Consumer Federation of America Consumers Union
National Association of Consumer Advocates National Consumers League
National Consumer Law Center Public Citizen U.S. Public Interest Research Group

For Immediate Release: Thursday, December 11, 2008
Contact Info Below

Economic Security, Health and Safety of Nation

Seven national groups join together to reverse slide on pocketbook issues, announce call for White House consumer "czar," goals for new Congress, challenges for new administration

(Washington, D.C.) Leaders of seven of the country's leading public-interest groups are calling for the adoption of six major pro-consumer priorities, including the reinstatement of the White House Special Advisor on Consumer Affairs. As the economic crisis deepens, it is more important than ever for government leaders to deal quickly and effectively with pocketbook issues affecting every American consumer. The groups have developed an agenda of the top issues on which consumers should hold policymakers accountable in the coming Congress and new administration. The agenda was sent to President-Elect Obama and Congressional leaders (cover letter enclosed).

Leaders of the seven groups – Consumer Federation of America, Consumers Union, National Association of Consumer Advocates, National Consumer Law Center, National Consumers League, Public Citizen, and the U.S. Public Interest Research Group, representing millions of American consumers – have united behind this agenda in response to increasing risks to consumer rights and protections.

Some recent threats to consumer rights, protections and standards of living include: the financial crisis and mortgage meltdown, high and volatile oil prices, growing concerns over the safety of imports and food, and the rising cost of health care.

As a result of anti-consumer policies in these areas, the coalition has developed a six-point agenda to highlight some of the most critical issues facing the American public today. The leaders noted that Congressional passage of comprehensive Consumer Product Safety Commission reform this summer was a positive step, suggesting that Congress may be ready to consider other important consumer reforms.

As the events of recent months have shown, weak consumer protections don't just harm individual Americans, but the economy overall. Inadequate laws and poor oversight of credit and financial services have led to a huge loss of wealth for many American families and helped trigger an economic recession. This agenda is not simply a way to protect consumers, but to increase the economic and health security of the country. The agenda is a key starting point for raising questions of policymakers about how they intend to protect the public interest, said the leaders of the seven organizations.

The consumer leaders are intent on continuing to build an influential consumer movement that will be a powerful force for change. The six-point agenda includes (summary followed by detailed explanations):

1. **Restore the United States Office of Consumer Affairs; Put a Consumer "Czar" In The White House.**
2. **Rein in Wall Street Excesses, Protect Consumers from Abusive and Predatory Lending.**
3. **Protect Consumers from Price-Gouging in Oil, Gas and Electricity Markets, and Take Steps To Provide Households With Access to Alternative Energy and Efficiency.**
4. **Improve Consumer Access to Justice By Reinstating Legal Rights.**
5. **Guarantee Safe, High Quality, Affordable Healthcare for Everyone.**
6. **Ensure our Food and Products are Safe.**

An Agenda to Close Growing Gaps in Marketplace Protections

1. Restore the United States Office of Consumer Affairs; Put a Consumer "Czar" In The White House

During this economic crisis, one extremely significant step the new Administration could immediately take would be to restore an Office of Consumer Affairs in the White House. Such an office, run by a prominent advisor to the president, would clearly demonstrate the critical nature consumer protection issues play in restoring and maintaining a sound economy. As inadequate consumer protection has permeated so many of the crises the nation faces and the work of so many different federal agencies, having a strong, centralized consumer voice in the White House is all the more critical.

The United States Office of Consumer Affairs (USOCA) was established by Executive Order by President Nixon. Under pressure from Congress, the Clinton Administration allowed the office to be closed. The office should be reinstated as it existed under the Carter Administration, the time when it was most effective.

Under the Carter Administration, the director of the Office of Consumer Affairs had regular and direct access to the President. The office gave a voice to consumers and balanced and supplemented the ever-present and extremely well funded business lobby and Department of Commerce. The office was instrumental in victories for consumers, including: energy-efficiency labels on products; a program that simplified English in government documents; consumer rights regarding overbooked airline flights; a cooperative bank that would offer low-interest loans to public-interest groups; and increased competition in the trucking industry. The precursor to the Office of Consumer Affairs, the Special Assistant to the President for Consumer Affairs, helped pass truth-in-packaging legislation during the Johnson Administration. The Special Assistant also worked on bills concerning truth-in-lending and helping those who have overextended credit. A similarly strong consumer presence at the highest levels over the last few years might have prevented the current credit crisis.

The Office of Consumer Affairs should be reinstated as a well-funded office with a clear mandate to influence legislation, write executive orders, intervene as a full party in adjudicatory proceedings, *have input at policy meetings, etc. Ideally, the post should be filled with someone with known credentials in the consumer world, and consumer advocacy organizations should be consulted before the director is chosen. Most importantly, the director of the USOCA should have direct and frequent access to the President.*

2. Rein in Wall Street Excesses, Protect Consumers from Abusive and Predatory Lending.

The global economy has been brought to the brink of disaster, and taxpayers have been forced to bear the trillion-dollar cost of a financial market bailout, as a direct result of Wall Street's reckless misconduct and lawmakers' and regulators' failure to rein in industry excesses. This has led to a huge loss wealth for many American families and triggered an economic recession. The sharp decline in housing prices nationwide caused by predatory and unsound mortgage lending is a major cause of the now global credit crisis. Banks, auto lenders, credit card issuers, student lenders and payday loan companies also targeted low and middle-income families with unaffordable and high-cost credit. As a result, home foreclosures, credit card delinquencies and personal bankruptcies now devastate millions of Americans each year. The explosive growth of predatory lending has occurred because consumer protections have been reduced in the last 20 years and new reforms have not been added to rein in harmful practices. Where states have attempted to prohibit abusive credit practices, federal policy makers have sought to override state protections. Meanwhile Congress and federal regulators have acted much too slowly to enact laws or regulations that curb these harmful loans. Lenders have fought reform, arguing that it is more important to preserve a 19th century "buyer beware" free market than to protect American families from becoming buried in debt they cannot afford. While new housing legislation takes modest steps to restore faith in the market, it does little to help consumers already in foreclosure nor to prevent continued abusive practices.

Early warnings about the systemic risks posed by unregulated credit derivatives, inadequate capital standards at financial institutions, including Fannie Mae and Freddie Mac, unreliable credit ratings, compensation practices that promote excessive risk-taking, and lack of transparency resulting from use of Structured Investment Vehicles and other off-balance sheet transactions went unheeded by federal regulators and Congress alike. Wall Street was able to fend off stronger investor protections by arguing that increased regulation would stifle innovation, burden industry, and drive business to less regulated markets overseas. As a result, investors have seen their investment portfolios decimated, traditional Wall Street institutions have either failed or stand on the brink of failure, and the global economy has sunk into recession.

Actions for Congress and the new administration: 1) develop a comprehensive financial restructuring plan that puts Main Street Before Wall Street, cures the flaws in the emergency legislation and prevents future catastrophes; 2) enact legislation that effectively prohibits abusive terms in mortgages and other loans, curbs lending without regard to ability to pay and provides effective relief to homeowners still caught in the foreclosure crisis (emergency provisions on foreclosure were grossly inadequate); 3) provide broad protections for credit card customers, including prohibiting unwarranted fees, retroactive interest rate increases, and payment allocation abuses; 4) protect consumers from predatory small loans such as payday loans, rent-to-own, auto title lending and refund anticipation loans, 5) restore bankruptcy as the final safety net for consumers caught by unaffordable mortgage, credit card debts and student loans, 6) restore the *ability of states and individuals to enforce laws against predatory lending, and (7) adopt investor protection legislation and regulations that increase transparency and accountability of financial market participants, strengthen risk management practices, minimize conflicts of interest, and provide for strengthened regulatory oversight.*

3) Protect Consumers from Price-Gouging in Oil, Gas and Electricity Markets, and Take Steps To Provide Households With Access to Alternative Energy and Efficiency.

Consumers and the American economy have been hit hard by sharply rising energy prices, especially for gasoline. Despite declining gasoline consumption, high inventory levels and increased production of ethanol, gasoline prices shot past $4 a gallon nationwide earlier this year. Natural gas, electricity and heating oil prices have also escalated. Electricity markets, particularly in states that deregulated and are now subject to oversight by the Federal Energy Regulatory Commission, have experienced sharp price increases. Although energy prices have declined recently, high prices through much of the last few years have forced moderate and lower income Americans to make painful choices to cutback spending on other necessities that are also increasing in price, such as food, healthcare and medicine. While energy prices are, for the time being, dropping, the nation cannot afford to be lulled into complacency. Future price hikes can be expected, home energy costs remain unaffordable for many families, especially those hit by the weak economy, and our nation's continued dependence on fossil fuels threatens the economy, national security and the environment.

A major factor in rising gasoline prices has been the decline in gasoline refining capacity, brought on by mergers in the refining market and by deliberate decisions by oil company refiners to keep capacity tight. This has allowed a few very large companies to gain control of refining supply. The lack of effective regulation of financial and commodity markets has also led to the creation of a speculative energy "bubble" for energy commodities. Over the past two years, the cost of speculative trading has been over $40 a barrel of oil, or about $1 per gallon of gasoline. The run up in gasoline prices led to excessive oil industry profits of over $200 billion above the normal level since 2002. Meanwhile, Congress has only recently acted to improve the dismally low fuel economy of passenger vehicles in the United States.

Actions for Congress and the new administration: 1) The government must give greater scrutiny to oil and refining company mergers, require greater competition and encourage the development of alternative fuels and energy sources that are environmentally safe and do not affect food prices. This would lead to lower prices, encourage smarter development of natural resources, and help make the U.S. more energy independent. 2) Congress and the Administration must ensure that the speculative bubble in energy and food commodities does not recur by closing loopholes created by the Commodity Futures Modernization Act and by poor oversight of the Commodity Futures Trading Commission. 3) The Administration must appoint a FERC chairperson who will ensure that all electric rates are "just and reasonable." 4) President Obama must also ensure that the National Highway Transportation Administration set the highest possible fuel economy standards under recently enacted legislation, which requires that passenger vehicles achieve well in excess of 35 mpg by 2020, and increase funding for mass transit. 5) Finally, Congress and the Administration should continue to increase financial assistance to lower income families who cannot afford increased energy prices or who are hit by the weak economy, and provide meaningful *assistance to help households afford alternatives to high energy prices such as rebates to purchase super fuel-efficient hybrid cars, incentives to make energy efficient improvements to homes and solar panel installation, financed in part by eliminating subsidies to the oil industry.*

4. Improve Consumer Access to Justice By Reinstating Legal Rights.

Consumer legal rights have been under assault for years. While Congress has refused to grant private rights of action in any new federal consumer laws and has even inserted provisions attacking the authority of state attorneys general in new federal laws, powerful special interests have been busy taking away available state law legal remedies by inserting mandatory arbitration clauses in all consumer contracts. Meanwhile, federal regulatory agencies have asserted over-broad authority to preempt state enforcement and consumer common law rights and the Supreme Court, most recently in Riegel v. Medtronic, has upheld them.

Actions for Congress and the new administration: 1) Enact legislation to restore an unbiased and open justice system that remedies harms and holds wrongdoers accountable; 2) ensure a consumer's right to choose alternative dispute resolution, judicial review, or a jury by barring pre-dispute mandatory binding arbitration clauses from consumer contracts; 3) ensure the viability and enforceability of federal consumer protection laws by updating outdated liability provisions, preserving access to counsel through fee-shifting statutes, and permitting enforcement by state attorneys general; 4) preserve state health, safety, and consumer protection laws by halting federal preemption; and 5) ensure that systemic wrongs are righted by providing for class actions when pervasive and expansive misconduct occurs.

5. Guarantee Safe, High Quality, Affordable Healthcare for Everyone.

The U.S. has by far the most expensive health care system in the world, spending 50% more per person than the next closest country, Switzerland. As health care costs continue to rise, families are paying a larger and larger share. Many people are one illness away from bankruptcy. Nearly 1.3 million full-time workers lost their health insurance in 2006. At the same time, insurance companies are spending billions to deny care while drug companies are spending billions on TV ads for drugs that most of us may not need.

We need common sense reforms that redirect our nation's health care dollars into better care and give people real choice, including the choice to stay with their current doctor. Insurance companies must compete to give us the best quality care, rather than profiting by denying care, cherry-picking the healthy patients, and excluding people with "pre-existing conditions." Doctors, hospitals and patients should be free to focus on treating and preventing illness, without the piles of paperwork and endless hours spent deciphering codes and bills. Real choices must be grounded in real information about doctors, hospitals and health plans--not misleading information created by advertising agencies.

Actions for Congress and the new administration: Ensure that healthcare is affordable for all consumers by adopting cost-saving innovations in preventative care, pay for performance, chronic disease management, evidence-based medicine, and increased primary care by all payers: private and public. Create private and public insurance pool options that allow consumers to share risk and use greater bargaining power to get a fair price for insurance and guarantee consumers cannot be denied coverage or face skyrocketing premiums when you change jobs, get sick, or have a pre-existing condition. Make sure everyone can take their kids to a doctor, and is protected from losing life savings due to illness. Give people the tools they need to choose a health plan, hospital, doctor or treatment that is right for them. Ensure that treatments and medicines people take are high-quality, safe and affordable. Medicare should have the power to negotiate lower drug prices like the Veterans Administration. We need stronger FDA enforcement on the safety of drugs, including more inspections of manufacturing facilities and a moratorium on the advertising of newly introduced drugs until we learn more about possible side-effects. We need to adopt information technology that protects privacy while providing consumers, doctors and pharmacists with important medical information. And we need broad public reporting about hospital-acquired infections.

6. Ensure our Food and Products are Safe.

Consumers' beliefs that our food and product safety systems are working have been shattered by the many recent recalls involving tainted meat and produce, and even children's toys. Lax oversight, agency cutbacks, and surging imports have resulted in an unprecedented number of recalls involving everything from Salmonella-laced peppers, E-coli in spinach, and pet food and dairy products adulterated with melamine, to children's jewelry made of lead. In fiscal year 2007, there were 473 recalls involving over 25 million products, many involving children's toys and cribs. In the first three quarters of this fiscal year, the CPSC has already announced more than 415 recalls.

We should require FDA to inspect all food production facilities on a routine basis, both domestic and foreign, and increase inspections at the border. Providing both USDA and FDA with comprehensive mandatory recall authority will also enable the agencies to remove contaminated meats and other foods produce more quickly than simply relying on the voluntary cooperation of companies. In order to act quickly and knowledgeably when unsafe food threatens us, FDA also needs to establish a comprehensive traceability system for unsafe and high-risk foods. The USDA and the FDA should also allow the public to know immediately the names of stores that receive recalled foods so that consumers have a way of protecting themselves when a contamination outbreak occurs. With food safety spread across 15 federal agencies and departments now, federal food safety activities should be combined into a single food agency governed by a modernized food safety law. Congress should be commended for enactment of the CPSC Reform Act of 2008, a comprehensive pro-consumer reform that reinvigorates and reauthorizes a long-neglected agency. Similar actions should be taken for the NHTSA and FDA.

Actions for Congress and the new administration: Support comprehensive food safety reform. Adequately fund federal food safety activities by both FDA and USDA. Increase and enhance inspections of domestic and imported foods and products before they enter our shores and stores. Support and enhance activities for FDA and USDA to ensure that food producers are producing food in a safe and sanitary manner. Give the FDA and USDA mandatory recall authority to *promptly remove tainted foods, meats and produce from our shelves. Appoint strong consumer advocates to the restored CPSC, ensure that it obtains its new, higher authorized appropriations, and carefully oversee CPSC's implementation of the new law.*

The agenda with more details on each issue, as well as a quick downloadable one-page guide, can found at all of the groups' Web sites.

This agenda of essential consumer reforms is intended as a guide for federal policymakers and others concerned about consumer issues. The leaders of seven leading national consumer organizations produced the platform to underscore its importance. Because the organizations involved and the issues addressed are both quite diverse, not every organization works on or endorses each item listed, although all firmly support the vast majority. These leaders are unanimous in their support for pro-consumer action on these issues.

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