



Study Supports Decentralized Telecommunications System

Current policies that promote a decentralized, flexible, multi-technology telecommunications network represent the best approach to meet consumers' demand for information age services in the 1990s and beyond, according to a study released in January by the Consumer Federation of America and the American Association of Retired Persons.

The major findings of the report, "Expanding the Information Age for the 1990s: A Pragmatic Consumer Analysis," challenge the view put forward by the telephone companies that a centralized system—based on fiber optic wire capable of simultaneously carrying voice, data, and video signal—is needed to bring the benefits of the information age to all consumers and to keep the United States internationally competitive.

Making today's phone network video-capable by approximately the turn of the century (a 10- to 15-year acceleration of fiber investment) will cost at least \$250 billion, resulting in at least a \$5 per month average increase in phone bills over a 33-year period for today's ratepayers, the study finds.

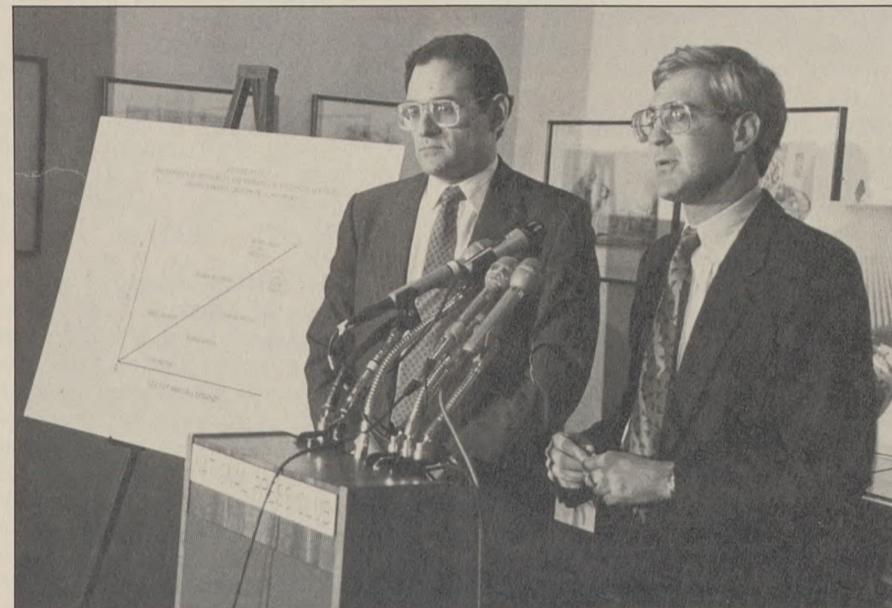
"Without that costly investment, current policies are providing consumers all the services they want, with the greatest array of choices, at the most reasonable prices," said report author Mark Cooper, CFA Research Director. "Allowed to continue, these policies will continue to provide the services consumers want well into the 21st Century."

"Information age infrastructure development is right on schedule and offers consumers a wealth of services which will expand in the 1990s," said CFA Legislative Director Gene Kimmelman. "In the next decade, the real price of basic telephone service and cable TV can be substantially reduced, and new technologies and desirable information age services can be introduced, if we preserve policies that promote a decentralized, multi-wire telecommunications infrastructure."

Restrictions Should Not Be Lifted

At issue are the current policies that prevent the Bell companies from offering their own information content services over their phone lines and that prohibit all local phone companies from operating cable TV in their phone service territory. The phone companies are urging Congress to remove those restrictions, and legislation to that effect has been introduced.

The report finds, however, that a one-wire, fiber optic infrastructure in the 1990s would not provide the necessary combination of affordable essential services (i.e. basic local phone service) and maximum choice of non-essential services.



CFA's Mark Cooper and Gene Kimmelman (right) presented study findings at a joint CFA-AARP news conference in January.

In addition to the high cost of speeding deployment of fiber, the report finds that computing costs in a centralized system will be many times higher than in a decentralized system, since a centralized system relies on mainframe computers which are approximately 20 times more expensive per operation than microcomputers.

Furthermore, a centralized system creates difficult regulatory cost allocation problems that could thwart competition and,

as a result, consumer choice of services, without providing significant additional services.

"If the inflated costs of a centralized system are passed along to basic phone customers, affordable phone service could be jeopardized," said John Rother, director of AARP's Division of Legislation, Research, and Public Policy. If this occurred, he said, older people would lose an essential lifeline to emergency services, social services and

the market, since mobility is often lower for older people.

The study also challenges the phone companies' claim that a centralized system is needed to keep America from falling behind foreign competitors. It finds that the American decentralized information age infrastructure is far ahead of its most advanced centralized competitor, France.

In light of that fact and the fact that 40 percent of American households will own personal computers by the early 1990s, investment in centralized, network-based intelligence and "dumb" terminals (similar to the French system) would be a costly waste of resources, the report concludes.

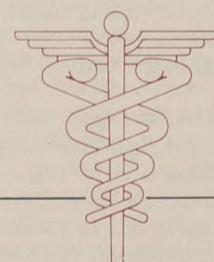
Some Groups Will Need Subsidies

Under either a centralized or decentralized model, special needs groups—low income, rural, and non-profit public institutions—will not be able to afford information age services without subsidies.

Many members of these groups can afford neither the personal computers of a decentralized system, nor the dumb terminals and basic service rate increases of a centralized system. Lacking adequate resources, literacy, and therefore demand, these groups will be the least profitable to serve under either model.

CFA and AARP agree that targeted programs must be devised to promote access to essential information age services for these groups.

Consumers Win on Physician Self-Dealing



Despite efforts to strip controversial measures out of the 1990 budget reconciliation bill, the provision limiting physician self-dealing in the ordering of laboratory tests not only survived but was strengthened in the final bill.

"We won more than we ever thought we'd get," said CFA Research Director Mark Cooper. "There is no compromise here. With respect to Medicare, laboratory ownership practices will be cleaned up."

Recent studies have shown that clinical laboratories, x-ray facilities, and other such operations owned by referring physicians perform more services and charge more for those services than facilities not owned by referring physicians, thus driving up Medicare costs as well as increasing bills for individual consumers.

Beginning in January 1991, physicians will be prohibited from referring a pa-

tient to a clinical laboratory for Medicare-covered service if the physician or an immediate family member has an ownership or investment interest or other compensation arrangement with the laboratory. Only a very narrow set of exceptions are contained in the bill.

A grandfather clause for existing physician-owned labs, which was accepted as part of a compromise to get the measure included in the House version of the reconciliation bill, was removed from the final version of the bill.

The bill also contains a provision to prohibit so-called "shell labs," by restricting to no more than 30 percent the amount of work that can be referred to bigger laboratories.

The Inspector General has promised to implement the law in a way that will not put private-pay customers at risk of

increased costs, a danger CFA has repeatedly warned against in testimony on the legislation.

Furthermore, with regard to non-clinical labs, the Inspector General "is on the warpath," Cooper said. The IG has proposed a rule that would limit to 50 percent the number of owners who are referring physicians and would require that at least 50 percent of a lab's business come from non-owner physicians.

At the same time, he said, the Federal Trade Commission and the Department of Justice appear to be beefing up their enforcement efforts.

With the Medicare bill passed, CFA will consider expanding its efforts to include reform of self-dealing in private pay practices as well, Cooper said.

Legislative Wrap-up

Consumers Win Victories, Progress in 1989

Financial Services



Savings and Loan Reform—In August, President Bush signed into law the “Financial Institutions Reform, Recovery and Enforcement Act” (S. 774, H.R. 1278, P.L. 101-73) to restructure and refinance the savings and loan industry’s deposit insurance system. In addition to strong capital standards and other provisions to ensure the safety and soundness of the thrift system, the law contains a number of consumer provisions. These include two programs to increase low income housing, one as part of the disposition of assets of insolvent thrifts by the Resolution Trust Corporation and one through the Federal Housing Finance Board’s cash advance system. The bill requires all banks and thrifts to disclose to the public their Community Reinvestment Act rating and the examiners’ written evaluation. It requires the appropriate regulatory agencies to collect and disseminate data on the home mortgage applications and lending patterns of banks, thrifts, and mortgage companies by race, sex, and religion. The law also requires the Federal Reserve Board to carry out a bank fee survey each year for seven years.

Basic Banking, Government Check Cashing—Bills have been introduced in both the House (H.R. 3181, 3180) and the Senate (S. 906, 907) to require banks and thrifts to provide low cost, no frills basic banking accounts to older and low income consumers and to cash government checks. Subcommittee hearings have been held both in the House and the Senate, but no action had been taken at session’s end. Sen. Howard Metzenbaum (D-OH) engaged Banking Chairman Donald Riegle (D-MI) and Consumer Affairs Subcommittee Chairman Alan J. Dixon (D-IL) in a colloquy in the last days before adjournment, which drew commitments from both chairmen to bring bills to the floor for a vote by next spring.

Truth in Savings—For the third Congress in a row, legislation was introduced in both houses (H.R. 736, S. 307) to require more complete and uniform disclosure to aid consumers in comparing the terms and conditions of savings accounts.



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The House bill passed the Consumer Subcommittee. The Senate bill was not acted on. It goes further than the House bill by mandating uniformity of interest rate computation methods based on average daily balance and by extending the provisions of the bill to cover mutual funds.

McCarran-Ferguson Repeal—Bills have been introduced in both houses that would, in essence, repeal the insurance industry’s antitrust exemption established in the McCarran-Ferguson law. In the House, the most promising bill (H.R. 1663) is one introduced by Reps. Jack Brooks (D-TX) and Don Edwards (D-CA) which adds to the list of prohibited activities such anti-competitive actions as price-fixing, monopolization of markets, tying arrangements, and market allocation. In addition, Rep. James J. Florio (D-NJ) introduced a bill (H.R. 1093) that would enact a new statute prohibiting and penalizing anti-competitive activities. Sen. Metzenbaum introduced legislation (S. 719) that would repeal the exemption outright, except for the provision that gives states the right to regulate insurance, thus allowing the Federal Trade Commission to apply fair trade provisions to insurers. Hearings were held in the House last summer. Additional hearings in the House, and possibly a markup, are expected soon after Congress reconvenes.

Securities and Exchange Commission—Measures to move the Securities and Exchange Commission to a system of self-financing and to remove the cap on salaries the commission can pay its employees (S. 1712) were dropped from budget reconciliation legislation (H.R. 3299) as part of an end-of-session compromise to remove controversial measures from the bill and ensure its passage. The paycap provision is included in the Senate-passed version of a House international securities law enforcement bill (H.R. 1396), which still must go to conference committee before final approval. House Energy and Commerce Committee Chairman John D. Dingell (D-MI) and Finance Subcommittee Chairman Edward J. Markey (D-MA) have promised to renew efforts to pass self-financing legislation when Congress reconvenes.

Product/Food Safety



CPSC Reauthorization—Legislation to reauthorize and improve operations of the Consumer Product Safety Commission (S. 605) was passed by the Senate in August. House sponsor Rep. James J. Florio’s successful campaign for Governor of New Jersey delayed action on a similar bill in the House (H.R. 1762). This bill was passed by House subcommittee in April, but no full committee markup could be scheduled while Rep. Florio (D-NJ) was on the campaign trail.

CPSC Appropriations—House and Senate conferees allocated an additional \$2.2 million for the CPSC FY 1990 budget beyond the amount requested by the Office of Budget and Management, for a total of \$35.6 million. Because of across-the-board reductions to address the federal budget deficit and the new program on drugs, however, this amount was subsequently decreased by 1.53 percent. Nonetheless, the budget increase was an im-

portant victory for consumers.

Fish Inspection—A total of seven fish inspection bills were introduced in this Congress, and six hearings were held before various House and Senate committees. Many of the differences between the bills center around agency jurisdiction. H.R. 3155 would give the Food and Drug Administration jurisdiction. S. 1245 would give the U.S. Department of Agriculture total jurisdiction by amending the Federal Meat Inspection Act. Nearly identical bills (S. 1983, H.R. 3481) combine the two approaches by requiring the FDA to set limits for chemical and microbiological toxins in fish and shellfish and requiring the USDA to conduct inspections.

Food Labeling—Legislation was introduced in the Senate (S. 1425) to require the Food and Drug Administration to mandate nutrition labeling, to require the disclosure of key nutrients, and to set standard definitions for nutrition claims. Following a November 13 hearing on the bill in the Labor and Human Resources Committee, bill sponsor Sen. Metzenbaum has begun circulating a substitute amendment supported by consumer advocates. A companion measure was introduced in the House as H.R. 3028, but was so seriously weakened during committee markup that it was given a new number, H.R. 3562. Full committee markup may be scheduled soon after Congress reconvenes. Sen. Orin Hatch (R-UT) has introduced a less comprehensive bill (S. 1505), which, despite some strong provisions, would preempt all state laws concerning food labeling, not just those related to nutrition labeling, and therefore is not favored by consumer advocates.

Sustainable Agriculture—Bills have been introduced in both houses. (See article, page 4.)

Health Care



Physician Self-Referral—Congress included a measure (H.R. 939) in the budget reconciliation bill to limit physicians’ ability to self-refer in the ordering of laboratory tests. (See article, page 1.)

Mandated Health Benefits—Sen. Ted Kennedy (D-MA) and Rep. Henry Waxman (D-CA) have introduced companion bills (S. 768, H.R. 1846) that would require all employers to provide a minimum package of basic health benefits for their workers and would allow the unemployed uninsured to “buy into” the Medicaid program. The bill was approved by the Senate Labor Committee in July. Committee hearings were held in the House, but no action was taken.

Catastrophic Care—In response to an outcry from some senior groups, Congress repealed all but a few provisions of the 1988 Medicare Catastrophic Coverage Act. The repeal measure (H.R. 3607) eliminated the expanded Medicare benefits included in the bill, along with the surtax to help finance them. It left intact several minor Medicaid expansions included in the original bill, and it preserved the legislative authority of the Pepper Commission (see below).

Pepper Commission—This bipartisan commission created by the 1988 Medicare Catastrophic Coverage Act got under-

way this session, holding hearings in Washington, D.C. and around the country on the problems of long-term care and access to health care for the uninsured and underinsured. The commission is expected to release its report in March.

Medicaid Expansions—The budget reconciliation bill contained a few small expansions of Medicaid, including requirements that states extend eligibility for certain services to pregnant women and to children up to age 6 in families with incomes below 133 percent of the federal poverty line. After having been passed by the House, provisions to increase community-based Medicaid services to the frail elderly and to mentally retarded and developmentally disabled individuals were dropped from the reconciliation bill in conference committee.

Telecommunications



MFJ Restrictions—Reps. Al Swift (D-WA) and Tom Tauke (R-IA) introduced legislation that would allow the seven regional phone companies to manufacture telephone equipment and offer electronic information services (H.R. 2140). Consumer advocates oppose the bill on the grounds that it offers inadequate protections against industry abuse of monopoly power and cross-subsidization.

Cable Reregulation—(See article, page 4.)

Cable-Telco Cross-ownership

Sens. Al Gore (D-TN) and Slade Gorton (R-WA) and Reps. Rick Boucher (D-VA) and Thomas J. Downey (D-NY) introduced companion bills last summer (S. 1068, H.R. 2437) to permit the regional bell companies to provide cable service in their home service areas. Opposed by consumer advocates because of the potential for monopoly abuse, these bills were not acted on this session.

Fairness Doctrine—Legislation that would reinstate the fairness doctrine was passed in April by both the Senate Commerce Committee (S. 577) and the House Energy and Commerce Committee (H.R. 315). However, attempts to pass the measure on the floor by tying it to a popular Dial-a-Porn bill failed. Along with other controversial provisions, the measure was stripped out of the budget reconciliation bill. House Energy and Commerce Chairman John D. Dingell tried but failed to reinsert the fairness doctrine in the reconciliation bill just before adjournment.

Children’s Television—Bills are awaiting floor action in the House (H.R. 1677) and the Senate (unnumbered) to limit advertising on children’s television. The Senate bill would also require broadcasters to air shows specifically designed for the educational needs of children and is strongly opposed by broadcasters. The new FCC Chairman Alfred C. Sikes is said to prefer legislation to waive antitrust restrictions and allow broadcasters to devise voluntary standards (H.R. 5419), a move not favored by consumer advocates. The Senate also passed a bill in August (S. 797) that would authorize \$10 million for grants to producers of education programs for children.

Energy and Utilities

Acid Rain—Comprehensive Clean Air legislation is under consideration in both the House (H.R. 3030) and the Senate (S. 1630), including controversial provisions dealing with acid rain. The House Subcommittee on Health and the Environment completed its markup of the bill in October, but Energy and Power Subcommittee Chairman Philip R. Sharp (D-IN) continued to try to win cost concessions for Midwesterners on the acid rain proposal. The Senate is scheduled to take up its omnibus bill on the floor when Congress reconvenes in January. Questions still remain on how the Senate will deal with proposals to help some states reduce the costs of complying with acid rain controls and to help others find ways to build new coal fired utility plants despite the acid rain emissions cap.

Natural Gas Decontrol—Natural gas decontrol legislation was passed by both houses and signed into law in July (H.R. 1722, P.L. 101-60). The bill lifts controls as contracts expire or are renegotiated, or no later than Jan. 1, 1993. Sen. Howard Metzenbaum (D-OH) offered amendments to protect consumers from costs associated with indefinite price escalator clauses, violations of environmental law, and take-or-pay clauses, unless those costs are found to be just and reasonable by the Federal Energy Regulatory Commission. All three amendments were defeated in floor votes.

Utility Tax Rebate—The Ways and Means Committee voted down a bill (H.R. 2493) that would have forced utility companies to rebate tax payments they collected from ratepayers but which, since tax reform, they no longer owe the federal government.

PUHCA—The Senate Energy Committee held hearings on reform of the Public Utilities Holding Company Act. The next round of hearings is scheduled for February.

Indoor Air Quality

Comprehensive Indoor Air Legislation—Companion bills have been introduced in the House (H.R. 1530) and Senate (S. 657) to authorize \$48.5 million a year to further research into indoor air quality, establish a program to demonstrate various technologies to reduce contamination, make grants to state programs, establish a national information clearinghouse, develop a program to demonstrate assessment and mitigation methods for public and private facilities, name the Environmental Protection Agency as lead agency on the issue, and improve interagency coordination. Hearings on the bill were held in the Senate Superfund and Environmental Oversight Subcommittee and in the House Subcommittee on Natural Resources, Agricultural Research, and Environment. The bill was reported out of Senate subcommittee with some weakening amendments and is awaiting full committee action.

Airline Smoking Ban—As part of the transportation appropriations bill (H.R. 3015, P.L. 101-164), Congress enacted a permanent smoking ban on all U.S. airline flights except flights of six hours or more to or from Hawaii and Alaska. President Bush signed the bill into law in late November.

Radon—Three bills have been introduced to address the issue of radon contamination of schools. H.R. 3370 and S. 1697 would require local education agencies to test for radon in schools in high-

risk radon areas designated by the EPA, would provide financing for testing and mitigation, and would establish a reporting program. H.R. 2808 would amend the Toxic Substances Control Act to require schools to test for radon contamination. No action has been taken on any of these measures. In addition, bills were introduced in both houses (H.R. 2005, S. 894) to allow radon mitigation costs to qualify for medical expense tax deductions. Attempts to get this legislation included in the budget reconciliation bill failed.

Transportation

Airline Competition—Three Republican senators introduced legislation (S. 1741) in October to enhance competition in the airline industry by reforming the computerized reservation system, discouraging the creation of fortress hubs, prohibiting code sharing, and giving the Federal Trade Commission authority to oversee the industry. Hearings were held in the Senate Subcommittee on Aviation in November.

Airport Fees—Legislation has been introduced in the House (H.R. 3325) to ensure just and reasonable pricing of access to airports for off-airport service providers, such as car rental firms. It has been referred jointly to the Committee on Public Works and Transportation and to the Judiciary Committee.

NHTSA Reauthorization—Legislation to reauthorize the National Highway Traffic Safety Administration (S. 673) has passed the Senate. It has been assigned to the Hazardous Materials and Transportation Subcommittee in the House, but no hearings have been scheduled. The bill would subject light vans and trucks

to the same safety standards as cars, would improve side impact and bumper standards, and would provide for public education about airbags. NHTSA has not been reauthorized since 1982.

CAFE Standards—Legislation was introduced in the Senate (S. 1224) in June to force automobile manufacturers to improve the corporate average fuel efficiency standards for their cars 20 percent by 1995 and 40 percent by 2000. Two bills to deal with the global warming problem also contain measures to raise CAFE standards to 45 mpg by the year 2000 (S. 201, which was added as an amendment to S. 324, and H.R. 1078). In March, during the markup of a bill to prohibit arctic drilling, Sen. Metzenbaum tried but failed to add a measure to that bill raising CAFE standards to 34 by the year 2000.

Miscellaneous

Vertical Price Fixing—The House Judiciary Committee passed legislation (H.R. 1236) that would protect consumers from vertical price fixing, which is the setting of minimum retail prices by manufacturers or distributors. Similar to legislation passed by the House in 1987 but stalled in the Senate in 1988, the bill would set evidentiary standards for antitrust violations and would make clear that price restraints are automatically illegal.

FTC Reauthorization—The Senate passed legislation (S. 1249) to reauthorize the Federal Trade Commission. The bill has been referred to the House Energy and Commerce Subcommittee on Transportation.

Bush Urged to Speed Implementation of S&L Bill

In keynote speeches before CFA's December financial services conference, two House members who played key roles in drafting the savings and loan bailout and reform bill expressed concern that implementation of the bill is proceeding too slowly.

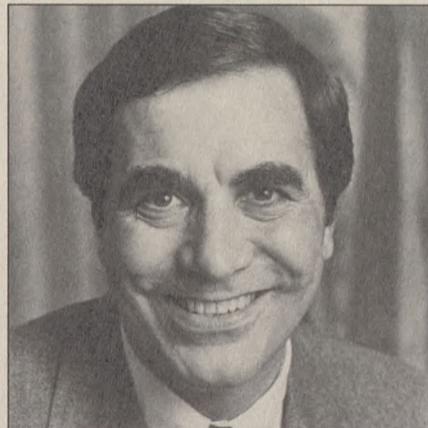
House Banking Committee Chairman Henry B. Gonzalez (D-TX) called on President Bush to release realistic figures on thrift losses, complete organization of all the regulatory machinery, and appoint a replacement for Danny Wall by the beginning of the next Congress in mid-January.

Banking Committee member Rep. Bruce Vento concurred, saying, "It is clear to me that the Bush Administration had no game plan for how to deal with the Resolution Trust Corporation and the institutions under its control." Pointing out that, while writing the law, Congress was reminded daily of the cost of delay, Rep. Vento said those same concerns continue to apply.

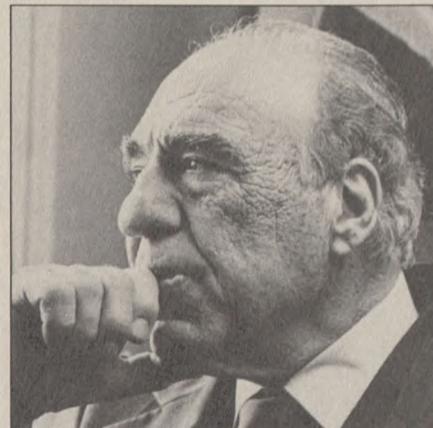
Both Vento and Gonzalez warned that Congress and consumers must continue to play the role of watchdogs to see that implementation follows the law's intent.

Promising aggressive oversight to ensure that "the massive funds going into the savings and loan bailout are not being wasted," Gonzalez said: "No longer are agencies to be allowed to pick and choose what laws they enforce."

Of particular concern, he said, is the Federal Reserve Board, which has shown



Rep. Bruce Vento (left) and Banking Chairman Henry Gonzalez gave keynote speeches at the December financial services conference.



itself to be "a very reluctant" enforcer of such laws as the Community Reinvestment Act and the Home Mortgage Disclosure Act.

Chairman Gonzalez pledged in the next session of Congress to hold hearings on the Fed to determine "why and how it should catch up with the times... how well the system is responding to the dramatic new world changes... what legislation is needed."

"The splendid isolation of the Federal Reserve will not last forever," he said. But he warned that "reform of the Federal Reserve is not going to happen overnight."

Regulatory reform to ensure the safety of the financial system—including reform

of the Securities and Exchange Commission and of insurance regulation—was the subject of several sessions of the conference.

While generally complacent about the state of securities regulation and of the financial markets, SEC Executive Director George Kundahl warned that "substantial risks continue to face industry and investors."

The new chairman has promised to make enhanced funding and the ability to attract and maintain qualified staff a commission priority, Kundahl said.

Noting that regulation of securities markets is similar to the form of regulation that has prevailed in the savings and

loan industry, Kundahl warned that we should not "wait for a savings and loan type catastrophe to get what we need to keep qualified staff."

A similar theme was sounded in a session on "Insurance Company Insolvencies: Is Federal Regulation Needed?" Panelists from within and without the industry agreed that, while there may not be an immediate danger of a savings and loan type crisis, many of the early warning signs are already present.

Current regulatory and business practices "don't make sense," said Jack Chesson, Counsel to the House Energy and Commerce Subcommittee on Oversight and Investigations. "The system is based on trust. There is very little enforcement and penalties." There is no real disincentive to commit fraud, he said.

This time, the committee intends to see to it that Congress "addresses the problem soon enough... to see that we don't have another debacle."

In addition to safety and soundness of the financial system, another important theme of the conference was industry service of low income consumers, highlighted in sessions on auto insurance and the poor and low income banking needs. Other topics included residential real estate sales, credit life insurance, rising losses from consumer bankruptcy, and state insurance regulation.

More than 200 representatives of consumer organizations, government, and industry attended the conference.

Cable Reregulation Gains Momentum

Momentum is growing on Capitol Hill to reregulate the cable television industry, but the form reregulation will take is still unclear.

Critics representing a variety of interests—including local governments, broadcasters, wireless cable operators, telephone companies, and consumers—say cable has become an unregulated monopoly guilty of overcharging customers and strangling potential competition.

"If the industry were composed of vigorously competitive, independent entities at all three of its stages—production, programming, and distribution—consumers would be paying no more than half of what they are charged today for cable service," said CFA Legislative Director Gene Kimmelman. "Since we currently lack competition in the cable market, repositioning of regulation designed to mirror competitive market forces could save consumers about \$6 billion per year."

A key problem has been the Federal Communications Commission's inadequate definition of "effective competition" as competition from at least three over-the-air broadcast stations, a definition which has taken most city governments out of the business of regulating cable rates.

In the two years since rates were fully deregulated, average subscription rates have risen by 28.9 percent for basic cable service, according to a study by the Government Accounting Office.



CFA's Gene Kimmelman testified in support of Sen. Danforth's cable reregulation bill at a Communications Subcommittee hearing.

"Growing consumer demand for the package of video services offered by cable, coupled with increased concentration and vertical integration in the cable industry, in an environment of inadequate regulation, has resulted in excessive cable rate increases and inadequate service," Kimmelman said in testimony before the Senate Communications Subcommittee.

"The goals of the Cable Communications Policy Act cannot be achieved unless Congress fine-tunes the Act."

Two bills have emerged as the primary vehicles for cable reregulation.

Consumer advocates and broadcasters are backing legislation (S. 1880, H.R. 3826) proposed by Sen. John C. Danforth (R-MO) and Rep. Jim Cooper (D-TN) that would:

- revise the definition of "effective competition" that must exist before rates are deregulated;
- limit the national market share a multiple system operator can control;
- bar discrimination against competing cable systems by programmers with connections to a cable operator;
- require cable operators to carry most over-the-air broadcasts in their area; and
- make it easier for local governments to revoke or deny renewals of cable franchises.

Praising the Danforth-Cooper bill for establishing "the most appropriate, fair test for when basic cable rates must be constrained," Kimmelman said this approach "would ensure that rates are reduced to a reasonable level and promote program diversity and service quality."

Local governments and telephone companies, on the other hand, back the approach taken by Sen. Al Gore (D-TN) and Rep. Rick Boucher (D-VA).

Their bill (S. 1068, H.R. 2437) would: allow cities to regulate rates in areas not served by two or more cable operators, allow telephone companies to offer cable services (providing they do not cross-subsidize the

service from the telephone ratepayer base), and bar programming discrimination.

This approach is misguided, Kimmelman said, because the telephone companies could be expected to practice the same type of monopoly abuses that the vertically integrated cable companies have been guilty of.

"CFA believes vertical integration in both the cable and telephone industries is dangerous to consumers' interests," he said.

With legislative inertia on their side, the cable industry has managed to fight off deregulation in the past, but, as the complaints from constituents continue to mount, Congress appears to be losing patience.

At the November 16 subcommittee hearing, Commerce Committee Chairman Ernest F. Hollings (D-SC) and Communications Subcommittee Chairman Daniel K. Inouye (D-HI) joined in urging the cable industry to compromise, saying legislation to reregulate is "bound to happen."

Kimmelman applauded this strengthened commitment to reregulate. "Congress must step in to bring cable rates back into line with costs and promote greater competition in the cable industry," he said. "Without public limitation on cable rates and anti-discrimination/common carrier rules for cable operators, diversity of programming will suffer and consumers will continue to be overcharged for cable services."

Sustainable Agriculture Bills Introduced

Bills have been introduced in both houses of Congress to provide farmers with more flexibility to reduce their reliance on chemicals and to increase their use of safer, healthier, and more environmentally sound farming methods.

Conventional agriculture systems in this country rely on heavy use of synthetic chemicals for pest and weed control and to nourish rapid plant growth. They also require heavy water use. "Such systems have led to the production of food that is laden with chemicals, many of which are toxic, while draining our groundwater systems and polluting our water supplies," said CFA Legislative Representative Peggy Miller.

Farming practices that emphasize crop rotation and biological control methods as replacements for chemicals—termed sustainable agriculture—have demonstrated their potential for effective food production in a safe manner, Miller said.

Rep. Jim Jontz (D-IN), sponsor of the House bill, said that current farm policies actually encourage overproduction, discourage crop rotation, and encourage the use of manufactured chemicals and fertilizer. His bill, H.R. 3552, would: eliminate farm program barriers to crop rotation; provide educational, technical, and financial assistance to farmers who voluntarily adopt sustainable agriculture production systems; and direct the appropriate government agencies to assist farmers who wish to develop integrated, whole-farm, resource-base management plans.

Sen. Wyche Fowler (D-GA) has introduced a similar bill, S. 2898, which includes a package of incentives to encourage farmers to invest in sounder methods and to ease the transition "to practices that deter erosion and bar harmful chemicals from our water supply." It also calls for demonstration programs, "to show farmers they can produce a safer crop without relinquishing their competitive advantage," and expanded research into sustainable agriculture methods. S. 2898 also provides for certification of foods to identify those products that are chemical-free.

Both Sen. Fowler and Rep. Jontz have pledged to make sustainable agriculture a major issue in the drafting of the 1990 Farm Bill, and a broad-based coalition, including CFA, is forming to assist in that effort.

"Consumers want their food and water supplies to be plentiful and low in cost, but they also want them to be clean, nourishing, and healthy for consumption," Miller said. "Sustainable farming methods are needed to restore a balance to our farming environment, so that food and water remain plentiful as well as safe."

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