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CFA's PAC Announces 1986 Congressional Endorsements Addresses "Unfinished Business" for Consumers

At a September 16 press conference, CFA's Political Action Committee announced its endorsements of candidates for the U.S. Senate and House in the November elections and discussed consumer issues considered but not resolved by Congress.

Rep. Fernand St Germain receives CFA's endorsement announced by Legislative Representative Alan Fox (right).

As in past years, CFA's endorsements were based on the voting records in Congress of incumbent candidates on an array of key consumer issues. Nonincumbents were asked to complete a detailed questionnaire covering important consumer legislation recently considered or pending (see box for list of endorsed candidates).

A number of endorsed House and Senate members attended the press conference to comment on pending issues and their endorsement by CFA.

"On the Offensive"

"The consumer movement is on the offensive," said CFA Executive Director Stephen Brobeck. He referred to the fact that, after years of simply trying to defeat anti-consumer legislation in Congress, the consumer movement now is pushing forward with a new agenda to strengthen and expand consumer rights.

The key consumer issues addressed at the press conference included:

- *Comprehensive tax reform*, recently passed by Congress and signed by the president;
- *Product safety*—reauthorizing and strengthening the Consumer Product Safety Commission;
- *Bank practices*—making a deregulated market work for low- and middle-income consumers;
- *Product liability*—effective compensation for victims of defective products;
- *Indoor air pollution*—full funding for radon and indoor air quality research and mitigation; and
- *Utility costs*—reducing electricity costs by cutting coal rail rates.

In addition to promoting these pro-consumer initiatives, Brobeck reaffirmed CFA's opposition to The Federal Telecommunications Policy Act of 1986, which would shift oversight of the AT&T breakup from the courts to the pro-industry Federal Communications Commission. He also denounced S. 412, the "beer bill," as an "atrocious" piece of legislation that would increase costs to consumers by $1 billion annually

"Keep Up the Good Fight"

A dozen members of Congress attended the press conference and expressed their gratitude for CFA's endorsement. Those endorsed were introduced by CFA Legislative Representative Alan Fox, who cited their individual work on behalf of consumers in such areas as anti-trust, banking and product liability. Fox coordinated the candidate endorsement process for CFA.

Rep. Claudine Schneider (R–R.I.), a leader in Congress on indoor air pollution issues, noted that "CFA had the progressive foresight to realize that this could be one of the key environmental issues of the decade."

Rep. Don Edwards (D–Calif.) warned that insurance companies were lobbying intensively for "tort reform" that could "end up taking away the rights of consumers in the courts."

Rep. Don Edwards addresses the press conference on insurance issues.

Rep. Fernand St Germain (D–R.I.) said "I commend CFA for its fight against tremendous odds in challenging a powerful opposition. Keep up the good fight."

Other members of Congress attending included Rep. Bruce Vento (D–Minn.), Rep. Jim Bates (D–Calif.), Rep. Sam Gejdenson (D-Conn.), Rep. Frank Guarini (D-N.J.), Rep. Lane Evans (D-Ill.), Rep. Jim Moody (D-Wis.), Rep. Henry Waxman (D-Calif.) and Rep. Howard Wolpe (D-Mich.).

SENATE

CO: Rep. Tim Wirth
CT: Sen. Christopher Dodd
ID: Gov. John Evans
MD: Rep. Barbara Mikulski
MO: Lt. Gov. Harriett Woods
NV: Rep. Harry Reid
PA: Rep. Bob Edgar
VT: Sen. Patrick Leahy

HOUSE OF REPRESENTATIVES

CA: Steve Swendiman (D-2nd)
Rep. Robert Matsui (D-3rd)
Rep. Barbara Boxer (D-6th)
Rep. George Miller (D-7th)
Rep. Ronald Dellums (D-8th)
Rep. Pete Stark (D-9th)
Rep. Don Edwards (D-10th)
Rep. Henry Waxman (D-24th)
Rep. Edward Roybal (D-25th)
Rep. Howard Berman (D-26th)
Rep. Mel Levine (D-27th)
Rep. Esteban Torres (D-34th)
Richard Robinson (D-38th)
Rep. Jim Bates (D-44th)

CO: Ben Nighthorse Campbell (D-3rd)

CT: Rep. Barbara Kennelly (D-1st)
Rep. Sam Gejdenson (D-2nd)
Rep. Bruce Morrison (D-3rd)

FL: Rep. Larry Smith (D-16th)

GA: Crandle Bray (D-6th)

IL: Rep. Charles Hayes (D-1st)
Rep. Sidney Yates (D-9th)
Rep. Lane Evans (D-17th)
Rep. Melvin Price (D-21st)

IN: Jim Jontz (D-5th)
Rep. Frank McCloskey (D-8th)

IA: Clayton Hodgson (D-6th)

LA: Faye Williams (D-8th)

MD: Kathleen Townsend (D-2nd)

MA: Rep. Silvio Conte (R-1st)
Rep. Edward Boland (D-2nd)
Rep. Barney Frank (D-4th)
Rep. Chet Atkins (D-5th)
Rep. Edward Markey (D-7th)
Rep. Joe Moakley (D-9th)
Rep. Gerry Studds (D-10th)
Rep. Brian Donnelly (D-11th)

MI: Rep. Howard Wolpe (D-3rd)
Rep. Dale Kildee (D-7th)
Rep. Dennis Hertel (D-14th)
Rep. Sander Levin (D-17th)

MN: Rep. Bruce Vento (D-4th)
Rep. Martin Sabo (D-5th)
Rep. Gerry Sikorski (D-6th)
Rep. James Oberstar (D-8th)

MO: Rep. Alan Wheat (D-5th)

NJ: Rep. Jim Florio (D-1st)
Rep. James Howard (D-3rd)
Rep. Bernard Dwyer (D-6th)
Rep. Bob Torricelli (D-9th)
Rep. Peter Rodino (D-10th)
Rep. Frank Guarini (D-14th)

NM: Rep. Bill Richardson (D-3rd)

NV: James Bilbray (D-1st)

NY: Rep. Tom Downey (D-2nd)
Rep. Bob Mrazek (D-3rd)
Rep. Gary Ackerman (D-7th)
Rep. James Scheuer (D-8th)
Rep. Charles Schumer (D-10th)
Rep. Major Owens (D-12th)
Rep. Stephen Solarz (D-13th)
Rep. Charles Rangel (D-16th)
Rep. Ted Weiss (D-17th)
Rosemary Pooler (D-27th)
Rep. Matt McHugh (D-28th)
Louise Slaughter (D-30th)
James Keane (D-31st)
Rep. Henry Nowak (D-33rd)

NC: David Price (D-4th)
D. G. Martin (D-9th)

OH: Rep. Marcy Kaptur (D-9th)
Rep. Dennis Eckart (D-11th)
Rep. James Traficant (D-17th)
Rep. Ed Feighan (D-19th)
Rep. Mary Rose Oakar (D-20th)
Rep. Louis Stokes (D-21st)

OR: Rep. Ron Wyden (D-3rd)
Peter DeFazio (D-4th)

PA: Rep. Thomas Foglietta (D-1st)
Rep. William Gray (D-2nd)
Bill Spingler (D-7th)
Rep. Peter Kostmayer (D-8th)
Rep. Paul Kanjorski (D-11th)
Rep. William Coyne (D-14th)
Bill Wachob (D-23rd)

RI: Rep. Fernand St Germain (D-1st)
Rep. Claudine Schneider (R-2nd)

SC: Elizabeth Patterson (D-4th)

TX: Rep. Mickey Leland (D-18th)
Rep. Solomon Ortiz (D-27th)

WA: Rep. Mike Lowry (D-7th)

WI: Rep. Robert Kastenmeier (D-2nd)
Rep. Gerald Kleczka (D-4th)
Rep. Jim Moody (D-5th)
Rep. David Obey (D-7th)

Local Phone Companies Collect $3 Billion in Overcharges

Local Bell telephone companies have been granted over $3 billion in excessive rate increases since the breakup of AT&T, according to a report recently released by CFA.

The report, "Local Rate Increases in the Post-Divestiture Era: Excessive Returns to Telephone Company Capital," compares the financial performance of the Regional Bell Operating Companies (RBOCs) with all other utilities and large corporations and finds that the rate of profit for telephone companies is one-third higher than the average large company.

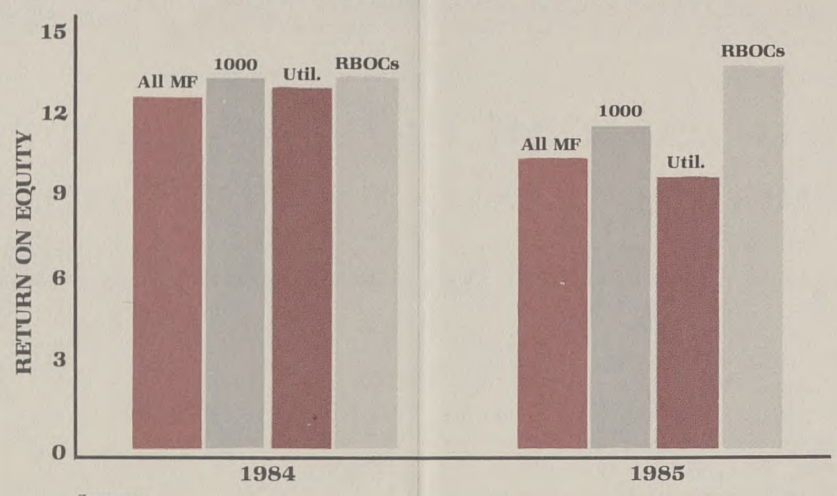
"Local phone companies received preferential treatment after the AT&T breakup because of concerns about the economic health of the companies in the post-divestiture era. Those concerns were unfounded," charged Dr. Mark Cooper, CFA research director and author of the report. "Residential and business customers have unwillingly financed a $3 billion-dollar windfall profit—profit far above a fair rate of return for the monopoly phone companies and far beyond the profits of almost all competitive industries," Cooper added.

At a September 9 press conference announcing the report's findings, CFA was joined by a representative of the International Communications Association (ICA) endorsing the report. ICA is a not-for-profit business group comprising over 600 major corporate, educational and governmental users of telecommunications equipment, facilities and services.

The report compares the earnings of the local telephone companies—which generate about 90 percent of their revenue from monopoly phone business—with all other regulated utilities, the largest 1,000 corporations and all manufacturing firms to determine an appropriate range for telephone company capital costs under current market conditions. The major findings include:

- Telephone companies received approval for rates that allowed them to generate a return on equity far exceeding other large corporations and utilities, costing users between $1.25 billion and $2 billion.
- Business and consumer users of local phone services financed a 1985 rate of return on equity that actually *increased* while the rate of return for other utilities and major corporations declined.

Return on Equity:
RBOCs Compared to Other Corporations



Sources:
Top 1000, Utilities and RBOCs, *Business Week*, the Top 1000, Special Issue. All Manufacturing, Council of Economic Advisors, Economic Report of the President, Table B-88.

- In the first half of 1986, local phone companies earned a return on equity of 14.1 percent, compared to the 900 largest corporations, which earned 10.6 percent and other utilities, which earned 10.8 percent.
- The Federal Communications Commission's attempt to allow phone companies to accelerate depreciation of equipment used for in-state services contributed to $1 billion in overcharges. The U.S. Supreme Court overruled this FCC decision, and thus phone rates should be lowered.
- Between $200 and $400 million of overcharges can be attributed to telephone companies relying on equity rather than debt financing and exaggerating the cost of debt during a deflationary period.
- Taken together, overcharges are equal to a 5 percent increase in the cost of phone service to both business and residential users.

"As long as federal and state regulators allow these excessive charges to accrue and continue to approve rate increases, American businesses and consumers will be forced to pad the local telephone companies pockets," said Gene Kimmelman, CFA's legislative director.

"Regulators should stop giving favorable treatment to phone companies. These companies must be treated like all other utilities and only allowed charges that match marketplace conditions," he added. "Before the local phone companies are allowed to diversify into new markets, policymakers must make sure that ratepayers are reimbursed for excessive telephone charges and protected against future price-gouging."

Conference Focuses on Indoor Air Quality Problems, Solutions

In late September, researchers, regulators from federal, state and local governments, congressional staff, and representatives from advocacy groups and business associations met in Washington to discuss a major emerging environmental issue: indoor air pollution. The CFA-sponsored conference, "Indoor Air Quality: Priorities and Programs," addressed legislative and regulatory policies on indoor air pollution, as well as practical approaches for mitigating the problem.

In keynote addresses, Senator George Mitchell (D–Me.) and Don Ryan, representing Congressman Edward Boland (D–Mass.), chairman of HUD Independent Agencies Subcommittee, both charged that the recent "Indoor Air Quality Research Plan," developed by the Interagency Committee on Indoor Air Quality, is inadequate.

Mitchell, sponsor of indoor air legislation, highlighted policies Congress could use to address indoor air problems. Possibilities mentioned by Mitchell include amending the Clean Air Act; use of the Toxic Substances Control Act or the Consumer Product Safety Act; or writing a separate, more comprehensive indoor air quality act.

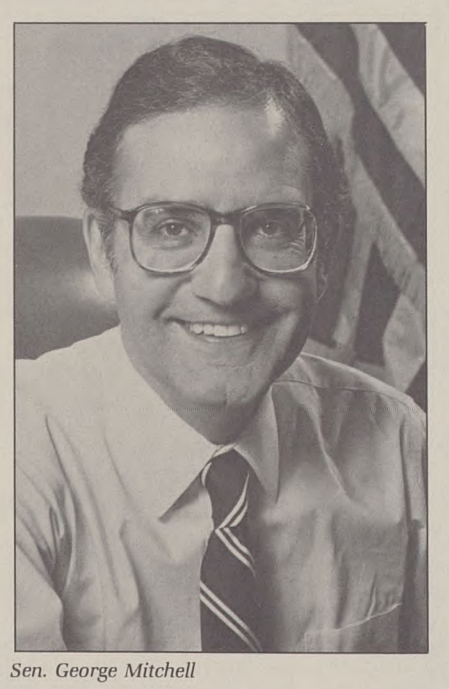
Mitchell also addressed the issue of which federal agency should take the lead in indoor air research. He maintained that, while EPA is the only agency to administer the Clean Air Act, many other federal agencies will need to be involved in protecting indoor air quality. Mitchell also stated that "Congress will need to determine which aspects of an overall indoor air quality program belong with the federal government and which are best left with state and local governments."

Another feature of the conference was a discussion of a proposed Indoor Air Quality Clearinghouse. Mary Ellen Fise, CFA product safety director and Robert Ross of Oak Ridge National Laboratory presented proposals for establishing a clearinghouse. According to Fise, the primary objective of the clearinghouse should be to provide unbiased, consistent information. "Many interests could be served by a combination of services, such as a newsletter, reference service and telephone hotline. CFA believes that a new independent entity could best serve this purpose," Fise said. Conference participants, in general, supported the establishment of the clearinghouse as did respondents to a CFA "Indoor Air News" poll conducted last summer.

A roundtable discussion by researchers, citizen group advocates and business representatives provided updates on indoor air activities and research, and allowed experts to exchange views. Representatives of consumer, environmental, women's, and senior citizen groups discussed the need of homeowners for information in dealing with indoor air problems. This concern was echoed by Laura Oatman of the Minnesota Department of Health, who reported that her office has been inundated with calls from consumers concerned about potential pollutants.

Participants also expressed concern about fraud by companies attempting to mitigate indoor air pollution problems, as well as the need for continued congressional funding of agencies conducting indoor air quality research.

Representatives from the Environmental Protection Agency, the Consumer Product Safety Commission, the Department of Energy and the National Institute for Occupational Safety and Health also discussed their recent research efforts and programs to assist the public with indoor air problems. EPA and DOE's radon programs were of particular interest and were featured in a separate workshop.


Sen. George Mitchell

Other workshops centered on "Combustion By-Products"—those pollutants emanating from products such as gas stoves, kerosene heaters and cigarettes—and "Other Contaminants," including asbestos, airborne allergens and pathogens.

Official proceedings of the Indoor Air Quality Conference will be available in December from CFA.

CFAnews

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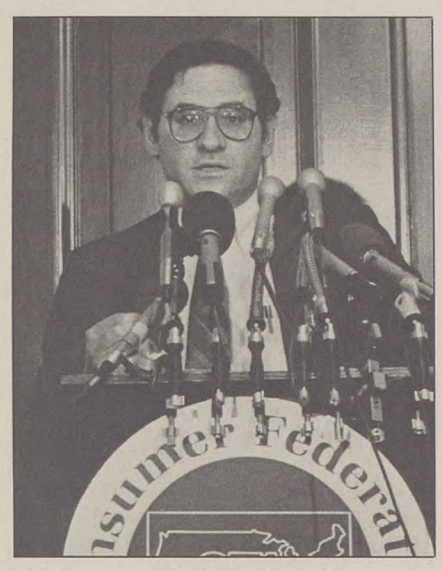
Beer Bill to Cost Consumers $1 Billion Annually, Says CFA

At a mid-September press conference, CFA released a study estimating that enactment of the Malt Beverage Interbrand Competition Act (the "beer bill") would cost consumers more than $1 billion annually.

The report was prepared, and summarized at the conference, by CFA Research Director Dr. Mark Cooper. Senators Strom Thurmond (R–S.C.) and Howard Metzenbaum (D–Ohio) also spoke out against the beer bill at the press conference.



CFA Research Director Dr. Mark Cooper summarizes his study of "beer bill" consumer impacts.

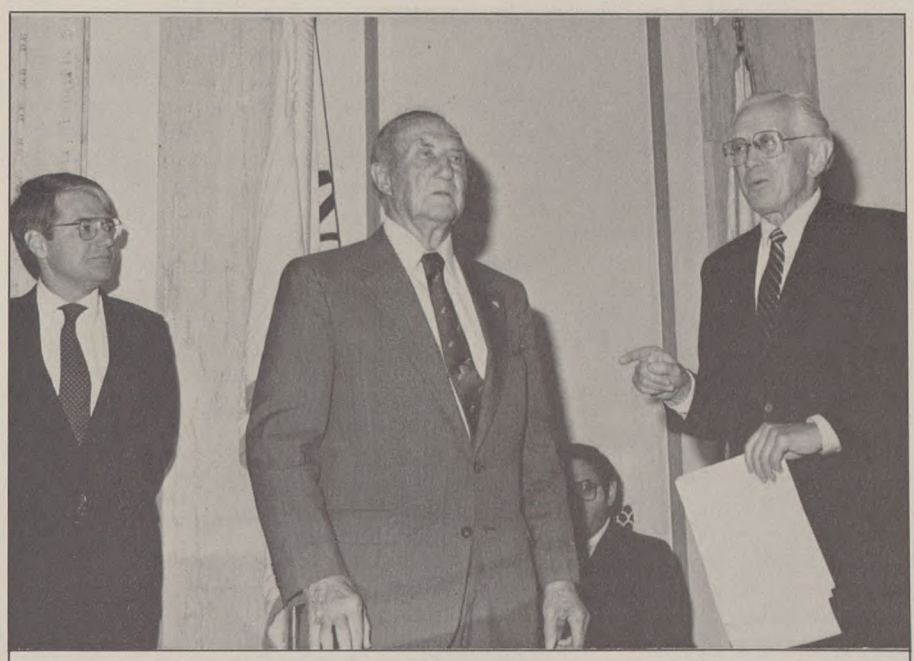
In the study, Cooper presented the first national econometric estimates of the potential damage that an antitrust exemption for beer wholesalers would do to consumers of malt beverages. The estimates are based on data from 38 states reporting market shares and sales. This data takes into account not only the existence of exclusive franchises, but also the level of income and density of population in each state.

The report included a review of recent theoretical and empirical analysis of vertical restraints, and tested arguments advanced by the beer industry to support their demand for an antitrust exemption. For example, contrary to the argument that exclusive territories allow brewers to ensure a fresher product, the study found that consumption is slightly higher in non-exclusive states.

Arguments that exclusive territories are necessary to protect smaller brewers or newer products prove even weaker. The analysis directly contradicts industry claims that non-exclusivity leads to higher levels of industrial concentration because small brewers are squeezed out. Non-exclusive states are no more concentrated than exclusive ones.

The findings also undercut the contention that exclusive territories prevent retailers or distributors from exercising market power. The malt beverage industry is highly concentrated at both the brewing and wholesaling levels. Moreover, exclusive territories have a greater effect in raising wholesale prices than on mark-ups.

In addition, the study reviewed developments in the soft drink industry since the granting of an antitrust exemption. It found no benefits to consumers—on the contrary, there are strong indications consumers have been hurt.



CFA Executive Director Stephen Brobeck (left) listens as Senators Strom Thurmond (center) and Howard Metzenbaum speak out in opposition to the "beer bill."

The law did not halt increasing concentration in the industry. Subsequent to the law's passage, there were substantial increases in profitability in an industry already highly profitable. The price of soft drinks appears to have been held far above costs. Finally, in the period after enactment the industry made numerous attempts to restrict competition.

In sum, noted Cooper, "exclusive territories lead to higher prices, do not increase consumption, and do not reduce concentration. For industries such as the malt beverage one, they have no economic justification."

Product Safety Update

Senate Torpedoes Product Liability Bill

In late September the Senate Republican leadership pulled from the floor S. 2760, sponsored by Sen. John Danforth (R–Mo.), that would have placed a cap on jury awards to victims of unsafe products. Sen. Robert Dole (R–Kan.) removed the legislation from Senate consideration—effectively killing the bill in the 99th Congress—following a short filibuster by Sen. Ernest Hollings (D–S.C.) to prevent a vote on the bill.

CFA and other consumer groups had fought passage of S. 2760, which the Senate Commerce, Science and Transportation Committee approved on June 26. The bill would have established a $250,000 ceiling on a plaintiff's award for pain and suffering resulting from an unsafe product, if the plaintiff had rejected a settlement offer from the defendant.

Hollings has long opposed congressional efforts to restrict consumer rights in product liability cases. Other leading Senate opponents included Slade Gorton (R–Wash.) and Howard Metzenbaum (D–Ohio).

CFA Legislative Director Gene Kimmelman praised the Senate action, saying "The decision to pull the bill from the floor reflects the widespread opposition in the Senate to 'tort reform' that poses dangers to consumers."

CFA Questions Airline Air Quality

In a recent public statement, CFA announced its concern over the air quality of airline cabins.

"The unanimous findings of the National Academy of Sciences Committee on Airliner Cabin Air Quality are disturbing," said CFA Product Safety Director Mary Ellen R. Fise. "The identification of tobacco smoke's effects in airline cabins needs increased consideration by appropriate government agencies. Also disturbing to CFA was the Committee's findings regarding the possible transmittal of infectious diseases and other airborne contaminants during air travel," she said.

Senate Refuses to Approve Beer Bill

In the closing days before adjournment, the Senate refused to approve a "beer bill" that had been attached to appropriations legislation. On a procedural vote, it became apparent that bill supporters lacked the three-fifths majority necessary to bring the amendment to the Senate floor for a vote.

Since 1981, beer wholesalers have been working to pass the Malt Beverage Interbrand Competition Act, which would give them territorial monopolies throughout the nation. If enacted, retailers could only purchase individual brands from one wholesaler.

Late last year, and again this April, the Senate Judiciary Committee reported out a beer bill (S. 412). But the amendment added during the summer by the Appropriations Committee to the FY 1987 Treasury, Postal Service and General Government Appropriations bill (H.R. 5294) went beyond S. 412 by not precluding price-fixing, horizontal restrictions or group boycotts.

When the appropriations legislation came before the Senate in late September, Senators Howard Metzenbaum (D–Ohio), Strom Thurmond (R–S.C.), and Tom Harkin (D–Ia.) filibustered for the removal of the beer provisions. Metzenbaum called the legislation "one of the worst special interest bills ever to come before the Senate." Thurmond argued that the provisions represented "an effort by an organized lobby to have anti-consumer legislation passed as a nongermane rider."

On September 30, the issue came to a head when Senator Dennis DeConcini (D–Az.), the bill's leading supporter, engineered a test vote. Needing at least 60 votes to force the amendment to the floor for a substantive vote, he garnered only 56. Somewhat surprisingly, although the vote was not along partisan lines, Democrats voted in favor 30 to 15, while Republicans split 26 to 26.

Because the vote was so close, in exchange for killing the beer bill this year, Sens. Metzenbaum and Thurmond agreed that, within 60 days after the Senate Judiciary Committee reports out a bill next year, it would be brought to the floor of the Senate.

Observed CFA Executive Director Stephen Brobeck: "Despite the victory this year, the beer wholesalers made progress moving their legislation. Regrettably, it demonstrates that money—specifically $700,000 in campaign contributions—speaks more loudly than public policy considerations. If the bill's fate depended on its merits, it never would have been introduced."

CFA's principal role in this battle was to release and widely circulate to senators and the press a report demonstrating that the beer bill would cost consumers over $1 billion annually (see accompanying story). Already the study has been cited in news articles and editorials in newspapers such as *The Washington Post* and *St. Louis Post Dispatch*.

Washington Perspective

Amending Railroad Deregulation

By Dr. Mark Cooper, CFA Research Director

As Congress moves toward the public sale of Conrail, a debate has bubbled up over whether other changes in railroad law should be attached to the privatization bill or whether a "clean Conrail bill" should be reported out of the House.

Contrary to railroad industry assertions that efforts to amend the Staggers Act are driven by narrow special interests, a uniquely broad-based coalition of consumer groups, farm interests, large industrial shippers, coal producers, regulators and utilities is supporting refinements in the act.

Over a hundred members of the House have cosponsored the original piece of legislation (the Consumer Rail Equity Act) and a compromise recently has been laid on the table. The changes are largely procedural, but for shippers, consumers and communities who have found it almost impossible to win at the Interstate Commerce Commission, they are important.

Rail rates are not subject to any regulation unless the shipper can prove that he is captive (market dominant) and that the rate he is paying exceeds 100 percent of the variable costs of providing the service. These provisions guarantee that the railroads will have tremendous latitude in their ability to engage in what is called differential pricing—the ability to earn a higher rate of profit on some commodities than on others.

The proposed amendments would not change either of these fundamental principles of the Staggers Act.

Staggers Act

For those who originate shipments, however, market dominance would be defined strictly in terms of transportation competition. At present, a coal shipper, for example, can be required to prove that he cannot make the same sale by shipping coal from another mine (geographic competition), or make an equivalent sale by shipping a different commodity (product competition).

These tests provide an insurmountable barrier to many shippers who deserve to have access to the protections of the Staggers Act. Plain old competition—the availability of a transportation alternative—would be the standard for these shippers.

Once inside the door, the shipper can challenge specific rates. In a process unique to the Interstate Commerce Commission, the shipper bears the burden of proving whether it is reasonable. In virtually all cases heard by other regulatory agencies, the party that collects the rates bears the burden of proof.

The proposed amendment would continue to allow railroads to collect rates up front and would preserve the 180 percent threshold. However, it would require the railroads to bear the burden of proving the rates are reasonable, if they are revenue adequate or the shipper can show that he is paying a disproportionate share of the railroad's costs.

The Staggers Act also guaranteed that rail rates would keep up with inflation. The ICC implements this by calculating an index called the rail cost adjustment factor. Until recently the ICC would let rates go up, but never down and it continues to refuse to adjust the index for productivity.

Overcharging Consumers

The refusal to adjust for productivity guarantees that consumers will be overcharged because rates do not reflect actual costs. Even in deciding to let the index go down, the ICC refused to take a realistic approach. It created an accounting procedure in which rates would be held above a certain level, allowing railroads to collect more than it was costing them to provide service.

The proposed amendments would simply let rates go up and down as a real, productivity adjusted rail cost index does.

At present some commodities have been exempted from regulation by the ICC. Such commodities are judged to have competitive transportation markets. Yet, the laws that protect consumers and businesses in such markets—the antitrust laws—are inoperative because of antitrust exemptions, which railroads received back around the turn of the century.

A similar problem exists for shippers of raw agricultural commodities who were supposed to be protected from abusive contracting practices because the manipulation of rail rates can literally determine which farmers and which grain elevators stay in business. Yet, the current rules require an agricultural shipper to prove that he will be substantially damaged by a contract, without being able to find out what is in it. A compromise is called second-tier disclosure, which gives sufficient information to determine whether there is potential damage without revealing the terms of the contract in detail.

Restoring Balance

Reform of railroad regulation began over a decade ago with the passage of the 4R Act. A decade of deregulation has produced anomalies between existing laws and pointed up problems in the implementation of specific aspects of current law. Mid-course corrections that impose common sense on the ICC in a limited number of areas, including revenue adequacy, competitive access, intrastate rates and abandonment proceedings, will restore the balance between shipper needs and the railroads' needs.

In some cases the Interstate Commerce Commission lacks the legal authority to address the problem; in others it has proven incapable of doing so.

The Staggers Act and the act that created Conrail were passed almost simultaneously and in many respects they went hand in hand. A bill that privatizes Conrail and makes these compromise amendments to the Staggers Act will close out a decade of successful regulatory and organizational reform in the industry.

Reprinted from *The Journal of Commerce*.

House Committee Rejects Senate Banking Bill

Rep. Fernand St Germain (D–R.I.), chairman of the House Banking Committee, refused to call up a Senate-passed banking bill on the final day of the 99th Congress because the Senate failed to include provisions protecting consumers against unwarranted check holds.

St Germain had vowed to scuttle the Senate legislation, which could not be amended or sent to conference, unless it contained the check-holds and housing measures approved in the House omnibus banking bill on October 7.

The House omnibus banking legislation (H.R. 5576) included provisions to funnel $15 billion to the Federal Deposit Insurance Corporation and increase the government's powers in arranging sales of ailing banks and savings and loans to out-of-state buyers. Government banking regulators had pushed hard for these measures. The bill also reauthorized subsidized housing programs and limited the time that banks could hold checks. The latter two provisions were opposed by the Reagan administration and some conservative senators.

St Germain sharply criticized the Senate for its action, saying it "forced the House into a 'take it or leave it' position. The Senate moved under the cloak of the last hours, knowing the House was in a position of accepting only non-controversial issues.

"The Senate waited until the final hours to move anything, and then ignored and/or emasculated key consumer, housing and regulatory measures to the detriment of the public interest," St Germain continued. He said the Senate bill "would have ignored the rights and the needs of millions of Americans seeking relief from unfair banking practices."

CFA Legislative Representative Alan Fox praised St Germain's action, saying that "the House Banking Committee leadership has showed that it places the interests of consumers on the same level as those of banking regulators." This pro-consumer attitude, Fox said, will prove important when CFA pushes for check-holds legislation in the 100th Congress.

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