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Cable Bill Easily Clears House Hurdle

The House voted overwhelmingly in July in favor of strong legislation to lower cable television rates and to promote competition to the powerful cable industry.

Before adopting the overall bill, the House turned aside a weaker substitute and gave strong support to an amendment by Rep. W. J. "Billy" Tauzin (D-LA) to promote competition to cable. Under the amendment, programmers affiliated with the cable industry are prohibited from discriminating in price, terms, and conditions when selling programs to cable competitors.

The 340-73 final vote and the 338-68 vote for the Tauzin amendment sent "a very forceful message that the House believes cable rates are too high and that short-term rate regulation, augmented by long-term competition, is the right policy choice," said CFA Legislative Director Gene Kimmelman. "It is a major victory for consumers."

Bills Head To Conference

The Senate passed similar legislation on a 73-18 vote in January. The next step is for the House and Senate bills to go to conference committee to work out the relatively minor differences that remain in the two versions.

Both bills would give the Federal Communications Commission authority to regulate "basic" cable rates. In addition, both bills give local franchise authorities the ability to protest to the FCC unreasonable rates for equipment and all other tiers of service. The FCC could lower rates it finds to be excessive.

The Senate bill also would allow cable subscribers to protest unreasonable rates, while the House bill gives local and state governments that power and provides for refunds of unreasonable charges.

Both bills would exempt stand-alone premium channels from rate regulation.

The Senate bill contains stronger protections against "retiering," in which cable companies move popular channels out of the basic package. It applies the rate regulation to the lowest-priced package subscribed to by at least 30 percent of customers.

The House bill relies on a broader definition of basic service, including the so-called "superstations" among those that must be contained in the basic package. It also would eventually ban cable operators from forcing consumers to subscribe to a higher-priced package in order to receive premium channels, such as HBO, or pay-per-view.

In addition, both bills would require the FCC to set uniform customer service standards and maximum prices for installation and the devices needed to receive basic cable service, including rental of remote control and converter boxes and additional hookup services.

The Tauzin amendment adopted by the House on program access is similar to a provision contained in the Senate bill. Both would require cable companies that own popular programming to sell it to potential competitors at market rates.

Industry Concentration Limited

In addition, the Senate bill would require the FCC to limit vertical and horizontal integration in the cable industry, while the House bill limits horizontal integration (control over large shares of subscribers throughout the nation) but calls only for a study of the effect of vertical integration (cable operators' ownership of programming).

The Tauzin amendment had been deleted from Rep. Edward J. Markey's (D-MA) cable bill during full Energy and Commerce Committee markup because of the opposition of Chairman John D. Dingell (D-MI) and in order to prevent a referral to Judiciary Committee.

Judiciary Committee favors a controversial overhaul of the entire system by which cable pays for the use of broadcast programs.

Two Controversial Amendments Not Allowed

The Rules Committee kept that issue out of the floor battle by refusing to allow two amendments related to how broadcasters are paid for use of their programs.

One, by Rep. William J. Hughes (D-NJ), contained the Judiciary plan to overhaul the entire copyright royalty payment system, forcing cable to pay broadcasters, program creators and sports leagues for use of broadcast programs.

The other, by Rep. Dennis E. Eckart (D-OH), would enable broadcasters to seek payment from cable for use of their local signals. A similar provision is contained in the Senate bill and may be included in the version reported out of conference committee.

The issue is thought to be the only one which might bog down what is otherwise expected to be swift conference committee consideration.

President Bush has threatened to veto the legislation, but the overwhelming bipartisan votes in both the House and the Senate call into question his ability to sustain a veto.

"The question is whether the president and members of Congress want to go on the record, right before the election, as favoring the interests of the cable industry over the pocketbook concerns of consumers," Kimmelman said.

Consumer Scams Target Recession Victims

Many of the worst consumer abuses target victims of recession, according to a report released in July by CFA and the National Association of Consumer Agency Administrators.

Based on a survey of state and local consumer protection agencies, the report found that victims of the worst abuses are often those needing a job, credit, or relief from mortgage foreclosure.

In several areas, the worst scams are related to fraudulent services offering employment or assistance obtaining employment, the survey found. One company about which many Florida consumers complained, for example, sold consumers lists of non-existent prospective employers for $400 to $700.

Throughout the nation, consumers are being ripped off by loan brokers who collect fees in advance from consumers but fail to find them credit. One advance fee loan operation in Delaware was the subject of more than 500 complaints from consumers in other states.

In some areas, shysters are seeking to defraud those having difficulty paying off mortgages. A "foreclosure counsellor" in Detroit charged advance fees of $500 and more to assist homeowners facing foreclosure or mortgage delinquency, but provided no services.

Vulnerable Are Victimized

"Con artists prey on the vulnerable, especially victims of economic recession," said CFA Executive Director Stephen Brobeck. "At a time when most consumers have little or no discretionary income, they are defrauded each year of billions of dollars."

The most frequent complaints, the survey found, involve auto repairs, home repairs, and phone and mail marketing abuses. At least two-thirds of all agencies reported that auto repairs and home repairs were each one of the five types of products about which consumers complained the most frequently.

Other products about which consumers complained frequently are new and used cars and credit.

NACAA and CFA urged adoption of a three-pronged strategy to prevent ripoffs and scams.

1) New federal and state laws and regulations are needed to protect consumers.

Most frequently mentioned by protection officials are used car lemon laws and protections against advance fee loan scams and telephone-related selling abuses.

2) State and local protection agencies need additional resources to enforce consumer laws.

Instead, most agencies have seen their budgets cut during the past several years. "It does little good to establish new consumer protections if consumer agencies are unable to enforce them," said NACAA Executive Director Anna Flores.

3) Individual consumers must take preventive measures.

"The best way to avoid scams is to be wary of firms you've never heard of, offering deals that seem too good to be true," Flores said. "Consumers should be especially wary of cold calls, advertisements offering to fix bad credit reports, and easy money offers."

Specific Measures Recommended

CFA and NACAA also recommended that consumers follow these more specific measures:

- Don't use advance fee loan brokers. If you can't get credit from a reputable lender, then you probably can't get it on reasonable terms.
- Be aware that 900-numbers can be costly. Charges of more than $100 for a single phone call are not unusual.
- Don't buy from telemarketers. In general, make purchases by phone only when you initiate the call.
- Patronize only auto, home, and appliance repair firms that are recommended by family or friends and are not the subject of complaints to better business bureaus and consumer protection agencies.

Mark Your Calendars

Financial Services Conference

December 3–4

Judiciary Approves Telecommunications Bill

The House Judiciary Committee voted 24-9 in July in favor of legislation to promote competition in the telecommunications industry and protect local telephone ratepayers against unreasonable rate increases.

Sponsored by Chairman Jack Brooks (D-TX), H.R. 5096 would essentially codify the restrictions in the original AT&T breakup agreement, which prohibited entry by the Bell Operating Companies into information services, telecommunications equipment manufacturing, and long distance service.

Under the bill, Bell companies seeking exceptions to the restrictions would need a Justice Department ruling that they no longer possess the monopoly power to thwart competition. Competitors would be able to intervene in federal court in opposition to the Bells' request.

The Bell companies could receive "special consideration" for services for the disabled.

Bill Would Promote Competition

"By reaffirming the antitrust principles that led to the AT&T breakup, H.R. 5096 would promote maximum competition in the information services, manufacturing, and long distance markets," said CFA Legislative Director Gene Kimmelman.

"The bill would protect consumers from inflated local phone rates by codifying the consent decree's standard for minimizing Bell company cross-subsidization," he added.

Although committee approval was, overall, a victory for Rep. Brooks, a key portion of his original legislation was deleted in markup. It would have established waiting periods before the companies could seek to enter new fields.

Only the five-year waiting period for long distance services and for burglar alarm services were retained.

"We were disappointed that the waiting periods were eliminated," Kimmelman said. "The real policy goal here is to keep the Bells out of these industries until there is adequate competitive activity in the local markets."

Energy and Commerce Committee Chairman John Dingell (D-MI) also has an interest in regulating Bell company entry into competitive services.

Although Brooks' bill was carefully crafted, through its strict reliance on antitrust law, to avoid referral to the Energy and Commerce Committee, Rep. Dingell tried hard to win the right to review the legislation. Just before recessing in mid-August, the House leadership ruled that the Brooks bill would not be referred to Energy and Commerce.

Little Time Left For Action

An agreement between the two chairmen, however, delays floor action until after September 25. With Congress scheduled to adjourn October 2, this leaves almost no time for Senate action, making it unlikely that the bill will reach the president's desk this year.

The decision does, however, increase the likelihood that legislation restricting Bell company activities will move forward in some form next year.

In the Energy and Commerce Committee, Telecommunications and Finance Subcommittee Chairman Edward J. Markey (D-MA) has been drafting legislation that approaches the issue from a regulatory, rather than antitrust, perspective. A proposal more favorable to the Bell companies has also been introduced by Rep. W. J. "Billy" Tauzin (D-LA).

The Markey "staff draft" would establish safeguards designed to protect consumers and competitors. For example, the FCC would be required to ensure competitors' access to the local phone network and that local phone revenues are not used to subsidize new businesses, and Bell companies would have to operate new businesses through separate subsidiaries.

So far, Energy and Commerce has not acted on any version of the legislation, waiting instead to see the outcome of Judiciary Committee action.

The only Senate legislation is a bill passed last year that would allow the Bell companies into equipment manufacturing. It is opposed by CFA because it contains inadequate protections against monopoly abuses and cross-subsidization.

"The Bell companies have shown only too clearly their willingness to abuse consumers and competitors under the existing restraints," Kimmelman said, citing a recent CFA study documenting numerous such abuses. "This situation would only get worse if these powerful monopolies were allowed into new competitive markets."

House Panel OKs Investment Adviser Bill

The House Energy and Commerce Committee gave voice vote approval in August to legislation to improve federal oversight of investment advisers, including the majority of financial planners who offer investment advice.

H.R. 5726 would increase the registration fees paid by investment advisers, based on the dollar amount of assets they have under management, and replace the current one-time fee with an annual fee.

The increased revenue produced would fund an expanded Securities and Exchange Commission oversight program, including more frequent inspections of investment adviser firms.

SEC Lacks Resources

Rapid growth in the industry, particularly the financial planning industry, has not been matched by increased resources for the SEC. As a result, the agency estimates that its current inspection cycle for most investment advisers is only once every 30 years.

"The current level of funding is grossly inadequate, and the one-time $150 registration fee cannot begin to provide the revenue necessary to fund an effective program of inspection and investigation," said CFA Director of Investor Protection Barbara Roper. More frequent inspections are needed in order to deter fraud and abuse in this loosely regulated industry, she said.

Using the increased funds, the House bill would require the SEC to establish an inspection schedule, giving priority to more frequent inspection of those advisers whose activities pose a greater risk to their clients, to inspections of all new advisers within approximately a year of their registration, and to follow up inspections where serious deficiencies are found.

First-year inspections are particularly important, since they will enable the SEC to detect abusive advisers before they have an opportunity to defraud a large number of clients, to verify information provided in disclosure documents, and to identify those advisers whose risky activities warrant more frequent inspections.

The SEC also would be required to conduct periodic surveys to determine whether all those who should be registered actually are registered. This provision will make it more difficult for con artists and other abusive advisers to operate undetected, Roper said.

In addition, the bill would require advisers to make recommendations which are suitable, based on knowledge they receive about their clients' financial situation, and it imposes new, more detailed disclosure requirements on advisers, particularly those who both give advice and implement that advice by selling financial products.

Consumers To Receive More Information

The disclosure provisions, which require advisers to provide more information about the commissions and other third-party compensation they earn, will help consumers protect themselves from self-dealing advisers, Roper said.

CFA favored the approach taken in an earlier bill by Rep. Rick Boucher (D-VA), which applied the Investment Adviser Act's provisions to all those who hold out to the public as financial planners. H.R. 5726 applies only to those financial planners who provide advice about securities.

Consumer Protections Weakened

Although it did not expand the act's coverage to all financial planners, CFA advocated passage of an earlier discussion draft of H.R. 5726 because of its improved oversight and additional consumer protections.

At the request of the securities industry, however, a number of important consumer protections in that draft were whittled away before full committee passage, including a provision to allow civil lawsuits for violations of the act's fraud provisions.

Whether CFA endorses the bill in its current, much weakened, form will depend on how certain details related primarily to the disclosure requirements are handled in report language and in the manager's amendment, Roper said, adding that she is cautiously optimistic that the remaining problems would be resolved.

"While it is far from the comprehensive legislation we believe is needed to protect consumers from fraud and abuse in the financial planning industry, this bill represents an important step toward much needed improvement in the system of regulatory oversight for investment advisers," she said.

A companion measure in the Senate contains only the provisions to increase registration fees to fund improved oversight and the suitability requirement.

"Despite its shortcomings, the House version is far superior to the Senate bill," Roper said.

House Radon Bill Progresses

The House Subcommittee on Health and Environment gave voice vote approval August 11 to legislation to reauthorize federal radon programs and launch new initiatives to reduce radon exposure.

H.R. 3258 would authorize $10 million a year through 1994 for the Environmental Protection Agency's technical assistance, grants to states, and regional training centers programs. These programs are designed to increase public awareness of the need to test and mitigate homes for radon.

In addition, it would require that radon-testing companies be certified and it would create a medical community outreach program.

In order to get the bill past subcommittee Republicans, a provision to require all schools to be tested was removed. Despite this concession, Rep. William E. Dannemeyer (R-CA), the subcommittee's ranking Republican, said he would continue to fight the measure during full committee consideration.

Exposure to residential radon is estimated to cause between 7,000 and 30,000 deaths per year in this country, making it the second leading cause of lung cancer deaths.

While many people are aware that radon is a health hazard, the number of houses tested is quite low.

"This legislation will continue programs that assist states and others in promoting radon testing and mitigation," said CFA Product Safety Director Mary Ellen Fise.

Fise testified in support of the bill before another House subcommittee in June on behalf of CFA, American Cancer Society, American Lung Association, American Public Health Association, and U.S. Public Interest Research Group.

A more comprehensive radon bill was approved by the Senate in March. In addition to requiring testing of schools, the Senate bill would require radon testing in federally owned housing.

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Agent Disclosure Laws Inadequate

Although most states require some kind of disclosure by real estate agents to home buyers, this disclosure is usually inadequate, according to a study released in June by CFA.

"Agency disclosure laws in most states do not ensure that home buyers know whom their real estate agent represents," said CFA Executive Director Stephen Brobeck, author of the report.

To increase home buyer and seller awareness, CFA and the American Association of Retired Persons have prepared a free pamphlet, "Buying a Home: What Buyers and Sellers Need to Know About Real Estate Agents," which they also released in June.

"This new brochure provides crucial information to people who plan to buy or sell a home," said AARP Programs Division Director C. Anne Harvey. "Understanding the role of real estate agents can save consumers thousands of dollars."

The study and pamphlet are part of CFA's campaign to improve consumer awareness and protections in dealings with real estate agents.

Last fall, the federation released an extensive critique of the real estate industry which concluded that the industry is a "functioning cartel."

The two major impediments to competition identified in that report were lack of consumer awareness and discrimination by the "cartel" against alternative brokers — buyer brokers, discount brokers, and others.

The distribution of the pamphlet and the new study, to state real estate commissioners among others, is intended to improve consumer knowledge. CFA is also conducting a study of discrimination against alternative brokers that will be released in the fall.

The disclosure study identifies five essential criteria of adequate agency disclosures. They must: be written, follow a prescribed form, be short and simple with a clear description of whom the seller's agent represents, be required at the first substantial contact between buyer and agent, and be required to be signed by both buyer and agent.

The disclosures in only five states — New York, Louisiana, Massachusetts, New Hampshire, and Texas — meet these five criteria.

Moreover, seven states — Arizona, Arkansas, Kentucky, Michigan, New Jersey, North Carolina, and Oregon — require no disclosure at all.

"Adequate agency disclosures are so important because most agents working with buyers in fact represent sellers, and most buyers are unaware of this fact," Brobeck said.

The cost of this buyer misperception can be substantial — a much higher sale price, he added.

The study recommends that, by law or rule, all states require effective disclosures by real estate agents to home buyers and that these disclosures meet the five essential criteria identified in the report.

"By requiring adequate disclosures, state legislatures and real estate commissions can help home buyers and sellers pay lower commissions and get better representation from real estate agents," Brobeck said.

The purpose of the pamphlet is to inform home buyers and sellers how to get better representation from real estate agents at a lower cost.

Its three sections explain: 1) how real estate agents operate (whom they represent, what they charge, how they sell), 2) what sellers need to know, and 3) what buyers need to know. The last two sections include specific questions that sellers and buyers should ask of agents.

Among other advice, the pamphlet urges home sellers to look for a broker who is willing to cut the commission by one to one and one-half percentage points below the normal six to seven percent level. It also suggests that buyers consider working with buyer brokers, rather than with subagents of sellers.

Buyers who do choose to work with subagents should not disclose any information that they would not want the seller to know. They also should be aware that the first houses shown by subagents are likely to be those listed by these agents.

To receive a copy of the pamphlet, send a self-addressed, stamped envelope to: AARP, Box Home, 601 E Street, N.W., Washington, D.C. 20049.

Consumer Banking Regulations Under Attack

A major administration push is expected when Congress returns in September to pass legislation that would eliminate or seriously weaken a number of the nation's most important consumer banking laws.

The bill, introduced by Senate Minority Leader Bob Dole (R-KS), would 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.

It would eliminate the requirement that they disclose their small business and small farm lending records, for example, and curtail Community Reinvestment Act and Home Mortgage Disclosure Act requirements.

Implementation of truth-in-savings legislation would be delayed a year. Deposits at automatic teller machines would be subject to an additional day's hold. And much of the requirement that banks notify customers before closing neighborhood branches would be eliminated.

"It appears that the banking industry has taken over the administration altogether," said former CFA Banking Director Peggy Miller in testimony before the House Banking Subcommittee on Financial Institutions June 30.

Bankers have gotten a sympathetic ear from the administration for their arguments that they are being strangled by new regulations aimed at making them operate safely and responsibly. They blame the regulations as a major cause of the current credit crunch.

Once Congress returns in September, supporters are expected to make a quick push to pass the legislation by attaching it to a larger bill then moving through Congress.

Progress On GSE Regulation Bill Halted

A bill that had been considered a likely vehicle, the bill to increase regulation of the secondary market in housing loans, saw its progress skid to a halt in late summer.

Although both the House and Senate have passed versions of the legislation to reform regulation of Fannie Mae and Freddie Mac, Sen. Phil Gramm (R-TX) succeeded in preventing Senate conferees from being appointed to work out differences in the two versions.

Consumer groups were largely unsuccessful in their attempts to get the regulatory provisions and capital standards in the bills strengthened, and both bills would allow the two corporations unrestrained entry into new product lines, such as home equity loans and real estate construction loans.

Fannie Mae and Freddie Mac are "moving away from their useful role in helping the fixed rate [home mortgage] market and are now wanting to reach into other problem product areas, such as home equity loans," which have contributed to increasing consumer debt and home foreclosures, Miller wrote in a letter to the Senate Banking Committee.

"If these corporations want to enter new product areas, they should lose their current federal subsidy that allows them to drive out all competition," she said.

Senate Bill Includes Low-Income Housing Mandates

Although both the House and Senate bills contain inadequate protections and anti-consumer provisions, the Senate bill at least also contains a requirement that Fannie Mae and Freddie Mac do more to finance low- and moderate-income housing and housing in under-served areas such as inner cities.

Ultimately the newly created regulator would set the goals, but the bill specifically requires that 30 percent of Fannie Mae and Freddie Mac's loans in the first two years after enactment be for mortgages on houses occupied by owners or renters with incomes below the medians in their region.

In addition, Fannie and Freddie would have to invest $3.5 billion between them in houses occupied by owners and renters with incomes below 80 percent of their area's median.

Also added to the Senate bill — in a floor amendment by Sen. Wendell Ford (D-KY) — was a 15-month moratorium on interstate branching by federally chartered savings and loan associations.

The Office of Thrift Supervision issued a final rule earlier this year allowing such branching, despite recent studies, including studies by several regional Federal Reserve Boards, which show that the benefits of concentration have been overstated while the anti-consumer effects are substantial.

A moratorium was sought by CFA to delay implementation of the rule, at least until proper safeguards can be put in place.

One possible reason for the Gramm maneuver to prevent a conference on the bills is to force adoption of the weaker House version as a replacement for the Senate bill. The administration is said to be anxious to see the legislation passed.

Fair Credit Bill Out Of House Committee

A bill that started out as pro-consumer but which is now riddled with anti-consumer provisions, the Fair Credit Reporting Act has been reported out of the Banking Committee and is awaiting floor action.

Banking Chairman Henry B. Gonzalez (D-TX) suspended committee action on the bill, H.R. 3596, in March, when it became clear that the committee would neither strengthen the bill nor remove a provision to preempt stronger state laws.

Unable to remove the preemption provision in committee, Rep. Gonzalez agreed in June to report the bill out, vowing to attempt to remove the preemption provision on the House floor.

"While H.R. 3596 takes some important steps toward cleaning up the credit reporting industry, it is far from a comprehensive reform package," CFA and a coalition of seven other consumer groups wrote in a letter to members of the House in June.

According to the groups, the bill was "ravaged by the banking industry" in committee. Among its flaws:

- it does not require credit bureaus to give consumers a free copy of their credit report upon request each year;
- provisions requiring banks and other businesses that regularly supply information to credit bureaus to establish reasonable procedures to maintain the accuracy of items they report have been seriously weakened; and
- in most cases, the bill lets persons look at the sensitive information in consumers' credit files without informing them, much less getting their consent.

"It is these flaws . . . that make the preemption clause a 'poison pill' and the entire bill a net loss for consumers," the groups wrote. "States must remain free to protect their own consumers by correcting these flaws through their own state legislatures."

Chairman Gonzalez has joined with Reps. Charles E. Schumer (D-NY) and Esteban Torres (D-CA) to prepare an amendment to strike the preemption clause. In their letter to House members, the consumer groups urged passage of this amendment, without which they oppose the House bill.

A companion measure in the Senate, S. 2776, has not been acted on. Sponsored by Sens. Richard H. Bryan (D-NV) and Christopher S. Bond (R-MO), it also contains a provision to preempt stronger state laws, earning it the opposition of consumer groups as well unless the provision is removed.

Product Safety Update:

CPSC Asked To Ban Baby Walkers

Claiming the play seats are nothing more than tiny injury vehicles for America's infants, consumer groups and pediatricians filed a petition with the Consumer Product Safety Commission (CPSC) in August seeking a ban on the manufacture and sale of baby walkers in the United States.

Filing the petition were CFA, the American Academy of Pediatrics (AAP), the Washington State Chapter of AAP, the National SAFE KIDS Campaign, and Consumers Union.

"We believe the medical and scientific literature clearly documents a need for a ban of walkers by the CPSC," said CFA Product Safety Director Mary Ellen Fise. "In the interim, parents need to know that, if they let their children use walkers, they are exposing them to a significant risk of serious injury."

Injuries Include Brain Damage

Nearly 29,000 infants required hospital emergency room treatment in 1991 because of baby walker injuries. Walkers are associated with more injuries each year than any other baby product. The most serious injuries include brain damage, fractures, and burns.

Studies show that 50 percent of all emergency room visits involving walkers are to treat injuries caused by falls down steps. Burns related to baby walkers are primarily scalds and tend to be more severe than scalds from other causes.

"Ironically, some parents use walkers because they believe the product will help hasten the onset of walking," Fise said. "But walkers, if anything, make children walk later."

In one study of twins, the sibling who was placed in a walker for two hours every day walked two weeks later, on average, than the twin who did not use a walker at all.

Furthermore, walkers give enhanced mobility to infants at an age when their parents are unaccustomed to having their child move about, Fise said. Studies show that a child can move as fast as three to four feet per second in a walker.

"Because walkers travel so quickly and because it is difficult to watch a child every second, warnings and parental supervision are just not enough," she said.

The groups advised parents not to buy walkers, and, if they already have one, to throw it away.

Consumer Advocates Testify On CPSC Long Range Plan

The Consumer Product Safety Commission "desperately needs to be revitalized, in every way possible," Fise said in testimony before the commission in June on its proposed Long Range Plan.

The plan is supposed to provide a comprehensive blueprint for the agency through the 1990s.

Other consumer advocates who testified at the hearing included: David Pittle a former CPSC Commissioner, now with Consumers Union; William Kamela of the National SAFE KIDS Campaign; and Lucinda Sikes of U.S. Public Interest Research Group.

Fise and Pittle, in particular, devoted their testimony to broad issues, citing the need for the commissioners to provide leadership and restore a sense of mission to the agency.

Leadership Needed

"What this agency needs most — in fact is starved for — is leadership from you," Pittle told the commissioners. "CPSC has lost its way over the last ten years, and consumers have suffered as a result."

In addition, Fise, Pittle, and Sikes cited the need for the commissioners to seek adequate funding for the agency. "The commission continues to be woefully underfunded and understaffed," Sikes said.

"The greatest Long Range Plan in the world is not worth the paper it is written on if there are not sufficient dollars and staffing to carry it out," Fise said. "Year after year, your budget fails to keep pace with inflation, and the shortfall in agency resources expands."

All four consumer advocates called for expansion of and improvements to the agency's data collection process. "Without reliable injury statistics and sufficient in-depth investigations, CPSC cannot know who is injured or how, or whether corrective measures are effective," Pittle said.

Fise and others also urged the commission to: conduct research to help anticipate future product injury trends and emerging hazards; improve its compliance monitoring program, particularly as it applies to voluntary standards; improve agency morale and take steps to stem the "serious drain of expertise from the agency."

In addition, Fise called on the agency to support legislation to eliminate the statutory requirement to defer to voluntary standards and to repeal the provision that prohibits the agency from releasing hazardous product information to the public without first obtaining the permission of the manufacturer.

The former provision "has become the excuse for inaction," while the latter "drains resources from the agency and . . . limits information that can be used by the public," she said.

Childhood Injuries a Priority

Kamela of SAFE KIDS urged the agency to do more to prevent childhood injuries, both by improving the safety of consumer products (particularly toys and five-gallon buckets) and by increasing consumer awareness of the availability of safety-related products (smoke detectors, bike helmets, devices to interrupt the flow of scalding water).

Small parts in children's toys and bucket drownings, along with labeling of toxic art supplies and all-terrain vehicles were also cited by Sikes as products needing greater action by the commission.

Finally, while agreeing that a long range plan could be helpful in setting goals for the agency, "having a plan for a regulatory agency does not guarantee that CPSC will act like a regulatory agency," Fise said.

Energy Bill Finally Heads To Conference

Overcoming a series of last-minute hurdles, the Senate finally cleared the way July 30 for sweeping energy legislation to go to conference committee to work out differences between the House and Senate versions.

The bill had been held up in the Senate since June, first over a provision in the House bill to make it easier to locate a nuclear waste dump in Nevada, and then over a provision added in the Senate Finance Committee to tax coal companies to pay for health benefits of certain retired miners. Once a compromise was struck, both the House and Senate appointed conferees before leaving for summer recess in mid-August.

Conferees are expected to begin drafting the final version of the bill as soon as they return from recess in September. With October 2 set as the date when Congress plans to adjourn for the year, they will have to work fast to get the massive, complex bill to the president's desk this year. Supporters remain optimistic, however, citing broad bipartisan support and the fact that the president has made its passage an issue in his campaign.

Among the controversial issues the conference committee will have to resolve are two that are of primary importance to consumers: provisions to restructure the electric utility industry and to restrict the authority of states to limit natural gas production in order to drive up prices.

The latter provision is included in the House bill, but not the Senate version. Primary Senate sponsor J. Bennett Johnston (D-LA) has vowed to keep the House language, favored by consumer groups, out of the final bill.

Both bills contain provisions to reform the Public Utility Holding Company Act to make it easier for utilities and independent power producers to compete in the wholesale electric power market. The House version gives federal regulators the authority to force utilities to ship competitors' electricity on their transmission lines, with the utility guaranteed just compensation for the service. Although the Senate bill does not guarantee transmission access, Sen. Johnston has promised to address the issue in conference.

"The industry is mounting an aggressive rear-guard action to dilute the transmission access provisions," said CFA Research Director Mark Cooper. "If they succeed, we will work to get the entire electricity section removed from the bill and try to do it right next year."

The administration is said to favor the Senate bill, which contains weaker consumer provisions and fewer limits on offshore oil and gas drilling. But even if the stronger House provisions are adopted, the president is not expected to veto the legislation.

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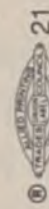

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