



## Gore Defines Health and Safety Agenda

In a keynote speech at CFA's Consumer Assembly 2000, Vice President Al Gore, Jr. outlined "three crucial issues on which Congress will be forced to choose between working families and special interests" – health care reform, access to reasonably priced prescription drugs, and gun control.

"It is now routine all across this country for life and death medical decisions to be overturned by accountants who are not licensed to practice medicine," the vice president said.

We need a real Patients' Bill of Rights that will "give those decisions back to the doctors and health care professionals," he said.

"Good medical care also means extending access to all our people on an affordable basis, and that includes access to medications," Gore added.

To accomplish that goal, he advocated both Medicare coverage for the cost of prescription drugs for seniors and limits on "artificial extension of patents" that pharmaceutical companies seek to delay competition for popular medications.

Once pharmaceutical companies have been "rewarded and enriched" for their discoveries, "then consumers are entitled to benefit not only by access, but by the eventual lowering of price due to competition," he said.

### Gore Urges Range of Gun Control Strategies

While a variety of strategies are needed to reduce violence, he said, a central component of any gun control agenda should be a national requirement that every state issue a photo license ID for anyone who purchases a handgun.

Individuals should be required to pass a background check and a gun safety test before receiving the license, he said.

He deplored the fact that, despite the outrage of the American people, nothing is being done about gun violence in Congress and, in particular, that Republican leaders will not even allow a conference committee to meet to discuss the gun control provisions of the juvenile crime bill.

"If gunplay in a first grade classroom doesn't cause a change in attitudes, will gunplay in a kindergarten classroom? Where is the threshold?" he asked.

On each of these issues, the debate is being distorted by the political power of special interests "kept in place by our campaign finance system," Gore said.

For America to live up to its promise as a democracy, we need both campaign finance reform and for people to become involved in the political process, he said.

The issues raised by Gore were also discussed in several breakout sessions at Consumer Assembly, including one on health care for the uninsured.

### Providing Health Care to the Uninsured

The fact that policy makers are once again talking about health care coverage issues "in a time of prosperity means that there's money around," said Judy Feder, Dean of Policy Studies at the Georgetown University Public Policy Institute. "That said, it does not mean that we can pocket it," she warned.

Feder said that "what we really need here are subsidies," possibly in the form of tax credits. To effectively serve the low-income, uninsured population, however, subsidies must be equal to the cost of insurance, must be in the form of a refundable tax credit, and must be provided up-front, she said.

Gail Shearer, Director of Health Policy Analysis for Consumers Union, warned that standards are needed to ensure that uninsured have access to quality health care.

Among the key components of such care, she said, are: broad pooling of risks, since the sick spend about seven times what the average person

spends for health care; comprehensive coverage with no lifetime limits on benefits; and fair market rules to prevent cherry-picking.

David Nather, Health Care Reporter for the Bureau of National Affairs, argued that the incremental reforms being offered by presidential candidates and members of Congress are likely to be ineffective.

"None of the step-by-steppers has the 'road map' that shows how we're going to cover all 44 million uninsured Americans, or even most of them," he said.

Ultimately, he said, "the country will have to accept some kind of mandate for employers to cover their workers, for individuals to get health coverage for themselves, or both."

### Regulating Genetically Engineered Foods

Gene technology poses new risks that require new regulatory approaches, according to panelists in a session on how to regulate genetically engineered foods.

"Gene technology moves traits into foods without boundaries," said Margaret

Mellon, Director of the Sustainable Agriculture and Biotechnology Program for the Union of Concerned Scientists.

The chief benefit claimed for gene technology is that it will increase production and affordability of food, she said. However, since "we already produce more food than we consume," she said, "it is hard to convince me that there is a compelling need to use this technology."

Timothy M. Hammonds, President and Chief Executive Officer of the Food Marketing Institute, said legitimate concerns about long-term effects of genetically engineered foods make a strong case for mandatory pre-market approval by the Food and Drug Administration (FDA).

Where appropriate, the FDA should require labelling, he said. However, generic labeling – such as "May contain genetically modified foods" – is not helpful, he said, "because there is no generic bio-tech product."

Although FMI has not taken a position on the issue, he said, in his own view, the issue perfectly illustrates the need to designate a single food safety agency.

Michael Jacobson, Executive Director of the Center for Science in the Public Interest, said that, while he does not agree either with those who see unlimited benefits to genetically engineered foods or with those who see unlimited harm, he does believe certain standards need to be established.

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## Consumer Assembly 2000



Vice President Al Gore, Jr.

## Hill Leaders Advocate Privacy Protections

Improving privacy protections was among the top legislative priorities mentioned by three members of Congress – Rep. Edward J. Markey (D-MA), Rep. Joe Barton (R-TX), and Rep. Stephanie Tubbs Jones (D-OH) – in keynote addresses at CFA's Consumer Assembly 2000.

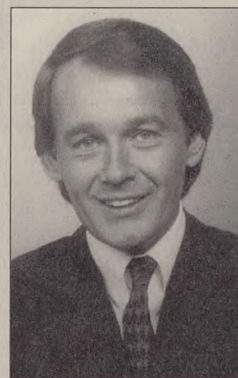
Rep. Markey listed protecting privacy, de-monopolization, and campaign finance reform as the three "pillars of a new consumer agenda for the new economy."

"De-monopolization" – which he defined as the death of monopolies – "is about keeping our economic system open, vibrant, accessible, and competitive," he said.

"It is the right paradigm for the new century," he said.

While "commercial platforms should be kept open, customer secrets should be closed," Rep. Markey added.

"The electronic consumer is dangerously exposed to digital desperadoes who populate the electronic frontier,



Rep. Edward J. Markey (D-MA)



Rep. Joe Barton (R-TX)



Rep. Stephanie Tubbs Jones (D-OH)

unchecked by any high-tech sheriff or adherence to any code of electronic ethics," he warned.

Rep. Markey pledged as a first step to attempt "to close all the loopholes" in the privacy provisions of last year's financial modernization bill.

Beyond that, he said, he is "committed

to fighting for a broad Privacy Bill of Rights for the electronic consumer – a manifesto which would require every on-line business to provide consumers with knowledge of what was being stored in the company database, notice of any

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## Consumers Have Stake In Trade Policy

Americans' prosperity at home and our ability to extend our values overseas depend in part on our active engagement in international trade policy, said Lael Brainerd, Deputy National Economic Adviser for the White House.

"The U.S. economy provides us with living standards that are far higher than anywhere else in the world," Brainerd said. We are able to sustain those living standards, in part, because of our openness to trade, she added.

Low income people, in particular, benefit from imports that allow them to stretch household budgets, she said.

Brainerd said the protests that led to the breakdown of the World Trade Organization talks in Seattle raised important issues that "should and will demand more of our time and attention to resolve."

She pledged administration support for efforts: to make the WTO process more

open and accountable; to give greater emphasis to environmental concerns; to protect the right of governments, including state and local governments, to establish appropriate levels of protection for health, safety, and the environment; and to protect the rights of consumers to make informed purchase decisions based on how products are made.

"We're at the very early stages of this dialogue, and we've got a lot of work to do," but progress is being made, she said.

### Development Must Accompany Trade

Finally, Brainerd said that, while "trade has benefited developing countries enormously... trade alone will not bring them to the level of prosperity we enjoy. We have to have a development agenda, not just a trade agenda," she said.

Those who care about these issues

must also support U.S. involvement in international trade policy, she said.

"If we walk away from the process, there will be nobody else who works as hard for these values," she concluded.

"While the government's stated support on these issues 'may provide a basis for optimism ... the real test of this is going to come if the policies are actually changed,'" said Consumers Union Program Director Charles Bell.

### Citizens Have Lost Faith in WTO

The protests in Seattle signaled "a major citizen crisis of confidence in this institution, because their concerns have gone unaddressed for so long," he said.

Advocates raised these same issues six years ago, during the Uruguay round of WTO talks, Bell noted. In the intervening six years, "relatively little has been done

about the concerns we expressed," he said.

One area of growing concern "where a start can be made" is in the area of genetically engineered foods, Bell said. He called on the U.S. government to support international standards to require mandatory pre-market safety reviews and labeling.

He also contested the rosey picture of international trade presented by the administration. While some consumers have benefited from more open trade, many developing countries have experienced increased poverty and unemployment, he said.

Ultimately, consumers would welcome administration support for their concerns, Bell said, but he also warned that, if citizens' concerns continue to go unaddressed, there will continue to be protests like those in Seattle.

"We are in this for the long haul," he concluded.

## Women at Risk in Financial Services Market

Although women are becoming increasingly important players in the financial services market, their more precarious financial situations make them vulnerable, according to panelists in a session on "Women in the Financial Services Revolution."

Nowhere is women's growing role in financial services more evident than in their rapidly growing participation in the investment markets, said CFA's Director of Investor Protection Barbara Roper.

Today, 47 percent of all investors, and 50 percent of new investors, are women, she said. Despite this progress, women still significantly trail men in their level of investment knowledge, she said.

A number of studies also have found that women tend to be less confident about their investment skills, express more risk-averse attitudes about investing, and are less likely to be self-directed investors, she said.

"What's troubling about this gender gap in investing – and particularly the knowledge gap – is that women, who earn less than men and work fewer years, are even more dependent than men on their investment acumen to achieve a financially secure retirement," Roper said.

While women are being targeted with financial education programs and materials, Roper said, "most suffer from fatal flaws that limit their effectiveness."

What's needed, she said, are "independent education programs for moderate income women designed with their life patterns, concerns, and attitudes in mind."

### Bankruptcy Bills Hit Women As Debtors, Creditors

Women have also been affected by the "credit rampage in the late 80s and 90s," which has produced a "huge jump in the number of women filing for bankruptcy," said Mary Rouleau, Deputy Legislative Director for the United Auto Workers.

In addition to the traditional reasons of job loss and health crisis, one reason women end up in bankruptcy is that they get divorced and can't collect alimony or child support, she said.

For the same reason, a growing number of women are also affected by bank-

ruptcy as creditors of their bankrupt former husbands, she said.

Women as debtors and women as creditors will both be hurt by the bankruptcy bills that have passed the House and Senate, Rouleau said.

Women debtors will find it more difficult to discharge their debts and make a fresh start, while women creditors will be forced to compete with more creditors for a limited amount of assets, she said.

"If you care about women, you have to oppose these bills," Rouleau said.

### Women Fall Victim To Predatory Lending

Predatory lending is an issue that affects lower income people generally, but it affects women more acutely because they are more likely to have lower incomes, said Drake University Law School Associate Professor Cathy Lesser Mansfield.

Predatory lending transactions are typically characterized by high interest rates, high fees, fraudulent or high pressure sales practices, funneling of borrowers into loans they cannot repay, funneling of borrowers into more expensive loans than justified by their credit history, and add-on products, such as credit insurance, that pad the cost of the loan, she said.

Furthermore, for many consumers, these types of transactions "merely temporarily solve a more lasting financial shortfall," she said. As a result, borrowers end up "stuck in subprime land," unable to get out from under their debts, even when they make payments, sometimes for years, she said.

### Variety of Strategies Used To Combat Predatory Lending

Panelists in a session on "Grassroots Consumer Initiatives" described a variety of strategies advocates are using at the state and local level to combat predatory lending.

While legislative efforts have gotten much of the attention, it is helpful to supplement legislative efforts with litigation, media outreach, and community organizing, said Stephen Meili, Director of the Consumer Law Litigation Clinic at the

Center for Public Representation.

In addition to supporting legislation in the Wisconsin state legislature, the Center has sued payday lenders, alleging unconscionability and violation of federal and state consumer protection laws, he said.

Gail Parson, a Consumer Advocate with Illinois Public Interest Research Group, agreed that a variety of approaches are needed.

One important strategy to counteract the political influence of payday lenders is to build broad coalition, she said. Illinois PIRG helped form a coalition that has produced reports, participated in legislative

hearings, and advocated for rate caps and protections on high-cost, short-term loans, she said.

Consumer advocates will be more effective if they reach out beyond their traditional allies, to groups that work for economic justice and civil rights, to consumer credit counselors, and even to banks and credit unions, said Shelley Curran, a Policy Analyst with Consumers Union.

"It's not just consumer advocates that care about this," she said. "Even the California Bankers' Association supported legislation to tighten controls on payday lenders."

### Health and Safety

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In particular, he noted, we should enact a ban on the transfer of specific allergens into food, and we should require labeling that is clear, but not overly alarmist.

Finally, he said, the National Academy of Sciences should advise the FDA and the public on whether genetically modified foods could create problems down the road, either as a long-term health threat or as a threat to the environment.

### Relative Risk of Consumer Products

Despite progress, children today are still injured, made ill, and killed by dangerous consumer products, warned panelists in a session on the relative risks of consumer products.

The good news is that children can expect to live longer, be better educated, and live healthier lives, said Kimberly M. Thompson, Associate Professor at the Harvard School of Public Health.

However, "life will never be risk-free," she added, and people are getting so much risk information, they are having trouble understanding what is relevant.

On the one hand, risks that are well established – such as the risks of smoking, guns, or motor vehicle crashes – are given scarce coverage, and many par-

ents still fail to take adequate preventive measures, she said.

On the other hand, certain "speculative" risks – such as the risks from pesticides on produce – are given excessive coverage, she said, leading some parents to reduce their children's intake of fruits and vegetables.

"Consumers should consider the magnitude of the risks and the available alternatives before reacting to a scare," she said.

The Consumer Product Safety Commission (CPSC) does just such an assessment when deciding whether to recall a product, said Susan W. Ahmed, Associate Executive Director of the CPSC's Directorate for Epidemiology.

The agency looks not only at the frequency and severity of injuries, but also at whether there are hidden hazards, whether the product affects vulnerable populations, and how quickly the problem can be fixed, she said.

Rachel Weintraub, a Staff Attorney with the U.S. Public Interest Research Group, said U.S. PIRG focuses on risks that are preventable and particularly risks to children.

"We believe that safety should be considered before a product is put on the market," she said.



# Internet Poses New Consumer Challenges

The rise of the Internet poses a host of new challenges for consumers, particularly with regard to consumer privacy and a growing divide between information haves and have nots, said several Consumer Assembly speakers.

One of the principle questions posed by the Internet is "Are we going to have any privacy in the 21st Century?" said Junkbusters.com President Jason Catlett.

Industry seems intent on shifting the burden of privacy protection onto the consumer, he said. But "it's totally inappropriate to expect the consumer to opt out of an invasion of privacy," he said.

"What is necessary is to have a law and to have standards of practice that are universally obeyed," he said. He offered the Organization for Economic Cooperation and Development privacy guidelines as the best current model.

Unfortunately, except in the area of children's online privacy, Congress and the Federal Trade Commission have failed to provide real privacy protections, Catlett said.

"Privacy is a fundamental freedom," Catlett said. "The only issue here is do we have the will to stand up and say we want real privacy protections."

## Business Benefits From Privacy Protections

Despite industry efforts to combat privacy protections, "research does show privacy really is good for business," said Georgetown University School of Business Professor Mary J. Culnan.

In the on-line marketplace, lack of adequate privacy protection is "potentially the biggest show stopper for small companies that don't have a brick and mortar reputation," she said.

State attorneys general are very concerned about privacy violations, but have limited tools at their disposal to enforce privacy protections, said Vermont Assistant Attorney General Julie Brill.

The main approach currently being

used relies on the traditional unfair and deceptive practices laws and involves comparing what the company says it does with customer information with what it actually does, she said.

"I view those efforts as a stop-gap measure until we get real privacy protection in place," but getting those protections will be "a very tough battle," Brill said.

FTC Associate Director of Financial Practices David Medine said the FTC has taken a four-part approach to privacy protection, including: enforcement, relying like the states primarily on the fair and deceptive trade practices laws; regulation, particularly in developing rules under the Children's Online Privacy Protection Act; working with industry to develop self-regulatory principles; and policy development.

Consumers can benefit from the flow of information, Medine said, but should have the right to control that flow. "That is what the fair information practices are geared toward," he said.

## Digital Divide Debated

In a panel on "The Digital Divide," CFA Research Director Mark Cooper and Cato Institute Executive Vice President David Boaz debated whether a digital divide

exists and, if so, what to do about it.

Boaz argued that "there's no meaningful digital divide," and that, "ten years from now," any divide that currently exists "will be gone."

"Access to the Internet is the most rapidly spreading technology in history," he said.

Given the relatively low cost today for computers and Internet access — little more than the cost of a television and cable service — only a very small segment of the population is actually priced out of the market, Boaz said.

"If, at any given income level, some people buy computers and some don't, it is paternalistic to tell them they should be making different decisions," he said.

That argument misunderstands the real nature of the digital divide, which "has nothing to do with cheap machines," and everything to do with who will control and "define the way cyberspace will be configured," Cooper said.

"Cyberspace is largely manmade," he said. "We have an opportunity to harness these powerful technological and economic forces to promote a broader common good."

Because those decisions are being made now, however, "the guy who gets Internet

service in ten years will be lost. He will be on the wrong side of the digital divide," Cooper said.

## Internet Has Transformed Journalism

The Internet has transformed both the way reporters gather information and the way they communicate that information to the public, according to a panelists in a session on journalism and the Internet.

The web has become a very important source of information for reporters, said Washington Post columnist Leslie Walker. As a result, web sites are important to consumer groups, if they want to be recognized by the press and the greater public, she said.

The Internet has also changed both the face and the pace of personal finance journalism, added Associated Press reporter Marcy Gordon. "It's a 24-7 beast that rolls on," she said.

Ultimately, said KnightRidder.com Vice President Dick van Halsema, one of the biggest changes is the way in which the Internet has changed the world. "The culture that journalists chronicle has been changed by the web, as well," he said.

## Hill Leaders

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intent to re-use that information, and the unequivocal right to say no to that reuse."

Finally, Rep. Markey argued that the consumer movement must adopt campaign finance reform as a priority.

"The corrosive effect of money on the body politic is well-documented," he said.

The current debate over soft money is just a starting point, he added. "We should close the soft money loophole, but we should also revive the concept of public financing as the only long-term solution to the enormous anti-consumer bias of the current system," he said.

## Privacy Caucus Launched

Rep. Barton warned that the vast majority of people who own a bank account have had their personal financial data shared with other companies within the bank's holding company, and that roughly half have had their data sold to a third party, at least in aggregate form.

"I don't think that's right," he said.

In the wake of last year's failure to enact strong privacy protections, a privacy caucus has been formed around a basic set of principles — "that privacy does matter," that consumers "should have a right to determine who gets to see [their] private information," and that they should "have a right to opt in to have their information shared," Rep. Barton said.

The privacy caucus, which spans the political spectrum, is pursuing stand-alone legislation, and it also plans to "do privacy as an add-on to any bill that comes through the House that has anything to do with information technology," he said.

Rep. Barton was optimistic about the long-term prospects for success. "I am absolutely convinced that, on this issue, within a very short time, we're going to have really strong privacy protections, not only in financial services, but in medical privacy and all areas," he said.



Common Cause President  
Scott Harshbarger

"It's not a question of if we're going to do this. It's a question of when we're going to do this," he concluded.

Like Reps. Markey and Barton, Rep. Tubbs Jones was also highly critical of the privacy provisions in the financial modernization bill. Although she ultimately voted for the legislation, she pledged to work to strengthen privacy protections in the future.

## Tubbs Jones Targets Predatory Lending

Rep. Tubbs Jones also spoke about the need to rein in predatory lending practices, particularly those related to reverse mortgages and payday lending.

One of the reasons these services are able to thrive in less affluent neighborhoods is that the traditional banking institutions are not available there, she said.

She is working to address the problem, first by supporting legislation to create incentives for banks to offer new products to all consumers and second by working with credit unions to encourage them to serve these areas, she said.

Another priority area is health care,

Rep. Tubbs Jones said, where she is focusing on support for the Norwood-Dingell Patients Bill of Rights, the need to improve long-term care and nursing homes, and medical privacy.

While acknowledging that there is a "competing need to protect the privacy of sensitive health information and to preserve the smooth functioning of the health care system," enhancing medical privacy is "a huge 21st Century issue," she said.

## Campaign Finance Reform is a Consumer Issue

If consumer advocates hope to be successful in pursuing these and other aims, they must also adopt campaign finance reform as a priority, said Common Cause President Scott Harshbarger.

He cited as one of several examples the failure of Congress to adopt reasonable gun control laws, despite the fact that 80 percent of the people want such laws.

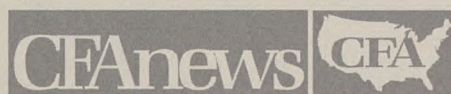
"Why is it that the Congress of this country has not only not passed common sense gun controls, it has actually loosened restrictions?" he asked. The answer, he said, is "\$15 million in campaign contributions" by the National Rifle Association.

"It's pure and simple the power of money," he said.

The same principles are at work in the failure of Congress to adopt a national tobacco policy, to provide access to prescription drugs, and to pass a Patients' Bill of Rights, he said.

"Campaign finance reform is a major consumer issue, and may be the threshold issue," he said.

The first step, he said, is to ban soft money at the federal level. Like Markey, however, he argued that the ultimate answer is public financing, in order to level the playing field and end the system in which "you have to pay to play."



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## Consumers Are Affected By Merger Wave

America is in the midst of the largest merger wave in its history, with enormous implications for consumers, Federal Trade Commission (FTC) Chairman Robert Pitofsky said in a Consumer Assembly keynote address.

Both last year and the year before, there were roughly 4,700 mergers filed with the FTC, three times as many as in 1991, he said. Furthermore, the dollar value of those mergers — \$1.9 trillion last year — is about ten times what it was just a few years ago, he said.

As a result, the FTC now spends two-thirds of its resources on nothing but merger review, Pitofsky said. "It is the most pronounced merger wave in the history of the country."

However, the sheer number of mergers "is not the thing that needs to be worried about," he added, since most are "innocuous."

"If there is a problem that needs to be talked about, it is the mega-merger trend in some industries between companies that are already at the top of their market," he said. "These are the deals that are changing the rules of the game as far as consumers are concerned."

### Consumer Welfare is Focus of Antitrust Policy

Vigorous competition is necessary to ensure lower prices, more research and development, better products, and better services, he said. Therefore, when mergers threaten to reduce competition, they threaten consumers, he said.

Pitofsky noted that the FTC only thoroughly investigates about three percent of

proposed mergers, and challenges only one to two percent, usually successfully.

"When we choose what mergers to review, we are thinking about consumer welfare," he said. "That is now the focus of antitrust policy."

Using the government's formula for determining consumer benefits, the FTC's merger enforcement last year saved consumers \$1.2 billion, he said.

In addition to saving consumers money, vigorous antitrust enforcement is good for the overall economy, Pitofsky said.

"The United States has been successful in part because it is the most open economy in the world," he explained. "One of the great success stories of antitrust is its role in keeping the economy open."

"Antitrust is this 19th century discipline that is being asked to address 21st century problems. I think it is up to the task," he said.

In a general session panel following Pitofsky's address, FTC Commissioner Thomas B. Leary concurred with the chairman that large mergers, while not necessarily anti-competitive, pose special challenges for enforcers.

On the one hand, such mergers are generally international in scope, he said, and "the history of humanity is that open and free cross-national transactions are probably the exception rather than the rule."

In addition, with such large mergers, "the risk of being wrong is much higher. If you're wrong about a merger that is

worldwide in scope, you can't rely on market discipline" to quickly remedy the problem, he said.

Panelists Albert A. Foer, President of the American Antitrust Institute, and Steven Salop, Professor at Georgetown University Law Center, agreed that the largest mergers deserve special regulatory scrutiny.

"Much more information should be made available to the public about the claimed effi-

ciencies and strategies" of such mergers, so that the discussion about competitive threats and economic benefits "could be broader and more meaningful," Foer said.

### More Resources Needed for Antitrust Enforcement

Salop warned that such an approach, that evaluates each merger on its merits, imposes a "big burden" on regulators and on the agency's budget, "but I really don't see much of a choice," he said.

"The problem with 'just say no' is that you lose the benefits as well as the risk," he added.

"At the same time," he said, "the government just does not have adequate resources to do a careful review" of each major merger.

In thoroughly evaluating only three percent of proposed mergers, "the government is really doing triage. They're taking the worst cases. There's probably some bad deals slipping through ...and that's a lack of resources."

Foer agreed that the agency lacks adequate resources and noted that a partial solution is to place more responsibility on merging parties to figure out in advance what divestitures and other conditions are likely to be necessary to win approval.

Emphasizing that it is not the size but the complexity of the deals that make them difficult, Leary strongly concurred with Foer.

"Fix it first," he said. "Bring us cleaner deals."

The panelists disagreed over a proposal by Sen. Orrin Hatch (R-UT) to automatically exempt the smallest mergers — roughly 40 percent — from the requirement that they notify the FTC in advance.

If you let such mergers go through, they will never be challenged, Foer warned. As a result, companies will be encouraged to "do mergers that would have been inconceivable in the past," he said.

Salop also expressed concern. While the government would retain its power to investigate and stop such mergers under the Hatch plan, it would "lose its leverage to delay the deal and hold it up," he said.

Leary argued, however, that companies don't want to face a challenge later on, and therefore would avoid deals they know could trigger agency opposition.



FTC Chairman  
Robert Pitofsky

## Improving Motor Vehicle Service and Safety

Abusive sales practices and other problems have consistently kept motor vehicles atop the list of most complained about consumer products, but a few fundamental reforms could help improve that image, said panelists in a session on "The Most Complained About Consumer Product."

Consumers' Checkbook President Robert Krughoff suggested that the Internet has the potential to deliver major sales efficiencies. Unfortunately, he said, traditional dealerships have attempted to thwart this competition — and limit the ability of manufacturers to sell their products online — through restrictive state franchise laws. Advocates should work for more openness in state franchise laws, he said.

Another area in need of reform is warranty contracts, which are subject to enormous consumer confusion, Krughoff said. He advocated industry standards for warranty coverage. In the meantime, he said, the car makers should publish the internal surveys they now conduct comparing dealerships, "and let the market do the rewarding or punishing."

Among the most pressing problems for car buyers is the lack of protection for consumers against damaged, rebuilt used cars, said Pat Sturdevant, Executive Director of the National Association of Consumer Advocates. Of the two million cars that are totaled in crashes each year, approximately one million go right back on the road, she said. And flood damaged cars are also a problem.

A strong, pro-consumer bill has been introduced by Sen. Dianne Feinstein (D-CA), which would set national standards without preempting stronger state laws and which would provide consumers a strong remedy against violators. Unfortunately, Senate Majority Leader Trent Lott (R-MS) has attempted to win passage of his anti-consumer bill instead, resulting in deadlock, she said.

If substantial problems remain in the areas of motor vehicle sales, "it is a new era for auto safety," said Sally Greenberg, Senior Product Safety Counsel for Consumers Union. Safety is now a major selling point used by auto makers, she noted, with many auto makers actually advertising the very safety ratings they opposed in legislation.

Among the areas where additional progress is needed she said, are: advanced airbags, where a "battle is currently raging" over whether to test them at 25 or 30 miles per hour; rollover, where, after many years, the National Highway Traffic Safety Administration appears close to issuing a rule; and child restraints, where the 90 percent misuse calls for further improvements.

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