

Economy Central To Administration Success

The central issue which will determine the success or failure of the Clinton administration is its ability to "harness the economy to make the American dream come alive again," said Political Analyst Kevin P. Phillips in a keynote address at CFA's 27th annual Consumer Assembly in March.

Phillips, who is author of *Boiling Point: Republicans, Democrats and the Decline of Middle Class Prosperity*, said George Bush lost the election because he failed to understand and respond to the degree to which the middle class was feeling economically squeezed.

One reason that Bush failed to perceive the problem is that traditional measures of the cost of living fail to provide an accurate picture of the rising costs facing middle class consumers, he said.

Under traditional inflation-based "misery index" measures, the Reagan years look pretty good, Phillips explained. But, he added, if you create a more accurate misery index, which examines the percentage of personal income that goes to pay taxes, including social security, to pay for health care and to pay off debt, you see a very different picture.

That percentage has risen from about 20 percent in 1960, to 34 percent in 1980, to 40 or 41 percent in 1990, he said. Any nominal increases in income have been more than offset by these sorts of changes, he said.

These increases have been accompanied by a decline in public services such as public education, police protection, and transportation, Phillips said. To compensate, consumers are forced to pay more for private services such as security devices or private schools, he said.

Once you take these factors into account, "you get just a relentless portraiture of things rising faster than the nominal inflation rate," he said.

"There's a new viewpoint . . . that the middle class and people now want regulation, because it is the only way to keep some of these costs under control," he said. The Clinton administration needs to respond to that sentiment, he added.

"There's a big danger if you don't relate to these realities," Phillips warned. "There are a lot of developments out there that are frazzling American consumers . . . If four years from now the middle class is still feeling squeezed, it is going to be politically difficult for both parties."

Low Income Losing American Dream

If the middle class is feeling squeezed, low income Americans "are losing hope and downsizing or discarding the American dream," said Roy Priest, Director of the Office of Economic Development at



Political Analyst Kevin P. Phillips

the Department of Housing and Urban Development.

Living in inner-cities that are "divided by race, intimidated by crime, and isolated from the mainstream . . . an entire generation of children is slipping away," he said.

"We have begun reinventing HUD to help restore prosperity and safety to our American communities," he said.

Priest described three major initiatives HUD has launched to accomplish that goal: developing a national urban strategy focusing on housing "so our cities can become key building blocks in the revitalization of our nation's economy;" fostering home ownership and increasing the supply of affordable housing; and running HUD with greater efficiency.

Key elements of that plan include doing a better job of getting available resources into communities, making it easier for organizations to take advantage of HUD programs by cutting red tape, and expanding on efforts to empower low income people through training, education, and promotion of self-employment opportunities.

Currently, most of the money that HUD invests in low income communities flows out of those communities, he said. By encouraging the development of micro-enterprises that compete for contracts from housing authorities, HUD hopes to keep more of the money circulating in the communities, creating jobs and promoting economic growth, he said.

HUD's efforts are part of a broader administration effort to revitalize the economy and ensure that all Americans have access to the American dream, Priest said.

"We want to look at an integrated strategy," he said. "It is not just HUD alone that will change the course of our com-



Roy Priest of HUD

munities," but HUD working with other departments, with non-profit organizations, with private businesses, and with state and local governments, he said.

Cooperative Efforts Needed

Members of a panel on "Must the Poor Pay More?" also advocated cooperative efforts to improve economic conditions in low income neighborhoods. Many businesses have abandoned low income

neighborhoods because the poor lack the resources to purchase the high profit items that supermarkets, for example, make money on, said Alan R. Andreasen, Professor in the School of Business Administration at Georgetown University.

What's needed are creative partnerships that bring responsible businesses with expertise in highly efficient discount marketing into low income neighborhoods, he said.

"Coalitions can be built under that umbrella of the whole notion of reinventing government to reinvigorate the marketplace in the inner cities," he said.

Regene L. Mitchell, President of the Consumer Federation of California, concurred, but challenged the notion that low income neighborhoods are economically unattractive for businesses.

"Poverty is big business," she said. "People spend money in low income communities, lots of money, and under the worst possible conditions. We have a tremendous consumer community in the inner cities."

Judith Bell, Director of the West Coast Regional Office of Consumers Union, said their studies have shown that businesses can be successful in low income communities if they understand the market. "There are models," she said.

Changes in the banking system toward fewer, more centralized banks poses an increasing danger for low income communities, said John Paul Galles, Executive Vice President of National Small Business United.

"The banks that exist in rural or urban communities are likely to be controlled by people outside those communities," he said. It is essential that those banks not contribute to the decline of these areas by depriving them of small business loans, he said.

"They've got to make a much more substantial commitment to the communities," he said.

Public Wants Action

The administration is correct to focus its attention on these sorts of economic development and job creation programs, said pollsters Peter Hart, Chairman and Chief Executive Officer of Peter D. Hart Research and Associates, Inc., and Linda DiVall, President of American Viewpoint, Inc. in a panel on "Consumer Expectations in a New Political Era."

"What the voters want is something to happen. First and foremost, they want something done about the economy," Hart said. While creating more jobs tops the public's agenda, reducing budget deficits is also viewed as a top priority, he said.

The voters "wanted an end to business as usual. They wanted to talk about problems that had traditionally been hidden away by politicians. And they wanted action," DiVall concurred.

Clinton's ability to get his economic plan through Congress and actually begin to turn the economy around and reduce the deficit will be the key to his reelection, they agreed.

Although many Democrats in Congress may disagree with Clinton on specific issues in his economic plan, they nonetheless see his election as providing them with "an opportunity to govern and end gridlock between Congress and the president," DiVall said.

Furthermore, in areas such as jobs, education, and health care, the public clearly wants the government to be involved, she said. "For Republicans just to say, we need to have less government is to say that we don't care about those people."

Democrats, on the other hand, would be mistaken if they think that "they can go back to the same old forms and systems," Hart said. There is no mandate for a "Great Society II," he said.

"It's going to have to be much more restrained," he added. "Believe me, the sacred cow of 1993 is budget cuts, not budget programs," he said.

Consumer
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Consumers Define Action-Oriented Agenda

The new administration offers consumer advocates an opportunity to move from a largely defensive to a more positive agenda, agreed Consumer Assembly panelists. Those panelists outlined the top agenda items in a variety of key consumer issue areas.

Telecommunications

Ensuring that the information age develops in a way that is affordable and protects the best interests of all consumers is the top item on the telecommunications consumer agenda, said CFA Research Director Mark Cooper.

Within four years, consumers could see a thirty-fold increase in the capacity of their phone lines — including the ability to offer such services as high quality video, high speed data, and interactive computer services — without the multi-billion-dollar expenses posed by the broad-band fiber optic network the telephone companies want to build, he said.

With this in mind, the priorities for consumer groups include lobbying the administration and state regulators to win support for the less expensive, quicker narrow-band-ISDN approach, lobbying Congress to ensure that the information services industry is structured in a pro-consumer, pro-competition manner, and urging the administration to appoint a Federal Communications Commission that listens to the consumer side of the issues, he said.

As the advanced telecommunications network is deployed, in whichever form, state utility consumer advocates will work to ensure that it is not built "at the expense of the average ratepayer," said Debra Berlyn, Executive Director of the National Association of State Utility Consumer Advocates.

In addition to opposing unnecessary rate increases, state utility consumer advocates will oppose efforts to deregulate the phone companies, she said. "Deregulation in the absence of competition is the worst of all worlds for consumers," she said.

As the information age develops, it is essential that the needs of disabled people are taken into account from the very beginning in network design, by information services providers, by equipment manufacturers, and by the FCC, said Karen Peltz Strauss, Supervising Attorney for the National Center for Law and Deafness.

"We need to redefine universal service to really make this obligation universal," she said. "We need to set forth federal regulations to consider access needs at the design stage of new technologies."

If the needs of disabled people are taken into account at the outset, the cost will be minimal, she said.

For low income consumers, the key issues in the infrastructure debate relate to how it will affect rates for basic service, how it will affect universal service, and "how do we avoid creating a system of information rich and information poor," said Ken McEldowney, Executive Director of Consumer Action-San Francisco.

Although the infrastructure debate raises important issues, they remain secondary to issues related to cost of basic service and ensuring access to basic service for low income and non-English-speaking people, he said. "For the type of people we work with, the emphasis is still on universal basic phone service," he said.

Financial Services

The consumer agenda on financial services will include defending past accomplishments as well as advocating new protections, according to a panel of consumer experts.

In banking, defending against the banks' attempts to roll back regulations will continue to be a top priority, said Michelle Meier, Counsel for Government Affairs in the Washington Office of Consumers Union.

Although it was disappointing to have the administration "adopting the banking industry's rhetoric that there is a credit crunch fed by over-regulation," it does not appear that the administration plans to adopt the banks' agenda wholesale, she said.

Another banking priority will be encouraging the administration to appoint tough new regulators to provide effective implementation of such laws as the Community Reinvestment Act and other fair lending laws, said Allen Fishbein, General Counsel for the Center for Community Change.

Studies have found that discrimination persists despite the enactment of strong laws, he said. One problem is that bank examinations are inadequate to detect the problems they are designed to prevent, he said.

As a partial solution he advocated restructuring the banking regulatory agencies to create separate divisions, reporting directly to the agency head, for consumer protection, CRA, and fair lending.

In the area of credit, consumer advocates will be working to win passage of both strong credit bureau reform legislation and credit card reform, including an interest rate cap, said Ed Mierzewski, Consumer Program Director for U.S. Public Interest Research Group.

A "very tough" credit bureau reform bill has been introduced in the House, Mierzewski said. In addition to providing for free consumer access to their own reports and extensive new consumer rights, it would make creditors responsible if they make errors that get into a credit report, and it would allow states to pass stronger laws, he said.

In addition to capping credit card interest rates, advocates will attempt to extend a Delaware and New York law which allows consumers to pay off their credit card account under the old terms (as long as they don't continue to use the card) when there is an adverse change in the terms on their account, Mierzewski said.

At the federal level, the insurance agenda will continue to emphasize repeal or reform of McCarran-Ferguson, which exempts insurance companies from antitrust laws, said Mary Griffin, Insurance Counsel in Consumers Union's Washington Office.

Another issue which has been gaining attention is insurance red-lining, she said. Efforts to find solutions have been "hampered by a lack of data," and two bills have been introduced in Congress to require insurance companies to disclose that data, she said.

In addition, Rep. John Dingell (D-MI) is continuing to push for federal regulation of insurance company solvency, with a growing likelihood that some form of legislation in that area will pass, she said.

The inability of the insurance companies to meet the "societal need" for auto insurance and health insurance will lead to

"radical ideas for change to the system," said Walter Dartland, Executive Director of the Consumer Fraud Watch.

In addition, the low esteem in which the insurance industry is currently held creates a new industry willingness to work with consumers to resolve certain problems, chief among them insurance fraud, he said.

Product Safety

Consumer health and safety have been grossly neglected by the past two administrations, and, as a result, a total revamping of the nation's health and safety agencies is needed, agreed a panel of experts.

In the area of product safety, a top priority should be restoring the Consumer Product Safety Commission as an "aggressive" consumer protection agency, said R. David Pittle, Technical Director of Consumers Union.

In addition to raising the agency's budget by about \$13 million, the president should appoint commissioners with a knowledge of and dedication to promoting product safety, provide public support for the agency, and advocate strong reauthorization legislation, Pittle said.

A similar problem prevails in the area of automobile safety, said Clarence M. Ditlow, Executive Director of the Center for Auto Safety. The National Highway Traffic Safety Administration could have prevented about one-quarter of all the automobile crash deaths that occurred in 1992 simply by implementing all the safety standards currently advocated, he said.

"NHTSA must make the consumer its constituent," not the auto makers, he said.

Likewise, the current food inspection system is outdated and needs to be completely redesigned, said Carol Tucker Foreman, Coordinator of the Safe Food Coalition.

One solution would be to abolish the CPSC in its current form and replace it with an agency that has responsibility for all food and product safety, she said. Another option would be to remove meat and poultry inspection from the U.S. Department of Agriculture and place it in a public health agency, she said.

Whatever solution is adopted, the system needs modernized inspection techniques capable of detecting bacterial and chemical contamination, as well as more money, more staff, and new leadership, she said.

We have gained tremendous knowledge in the past several decades about the importance of diet to health, both in preventing and reversing damage done by disease, said Michael Jacobson, Executive Director of the Center for Science in the Public Interest.

That knowledge should be incorporated into any health care reform package, both by including diet and nutrition counseling and by encouraging doctors to promote dietary change before they resort to medication or surgery as a solution to health problems, he said.

In addition, the federal government needs to do more to educate the public about "what is the best diet," he said. In the past, the government has only provided information that "is politically acceptable to the meat and poultry industry," he said.

In the area of alcohol consumption, which causes major societal problems and costs the nation about \$100 billion per

year, the best solution is to raise taxes on alcoholic beverages and dedicate those revenues to correct problems caused by alcohol, Jacobson said.

Excise taxes also offer the best opportunity to save lives associated with tobacco consumption, said Michael Pertschuk, Co-Director of the Advocacy Institute.

If the excise tax was raised to \$2 a pack, it would encourage seven million people to quit smoking and thus save two million lives and billions of dollars in health care costs, he said.

Because an excise tax is regressive, it is important to ensure that money taken from the low income communities be used to benefit those communities, he said.

Energy and Utilities

The president's proposed energy tax will be the leading energy-related consumer issue in the immediate future, panelists agreed.

Although it is likely to be unpopular with consumers, consumer advocates should support the president's energy tax because it will bring new efficiency to the market, said Ed Rothchild, Energy Policy Director for Citizen Action.

The question arises in how you implement the tax, he said. Producers would like the tax to be imposed on the end user, as part of their gas or electric bill, for example, but this will increase consumer hostility to the plan, Rothchild said.

In order to combat consumer hostility, the president needs to combine any new energy tax with "a new consumer strategy for meeting Middle America's energy needs," said William A. Spratley, Ohio Consumers' Counsel.

The key elements of such a strategy are: strengthening "regulatory protections for the captive ratepayers of monopoly gas and electric utilities;" maintaining state regulatory oversight and avoiding federal preemption in a wide array of situations; and energizing programs for energy efficiency and renewable energy resources "so that least cost planning and demand-size management can meet consumer demand for energy services," he said.

Nancy Hirsh, Director of Environmental Action's Energy Conservation Coalition, agreed that conservation, efficiency, and renewable resources are the key components of our energy future.

Although there are "a lot of pieces we don't like" in the Clinton energy plan, overall the plan does place a strong emphasis on research and development, which will benefit consumers and the environment, she said.

Larry Hobart, Executive Director of the American Public Power Association, said that consumers should "push utilities to develop and use cost-effective, environmentally acceptable technologies."

In addition to pushing for increased efficiency, consumers should urge regulators to make the new transmission access requirement work "in a way which gives us more competition in bulk power supply," he said. "Competition in the sale of power from different generating sources is a key to cutting costs."

"What energy was to the '70s, water costs will be to the '90s" and beyond, said Margot Saunders, Managing Attorney for the National Consumer Law Center. Low income consumers get hit hard by water costs and cannot afford to pay the added costs of increasing the cleanliness

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requirements of our water, she said.

A delicate balance between environmental risks and economic risks will be required, Saunders said. To help offset the costs, the Clinton administration should establish federal assistance for local affordability programs, she said.

Consumer Education

Any consumer education agenda must address both what consumers want to know and what they need to know, panelists agreed.

Education about services such as health care — for example, how to choose an HMO — will become increasingly important, said Irwin Landau, Editor of *Consumer Reports* and Editorial Director of Consumers Union.

Part of that education must include teaching consumers — including children — to evaluate the information they receive, such as information from advertising, he said.

Consumer organizations have an important education function in evaluating local services “from auto repair shops to hospitals” and making that information available to consumers in the community, said Robert Krughoff, President of the Center for the Study of Services.

As part of that process, organizations need to push for much broader information, he said.

That view was seconded by James Packard Love, Director of the Taxpayer Assets Project at the Center for the Study of Responsive Law.

There are a variety of databases which contain valuable information and which exist for citizens' use, but which are inaccessible either because of cost or because access is limited by private companies that control the databases, he said.

As it is now, there are too many restrictions on who has access to much information, he said. “We want to unlock databases.”

Although more information is needed, at least as important is ensuring that all consumers — including low income consumers and non-English-speaking consumers — have access to available information to use in evaluating products and services, their rights, and special programs available to them, said Graciela Perez-Trevisan, Outreach Specialist with Consumer Action-San Francisco.

Information with a “multi-lingual, multi-cultural” emphasis needs to be readily available, she said. In addition, consumer advocates need to use the media to reach those consumers who don't ask questions and to reinforce those who do, she said.



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Health Care System Needs Reform

America needs a health care system in which everyone has access to a comprehensive, affordable, portable package of benefits, agreed panelists in a session on “Health Care: The Nation's Foremost Domestic Challenge.”

The panelists disagreed, however, on the underlying reasons for the breakdown in the existing system and the best model for reform.

A variety of factors contribute to high and rising health care costs — including the aging of the population, high administrative costs, high wages, technology, excess capacity, and drug company profits — but “no one factor is going to account for the lion's share,” said Dan Roble, a Partner at Ropes & Gray and a Trustee of the Jackson Hole Group.

It is possible to identify a single underlying culprit, and that is waste, countered Rhoda H. Karpatkin, President of Consumers Union. “There's a common understanding now that there's a colossal amount of waste built into the system,” she said.

Of the \$800 billion spent on health care, approximately \$67 billion is wasted on administrative costs associated with the private insurance system, and about \$130 billion is wasted through overuse of the system by doctors and hospitals, she said.

“We're run very inefficiently compared to every other industrial nation,” agreed Karen Ignagni, Director of the Department of Employee Benefits at the AFL-CIO. “What we have is a system where the incentives are all wrong.”

While agreeing that incentives in the fee-for-service delivery system need reform, Roble and Bruce S. Wolff, Vice President and Senior Counsel for Aetna, argued that consumer demand, divorced from cost considerations, is a major factor in contributing to overuse of the system.

“In America, our expectation is that there is a cure for everything, and that we are going to find that cure. There is going to have to be some rethinking regarding what we expect from health care,” Roble said.

Once we develop a standard benefits package, we can develop a system that has “multiple choices” to control costs and consumers can “vote with their feet” based on considerations of cost and quality, Wolff said.

Consumers aren't driving the demand for high technology and high cost services, doctors and hospitals are, Karpatkin said. Far from having unrealistic expectations, she added, consumers simply “want a decent level of health care, and there are systems around the world that are providing it.”

Single-payer System Debated

Karpatkin advocated creation of a single-payer system in which a government entity, the state, for example, would collect money to pay for health care, and fees would be set by negotiation between the government and health care providers.

Such a system would eliminate the \$67 billion in wasted administrative costs associated with the private insurance system, and the savings could be used to cover those who currently are uninsured, she said.

“I don't disagree with any of those aspirations,” Wolff responded. “But I don't think we can move from where we are today to that system without taking into account the fact that we don't seem to have the political will to pay for that system.”

“It's one thing to say we want a comprehensive benefits package,” he added. “It doesn't necessarily get delivered.”

Although supporting the concept of a single-payer system, Ignagni agreed that there are potential problems of underfunding. In Canada, consumers are becoming disenchanted with government cutbacks in health care spending, and Canada is looking at possible reforms, she said. In this country, we already underfund Medicaid and Medicare, she added.

“I think we're doing a lot wrong in the U.S. system, and we need to take account of that before we move into the debate,” she said. “This is not a zero-sum game. There is not enough money in the system to do everything we need to do.”

Managed Care Proposal Outlined

Roble advocated the managed care model developed by the Jackson Hole group.

Under this plan, health care providers would join together to form Accountable Health Plans offering a standard package of benefits similar to that offered by most HMOs, he said. Consumers would be grouped into Health Plan Partnership

coops to purchase their health care from the available plans.

Tax subsidies would be based on the price of the lowest cost plan in an area. If groups choose a higher cost plan or choose to purchase more than the basic package of benefits, they would have to pay for it in after-tax dollars.

Such a system “will get to the root of our problems . . . by making consumers think about health care costs and about how they're spending their health care dollars,” Roble said.

The problem with the Jackson Hole model is that it offers no promise of savings in the short term to pay for the additional cost of universal access, Karpatkin said. That will create pressure to offer a less than comprehensive package of benefits. “Basic will turn out to be less, or not enough, not comprehensive,” she said.

Ignagni also criticized the Jackson Hole managed competition model for basing the tax subsidy on the price of the cheapest plans. Such plans will not include the best teaching hospitals and medical facilities in the country. Furthermore, the cost spread between the cheapest plan and the average cost plan will be wide, at least initially, she said.

“We want competition, but we want to define the terms and conditions of that competition,” she said. “Competition has traditionally been on the basis of price. We want competition on the basis of service and performance.”

Society Harmed By Commercialization

The commercialization of America has important repercussions on the health, safety, and financial well-being of consumers, agreed panelists in a session on “Product Marketing: Enough Already?”

We're seeing an ongoing “blurring between the commercial and non-commercial” which makes it increasingly difficult to distinguish marketing from news and entertainment, said Ronald Collins, Co-Founder of the Center for the Study of Commercialism.

“It is an irritant, but it's also an ideology” that promotes “more, more, more,” he said. “If we're out there buying more, more, more, it has to end up in a dumpster somewhere,” he added.

Advertisers target inner cities with alcohol and tobacco billboards, and “this is creating a health problem in the urban consumer,” said Floyd Myers, an Urban Environmentalist with the Coalition Against Billboard Advertising of Alcohol and Tobacco.

Those same alcohol and tobacco companies are also targeting youths with their advertisements, said Bruce A. Silverglade, Director of Legal Affairs for the Center for Science in the Public Interest. He accused the Federal Trade Commission of neglecting its responsibility in this area.

FTC Commissioner Mary L. Azcuenaga defended the agency, but said its job has become increasingly difficult in recent years because of the proliferation of ways in which products are marketed through

new technologies and target marketing.

Furthermore, the Federal Trade Commission operates within very limited statutory authority and resources, she said. “We have to be very careful how we focus our resources.”

Collins, however, seconded Silverglade's criticism that the FTC misuses its resources. “What we've seen in the last 12 years has been a spot approach to regulation,” he said. “Systematic regulation is what we need and what we are not seeing at the FTC.”

In criticizing marketing, it is important to distinguish between “the good guys and the bad guys,” warned Salvatore Divita, Chair of the Marketing, Logistics, and Operations Management Department at George Washington University.

Divita argued that the proliferation in marketing actually contributes to the health of the marketplace by promoting competition. “Eventually, when competition becomes intense enough, the good guys will win, and the bad guys will get squeezed out,” he said.

That has not proved to be the case, Silverglade said. In the food industry, where competition is intense, “the major companies were all driven down to the lowest common denominator,” he said.

Silverglade called on the Clinton administration to “bring new leadership to the FTC drawn from the ranks of state and local consumer protection officials” in order to revitalize efforts to fight abusive marketing practices.

Administration Courts Consumer Support

President Clinton views the active "support, participation, and partnership of the consumer movement" as essential if the new administration is to succeed in enacting its program of constructive change, said Alexis Herman, Director of Public Liaison for the White House.

"The president recognizes that the success that we have had to date, particularly on the economic plan, would not have been possible had it not been for your early input, for the consultation that you provided, and for your support," she said.

A dramatic, comprehensive economic plan was needed to turn around declining family incomes, dropping productivity rates, and sky-rocketing deficits, she said.

In response to those problems, the administration's plan seeks to: shift the emphasis in public and private spending from consumption to investment, both reduce the deficit and redirect budget priorities to programs that benefit families, cut government waste and spending, and move toward greater fairness in the way that burdens are borne.

In evaluating the plan, it is important to remember the dire economic crisis which makes the plan necessary and to "think in terms of the common good" rather than pick apart the particulars, Herman said.

She thanked consumer leaders for taking "a very non-traditional stand" in supporting the economic plan despite the inclusion of an energy tax, which consumer advocates have traditionally opposed.



White House Director of Public Liaison
Alexis Herman

Support For "Credit Crunch" Policy Sought

Herman also sought consumer support for the president's "credit crunch" policy, which had been released earlier in the week.

The plan is designed to make more money available for bank loans by alleviating regulatory "burdens" in the areas of small business lending, real estate lending and appraisals, the appeals and complaint process, bank examinations, and paperwork in general.

That policy forms a vital part of the president's plan to "ease the burdens of credit so that we can begin to put more money into the communities and into small business," she said.



Mark Silbergeld of Consumers Union

"Availability of more credit is critical to job creation and job creation, in particular, for low and moderate income and rural areas," Herman said.

"The president's program is not a program of less regulation," she assured the audience, "but it is a program that changes the emphasis to identifying and really regulating the areas that impose real risks."

Consumer Groups Walk A Tightrope

Faced with such requests for support from a new, "friendlier" administration, consumer groups walk a tightrope between the risks of missing opportunities because they ask for too much and of being coopted

because they demand too little, said Mark Silbergeld, Director of the Washington Office of Consumers Union.

"Given the alternatives, we should want this new administration to succeed," Silbergeld said. "If it doesn't, think about the White House we will be dealing with four years from now. And for that reason, we should not contribute to its failure" by being overly critical when we don't get everything we want, he said.

"On the other hand, our goal is still to improve consumer lives. We cannot afford to waste opportunities," he said.

Consumer groups need to start by defining their mission and the role they want to play "either out on the flank or at the table. It's a judgment call, and you have to know your constituency," he said.

Consumer groups' flanking tactics are well honed from 12 years of "criticizing the government full-time," Silbergeld said. But, if they want to be "at the table" when the new administration sets policy, then consumer groups need to understand the goals, priorities, and tactics of the administration, provide ideas for new approaches, and propose reasonable solutions that align with those goals, he said.

However, consumer groups who decide to play this role must be wary of being coopted. "Don't get used . . . and don't sign any blank checks," he warned.

Whatever role they decide to play, consumer groups should "make sure what you do advances consumers' interests in a way that makes consumers' lives better back home," he concluded.

Should Reporters Be Consumer Advocates?

Consumer reporters have a clear role to play as consumer advocates, according to several members of a panel on "Consumer Journalism: How Does It Affect Regulation?" However, when reporters play that role, they risk losing their objectivity, other panelists countered.

"There are so many issues that are black and white. There's nothing wrong with coming to conclusions," said Arnold Diaz, an Investigative Reporter for WCBS-TV.

Reporters serve as an important voice for consumers, particularly on the day-to-day problems that often fall through law enforcement cracks, he said. "There is a lot of room and potential in consumer journalism for consumer advocacy," he said.

This view was echoed by Doug Blanke, Director of Consumer Policy for the Minnesota Office of the Attorney General. "Effective journalism can have a dramatic impact on state and local public policy and really make a difference," he said. "Advocacy journalism is in keeping with the highest tradition of journalism."

Although agreeing that consumer journalists can play an important role in changing public policy, Roberta Baskin, Correspondent for CBS's *Street Stories*, and Steven Waldman, National Correspondent for *Newsweek*, said they were uncomfortable with the idea of reporters as advocates.

Because news magazines want their articles to have "edge" or "impact," there is often pressure to convey an opinion, Waldman said. "The problem is that, if a journalist goes into the story trying to make a point, we can't be intellectually honest," he said.

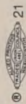
Although many of her stories have led to state or local legislation, "that wasn't my goal," Baskin said. "I gave the straight story and allowed the public or law enforcement people to draw their own conclusions and take their own action," she said. "I'm not comfortable being considered an advocate."

The key to being a good journalist is providing due process, said Warren Brown, Auto Writer for *The Washington Post*. "All sides in the dispute need to be heard equally," he said. "As journalists, our job is to ask the questions . . . and get on with it."

Sanford J. Ungar, Dean of the School of Communication at American University, said there is no such thing as "objectivity or a perfect balance," but journalists need to maintain a "fundamental skepticism" toward those on all sides of an issue. Such an approach does not preclude advocacy journalism, he said. "All journalism is advocacy journalism if it is done fairly."

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