CFA CFAnews
June 1989
Volume 14, No. 5
ISSN #0732-8281

Groups Unite Behind Auto Insurance Reforms

Only four days after the California Supreme Court upheld most features of proposition 103, five major consumer organizations released a report containing a comprehensive program of reforms for reducing auto insurance rates nationwide. These reforms include many of the measures in 103.

In an unprecedented show of unity on auto insurance issues, the groups said that these reforms have the potential to reduce auto insurance premiums by $15-23 billion (19-30 percent of insurer spending), or an average of $181-277 per insured household.

The groups are Consumer Federation of America, National Insurance Consumer Organization, Consumers Union, Public Citizen, and U.S. Public Interest Research Group. They were joined at the news conference by Ralph Nader.

"This morning represents the first time we've joined behind a common analysis and comprehensive program," said CFA Executive Director Stephen Brobeck at the news conference. "In coming months, we will use the report to support our advocacy in Washington and throughout the states."

The most significant reforms recommended by the report reduce insurer waste and inefficiency caused by insufficient competition and the industry's cost pass-through method of ratemaking, under which profits rise with costs. These measures are:

- repeal of the special antitrust exemptions of the McCarran-Ferguson Act;
- repeal of state statutes prohibiting agent discounts and group sales;
- making available, on a continuous basis, current price information to consumers; and

S. Brobeck speaks at the news conference with Linda Lipsen of Consumers Union, Robert Hunter of NICO, and Joan Claybrook of Public Citizen. Pam Gilbert of U.S. PIRG and Ralph Nader also participated.

- good driver protections to allow consumers to shop the market without fear of rejection or termination.

The report also recommends strengthening state insurance departments, which must include effective rate regulation where competition is insufficient.

The enactment of such measures can reduce the up to $20 billion in insurer waste and inefficiency by at least $8-12 billion a year. If all these savings were passed on to policy-holders, rates would decline by the same amount.

A second set of reforms restrains costs associated with motor vehicle accidents, theft, and fraud that are paid by insurers and are subsequently passed on to policyholders:

- accident reduction through curbing drunk driving, improving truck safety, and lowering speeds driven;
- improved crash protection through installing driver and passenger-side airbags, increasing safety belt usage, passing motorcycle helmet laws, improving side-impact protections in vehicles, and improving pedestrian crash protection;
- lowered medical expenses through the implementation of medical fee schedules; and
- reduced repair and replacement costs through encouraging competition in the aftermarket parts market and among bodyshops, re-establishing the five-mile-per-hour bumper standard, implementing the anti-fraud programs of New York State nationwide, and making cars more repairable.

The $10-15 billion potential savings from all these measures must be adjusted downward by $3-4 billion for necessary insurer loss prevention investments and for reductions in the savings from other loss prevention reforms that crash reduction would entail. Thus, there is a potential net savings from injury and loss prevention measures of $7-11 billion annually.

The third important reform the report urges is establishment of an independent consumer advocate as well as advocacy groups to institutionalize consumer participation in insurance regulation. Among other objectives, such advocacy offices and groups would encourage state insurance departments to implement pro-competitive, regulatory, and loss prevention measures to bring down rates.

To address the problem of sky-high rates that many consumers in urban areas are forced to pay, the report recommends taking the following initiatives:

- modifying the risk classification system to emphasize controllable factors such as type of car and to deemphasize uncontrollable factors, especially territory (such as neighborhoods);
- providing limited coverage, low-cost policies; and
- considering the feasibility of repealing or modifying mandatory liability laws. These measures would be especially beneficial to low and moderate income families living in high-loss areas.

A copy of the report can be obtained from the Consumer Federation of America. The report is free to the press and to nonprofit groups; it is $10 to all others.

Senate Passes S&L Bailout Plan

(See related article, Page 2)

With unusual speed and unanimity, the Senate passed a bill April 19 to bail out and clean up the savings and loan industry. The 91-8 vote on the bill, which follows closely the plan put forward by the Bush administration, came after three days of closed-door committee deliberations, a day of open markup, and three days of floor debate.

During that floor debate, when most amendments were turned aside, Sen. Howard Metzenbaum (D-OH), working with CFA and Consumers Union, succeeded in forcing through an amendment to strengthen the tangible capital standards by eliminating supervisory goodwill from the standard.

"This is a major improvement in the safety and soundness provisions of the bill," said CFA Legislative Representative Peggy Miller. "This amendment closed a huge loophole which would have allowed those thrifts who were given this 'funny money,' as Sen. Metzenbaum calls it, to operate with no money in the bank and to ignore all the regulatory restrictions that other thrifts encounter when they are determined by regulators to be insolvent."

As a result of the Metzenbaum amendment, the bill, which had been weakened in the Senate Banking Committee, is actually slightly stronger on safety and soundness than the plan put forward by the Bush administration, Miller said.

Miller said, however, that the capital requirements are still too low, and she will be lobbying in conference committee for adoption of the House's tougher minimum tangible capital requirement of 3 percent of assets.

The Senate bill also includes a provision, sought by CFA and Consumers Union, to include two consumer representatives on each of the regional home loan bank boards. In addition, it authorizes the regulators, when disposing of the assets of failed thrifts, to provide some of those assets at below-market rates for such uses as shelters for the homeless.

On the other hand, Banking Chairman Donald W. Riegle (D-MI) failed both in committee and on the floor to move funding of the bailout on-budget, a measure estimated to save $4.5 billion over the Bush off-budget plan by lowering interest payments the government must make on the bonds sold to fund the bailout.

"While we would prefer an even stronger, income tax-based mechanism, CFA strongly supported Sen. Riegle's efforts to save consumers money," Miller said. "We were disappointed at this defeat."

Consumer advocates were also disappointed over the Senate's failure to consider other consumer provisions—including funding for low income housing and increased disclosure of community investment practices. However, they consider safety and soundness the most important consumer provision. "It's a pocketbook issue pure and simple," Miller said. "Without improved safety and soundness, it's another $100 billion every five years."

"On the other hand," she said, "if we can combine the strongest elements of the Senate bill with the strongest elements of the House bill, we could emerge with a real answer to the thrift crisis."

House Committee Strengthens S&L Bill

In late April, the House Banking Committee undid much of the damage done to the savings and loan bailout bill during subcommittee markup earlier in the month.

Restoring the safety and soundness provisions gutted in subcommittee, Banking Committee Chairman Henry B. Gonzalez (D-TX) and Reps. Bruce F. Vento (D-MN) and Charles E. Schumer (D-NY) crafted a compromise amendment to phase in over a five-year period an increase in the tangible core capital requirement from 1.5 percent to 3 percent and to phase out the counting of supervisory goodwill or other intangibles toward meeting this requirement.

"This is a major victory for consumers because it improves the overall financial strength of the thrift industry which helps to protect against future insolvencies and flagrant waste of insured deposits," said CFA Legislative Representative Peggy Miller.

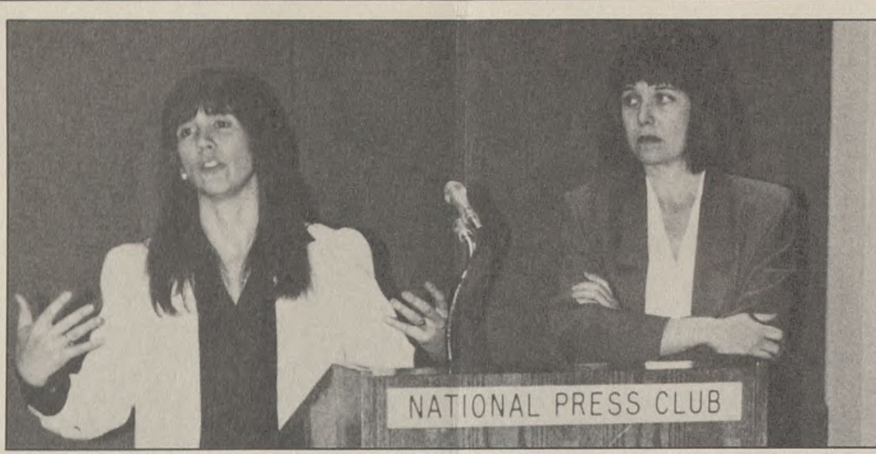
Rep. Gonzalez also led the successful full committee fight to include a low income housing provision in the bill. He was again supported in the partisan fight by Reps. Schumer and Vento, as well as by Reps. Nancy Pelosi (D-CA), Barney Frank (D-MA), and others.

The provision requires the 12 regional home loan banks to set aside a portion of their annual earnings—$75 million in the next few years and $150 million thereafter—to subsidize low cost mortgages for low income housing loans.

Furthermore, the amendment improves accountability by requiring those thrifts that wish to get access to the cheaper funds available in the cash advance program to meet community investment standards to be established by a newly created board, and by requiring two consumer representatives on each of the 12 regional bank boards and on the federal bank board.

Rep. Frank crafted another successful amendment to improve the asset disposition provision of the bill by requiring the government to dispense of 35 percent of all residential assets from liquidated thrifts by offering them first to non-profit entities at below market rates.

"Together, these two amendments should make significant improvements in the low income housing situation, which has reached the crisis point in the last decade," Miller said. Both amendments were strongly supported by CFA, Consumers Union, ACORN, the Center for Community Change, and housing groups all over the country, she said.



CFA's Peggy Miller (left) and Michelle Meier of Consumers Union urged greater reforms of the thrift system at a news conference on the bailout legislation.

Public interest advocates also suffered some defeats. In particular, amendments offered by Rep. Joseph Kennedy II (D-MA) to require disclosure of community reinvestment ratings and evaluations and disclosure of home mortgage lending patterns were defeated. Rep. Kennedy has said he will re-offer both amendments when the bill reaches the House floor.

An amendment offered by Rep. Jim Leach (R-IA) to limit direct investments by state-chartered thrifts also failed.

Furthermore, though they did succeed in tempering it slightly, public interest advocates were unable to defeat an amendment offered by Rep. Bill McCollum (R-FL) that opened a loophole for thrifts that operate non-traditional subsidiaries in real estate or certain other businesses. Rep. McCollum's amendment would allow those thrifts to continue to operate their subsidiaries without the subsidiaries having separate capital. He did agree, however, to include language in the amendment requiring that all assets of a subsidiary and all assets of the thrift be consolidated for purposes of bookkeeping.

As this issue of *CFAnews* went to press, the House bill had gone to Ways and Means, where thrifts were fighting to eliminate the low income housing provision, taking advantage of a jurisdictional dispute over how the provision was funded. If Ways and Means wins jurisdiction, Miller said, "we'll be right back fighting for the exact same program with a different way of raising the money."

Ways and Means Chairman Dan Rostenkowski (D-OH) also moved to place the funding of the bailout on-budget, a move supported by CFA and Consumers Union because it would cost less than the president's off-budget plan. President Bush has threatened to veto a bill that incorporates an on-budget bailout plan.

"There is still a long fight ahead to keep this bill intact," Miller said, "but we've made enormous strides."

Legislation Needed to Cure Health Care Ills

Reports released in April by CFA and the Inspector General of the Department of Health and Human Services provide clear proof that legislation to end physician self-dealing would save taxpayers money, reduce the deficit, and protect the public from abuse by the health care industry.

The CFA report, "Public Opinion About Health Care Purchases: Cost, Ease of Shopping and Availability," finds that almost three-quarters of consumers find it difficult to shop for ancillary medical services, such as laboratory tests and x-rays, while just one-third say the services they are getting are reasonably priced. "The study confirms our fears that consumers are unable to prevent the overutilization of ancillary services which results from self-dealing," said CFA Research Director Mark Cooper, author of the report.

A new consumer survey was commissioned for the report, covering five health care related services—prescription drugs, health insurance, hospitals, doctors, and ancillary services. It finds that consumers perceive growing difficulty over the past five years in shopping for all five services. Furthermore, prescription drugs and health insurance are the only services for which a majority say it is either somewhat or very easy to shop.

"Other opinion polls we reviewed have shown growing concern about health care costs, which is corroborated by our finding that not one of these services was seen as even somewhat reasonably priced by a clear majority of respondents," Cooper said.

When asked to evaluate the trade-off between cost and availability of service, a three-to-one margin of consumers are much more concerned about the costs of health care services than about not having facilities in their area. Even the elderly and those in sparsely populated areas, who might be expected to rate access as a greater concern, were more concerned about costs by a greater than two-to-one margin.

The inspector general's study found that Medicare patients of physicians who own or invest in clinical laboratories received 34 percent more lab services than the average Medicare patient in 1987, costing the federal government an extra $28 million.

The inspector general also found that 12 percent of physicians who bill Medicare have ownership or investment interests in facilities to which they refer patients; and at least 25 percent of independent clinical laboratories, 27 percent of independent physiological laboratories, and 8 percent of durable medical equipment suppliers are owned in whole or in part by referring physicians.

"The IG was extremely conservative in estimating the nature and extent of the problem. However, even a very conservative view could not avoid finding that physician self-dealing is a 'significant' and 'quite troubling' development within the medical profession," Cooper wrote in a letter to Congress urging support for H.R. 939, "The Ethics in Patient Referrals Act."

H.R. 939 would curtail physician self-dealing in the ordering of laboratory tests and other ancillary medical services. Bill sponsor Rep. Pete Stark (D-CA) has said he hopes to mark up H.R. 939 in the Energy and Commerce Committee in time to add it to budget-reconciliation legislation Ways and Means is scheduled to begin working on later in the spring.

"Ancillary medical services would be an excellent place for Congress to start dealing with skyrocketing medical costs," Cooper said. "Because there has been overutilization, Congress could take action to lower costs by eliminating physician self-dealing without affecting the quality of care."

"Physician self-dealing for ancillary medical services is a multi-million dollar problem that cannot be solved by current law or halfway measures," Cooper said. "In these times of fiscal austerity, Medicare has been repeatedly asked to bear a disproportionate burden of deficit reduction. It would be unconscionable for the Congress to fail to take advantage of these savings, which not only will reduce the deficit, but also will protect consumers from abuse."

CFA Urges Caution on Phone Restructuring

In testimony before the House Telecommunications Subcommittee, CFA Executive Director Stephen Brobeck urged Congress to exercise caution before undertaking telecommunications restructuring. After posing seven sets of questions that he urged Congress to "seek convincing answers to. . . before seriously considering additional restructuring," he concluded by expressing skepticism about current restructuring proposals: "Given what we know about the historical development of telecommunications infrastructure, federal regulation, and the operation of corporations with both regulated and competitive entities, at present the risks of expanded Bell Company powers appear far greater than any benefits."

CFA Names Congressional Heroes, Zeroes

Fifty-five members of Congress have been named "Consumer Heroes" by CFA in recognition of their pro-consumer voting records during the second session of the 100th Congress.

The 21 senators and 34 representatives are listed in CFA's 1988 Voting Record, which also names five senators and seven representatives as "Consumer Zeroes" for their consistent opposition to consumer interests in 1988.

Ratings are based on 11 key votes in the House and 12 roll calls in the Senate over the course of the year.

"A blend of presidential campaign politics and genuine concern motivated Congress to overcome the severe cost restraints posed by the budget deficit and pass some important legislation on issues that had reached crisis point, such as the availability of affordable housing, housing discrimination, and health care costs," said CFA Legislative Representative Peggy Miller, who prepared the voting record.

"Other legislative initiatives important to consumers—in particular, carefully defined financial and corporate responsibility issues—were signed into law with little or no opposition," she said. Among these were credit card disclosure, home equity loan reform, and plant closing legislation.

Despite these successes, a number of controversial issues of considerable import to consumers were not resolved because of "strong ideological divisions," Miller said. Among these were campaign finance reform, worker notification of toxic exposure, and minimum wage legislation, which occupied many days of ultimately fruitless debate in the Senate, and long-term home health care legislation, which bogged down in the House in a jurisdictional dispute.

Consumers were also disappointed over the postponement of an entire agenda of consumer financial issues—including truth-in-savings, Community Reinvestment Act reform, basic banking, and check-cashing reforms—which consumer advocates had succeeded in tying to banking deregulation legislation sought by the industry. The controversial bill died in the stalemate of year-end debates.

1988 Congressional Heroes & Zeroes

Senate Heroes, all of whom voted with consumers 100 percent of the time in 1988, are:

Brock Adams (D-WA)
Max Baucus (D-MT)
Quentin Burdick (D-ND)
Robert Byrd (D-WV)
Alan Cranston (D-CA)
Dennis DeConcini (D-AZ)
Christopher Dodd (D-CT)
John Glenn (D-OH)
Tom Harkin (D-IA)
Edward Kennedy (D-MA)
Frank Lautenberg (D-NJ)
Patrick Leahy (D-VT)
Carl Levin (D-MI)
John Melcher (D-MT)
Howard Metzenbaum (D-OH)
Barbara Mikulski (D-MD)
Claiborne Pell (D-RI)
Donald Riegle (D-MI)
Paul Sarbanes (D-MD)
Robert Stafford (R-VT)
John Stennis (D-MS)

House Heroes, all of whom had 100 percent pro-consumer voting records in 1988, are:

Chester Atkins (D-MA)
Howard Berman (D-CA)
Joseph Brennan (D-ME)
John Conyers (D-MI)
George Crockett (D-MI)
Peter A. DeFazio (D-OR)
Mervyn Dymally (D-CA)
Dennis Eckart (D-OH)
Don Edwards (D-CA)
Lane Evans (D-IL)
Floyd Flake (D-NY)
Dennis Hertel (D-MI)
George Hochbrueckner (D-NY)
Jim Jontz (D-IN)
Robert Kastenmeier (D-WI)
Joseph Kennedy (D-MA)
Dale Kildee (D-MI)
John Lewis (D-GA)
Mike Lowry (D-WA)
Edward Markey (D-MA)
Kweisi Mfume (D-MD)
George Miller (D-CA)
Constance Morella (R-MD)
Henry Nowak (D-NY)
Major Owens (D-NY)
Elizabeth Patterson (D-SC)
Nancy Pelosi (D-CA)
Gus Savage (D-IL)
Patricia Schroeder (D-CO)
Gerry Sikorski (D-MN)
Gerry Studds (D-MA)
Bruce Vento (D-MN)
Ted Weiss (D-NY)
Ron Wyden (D-OR)

Senate Zeroes, who voted with consumers only once in 1988, are:

William Armstrong (R-CO)
Phil Gramm (R-TX)
James McClure (R-ID)
Steven Symms (R-ID)
Jesse Helms (R-NC)

House Zeroes, who cast one or no pro-consumer vote in 1988, are:

Connie Mack (R-FL)
Joe Barton (R-TX)
Beau Boulter (R-TX)
Jack Kemp (R-NY)
Bob Livingston (R-LA)
Robert Smith (R-OR)
Bob Whittaker (R-KS)

Finally, presidential politics played a major role in defeating pro-consumer legislation, in particular, the Whistleblower bill, which contained important protections for federal employees who expose waste and mismanagement. The bill, which received unanimous support in the House, was pocket vetoed by the president. "This age-old tactic allows congressional members of the president's party to support an ideologically unacceptable measure important to voters in the knowledge that the president will quietly 'neglect' to sign it after Congress adjourns," Miller said.

Miller credited such "political maneuvering, combined with true concern for the issues, and a dose of presidential election politics" with skewing the normal voting patterns, resulting in unusually high ratings across the board in both houses of Congress.

Although ratings were noticeably higher in all categories, by 10 points or more over previous years, partisan divisions remained virtually unchanged, Miller noted. Democrats in both houses continued to be significantly more likely to support consumer positions than were Republicans. Senate Democrats voted with consumers 90 percent of the time, compared to 44 percent for Senate Republicans. House Democrats voted with consumers 78 percent of the time in 1988, compared to a 43 percent average among House Republicans.

However, there were two Republicans named as Consumer Heroes in 1988: Sen. Robert Stafford (VT), who for the second consecutive year compiled a perfect pro-consumer record, and Rep. Connie Morella (MD), who also compiled a perfect consumer voting record in 1988.

Freshmen Democrats were a particularly vital pro-consumer force in the House, where they supported the consumer position 86 percent of the time, eight points higher than the average for all Democrats and 22 points higher than the average for all members. In the Senate, freshmen Democrats voted with consumers 91 percent of the time, approximating the 90 percent average for all Democrats.

But as a bipartisan group, freshmen senators were a significant factor in raising the voting ratings. They voted in favor of consumers 79 percent of the time, ten points higher than the average for all senators.

A number of this group have already made a name for themselves as dedicated consumer advocates by joining the ranks of lifetime Senate consumer heroes on the basis of their first two years in office. These include: Brock Adams (D-WA) and Barbara Mukulski (D-MD) with 100 percent lifetime records; Wyche Fowler (D-GA), Bob Graham (D-FL), and Harry Reid (D-NV), 88 percent; Terry Sanford (D-NC), 84 percent; and John Breaux (D-LA), Tom Daschle (D-SD), and Tim Wirth (D-CO), 80 percent.

"Consumers can take heart from the fact that a new class of consumer heroes is emerging to carry on the fight," Miller said.

CFAnews

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

President: *Jean Ann Fox*
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: *Peggy Miller*
Legislative Counsel: *Barbara J. Katz*
Product Safety Coordinator: *Edith Furst*
Conference Manager: *Sheila Meade*
Secretary: *Lydia Grogan*
Administrative Assistant: *Sarah Gardner*
Staff Assistant: *Miguel Carpio*

CFAnews Editor: *Barbara Roper*

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

Design & Typeset by: Design Consultants, Inc.

Indoor Air Quality Bill Reintroduced

A bipartisan coalition of senators that includes Majority Leader George Mitchell (D-ME) has reintroduced the Indoor Air Quality Act (S. 657). In testimony before the Senate Superfund and Environmental Oversight Subcommittee, CFA Executive Director Stephen Brobeck called the legislation "the single most important action that Congress can take to address the nation's number one hidden health hazard."

The comprehensive bill includes provisions that would accomplish the following:

- delineation of the Environmental Protection Agency as the lead agency on the issue and greater coordination among all relevant agencies;
- further research on indoor air pollution exposure levels, health effects, sources, and diagnostic and mitigation techniques;
- establishment of a program to demonstrate various technologies that may contribute to the reduction of indoor air contamination;
- grants to state indoor air quality programs;
- establishment of a National Indoor Air Quality Information Clearinghouse that would exchange information on technologies and methods to minimize exposure to indoor air contaminants; and
- development of a program to demonstrate methods of assessing and mitigating indoor air contamination in public and private facilities.

The legislation authorizes expenditures of nearly $50 million to carry out these programs.

In his testimony, Brobeck said that there are compelling health and economic reasons for passing S. 657. "In its 1987 assessment of 31 environmental hazards, EPA ranked radon first and indoor air pollution from other sources fourth as a threat to public health. . . . No wonder, then, that this pollution is estimated to cause tens of thousands of deaths and millions of injuries each year."

"Also," he added, "indoor air pollution imposes substantial economic costs on our society. . . . Using the conventional economic estimate of a human life as worth $1 million, just the 5,000 to 20,000 cancer deaths from radon each year, and the 3,500 to 6,500 cancer deaths from non-radon indoor air pollution, would impose costs of roughly $8.5 to $26.5 billion on our society annually."

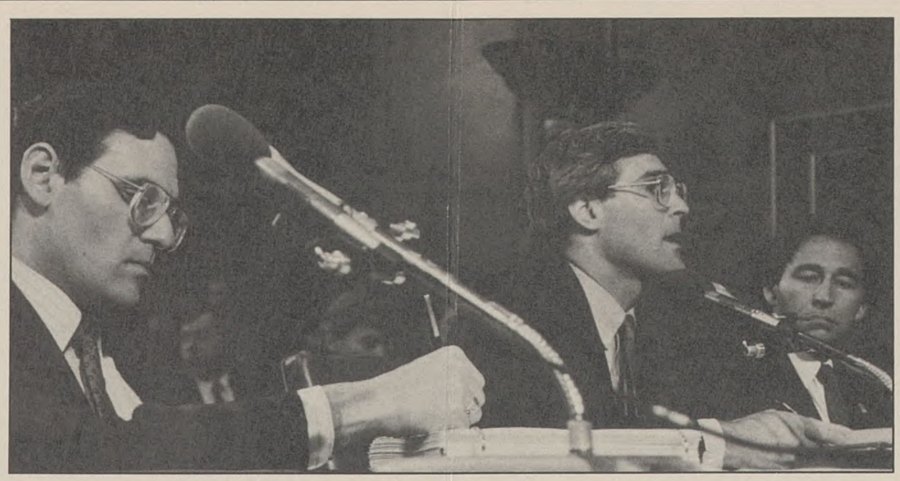
Brobeck emphasized the growing support for the measures in S. 657. In particular, he called the committee's attention to "support for all its key provisions by the new Coalition for Consumer Health and Safety." This alliance includes not only most major consumer and health organizations, but also many of the nation's largest insurance companies and trade associations.

Competition Needed to Lower Cable TV Rates

Consumers are paying twice what they should for cable television services because of a lack of competition and inadequate regulation, charged CFA Legislative Director Gene Kimmelman in testimony before the Senate Subcommittee on Antitrust, Monopolies and Business Rights.

CFA was one of many at the April hearing on competitive issues in the cable television industry—including broadcasters and city officials—to call for reregulation of the cable industry.

Subcommittee Chairman Howard Metzenbaum (D-OH) announced at the hearing that he has two bills in the works to do just that: one to strengthen regulation by enabling cities to once again set basic cable rates; and a second to increase competition by forcing vertically integrated cable companies to make programming available on "fair terms" to competing technologies and by barring cable systems from serving more than 25 percent of subscribers nationwide.



CFA's Mark Cooper (left) and Gene Kimmelman (center) were joined in their call for reregulation of the cable television industry by Tucson Mayor Thomas Volgy (right) at a Senate subcommittee hearing.

Estimated Savings $6 Billion

Kimmelman endorsed the Chairman's proposal, estimating that savings to consumers from effective competition that reduced cable profits to reasonable levels would be on the order of $6 billion annually. "If the industry were composed of vigorously competitive, independent entities at all three of its stages—production, programming and distribution—consumers would be paying no more than half of what they are charged today for cable services," Kimmelman said in testimony prepared jointly with CFA Research Director Mark Cooper.

Kimmelman blamed the soaring costs on "fundamentally inconsistent and irrational federal policies." Because the federal government "virtually stripped local governments of the ability to regulate the cable industry in the Cable Communications Policy Act of 1984," he said, "cable franchises have developed into nearly perpetual, exclusive monopolies beyond the regulatory control of local governments."

"At the same time, the federal agencies which were supposed to protect consumers have failed to do so," he continued. The FCC uses a "grossly inadequate definition of competition," he said, defining the cable market as competitive wherever the area is served by three broadcast networks. "Perceiving competition where it does not exist, the FCC has refused to regulate cable rates in almost all instances or to trigger the power of local government to regulate," Kimmelman said.

The problem is exacerbated, he said, by the Department of Justice's refusal to implement the antitrust laws to stop collusion or to prevent horizontal concentration or vertical integration.

Consumer Nightmare

"The black hole of public policy that results is a monopolist's dream world and a consumer's nightmare," he said. "Regulated neither by market forces nor by government bodies, the cable industry is now dominated by a small group of vertically integrated, financially interconnected companies that have continually expanded their market power over production, programming and distribution, foreclosed competitors and driven prices up."

Support for these charges came from an unlikely source, when cable operator Viacom, owner of the "Showtime" movie channel, filed an antitrust lawsuit May 10 against the cable conglomerate that owns Home Box Office (Time Inc., American Television and Communications, and Manhattan Cable Television). The lawsuit alleges $2.3 billion in damages resulting from Time Inc. and its affiliates' efforts to monopolize the pay television market.

Kimmelman urged Congress to "step in to bring cable rates back into line with costs and promote greater competition in the cable industry" through "a new definition of effective competition that suits the monopolistic market conditions" and anti-discrimination/common carrier rules for cable operators.

Kimmelman warned, however, that lifting the ban on telephone company ownership of cable systems "would not be procompetitive at the present time. . . .The inevitable remonopolization of video services by an even more potent monopolist, who integrates both telephone and video services, poses an even greater threat to the public interest than the current state of affairs," he said.

19th Annual Awards Dinner

Sen. George J. Mitchell

Rep. Ronald V. Dellums

Jean Ann Fox

Herblock

The Consumer Federation of America will honor distinguished consumer service at its 19th Annual Awards Dinner Thursday, June 15. Sen. George J. Mitchell (D-ME) and Rep. Ronald V. Dellums (D-CA) will receive the Philip Hart Public Service Awards. The Philip Hart Distinguished Consumer Service Award will be presented to Virginia Citizens Consumer Council. *Washington Post* editorial cartoonist Herblock will receive the Outstanding Media Service Award.

The awards dinner, CFA's major fundraising event of the year, will be held at the Capital Hilton Hotel in Washington, D.C. A 6 p.m. reception will be followed by a buffet dinner at 6:45 p.m.

For more information, contact Sheila Meade, CFA Conference Manager.

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