CFA
CFAnews
June 1999
Volume 24, No. 4
ISSN #0732-8281

Creditor Abuses Must Be Restrained

CFA recently issued two reports on lender abuses that make the case for added consumer credit protections.

They both suggest that credit card issuers, in particular, have inappropriately marketed and extended tens of billions of dollars of credit.

In its fourth report on credit card debt, issued in April, CFA found that credit card holders are exercising more restraint in taking on debt, while card issuers continue to expand their marketing, lines of credit, and profitability.

In June, CFA released a study by Georgetown University sociologist Robert Manning which uncovered previously unsuspected credit card debt levels and related problems among college students, including suicides of indebted students.

"Credit card issuers are shameless to lobby for personal bankruptcy restrictions while they aggressively market and extend credit," said CFA Executive Director Stephen Brobeck. "While they urge Congress to deny families access to bankruptcy relief, these issuers enjoy high and increasing profits."

Brobeck questioned the justification of imposing new restrictions on access to Chapter 7 bankruptcy in light of this industry profitability.

At a minimum, he said, Congress should include provisions:

- requiring credit card issuers to disclose how long it would take to pay off credit card debt making only minimum payments and how much interest would be owed; and
- permitting only those minors with parental approval or sufficient income to make payments on their own to obtain credit cards.

Public Supports New Protections

At the April press conference, at which CFA was joined by Consumers Union, U.S. Public Interest Research Group, and the United Auto Workers, CFA also released the results of a national opinion survey showing the public strongly supports new consumer credit protections.

The April 1999 Opinion Research Corporation International survey found that 85 percent supported the disclosure requirement, including 63 percent of respondents who strongly supported it, and 80 percent supported restrictions on credit card distribution to minors, including 79 percent of respondents aged 18 to 24.

Meanwhile, evidence suggests that the growth of credit card indebtedness has slowed.

According to data from the Federal Reserve analyzed in the April report, revolving credit rose at only a five to six percent annual rate over the past two years, in contrast to double-digit increases for most of the decade.

Furthermore, the percentage of U.S. households who say they are very concerned about their ability to make credit card monthly payments has declined.

In the April survey by Opinion Research Corporation International, only 31 percent said they were "very concerned," down five percentage points since June of 1997.

Not surprisingly, among households with at least one credit card, those households with low incomes expressed the greatest concern about their ability to make monthly credit card payments. Nearly half (47.4 percent) of these households said they were "very concerned."

Despite complaints to Congress that bankruptcy restrictions are needed because some consumers borrow irresponsibly, credit card issuers have dramatically expanded their marketing and credit extension, the report finds.

In the 1990s, bank card solicitations have risen 289 percent, and unused credit lines have risen 315 percent – far more rapid increases than the 175 percent increase in bank card debt.

"As a result of this aggressive marketing and extension of credit, it is no surprise that a large majority of the public believes that credit card issuers share responsibility with debtors for the increase in personal bankruptcies," Brobeck said.

On the April survey, 74 percent said that credit card issuers were responsible, while only 22 percent said these issuers were not at all responsible.

Bank Credit Card Profits Increase

After declining from the early to the late 1990s, bank credit card profits have begun to rise, the report finds.

The FDIC reports that after-tax return on average assets for credit card banks rose 35.9 percent between 1997 and 1998, according to an industry newsletter article cited in the report.

This increase in profitability can be attributed to a number of factors, Brobeck said, including more aggressive marketing to low- and moderate-income households, increasing fees, and rising penalty interest rates.

Also responsible is an apparent decline in bankruptcy rates, he said.

Personal bankruptcy filings dropped dramatically nationwide in January and February of this year, according to the April 1999 issue of the American Bankruptcy Institute Journal.

That follows a decline in the growth of the personal bankruptcy filing rate per thousands of population to only 1.5 percent in 1998, and to 1.0 percent in the last quarter of 1998.

"If credit card issuers continue to aggressively market and extend credit, especially to the least affluent, if these issuers make higher profits, and if consumers exercise restraint in taking on new credit card debts and in filing for bankruptcy, then how can new creditor-sought restrictions on personal bankruptcy be justified," Brobeck asked.

"In fact, some experts have argued that these restrictions would aggravate the consumer debt crisis by encouraging lenders to extend even more credit, knowing that it would be more difficult for borrowers to default through bankruptcy," he noted.

Student Debt Exceeds Previous Estimates

Meanwhile, the Manning study – based on interviews with more than 300 D.C. area college students and more than 400 responses to a detailed questionnaire – found that approximately 70 percent of undergraduates at four-year colleges possess at least one credit card, with 81 percent having received their first card by the end of their freshman year.

Those students who revolve their debts carry debts on these cards that average more than $2,000, with one-fifth carrying debts of more than $10,000.

Even these numbers understate the debt level, however, since additional credit card debt has been "refinanced" with student loans or with private debt consolidation loans.

The report found that, while students with large debts who come from affluent families are typically bailed out by their parents, students with unsustainable debts who come from families of more modest means are typically forced to cut back on their course work and either take a paid job or increase the number of

(Continued on Page 2)

Consumers Score Privacy Victory

Legislation to allow mergers among banks, securities firms, and insurance companies came one step closer to passage in June, when the House Commerce Committee approved its version on a voice vote.

In a surprise victory for consumers, the committee first adopted an amendment offered by Rep. Edward Markey (D-MA) giving consumers the right to prevent financial firms from sharing and selling their personal financial information without their knowledge or consent.

"This bill takes a good first step toward giving consumers the right to control how their personal information is used," said CFA Consumer Protection Director Jean Ann Fox.

"While the bill does not provide the comprehensive framework for financial privacy protection that consumers need, it is a positive first step," she added. "It is essential that at least these protections be included, should Congress ultimately adopt a financial modernization bill."

As amended, the bill would require financial firms to have a privacy policy and disclose it to customers. It would also give consumers the right to "opt out" of having their personal information shared among financial firms' business affiliates or with outside parties, such as telemarketers.

Rep. Markey attempted to win the stronger "opt in" protections favored by consumer groups for the sharing of private information with outside parties, but he was not successful.

Financial services firms vehemently opposed the privacy provisions adopted in Commerce Committee, vowing to oppose the bill as a whole if the pro-consumer privacy protections are retained.

During its consideration of the bill, the House Banking Committee adopted a weak amendment on privacy, requiring only that firms disclose their privacy policy to consumers and giving consumers no right to opt out.

The Senate bill, adopted in May on a 54-44 vote, does not include any privacy protections.

The privacy issue is just one of several tough issues that will have to be worked out in Rules Committee before H.R. 10 can be brought to the House floor for a vote, probably in July.

Furthermore, significant differences remain between the House and Senate versions, particularly with regard to the Community Reinvestment Act, which the House bills leave essentially untouched, but which the Senate bill would scale back.

While the Commerce Committee adoption of reasonable privacy protections is a step in the right direction, all three bills still lack comprehensive consumer protections, Fox said.

Of particular concern, she said, is that none of the three versions currently contains a provision requiring banks that wish to take advantage of the new law to offer low-cost or lifeline bank accounts.

E-Commerce Requires New Consumer Protections

The global nature and the unique characteristics of electronic commerce require new approaches to consumer protection, CFA noted during a June Federal Trade Commission public workshop.

"Consumer protections enacted for the 'real marketplace' must be tailored to fit the 'virtual marketplace,'" said CFA Director of Consumer Protection Jean Ann Fox.

Fox participated in two workshop panels, one which discussed whether the characteristics of e-commerce warrant consumer protections and fair business practices that are different from traditional protections and one on choice of law and forum for consumer protection on the Internet.

In March, CFA and National Consumer Law Center submitted comments to the FTC on the same topic.

Consumer protections in the global electronic marketplace must ensure: informed choice for consumers, safety, fair play, information disclosure, privacy, redress, and enforcement, the groups urged.

Furthermore, these protections must apply to the full range of functions for electronic commerce, including the Internet as an advertising and marketing medium, as an information collection device, as an information disclosure mechanism, as a mail order mechanism, and as a sales venue.

They must also apply to payment mechanisms used on the Internet.

Enforceable Laws Needed

Consumer protections in global electronic commerce must be built on a firm foundation of enforceable laws and regulations in order to protect both consumers and ethical merchants, Fox said.

"While voluntary industry self-regulation is positive, experience in the on-line privacy debate over the last year demonstrates that industry's promise to adopt effective self- regulation has not worked," she said. "It is even less likely for global businesses to adopt and implement effective voluntary consumer protections."

The global nature of the Internet also raises special issues of jurisdiction and venue for handling disputes, Fox said.

CFA and NCLC have advocated applying the laws of the country in which the consumer lives to electronic purchases.

Contrary proposals to apply the laws of the country of origin "would force consumers to rely on unfamiliar consumer protections and would give unscrupulous merchants incentives to locate their Internet Service Providers in the country with the weakest protections," Fox said.

Industry Self-Regulation Fails To Protect Privacy

Meanwhile, a follow-up study of commercial website privacy practices found that, while more websites are communicating to consumers about privacy, meaningful and effective privacy protections for consumers are still few and far between.

The study was conducted by Georgetown University as a follow-up to last year's FTC survey of commercial websites, which found that there was virtually no information about privacy on the vast majority of sites oriented toward consumers.

In the wake of that study, the FTC told Congress that, unless the industry can demonstrate that it has developed and implemented broad-based and effective self-regulatory programs by the end of the year, "additional governmental authority would be appropriate and necessary."

The Georgetown Internet Privacy Policy Survey was commissioned to determine the level of compliance with industry self-regulatory standards. Both CFA and Consumer Action served as advisers on the study.

The survey found that almost all sites (92.9 percent) collect personal identifying information, but only two-thirds (65.7 percent) provide consumers with any information about their use of personal information, and less than 10 percent meet the minimal fair information practices standards supported by the FTC and industry self-regulation proponents.

"Industry self-regulation fails to protect consumers or foster consumer confidence in electronic commerce," concluded CFA and CA in comments on the study. "Further failure by Congress and the FTC to enact comprehensive privacy protections will handicap the development of electronic commerce."

Jaeger, Plunkett Join CFA

Three new members have joined the CFA staff in recent months – Arthur Jaeger in the newly created position of assistant director, Travis Plunkett as the new legislative director, and Jackie Balser as administrative director.

Jaeger and Balser joined the staff in May as part of the merger of Public Voice for Food and Health Policy into CFA.

Plunkett joined the staff in June.

"Art, Travis, and Jackie will greatly strengthen CFA's administrative and legislative capability," said CFA Executive Director Stephen Brobeck.

Jaeger, who had been serving as executive director of Public Voice, will work with Carol Tucker Foreman to develop CFA's new Food Policy Institute. His primary advocacy focus will be on federal agriculture policy and programs.

Jaeger said he is looking forward to working with Foreman – whom he called "one of the capital's leading voices on food safety" – in pursuit of their shared goal, "a safer, healthier, and more affordable food supply."

Jaeger brings to CFA nearly 30 years of experience as a newspaper reporter, public relations professional, and nonprofit advocate, including almost a decade as a House and Senate press secretary and more than six years as communications director for the Center on Budget and Policy Priorities.

He was communications director for Public Voice before being asked by the board to take over as executive director in early 1997.

In addition to his advocacy, Jaeger will work on two long- time Public Voice activities that will be continued at CFA – the National Food Policy Conference and the Golden Carrot Awards, which recognize legislators and others who advance the consumer interest on food and agriculture issues.

Plunkett joins CFA from the American Association of Retired Persons, where he served as New York state legislative representative from 1994 to 1998 and as AARP/Vote legislative representative since then.

Before joining AARP, he was associate legislative director for the New York Public Interest Research Group for ten years.

"It's very exciting to join America's preeminent consumer advocacy organization," Plunkett said. "I look forward to working with CFA staff and member organizations to ensure that American consumers have a strong voice on Capitol Hill."

Balser, who had been administration director for Public Voice, will assume administrative and financial oversight duties, working closely with CFA Associate Director Ann Lower and Administrator Miguel Carpio.

Before joining Public Voice, she worked in the financial area for Freddie Mac and Sallie Mae.

Product Safety

(Continued from Page 4)

Fractures from falls are a leading cause of disability and may force victims to enter nursing homes.

"Fortunately, reducing fall hazards in the home needn't be expensive or time-consuming," Fise said. "And, since half of all falls do take place in the home, it's an important place to start."

"Home Safe Home: How to Prevent Falls in the Home" provides a variety of tips on steps older people can take to reduce their chance of falling.

It also provides a checklist for fall-proofing stairways, kitchens, bathrooms, and other areas inside and outside the home.

For a free copy of the brochure, write to AARP Fulfillment, 601 E Street, N.W., Washington, D.C. 20049 or access the brochure on the coalition's website at www.healthandsafety.org.

Credit Cards

(Continued from Page 1)

hours they work to pay off their debts.

In worst cases, these students are forced to drop out of school and work full time.

High credit card debts also affect students' ability to get good jobs, as employers increasingly are reviewing credit reports.

Psychological problems can be even more severe than the financial strain, leading in some cases to a severe emotional crisis ending in suicide.

"The unrestricted marketing of credit cards on college campuses is so aggressive that it now poses a greater threat than alcohol or sexually transmitted diseases," Manning said.

"Typically, students slide into debt through the extension of unaffordable credit lines, increasing education-related expenses, peer pressure to spend, and financial naivete reinforced by low minimum monthly payments and routine increases in credit," he added.

In addition to calling for restrictions on access to credit cards for minors, Brobeck urged card issuers to limit the total revolving credit extended to individual students to no more than 20 percent of their incomes unless parents co-sign for the debt.

He also called on college administrators to refuse subsidies from issuers, to severely restrict credit card marketing, and to insist that the quid pro quo for marketing is effective financial education for cardholders, especially during freshman orientation.

The 90-page Manning study is available by sending a $15 check or money order to Credit Cards on Campus, Consumer Federation of America, 1424 16th St., N.W., Suite 604, Washington, D.C.

House Passes Anti-Consumer Bankruptcy Bill

The House passed legislation in May that will make it more difficult for financially strapped consumers to make a fresh start in bankruptcy.

Adopted on a 313-108 vote, the bill would impose a rigid new means test on bankrupts seeking to file under Chapter 7, which allows debtors to discharge certain unsecured debts and make a fresh start.

Before adopting the bill, the House turned aside a more balanced substitute that would have given judges increased discretion to determine when debtors can afford to pay their creditors, would have imposed modest new restrictions on creditors, and would have eliminated a number of provisions from the Gekas bill that would allow creditors to tie up the process in endless motions.

The House also rejected a narrower bipartisan amendment by Rep. Conyers and Judiciary Committee Chairman Henry Hyde (R-IL) to add flexibility to the means test.

Instead, the House gave voice vote approval to a weak credit card amendment designed by the credit industry to forestall meaningful consumer credit reform.

Among other things, the amendment would require credit card companies to disclose how long it would take to pay off their debts making only minimum payments, but not how much it would cost.

The Senate was expected to bring up its bill before the July 4th recess.

Like the bill approved by the House, the bill reported out of the Senate Judiciary Committee in April is virtually devoid of consumer protections.

Senate Democrats were attempting to build support for a substitute that is virtually identical to the more balanced bill adopted 97-1 last session.

The president has threatened to veto any bill that does not contain adequate consumer protections or provide some flexibility on the means test.

Congress To Consider Food Safety Bills

Various members of the House and Senate have introduced or are preparing to introduce bills that, taken as a package, would significantly enhance the safety of the nation's food supply.

Most recently, Sens. Barbara Mikulski (D-MD) and Ted Kennedy (D-MA) and Rep. Anna Eshoo (D-CA) introduced companion bills to improve the Food and Drug Administration's ability to protect American consumers from adulterated imported food.

"Americans eat from a global plate," wrote Director of CFA's Food Policy Institute Carol Tucker Foreman in a May letter endorsing the legislation. "It is entirely reasonable for Americans to insist that all of our food, domestic and imported, meets a high standard for food safety."

Unlike the U.S. Department of Agriculture, the FDA currently lacks the authority to require that foods coming into the United States be produced and packaged under circumstances that provide the same level of health protection required for domestic food producers and processors.

Instead, the agency can act only after the fact – after adulterated food has been found or someone has gotten sick.

Thus, imported produce, which is often consumed raw, is not subject to the same protections as meat, poultry, and eggs, even though these products are generally cooked before they are eaten.

Bill Offers New Protections for Imported Produce

The Imported Food Safety Act would establish a system for the Secretary of Health and Human Services to use in establishing whether food safety protections in other countries are equivalent to those in the United States.

It would also give FDA more authority to visit other countries for the purpose of conducting safety inspections, provide important enforcement authority and controls over imported foods, prohibit port shopping, increase penalties for importing contaminated foods, and authorize new funding for FDA to carry out these functions.

A competing bill, introduced by Sen. Susan Collins, contains many of the same provisions, but not the key requirement that imported foods be subject to equivalent protections.

The Mikulski-Kennedy bill's introduction followed on the heels of legislation by Sen. Tom Harkin (D-VT) to promote the use of specific microbial standards for both domestic and foreign produce.

Also being drafted are bills by Sen. Byron Dorgan (D-ND) to require registration of importers and by Sen. Richard Durbin (D- IL) and Rep. Frank Pallone (D-NJ) to create a single food safety agency.

USDA Takes Inadequate Steps To Control Listeria

In response to a recent rash of food poisonings, the USDA announced in May that it would require ready-to-eat products, such as hot dogs and cold cuts, to carry labels of the risk of contamination with listeria monocytogenes and would require meat and poultry processing plants to develop plans for controlling listeria as part of their hazard control programs.

"By requiring companies to handle this as part of their own hazard control programs, USDA is assuring that some action will be taken immediately," Foreman said.

"However, the option for fast action needs to be backed up by effective action," she added. In particular, federal inspectors need to perform tests for listeria to verify that corporate hazard control programs are working, she said.

In addition, CFA said, the agency also should:

• require that the products be labeled to warn vulnerable groups, such as pregnant women and immune suppressed individuals, of the particular dangers they face, including miscarriage and death; and

• establish federal regulations limiting the shelf life of these products until meat and poultry companies can demonstrate that they have the problem under control.

"The products are stamped 'USDA inspected,' and the companies pledge they are 'ready to eat,'" Foreman said.

"They've made a contract with consumers. Now they have to make sure they meet their obligations to us."

Food Safety Groups Endorse Meat Irradiation

In April, the Safe Food Coalition, which was founded by Foreman and is administered by CFA, endorsed the use of ionizing radiation in certain meat products to reduce levels of food-borne pathogens and to extend shelf life.

"Coalition members accept that food irradiation is a useful tool in reducing pathogen contamination of meat and poultry and can contribute to reducing food-borne illness," the coalition stated in its comments on USDA proposed regulations.

The coalition added, however, that members "have serious concerns about the potential unintended, negative consequences of food irradiation," and they urged USDA to promulgate a rule that will "assure that irradiation is used safely and productively."

In particular, the coalition noted, food safety will suffer if, viewing irradiation as a guarantee against pathogens, processors seek to cut production costs by skimping on sanitation, government treats irradiation as a substitute for sufficient regulatory oversight, and consumers assume that it is no longer necessary to practice food safety strategies at home.

"Irradiation kills pathogens, but it does not prevent food from being recontaminated. Also, it is not appropriate for all food products, nor is it effective against all disease-causing organisms," Foreman said.

The coalition urged that the Food Safety Inspection Service require additional pathogen testing in plants utilizing irradiation, at least during an initial period, to determine the efficacy of the system.

The coalition also insisted that products treated by irradiation include a conspicuous, easy-to-read label attesting to that fact.

However, the groups vigorously opposed allowing claims that products are "pathogen free," since it is never possible to assure that products have not been recontaminated and since such labeling may encourage mishandling.

Finally, the coalition expressed concern about the environmental and worker safety issues raised by irradiation.

"The meat packing industry has one of the worst safety records in the nation," the coalition noted in its comments. "It cannot be relied on to ensure the safe use of this technology without strict requirements for worker protection and government enforcement of these requirements."

Reform of Agriculture Programs Urged

Sugar, peanut, and dairy programs are costing consumers billions in excess food prices and are in need of reform, CFA has argued in recent congressional and other testimony.

In June testimony before the U.S. Trade Representative Trade Policy Staff Committee, CFA argued that, at the upcoming Seattle trade talks, the United States should propose reductions of at least 90 percent for tariffs on sugar and peanut imports, to be phased in over six years.

If no agreement is possible on phasing out tariffs, import quotas should be raised substantially, to allow more imports at the world price, said CFA Assistant Director Arthur Jaeger.

These reforms would complement legislation now pending in Congress, which CFA has endorsed, to reduce sugar and peanut price supports, he said.

Both programs rely on systems of price supports, production limits, and import restrictions to keep prices paid to U.S. producers well above the world market.

In addition to costing consumers hundreds of millions of dollars a year in higher prices for sugar, peanuts, and food products made with sugar and peanuts, the sugar and peanut programs have also cost the U.S. economy thousands of jobs in recent years, as dozens of sugar refineries and peanut shelling plants across the nation have closed or relocated outside the United States where prices are lower, he said.

The sugar and peanut programs also threaten U.S. goals for agriculture in the coming round of trade talks, Jaeger said.

Opening up agricultural trade is key to helping the many small farmers in this country who are hurting, he said.

"If the sugar and peanut programs aren't reformed, it will be next to impossible to open new markets so U.S. farmers can sell more abroad," he explained.

"Beginning now to dismantle these program would be an unqualified step in the right direction," he concluded.

In May testimony before the House Livestock and Horticulture Subcommittee, Jaeger also called for reform of the dairy program.

Earlier this year, the USDA took a step in that direction when it issued a reform proposal for the federal milk pricing system that should save consumers more than $100 million a year, or an average of two cents per gallon, on the retail price for milk, he said.

The proposal "is a step in the right direction, but it's a baby step when a giant step is needed," Jaeger said.

Furthermore, even this modest reform is threatened by legislation, now pending in Congress, that would extend the Northeast Dairy Compact and authorize creation of a Southern Dairy Compact.

Dairy compacts are regional milk pricing agreements designed to boost income for dairy farmers by allowing a regional commission to set a price paid to farmers for milk that is above the price set under the federal dairy program.

Supporters justify the compacts on the grounds that they are needed to help keep family farms afloat. However, most of the program benefits flow to large operations, Jaeger said, because compacts assess benefits on every gallon of milk sold.

Over the next half year, for example, the smallest producers are projected to receive an average only $650 from the Northeast compact. "This is not enough to ensure their financial viability," he said.

"As a result, contrary to the stated intent, the likely result of compacts is that big dairy operations will get even bigger, while small and mid-sized dairies continue to steadily leave the dairy business," he said.

If the legislation is approved, more than half the states in the nation could be covered under compacts, and consumers in those states could expect to see milk prices jump an average of 22 cents per gallon, Jaeger said.

"The cost of regional dairy compacts falls heaviest on low- income consumers," who spend more of their income on food and more of their food budget on dairy products, he explained.

Food stamp recipients in the 27 states likely to be covered by compacts if the legislation is approved stand to lose an estimated $61 million in purchasing power over just six months, Jaeger estimated.

"If we must have compacts, Congress should find a way to target them to benefit the small family farmers who really need the help," Jaeger said.

CFAnews CFA

Consumer Federation of America
1424 16th Street, N.W., Washington, D.C. 20036
(202) 387-6121 • www.consumerfed.org

CFAnews is published eight times a year. Annual subscription rate is $25 per year.

Design & Typeset by: Dahlman/Middour Design

Product Safety Update:

CPSC Proposes Mandatory Bunk Bed Rule

Thirteen years after CFA petitioned the agency for a mandatory rule on bunk beds, the Consumer Product Safety Commission has issued a notice of proposed rulemaking to address the entrapment risks to children.

CFA General Counsel Mary Ellen Fise testified before the commission in favor of the rule in May, noting that, despite development of a voluntary standard for bunk beds, efforts to educate the public about the risks, and repeated CPSC recalls of dangerous bunk beds, "unsafe bunk beds continue to be produced and sold to unsuspecting parents, placing millions of American children at risk of fatal entrapment."

Using CPSC data, Fise estimated that between 170 and 200 bunk bed deaths have occurred during the commission's history. Furthermore, "near miss" entrapment incidents outnumber entrapment fatalities.

"After all this time, the evidence is clear," Fise said. "Voluntary attempts in this case have not been sufficient to protect young children."

CFA also supported the commission's proposal to include additional safety provisions in the mandatory rule, beyond those currently contained in the voluntary standard. These provisions would address openings in the guardrail as well as the bunk end structure.

"Removing all entrapment areas is necessary to assure that youngsters sleeping in these beds will not be at risk," Fise said.

Finally, Fise noted that the substantial lack of compliance with the voluntary standard necessitates promulgation of a mandatory rule.

Over the last four years, the commission has identified at least 44 different manufacturers of bunk beds in violation of the voluntary standard, leading to product recalls involving over half a million beds.

Furthermore, the CPSC's last review of compliance with the standard found that nearly 40 percent of those examined were in violation of the standard.

"CFA believes the record before the agency more than adequately establishes that there is not substantial compliance with the voluntary standard and, therefore, the agency is justified in promulgating a mandatory standard," Fise concluded.

Warning Labels on Upholstered Furniture Urged

CFA and Consumers Union submitted comments to the CPSC and Federal Trade Commission in June in support of a petition by the National Association of State Fire Marshals to require fire hazard warning labels on certain upholstered furniture.

At issue is whether the manufacturers and retailers of residential upholstered furniture should be required to pass along to consumers warnings about the flammability of polyurethane foam similar to the warnings the polyurethane foam producers provide the furniture manufacturers.

According to CPSC figures, approximately 590 deaths each year are attributable to upholstered furniture fires, while 1,640 annual injuries are associated with these fires, and property damage is estimated to be $253 million.

"Because upholstered furniture is one of the most flammable items in the home, consumers should be warned to keep sofas and chairs at a safe distance from any electrical appliance or open flame," Fise said.

CFA and CU support the CPSC's study of the problem of open flame ignition of upholstered furniture, as well as the agency's study of the toxicity of chemicals used as fire retardants on upholstered furniture.

While the commission is currently in rulemaking on the issue, however, the commission has not yet finalized a final rule on treating upholstered furniture with flame retardant materials.

"Absent a national flammability standard for upholstered furniture, CFA and CU believe that American consumers should be afforded basic warnings about the flammable properties of the foam inside their upholstered furniture," the groups concluded.

CFA Releases Playground Guide for Parents

"Fun and Safe: A Playground Guide for Parents and Others Who Care about Kids' Safety" is now available from the CFA Foundation.

The 32-page booklet provides extensive information to help parents, teachers, school administrators, and child care providers become advocates for safer playgrounds.

"The first step in becoming an effective playground safety advocate is to become an educated consumer," Fise said.

For this reason, the booklet starts with a look at statistics demonstrating the scope of the problem. It also provides information on playground hazards and the play patterns of children to help explain how and why injuries occur.

It provides a checklist of major hazards to use in evaluating playground safety as well as a step-by-step guide for a successful campaign to make local playgrounds safer for children.

It concludes with a list of additional resources.

"Playground injuries occur far too often, but many can be prevented through proper playground design and maintenance," Fise said. "This booklet can help anyone who is interested establish and implement a successful plan to make their own playgrounds safer for kids."

To receive a copy of the free booklet, send $2 for shipping and handling to CFAF Fun and Safe Playground Guide, 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036.

Fall Prevention Brochure Available

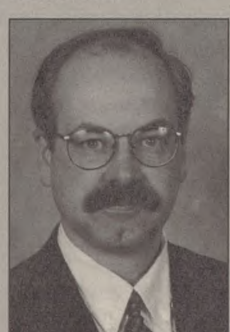
The Coalition for Consumer Health and Safety, organized and managed by CFA, and the American Association of Retired Persons have produced a brochure on preventing falls in the home.

(Continued on Page 2)

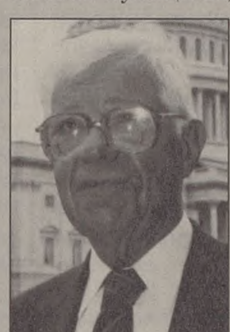
29th Annual Awards Dinner

Ann Brown

Sen. Ron Wyden (D-OR)



Richard McClintock



Daniel Schorr

The Consumer Federation of America honored distinguished consumer service at its 29th Annual Awards Dinner in June.

Sen. Ron Wyden (D-OR) and Consumer Product Safety Commission Chairman Ann Brown received Philip Hart Public Service Awards.

The Esther Peterson Consumer Service Award was presented to Colorado Public Interest Research Group, with COPIRG Executive Director Richard McClintock accepting the award.

Journalist Daniel Schorr received the Betty Furness Consumer Media Service Award.

CFAnews
Consumer Federation of America
1424 16th Street, N.W. • Washington, D.C. 20036
(202) 387-6121 • www.consumerfed.org

BULK RATE
U.S. POSTAGE
PAID
WASHINGTON, D.C.
PERMIT NO. 8772