CFA
CFAnews
Dec. 1992
Jan. 1993
Volume 17, No. 8
ISSN #0732-8281

Congressional Consumer Support Rises in '92

The overall pro-consumer voting record of the U.S. Senate jumped eight percentage points to 63 percent in 1992, while the House record rose four points to 59 percent, according to a CFA report on congressional voting trends released in January.

"In an election year marked by voters' discontent over gridlock and Washington's failure to deal with the economic concerns of average Americans, Congress was spurred to vote in favor of consumers' interests more often in 1992 than in recent years," said CFA Legislative Counsel Bradley Stillman.

"The perceived weakness of the sitting president may also have contributed to the overall increases," Stillman said.

Consumers won big victories on cable television reregulation and comprehensive energy legislation, including the only successful veto override during President Bush's four years in office on the cable bill.

On a number of other issues, however, congressional victories were overturned by presidential vetoes. In addition, consumers suffered some significant defeats in Congress itself, with legislation on vertical price fixing, mortgage refinancing disclosures, and consumer credit reform all going down to defeat.

"Overall, however, consumers can be pleased that their interests received significant attention during the second session of the 102nd Congress," Stillman said.

"We are hopeful that this year the Clinton administration will implement strong pro-consumer rules for last year's cable and energy laws and support the numerous consumer bills that were thwarted by President Bush's veto pen," Stillman said.

Partisan Splits Remain Prevalent

Traditional partisan divisions on consumer issues remained prevalent in 1992, with Democrats considerably more likely to support consumers' interests than Republicans.

Senate Democrats voted with consumers 85 percent of the time, compared to 28 percent for Senate Republicans. In the House, Democrats voted with consumers 77 percent of the time, compared to a 29 percent average among House Republicans.

The pro-consumer record of freshman members of the House closely tracked the rest of their party. House freshman Democrats voted with consumers 77 percent of the time, while freshman Republicans did so 28 percent of the time.

This pattern did not hold true in the Senate. Freshman Democrats in the Senate supported consumers 92 percent of the time, the highest level since CFA began tracking votes. Republican freshmen, on the other hand, voted for consumers only 15 percent of the time, the lowest level since 1986.

In contrast to last year, however, when there were no Republicans named as Consumer Heroes by CFA, this year two Republican members of the House were among the 44 members of Congress named Consumer Heroes. They are Reps. Benjamin Gilman of New York and Christopher Shays of Connecticut.

1992 CONGRESSIONAL HEROES & ZEROES

Eleven Senate Heroes voted with consumers 100 percent of the time:

Brock Adams (D-WA)
Max Baucus (D-MT)
Bob Graham (D-FL)
Edward Kennedy (D-MA)
Patrick Leahy (D-VT)
Carl Levin (D-MI)
George Mitchell (D-ME)
Paul Sarbanes (D-MD)
Paul Simon (D-IL)
Paul Wellstone (D-MN)
Jocelyn Burdick (D-ND)*

Thirty-three House Heroes voted with consumers 100 percent of the time:

Neil Abercrombie (D-HI)
Chester Atkins (D-MA)
Anthony Beilenson (D-CA)
Lucien Blackwell (D-PA)
George Brown, Jr. (D-CA)
Benjamin Cardin (D-MD)
Rosa DeLauro (D-CT)
Joseph Early (D-MA)
Lane Evans (D-IL)
Thomas Foglietta (D-PA)
Barney Frank (D-MA)
Sam Gejdenson (D-CT)
Benjamin Gilman (R-NY)
Frank Guarini (D-NJ)
Andrew Jacobs (D-IN)
Joseph Kennedy II (D-MA)
Tom Lantos (D-CA)
John Lewis (D-GA)
Romano Mazzoli (D-KY)
Patsy Mink (D-HI)
Richard Neal (D-MA)
John Olver (D-MA)
Jack Reed (D-RI)
Martin Olav Sabo (D-MN)
Bernie Sanders (I-VT)
Thomas Sawyer (D-OH)
Charles Schumer (D-NY)
Christopher Shays (R-CT)
John Spratt (D-SC)
Louis Stokes (D-OH)
Gerry Studds (D-MA)
Alan Wheat (D-MO)
Ron Wyden (D-OR)

Seven senators who voted with consumers eight percent of the time or less were named Consumer Zeroes, including three with no pro-consumer votes:

Larry Craig (R-ID)
Jesse Helms (R-NC)
Steve Symms (R-ID)
Conrad Burns (R-MT)
Jake Garn (R-UT)
Don Nickles (R-OK)
Malcolm Wallop (R-WY)

Sixteen House members voted with consumers eight percent of the time or less, including four with no pro-consumer votes:

Wayne Allard (R-CO)
Doug Barnard, Jr. (D-GA)
Dan Burton (R-IN)
Bob Stump (R-AZ)
Richard Armey (R-TX)
Philip Crane (R-IL)
Robert Dornan (R-CA)
Mickey Edwards (R-OK)
Melton Hancock (R-MO)
Joel Hefley (R-CO)
Andy Ireland (R-FL)
Clarence Miller (R-OH)
Dana Rohrabacher (R-CA)
Dan Schaefer (R-CO)
Robert Walker (R-PA)
Cliff Stearns (R-FL)

*Jocelyn Burdick took office September 16 upon the death of her husband Quentin Burdick. Her 100 percent voting record is based on four votes.

Consumer Heroes Named

All 44 Consumer Heroes — 33 in the House and 11 in the Senate — compiled 100 percent pro-consumer records on key votes during the second session of the 102nd Congress.

CFA also named 16 representatives and seven senators as Consumer Zeroes based on their consistent opposition to consumer interests during the 1992 legislative session.

Although the 44 Consumer Heroes named more than doubled 1991's number, with most of the increase coming in the House, it was still well below the 55 named in 1990 and 63 in 1989.

The 23 Consumer Zeroes named was identical to 1991's figures, but far higher than the 10 named in 1990 and the seven named in 1989. Again, most of the increase came in the House.

The 1992 ratings are based on 15 key votes in the House and 12 in the Senate covering such areas as antitrust, communications, corporate responsibility, energy and environment, financial services, government accountability, health and safety, housing, and low income issues.

The CFA report also recognizes as Lifetime Consumer Heroes those senators and representatives who have compiled the highest pro-consumer voting records over the course of their careers.

The 15 senators with lifetime records of 85 percent or higher are led by Sens. Paul Wellstone (D-MN) at 95 percent, Brock Adams (D-WA) at 92 percent, and Howard Metzenbaum (D-OH) at 91 percent.

In the House, 33 members with lifetime records of 90 percent or above are led by Reps. Patsy Mink (D-HI) at 100 percent, Neil Abercrombie (D-HI) at 97 percent, and Lane Evans (D-IL), Joseph P. Kennedy II (D-MA), and Kweisi Mfume (D-MD) all at 96 percent.

Copies of the 1992 Congressional Voting Record are available for $10, paid in advance, from CFA, 1424 16th Street, N.W., Suite 604, Washington, D.C. (202) 387-6121. Non-profit organizations may purchase the report for $5.

MARK YOUR CALENDARS

Consumer Assembly '93

March 11-12

Consumer Safety Improves, Huge Risks Remain

America is becoming a safer place for consumers, according to the third annual health and safety status report released in January by the Coalition for Consumer Health and Safety.

"The Nation's Health and Safety: A Status Report" updates statistical information on morbidity and mortality, economic costs, the causes of health and safety threats, and related federal expenditures in seven issue areas — motor vehicle safety, home and product safety, indoor air quality, food safety and nutrition, tobacco consumption, alcohol consumption, and AIDS.

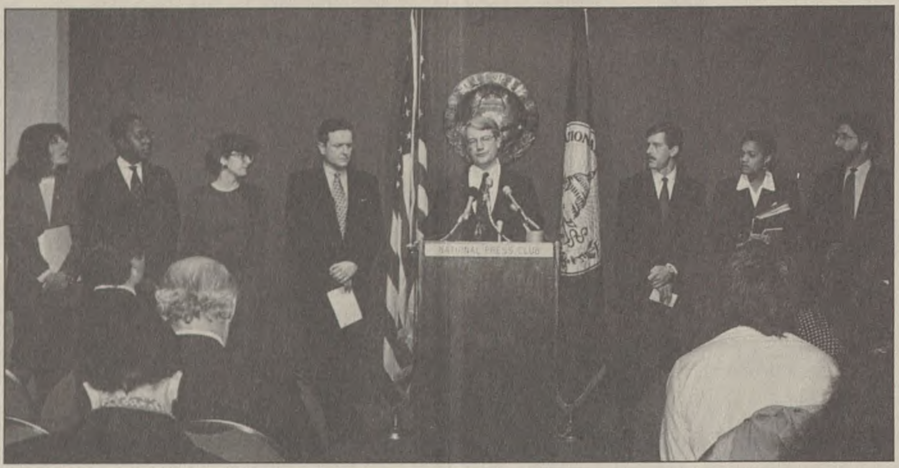
It finds that important progress has been made, though millions of Americans remain at risk.

"The good news is that consumers are using products more safely and healthfully," said CFA Executive Director Stephen Brobeck, who chairs the coalition of 40 consumer, health, and insurer groups. "The bad news is that these products still cause hundreds of thousands of deaths and millions of injuries and illnesses each year," he added.

Progress Has Been Made

The report identifies the following as among the most dramatic improvements in consumer health and safety.

- Motor vehicle fatalities declined from 44,599 in 1990 to 41,462 in 1991, the lowest level in 29 years.
- Deaths caused by consumer products in the home fell from 21,000 in 1990 to 20,500 in 1991. Disabling injuries fell from 3.2 million in 1990 to 3.1 million in 1991.
- Cigarette smoking continued to decline for each age group: for those 20 to 24 years of age, from 29.5 percent in 1987 to 27.6 percent in 1988; for those 25 to 44 years of age, from 33.2 percent to 32.9 percent. From 1965 to 1988, the proportion of the adult population that smoked cigarettes fell from more than 40 percent to under 30 percent.
- Per capita alcohol consumption declined from 2.49 gallons (of ethanol) in 1988 to 2.43 gallons in 1989, the lowest level since 1969.
- Federal spending for household product safety, indoor air activities, alcohol abuse programs, and AIDS prevention and treatment has risen recently.



The Coalition for Consumer Health and Safety released its status and priorities reports at a January news conference. Pictured from left to right are: Carol Stroebel, Advocates for Highway and Auto Safety; Cornelius Baker, National Association of People with AIDS; Angela Sblendorio, Center for Science in the Public Interest; Steve Moskey, Aetna; Stephen Brobeck, CFA; Glenn Soden, Nationwide Insurance Companies; Sherri Watson, American Lung Association; and Allen Rosenfeld, Public Voice for Food and Health Policy.

"These health and safety improvements reflect mainly improved regulation and greater consumer awareness," said Brobeck.

The Remaining Challenge

Millions of Americans continue to be at risk from unsafe products.

- More than 40,000 die annually in motor vehicle accidents.
- More than 20,000 are killed each year in household accidents.
- Many Americans consume too much fat, cholesterol, and sodium, and too little fiber.
- Nearly 50 million persons continue to smoke, and smoking is responsible for more than 400,000 deaths annually.
- More than 100,000 deaths each year are attributable mainly to alcohol consumption.
- As of the beginning of 1992, more than 200,000 persons had contracted AIDS — a preventable disease.
- The economic costs of these deaths, injuries, and diseases is staggering — $93.8 billion in 1991 for motor vehicle accidents, $22 billion in 1991 for home accidents, $86 billion in 1988 for excessive alcohol consumption, for example.

Coalition Sets Policy Priorities

Along with the status report, the Coalition for Consumer Health and Safety released a "Progress and Priorities" report outlining progress made in 1991 and 1992 on key health and safety issues and priorities for the next Congress and the new administration.

Key priorities identified in the report include:

- Full funding and effective implementation of the Chaffee/Cooper provision in the 1991 highway bill, which gives states incentives to enact and enforce safety belt and motorcycle helmet use laws, and issuance of a strong final rule by Occupational Safety and Health Administration to require employees to use these safety devices for on-the-job driving.
- Issuance of strong motor vehicle occupation protection requirements by the National Highway Traffic Safety Administration, such as the upcoming head injury protection rule.
- Three-year reauthorization of and increased funding for the Consumer Product Safety Commission.
- Creation of a more comprehensive, mandatory federal seafood safety program.
- Passage of legislation requiring health and safety warnings in alcohol advertising and strengthened warnings on alcohol beverage labels.
- Institution by EPA of education programs on environmental tobacco smoke.
- Creation by the White House of a "federal interagency mechanism" to coordinate the federal response to AIDS and expedited implementation of the other recommendations of the National Commission on AIDS.

The Coalition is distributing both reports to key federal policy makers, including members of the executive branch and all members of Congress. The statistical report will also be sent to all 50 governors, attorneys general, and state public health officials.

Copies of the reports are available for $10 each, paid in advance, from CFA, 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036.

Car Book Conducts Crash Test

This year, in addition to releasing best bets among '93 models, *The Car Book*, by CFA Public Affairs Director Jack Gillis, joined with the Center for Auto Safety (CAS) to release results of the first-ever consumer run automobile crash test.

The test, which was conducted with the cooperation of Chrysler Corporation on the new 1993 Dodge Intrepid, was the first consumer-run test to conform 100 percent to the U.S. government crash test program.

Gillis and CAS conducted the independent test in order to analyze a new model as early as possible in the model year and make the results available to new car buyers, who ordinarily would have to wait for this important safety information.

In previous years, the National Highway Traffic Safety Administration has released crash test information on new cars toward the end of the model year or not at all.

"This experiment clearly indicates that vital safety information can and should be made available to consumers more quickly," Gillis said.

In addition, *The Car Book* provides more complete crash test information than the government typically makes available to the public.

The U.S. Department of Transportation's crash tests under the New Car Assessment Program (NCAP) are designed to determine differences in occupant protection offered by today's vehicles.

While all cars must meet certain federal standards in a 30 mph crash, NCAP tests are conducted at 35 mph, comparable to two similar cars hitting each other at 35 mph. The use of the higher speed demonstrates which cars exceed the mandatory standards.

Even though the government's test measures the impact on the occupants — including data on thigh injury, windshield retention, windshield passenger protection, and fuel leakage — the only results generally available from the government are the head and chest numbers.

In contrast, the Gillis Crash Test Index reported in *The Car Book* provides consumers with a single number that incorporates all the measurements to describe the car's ability to protect an occupant in a crash.

This number allows car-to-car comparisons, includes all the measured forces in proportion to their likelihood of causing an injury, and compensates for the fact that passengers are not always present in a car.

Gillis called the independent crash test "a watershed in corporate-consumer relations. In agreeing to this test, Chrysler ran the risk of the LH doing poorly and our publicizing those results," he said. (LH is the designation for the new 1993 Dodge Intrepid, Chrysler Concorde, and Eagle Vision.)

Chrysler's confidence was justified by the car's crash test performance, Gillis said. Aided by its standard air bags for both passengers and drivers, the LH was one of the top six performers in the Intermediate class, according to the 1993 edition of *The Car Book*.

"Consumer access to crash test information has changed the way car companies make cars, and the LH was clearly designed to perform well," Gillis said.

In addition to safety information, *The Car Book* provides complaint data, fuel economy ratings, and information on such issues as how to get the best price, tire quality, and insurance.

Published by HarperCollins, *The Car Book* is in its 13th year. It is available in book stores or by sending $13.50 to the Center for Auto Safety, 2001 S Street, N.W., Washington, D.C. 20009. Sales of the book by mail benefit the non-profit Center for Auto Safety.

CFAnews

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

President: *Kenneth McEldowney*
Executive Director: *Stephen Brobeck*
Legislative Director: *Gene Kimmelman*
Assistant Director: *Ann Lower*
Research Director: *Mark Cooper*
Public Affairs Director: *Jack Gillis*
Product Safety Director: *Mary Ellen Fise*
Legislative Representative: *Chris Lewis*
Coalition Coordinator: *Diana Neidle*
Executive Assistant: *Edith Furst*
Conference Manager: *Sheila Meade*
Legislative Counsel: *Bradley Stillman*
Administrator: *Miguel Carpio*
Secretary: *Lydia Grogan*
Administrative Assistant: *Karen Edwards*
Administrative Assistant: *Encarnita Arguelles*

CFAnews Editor: *Barbara Roper*

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

Design & Typeset by: Dahlman/Middour Design

No 'December Surprise,' Seidman Predicts

There is no evidence to support claims that commercial banks are about to experience a post-election crisis similar to the savings and loan debacle after the '88 election, former FDIC Chairman L. William Seidman said in a keynote address at CFA's eighth annual financial services conference in December.

"The banking industry in the last two quarters has made the most money its ever made in its history, has the greatest capital reserves it's had in the last 25 years, and is doing very, very well," said Seidman, who now serves as chief commentator for CNBC.

But, while the short-term outlook for commercial banks is good, their long-term outlook "is something less than exciting," he added. Banks have been rapidly losing market share to financial services firms that don't use insured deposits and therefore are able to operate outside the regulated field, he said.

Seidman's solution is to allow banks to operate in both the insured market, taking deposits and offering savings accounts, and the uninsured market, selling mutual funds, for example. "In my view, if we would get banks into that kind of format, then there are a lot of things they could do that would enhance the economy," he said.

Although he dismissed banks' argument that "regulatory burden" is responsible for their problems (the real culprit is bad real estate loans, he said), Seidman added that regulations, such as the Community Reinvestment Act, which may have made sense when banks operated as virtual monopolies, do not make sense in the competitive world of banking today. He suggested that these mandates be replaced with incentive programs.

Furthermore, he said, the deposit insurance reform bill that passed Congress in 1991 was an "over-reaction" to the problem that "made it very difficult for banks to take the kind of risks they ought to take" and thus discouraged lending. The Clinton administration should review the standards to make sure they promote not just safety and soundness, but also effectiveness, in the banking system, he said.

Congress Must Learn From S&L Crisis

While agreeing that a banking crisis on the scale of the savings and loan disaster is not imminent, Rep. James A. Leach (R-IA) warned that Congress must learn from its mistakes in the savings and loan crisis, which he called the "greatest domestic policy mistake in the '80s," in order to avoid repeating those mistakes with regard to commercial banks.

Congress contributed to the savings and loan crisis first by trying to defer problems rather than face them and then by writing "loose laws which led to lose regulation," he said.

Rep. Leach advocated stronger capital standards as "one way to ensure that financial institutions that rely on deposit insurance stay on the straight and narrow."

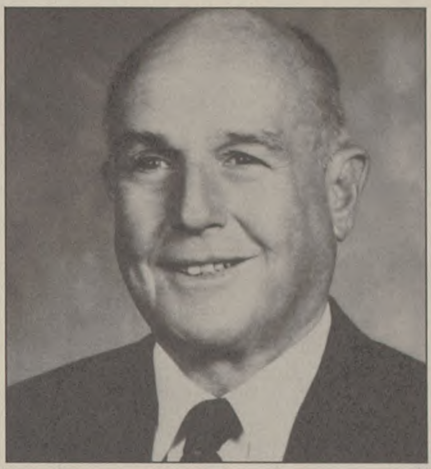
Another lesson from the savings and loan crisis is that comparable institutions should operate under comparable regulations, he said, and that regulations between regions should be homogenous.

Rep. Leach concluded, however, that, "unless there is a major recession, the banking crisis is not going to be as large as some skeptics might expect. Banking could in fact be profitable in the '90s and a source of international competitiveness," he said.

Banks Seek Relief From 'Regulatory Burden'

The banking industry will only remain profitable if banks are able to get out from under burdensome regulations, said Diane Casey, Executive Director of the Independent Bankers Association of America, in a session on "Regulatory Burden: Do the Costs of New Consumer Banking Regulations Exceed Their Benefits?"

While individual regulations may seem reasonable, the "aggregate burden" of



L. William Seidman

those regulations is diverting tens of billions of dollars into paperwork instead of lending, she said.

Although they agree that "regulatory burden" is a problem for financial institutions, credit unions disagree with the approach banks are taking to solve the problem, said Mary Dunn, Federal Regulatory Counsel for the Credit Union National Association. "We don't want to gut consumer protection laws nor safety and soundness regulations," she said. "We need to look at legitimate ways to simplify laws and cut costs that are passed on to consumers."

Consumers Union Counsel for Government Affairs Michelle Meier dismissed "regulatory burden" as "a slogan that all facets of the financial services industry are using now to achieve their real goal, which is to gut consumer protections. Whatever burden does exist, it is very much outweighed by the benefits provided to consumers," Meier said.

Allen Fishbein, General Counsel for the Center for Community Change, echoed that sentiment. "Most of the burden is related to safety and soundness. So industry focuses in on regulations they believe have the least political support to defend — regulations that protect poor people and minorities, such as the Community Reinvestment Act and the Home Mortgage Disclosure Act," he said.

Success of Prop 103 Debated

Despite all the attention focused on the promised rate rollback, California's Proposition 103 has "fundamentally changed (for the better) the structure of how insurance is regulated in California," said Steven Miller, California's Deputy Insurance Commissioner for Rate Regulation.

Agreeing that Prop 103 has provided some benefits to consumers through improved disclosure and rate regulation, Mark Fukui, Executive Vice President of Finney and Brown, said the measure has nonetheless been a disappointment. "What's really important about Prop 103

Rep. James A. Leach

is that it's been very expensive to put into place," he said.

"Prop 103 has been an incredible success both in California and nationally," countered J. Robert Hunter, President of the National Insurance Consumer Organization. It has saved consumers money, enhanced competition, forced insurers to get serious about fraud and safety, sparked hundreds of bills in other states, and invigorated the fight at the federal level to repeal insurance's antitrust exemption, he said.

Informed Consumers Could Cut Telephone Costs

Consumers could trim their telephone expenses by learning more about service costs and savings opportunities, according to the results of a consumer knowledge test released in late November by CFA and AT&T.

"The test results suggest that a significant portion of the $48 billion spent on telephone services every year could be spent more efficiently," said CFA Executive Director Stephen Brobeck, author of the report. "Consumer groups, regulators and phone companies must expand their efforts to improve consumer telephone literacy," he added.

The 44-question CFA/AT&T Telephone Test was administered to a representative sample of the nation's population by The Psychological Corporation, San Antonio, Texas. Test questions were developed by CFA and AT&T with the assistance of experts from consumer organizations around the country.

Results indicate that consumers have a good understanding of the nature and availability of many phone services offered, but only a poor to fair awareness of their costs, Brobeck said.

As a first step to remedy knowledge deficiencies, CFA and AT&T will convene a forum of consumer, industry, and regulatory leaders early in 1993 to address the implications of the test results and to develop ways to increase consumer understanding.

In general, consumers have good to excellent knowledge about the availability and nature of specific telephone services.

- 92 percent know that 800-number calls are usually free to the caller, while 87 percent understand that 900-number calls are usually charged to the caller.
- Large majorities are aware of what call waiting (88 percent), call forwarding (70 percent), and three-way calling (89 percent) do.
- 87 percent know that they can switch long distance companies at any time.
- 83 percent understand that a person who owns a phone that does not work is responsible for fixing it.
- 78 percent are aware that they must use country and city codes when making a direct-dial international call.
- 73 percent know that some low income households are eligible for reduced charges when signing up for local service.

Consumers know relatively little about the specific prices of various phone services, and they tend to over-estimate the cost of many of them.

- Only 22 percent correctly estimated the cost of a 10-minute, direct-dialed, out-of-state call on a Saturday afternoon. (The actual cost is less than $2; 34 percent of those surveyed estimated the cost to be more than $4.)
- Only 28 percent understand that, with local measured service, charges may vary depending on the number of local calls made.
- Only 35 percent are aware of the cost of having a local phone company install a phone jack in a new location.
- Only 37 percent know the cost of an inside wire maintenance plan.
- Less than half know the cost of call waiting (46 percent) and call forwarding (37 percent).
- Only 40 percent understand that they can use their long distance company when making a call away from home by dialing the company's access code.

Results show that, the higher one's spending on phone services, the higher one's score. This indicates that those who spend the most money on telephone services are more likely to receive better value for each dollar spent than those who spend less.

"Considering the test results and the stagnating, or declining, incomes of most Americans, consumer education efforts should stress obtaining better value for one's phone expenditures," Brobeck said.

Some of the knowledge areas that should be given special emphasis are: the high cost of service calls to the home; the protection afforded by an inside wire maintenance plan and its costs; whether flat rate or measured service is the lowest cost local service option; the cost of class services, such as call waiting and call forwarding; the fact that Sunday evening is not the cheapest time to make a long distance call; the ability to block 900-number calls from being made on a phone; and the fact that using an operator is the most expensive way to make a call.

Real Estate Disclosure Campaign Launched

In early January, CFA and the National Association of Realtors launched a joint nationwide campaign to strengthen disclosures by real estate agents to buyers and sellers in home sales transactions.

The campaign, which was announced at a joint news conference, will target state legislatures in states where real estate agency disclosure laws are either under review or need strengthening.

"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. "These disclosures are so important because most agents working with buyers actually represent sellers."

"Confusion about whom a real estate broker/agent represents in a home sales transaction needs to be totally eliminated, and this joint campaign will go a long way toward accomplishing that goal," added NAR Executive Vice President Almon R. "Bud" Smith.

CFA Executive Director Stephen Brobeck (left) and NAR Executive Vice President Almon R. Smith announced a joint campaign to improve real estate disclosure laws at a January news conference.

Criteria of Effective Law Outlined

The two groups advocated the adoption of the following five key criteria for improving consumer protection and notification of who represents whom in the real estate transaction.

- The disclosure must be written.
- A state-prescribed form must be used for the disclosure.
- The disclosure must be made at the first substantive contact with the buyer or seller.
- The disclosure form must be signed by the consumer and the agent.
- The disclosure should be concise and written in easily understood language.

The proposed criteria are based on the findings of a CFA study of state disclosure laws released last June.

The National Association of Real Estate License Law Officials (NARELLO) has endorsed the CFA/NAR initiative as well as the five key criteria for improving disclosure laws. In light of that support, Brobeck said he is optimistic that state lawmakers will move quickly to adopt the tougher standards.

Most Disclosure Laws Are Inadequate

Since 1986, 43 states and the District of Columbia have mandated agency disclosure, either through regulation or legislation. However, "most existing laws are critically deficient in at least one important respect, usually because they fail to require disclosure at the first substantial contact," Brobeck said.

CFA and NAR analyzed state laws for four of the five key criteria. According to that analysis, laws in only seven states — the District of Columbia, Idaho, Louisiana, Massachusetts, New Hampshire, New York, and Texas — meet all four criteria.

On the other hand, nine states — Arizona, Arkansas, Kentucky, Michigan, Montana, New Jersey, North Carolina, Oregon, and Vermont — either have no disclosure law or have laws that meet none of the four criteria.

Another 14 states — Florida, Georgia, Hawaii, Indiana, Kansas, Maryland, Minnesota, Missippi, Nebraska, North Dakota, Oklahoma, Pennsylvania, Utah, and Virginia — have laws that possess only one of the criteria.

Three States Targeted For Immediate Action

CFA and NAR have identified three states — Kentucky, Michigan, and Vermont — as targets for immediate action. In addition, a CFA/NAR/NARELLO task force will work on further defining the fifth criteria, that the disclosure be clear and concise.

The CFA/NAR campaign is part of an ongoing effort by CFA to improve consumer awareness and protections in dealings with real estate agents. That effort has included an extensive critique of the real estate industry, released in 1991, a report released in June 1992 on the inadequacy of state disclosure laws, and production with AARP of a free pamphlet, "Buying a Home: What Buyers and Sellers Need to Know About Real Estate Agents."

Elimination Of Baseball's Antitrust Exemption Urged

In order to promote maximum sports viewing options at the lowest price and infuse competitive market pressures in the structure of Major League Baseball, Congress should eliminate the league's antitrust immunity, CFA Legislative Director Gene Kimmelman said in December testimony before the Senate Subcommittee on Antitrust, Monopolies and Business Rights.

The increased competition in the video marketplace that is likely to result from passage of the 1992 Cable Act, combined with new technologies that make possible dramatically larger channel capacity, should enable sports fans to watch virtually any game they want to for free or at a reasonable price, Kimmelman said. However, unless baseball's antitrust exemption is eliminated, consumers will be denied the full benefits of increased video competition, he said.

Baseball has used its antitrust exemption to increase its television revenues by reducing the number of free over-the-air broadcasts and shifting broadcasts to expensive cable networks or pay-per-view packages. "By dividing the country into exclusive 'home television territories,' the league ensures that clubs can shift television rights from over-the-air stations to cable networks without fear that a local broadcaster would compete by importing another team's games," Kimmelman explained. "These territorial restrictions allow major league teams to maximize television revenue by maintaining a monopoly on local baseball viewing options."

There is a further danger that the league will use its position to sell exclusive rights to one video distribution medium, such as cable tv, thus preventing emerging competitors, such as wireless cable or direct broadcast satellite systems, from obtaining the type of sports programming that would make them competitive with cable. Such exclusive arrangements "could stymie the development of multichannel video competition in general," Kimmelman said.

"These anti-consumer trends may be averted without harming baseball by eliminating the league's antitrust immunity," he said. "If the NBA, NFL and NHL can manage and prosper within the confines of our nation's pro-competition laws, so should baseball." He added that it may be appropriate for Congress to maintain the limited antitrust immunity for contracts involving national over-the-air telecasts, as long as that immunity is not interpreted to apply to pay or cable contracts.

"If baseball is required to abide by our nation's pro-competition laws, consumers are likely to receive greater viewing choices at lower prices," he concluded.

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