and abusive telemarketing practices (S. 1392, H.R. 3203) were passed by both houses, but they died when the House and Senate were unable to work out their differences.

Financial Services

Government Sponsored Enterprises

Just before adjourning, Congress passed legislation (H.R. 6094) to improve oversight of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), which provide a secondary market for home mortgages. The measure was attached to the housing bill and cleared on the last day of the session. The president signed the bill in October. Although the final version was stronger than the House bill passed in 1991 (H.R. 2900), it was still significantly weaker than consumer advocates had hoped for. It creates a new regulator within the Department of Housing and Urban Development to oversee Fannie and Freddie. The two GSEs will have to meet risk-based capital, minimum capital, and critical capital standards. To ensure that the GSEs serve the mortgage needs of all income levels, the new law also requires the Secretary of HUD to set specific goals for the GSEs to expand their commitment to providing low and moderate income housing; housing in central cities, rural areas, and underserved areas; and affordable housing for low and very low income people.

Fair Credit Reporting

Sponsors of legislation to reform credit reporting practices (H.R. 3596) pulled the bill from the House floor in late September after losing a close vote to delete the bill's provision preempting stronger state laws. The bill was intended to make it easier for consumers to get access to their credit reports and to correct errors. A number of the bill's consumer protections were removed during Banking Committee consideration, however, making it considerably weaker than laws in several states. As a result, consumer advocates opposed its passage with the preemption provision intact. A companion bill in the Senate (S. 2776) was not acted on. It also contained a provision to preempt stronger state laws.

Regulatory Burden

Senate legislation was introduced late in the session to exempt approximately 70 percent of the nation's banks — those with less than $100 million in assets — from a number of important record-keeping requirements, such as disclosure of their small business and small farm lending records. In addition, it would have delayed implementation of truth-in-savings legislation for a year and subjected deposits made at automatic teller machines to an additional day's hold. Although the legislation was not acted on, several less drastic, but still anti-consumer, "regulatory burden" provisions, including a three-month delay in implementation of the truth-in-savings act, were attached to the housing bill.

Rule of 78s

Legislation was attached to the housing bill to prohibit the use of the Rule of 78s in consumer loan transactions, but the measure only applies to loans with a term longer than 60 months. As a result, virtually all auto loans, for example, will still be subject to the abusive practice. Rule of 78s is an outdated accounting method that allows lenders to charge a hidden penalty on prepayment/refinancing loan packages by attributing a larger percentage of early payments to paying off interest rather than principal than would occur under the actuarial method.

Nationwide Branching

Sen. Wendell Ford (D-KY) succeeded in adding a measure to the Senate GSE bill to place a 15-month moratorium on interstate branching by federally chartered savings and loan associations, but the provision was stripped from the final version attached to the housing bill. The Office of Thrift Supervision issued a final rule earlier this year allowing such branching, despite numerous studies which show that the benefits of concentration have been overstated while the anti-consumer effects are substantial. Bills to allow interstate branching were introduced in both houses (H.R. 4170, H.R. 4202, and S. 2207), but they were not acted on.

Investment Adviser Regulation

Both the House and Senate passed bills (H.R. 5726, S. 2266) to improve regulation of investment advisers, but they were unable to work out differences between the two measures before Congress adjourned. Both would have increased investment adviser registration fees in order to fund more frequent inspections by the Securities and Exchange Commission. The House bill went further, requiring the SEC to adopt improved oversight procedures and establishing far more expansive disclosure requirements for investment advisers. The issue is expected to be taken up again in the 103rd Congress.

RTC Funding

The bailout of insolvent savings and loan associations ground to a virtual halt in 1992 when Congress failed to pass additional funds for the Resolution Trust Corporation. The Senate barely passed a bill (S. 2482) in March to provide $43 billion more to the agency. Also in March, the House Banking Committee approved its own bill (H.R. 4241) to provide $43 billion to the RTC. It also passed a bill to restore about $18 billion in funds appropriated in November 1991 that went unspent and reverted to the Treasury. Fearing the first bill could not pass, the latter bill (H.R. 4704) was sent to the House floor. It was rejected overwhelmingly when a number of Democrats refused to vote for the bill unless a majority of Republicans agreed to share the political heat and give it their support.

Limited Partnership Rollups

Late in the 1991 session, the House passed legislation (H.R. 1885) to prevent abuses of limited partners by general partners during limited partnership "rollups." Senate Securities Subcommittee Chairman Christopher J. Dodd (D-CT) attempted to pass a weaker version of the bill (S. 1423), but he was stopped repeatedly by the maneuverings of Sen. Phil Gramm (R-TX). Rollups are highly controversial reorganizations in which two or more partnerships are rolled up into a single entity, typically losing money for the limited partners while generating lucrative fees for the general partners. The House bill, sponsored by Rep. Edward J. Markey (D-MA), would have given more rights and information to limited partners who oppose the rollups. The Senate measure was similar, but contained far weaker provisions related to dissenter's rights.

Government Securities

In response to the Solomon Brothers bid-rigging scandal, legislation was introduced in both houses of Congress to improve regulation of the federal government securities market. The Senate approved two modest bills — S. 1247 to reauthorize the Government Securities Act and to give regulators new authority to set rules governing sales practices in the government bond market, and S. 1699 to clarify that fraudulent bids on Treasury bonds and other manipulative practices are violations of the Securities Exchange Act of 1934.

The House Energy and Commerce Committee passed companion legislation (H.R. 3927), which contained stronger provisions on market surveillance and investor protection. The bill was seriously weakened in Banking Committee. Efforts to win floor passage of the stronger Energy and Commerce Committee version failed, and the issue remained unresolved.

McCarran-Ferguson Reform

Although a bill (H.R. 9) by Judiciary Chairman Jack Brooks (D-TX) was readied for floor action in 1991, the House never voted on legislation to repeal some of the antitrust exemptions granted the insurance industry under the McCarran-Ferguson Act. The Senate did not act on its bill (S. 430) introduced by Sen. Howard M. Metzenbaum (D-OH) early in 1991.

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CONSUMER FEDERATION OF AMERICA
1424 16th Street, N.W., Washington, D.C. 20036
(202) 387-6121

President: *Kenneth McEldowney*
Executive Director: *Stephen Brobeck*
Legislative Director: *Gene Kimmelman*
Assistant Director: *Ann Lower*
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CFAnews Editor: *Barbara Roper*

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Indoor Air Quality

Comprehensive Legislation

Once again, the Senate passed comprehensive indoor air quality legislation (S. 455) in 1991, only to see a companion House bill (H.R. 1066) bog down in three separate committees. The Senate bill included support for research, programs to deal with the most serious health threats, centralized authority in the Environmental Protection Agency, grants for development of new technologies, and incentives for building improvements. It would have established health advisories for hazardous air pollutants and required a nationwide assessment of indoor air quality in buildings owned by local education agencies and day care facilities. It authorized $48.5 million each year through 1996 to fund the program. The House bill contained an authorization of $53.5 million a year through 1996. It expanded on the Senate bill, requiring ventilation standards for public and commercial buildings, product labeling specifying contaminant emissions, and Occupational Safety and Health Administration standards for indoor air pollutants in the workplace.

Radon

Legislation to reauthorize programs to reduce radon exposure (S. 792, H.R. 3258) passed both houses of Congress this session, but failed to reach the president's desk when the House and Senate ran out of time in which to reconcile differences in the two bills. Both bills would have reauthorized three programs which form the centerpiece of the Environmental Protection Agency's efforts to increase public awareness of the need to test and mitigate homes for radon. In addition, the House bill would have required radon test devices and those who conduct tests to meet minimum performance criteria and would have required radon contractors to meet a minimum level of proficiency. The more comprehensive Senate bill also contained several provisions to prevent radon problems in newly constructed buildings and a requirement that EPA develop guidelines on testing radon in schools that receive federal funds.

Product Safety

Product Liability

In September, supporters of a bill (S. 640) that would have limited the ability of consumers injured by dangerous products to recover damages fell two votes short of the 60 needed to end debate and bring the bill to a floor vote. The bill contained several "loser pays" rules to discourage lawsuits.

Also, it would have repealed the doctrine of joint and several liability for non-economic damages; shielded manufacturers of government approved drugs, medical devices, and aircraft from punitive damages unless fraud was involved; and barred injury claims for workplace products over 25 years old. A similar House bill (H.R. 3030) was never acted on.

CPSC Reauthorization, Small Parts Warning Labels, and 5-Gallon Buckets

In September, the House approved a weak bill (H.R. 4706) to reauthorize the Consumer Product Safety Commission. In addition to reauthorizing the agency, the bill would have required choking hazard warning labels on balloons, small balls, marbles, and toys containing small parts that are intended for children between the ages of three and six. The bill, as amended, also would have required the agency to mandate warning labels and to consider safer product designs for five-gallon buckets, which have been associated with infant drownings.

Although consumer advocates supported the small parts provision, they opposed the legislation because of its weak reauthorization and bucket provisions. The Senate did not act on the measure.

Lead

The housing bill approved by Congress and signed October 28 by the president contained provisions to reduce lead-based paint poisoning hazards in private and federal housing.

The bill provides for federal grants to states and localities to reduce hazards in low-income housing. In addition, the bill will phase in requirements for evaluating and reducing paint hazards in federally subsidized housing, and home buyers will be able to test for lead paint before buying a home. Landlords of older rental units will be required to disclose potential lead hazards.

The bill also strengthens protections against lead poisoning for workers and directs the Environmental Protection Agency to establish or approve state certification programs for lead inspections. All lead contractors will be subject to training and certification requirements. In a separate measure to improve disease and injury prevention (H.R. 3635, P.L. 102-531), Congress created a new program to increase screening and prevention of lead poisoning in children.

Bike Helmets

The Senate passed legislation (S. 3096, S. 2952), sponsored by Sens. John C. Danforth (R-MO) and Howard O. Metzenbaum (D-OH), to promote the use of bike helmets by children under 16 and to establish consumer product safety standards for the helmets. These measures passed in the last days of the session and were never acted on in the House. The Danforth bill would have established a new program under the National Highway Traffic Safety Administration to provide grants to states and localities for programs to encourage helmet use by children, including enforcing laws, assisting in the acquisition of helmets, and providing education. In addition to including these provisions, the Metzenbaum bill would have required the Consumer Product Safety Commission to begin a rulemaking to establish a final helmet safety standard that included protections against the risk of helmets coming off and that addressed the risk of injury to children.

Food Safety and Nutrition

FDA Enforcement

Both houses of Congress considered, but failed to pass, legislation to enhance the enforcement powers of the Food and Drug Administration. The bills (H.R. 3642, S. 2135) would have granted the agency authority to recall and embargo products, to inspect records of manufacturers, to subpoena documents, to impose civil monetary penalties, and to deal more effectively with imported products. Currently, the FDA must operate under highly unwieldy and inefficient procedures that have allowed unsafe products to reach consumers in the marketplace and have failed to deter repeat violations of the law. H.R. 3642 was approved in July on a party-line vote in the House Energy and Commerce Committee, but it never came to the floor for a vote. S. 2135 was never acted on.

Seafood Inspection

Senate proponents of a mandatory seafood inspection program worked out the differences that have stalled efforts in previous years and introduced strong legislation (S. 2538) in 1992. The measure included a comprehensive mandatory inspection program, inspection of fishing and processing vessels, sampling for chemical and microbiological contamination, and whistleblower protections for workers who report safety violations. It would have shared responsibility for the program between the Agriculture, Commerce, and Health and Human Services departments. A hearing on the measure was held in the Senate Commerce Committee in June, but no action was taken.

Meat Inspection

The Streamlined Inspection System for beef, which has been opposed for years by food safety advocates, was defunded in this year's Agriculture appropriations bill.

Health and Health Care

Tobacco Control

In July, Congress cleared and the president signed legislation (S. 1306, P.L. 102-321) that will require states to enforce laws barring the sale of tobacco products to minors. Enforcement efforts must be reported on annually to federal authorities. Failure to enforce the laws will cause the states to lose up to 40 percent of their federal substance abuse funds. The bill is the first major anti-tobacco bill to pass Congress since the airline smoking ban in 1989. In order to win passage of the measure, Sen. Edward M. Kennedy (D-MA) agreed not to press forward this year with his bill (S. 1088) to increase federal education efforts on the hazards of tobacco use, provide assistance to states to enhance health education in the schools, require more prominent warnings on tobacco product packages, require disclosure of additives, and give the government authority to restrict harmful additives. In addition, after voice vote passage in the Senate, House conferees refused to accept a measure sponsored by Sen. Frank Lautenberg (D-NJ) that would have limited smoking in facilities of federally funded programs serving children under age 5.

Health Care Reform

Although more than 300 bills were introduced in the 102nd Congress to reform the nation's health care system, none was enacted. Congress failed to act both because of an inability to reach consensus on the best approach and because of a threatened presidential veto of any comprehensive reform measure. One measure (S. 1872), which cleared the Senate as part of two tax bills but was never enacted, would have reformed the private insurance market for small businesses by limiting the cost of health insurance policies for businesses with 50 employees or less, prohibiting insurers from denying coverage to employees or their dependents, and limiting the amount by which insurers could vary premiums for different groups. The measure was stripped from both bills by House Democrats who opposed the bill's incremental approach to reform.

Antitrust

Vertical Price Fixing

Both houses passed legislation in 1991 (S. 429, H.R. 1470) to codify the principle that vertical price-fixing agreements are "per se" illegal and to make it easier for discounters to get their cases before a jury. In June of 1992, however, the House rejected a conference report which was based largely on the stronger Senate bill, and the issue died for the 102nd Congress.

Energy and Utilities

National Energy Strategy, PUHCA Reform

Congress approved and the president signed legislation (P.L. 102-486) designed to increase energy conservation and domestic production and decrease dependence on foreign oil. Among the most significant provisions in the bill are those to promote competition in the electric utility industry by making it easier for utilities and independent power producers to compete in the wholesale electric power market. It requires utilities to share access to their transmission lines in return for just compensation. Also included in the bill are a number of provisions to improve energy efficiency. A pro-consumer provision that would have restricted the authority of states to limit natural gas production in order to drive up prices passed the House but was not included in the final bill. Although attempts were made to include increased fuel efficiency standards for automobiles in the original Senate version of the bill, which was defeated in 1991, those efforts were unsuccessful and were not renewed in the 1992 session.

Transportation

Motor Vehicle Safety

In a year when money was tight, Congress appropriated some, but not all, of the money needed to implement the motor vehicle safety provisions in 1991's surface transportation bill. The appropriations bill (H.R. 5518, P.L. 102-388) included an additional $100,000 and two new positions to conduct auto safety rulemakings at the National Highway Traffic Safety Administration. The appropriations bill also contained $12 million for grants to states that have in place or pass mandatory safety belt and all-rider motorcycle helmet use laws.

This is approximately $6 million short of the amount needed to fully fund the program. In addition, the Senate never acted on a "technical corrections" bill (H.R. 5753) that contained a number of provisions to weaken safety protections in the surface transportation bill.

Anti-car-theft

During the last week of the session, Congress passed legislation (H.R. 4542, P.L. 102-519) to discourage automobile theft. The bill makes carjacking — armed robbery of a vehicle while the driver is present — a federal crime punishable by up to 15 years in prison and requires new procedures to make it easier to detect stolen vehicles. The president, who had called for action to halt carjackings, signed the bill in October.

OSHA Safety Belt and Helmet Use Rules

Congress turned aside an attempt to block a rule proposed by the Occupational Safety and Health Administration to require on-the-job use of safety belts and motorcycle helmets and to require employers to provide driver safety programs. Although the measure blocking the rule was included in the House Labor-Health and Human Services appropriations bill, attempts to add a companion measure to the Senate bill failed, and it was not included in the final version cleared by Congress.

Interest Rate Gap Costs Consumers Billions

The gap between the interest rates banks charge consumers for loans and the rates they pay on savings accounts continues to widen, costing consumers billions of dollars a year in interest overcharges, according to a CFA study released in November.

Entitled "The Widening Gap Between Consumer Loan and Savings Rates: An Update," the study was released November 24 at a Washington, D.C. news conference. It updates previous bank rate studies from April and October of 1991, reviewing rate changes between April 1989 and November 1992 for two-year personal loans, credit cards, new car loans, money market accounts, and six-month certificates-of-deposit (CDs).

Table 1:
Consumer Loan and Savings Rates

	April 1989	October 1991	November 1992
Savings			
6-month CDs	9.02%	5.19%	2.98%
Money Market Accounts	6.42%	4.89%	2.80%
Loans			
Auto	12.50%	11.40%	9.16%
Personal	16.94%	17.03%	16.11%
Credit Cards	18.08%	18.88%	18.46%

"While consumers have many reasons to give thanks on this Thanksgiving week, the widening gap between the high interest rates that banks charge and the low savings rates that they pay is not one of them," said CFA Executive Director Stephen Brobeck, author of the study. "At most banks, interest rate overcharges are fattening record profits," he said.

The following are among the report's key findings.

• For the first time, the November 1992 update found that interest rates paid on money market accounts and six-month CDs were both below three percent.

• In contrast, bank credit card rates in November remained well above 18 percent. In the last year alone, the refusal of banks to lower credit card rates by just two percentage points has cost consumers more than $3 billion in excess interest charges.

• The 15 percentage point spread between savings rates and credit card rates is the highest ever, as is the 13 percentage point spread between savings rates and personal loan rates.

• From April 1989 to November 1992, interest rates on CDs fell 6.04 percentage points, and interest rates on money market accounts declined 3.62 percentage points. Meanwhile, credit card rates rose, and interest rates on personal loans dropped less than one percentage point.

• From October 1991 to November 1992, interest rates on CDs and money market accounts declined more than two percentage points, while credit card and personal loan rates fell less than one percentage point.

• The only good news for consumers in the report is the fact that auto loan interest rates have declined nearly as much as interest rates on money market accounts. Between April 1989 and October 1992, auto loan rates fell 3.34 percentage points. In the last year they declined 2.24 percentage points.

The interest rates on which the report is based have been reported weekly by the *New York Times*, which cites its source as the Bank Rate Monitor.

Copies of the report are available for $10 prepaid from the Consumer Federation of America, 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036, (202) 387-6121. It is free to non-profit groups and to the press.

CFA Executive Director Stephen Brobeck released a report on the widening gap between interest rates on consumer loans and savings accounts at a November Washington, D.C. news conference.

Barbara Roper

Jack Gillis

CFA and Staff Members Honored

The Consumer Federation of America and two of its staff members have recently been recognized for their contributions to the consumer movement.

In September, the North American Securities Administrators Association presented its Distinguished Service Award to Barbara Roper, CFA Director of Investor Protection. The association of state securities regulators honored Roper for playing "a vital role in the mission of investor protection throughout the United States." In particular, the award cited her "tireless work in advocating state and federal reform in the financial planning industry."

In 1991, Roper received the Distinguished Service Award from the National Association of Personal Financial Advisors, an association of fee-only financial planners.

CFA Director of Public Affairs Jack Gillis is the author of a publication that received an award from the National Association of Consumer Agency Administrators in this year's Awards in Excellence in Consumer Education program. The American Association of Retired Persons received first place in the business and industry category for two publications, including a guide to Social Security for women which was written by Gillis.

The awards recognize effective and innovative educational efforts that alert consumers to potential dangers in the marketplace and provide them with the knowledge to make informed purchasing decisions.

CFA received one of the first three Awards for Excellence offered by the Fight Back Foundation for Consumer Education. Presented in October as a part of a program to kick off National Consumers Week, the award recognized CFA's contributions to quality consumer information and improvements in the marketplace.

The Fight Back Foundation is a non-profit organization dedicated to promoting consumer education and awareness in the marketplace.

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