

I would like to read into the RECORD an article on this case by Professor Lee Richardson, past president of the Consumer Federation of America and former acting director of the U.S. Office of Consumer Affairs during the Carter administration. It was published in the Wall Street Journal on May 23, and in it Professor Richardson clearly lays out the stakes in this case for "a market that affects the financial opportunities of tens of millions of American consumers." I fully concur with his view that "the Supreme Court should be willing to listen to both sides," and that a writ of certiorari should be granted accordingly.

[From the Wall Street Journal, May 23, 1995]

LET A THOUSAND CREDIT CARDS BLOOM

(By Lee Richardson)

"VISA—It's everywhere you want to be."

At least that's what VISA's marketers want us to believe. But unless the Supreme Court decides to overrule a recent appellate court decision about who can and cannot offer VISA cards, America's most prominent credit card will only be everywhere VISA wants it to be, to the detriment of consumers.

VISA's presence at some 3 million merchants (and in 180 million wallets and purses) allows it to dominate the domestic credit card market. But because VISA—an association of banks—determines who and under what conditions an organization may issue its card, the company maintains a tight grip on what options are actually available to consumers.

Since 1991, VISA has barred MountainWest Financial Corp. from issuing its card, ostensibly because MountainWest is owned by Dean Witter, which also issues the rival Discover Card. That seems strange because Citicorp, one of VISA's largest members, has long offered its own competing Carte Blanche and Diners Club cards. Indeed, almost all of VISA's members also offer MasterCard, VISA's chief competitor.

Thus, facing what it viewed as baldly anti-competitive practices, in 1991 Dean Witter went to U.S. District Court in Salt Lake City. Although a jury unanimously determined that VISA was significantly inhibiting competition, the 10th Circuit Court of Appeals reversed the jury's decision last September.

Now Dean Witter has asked the Supreme Court to review the case. Should it be accepted by the court before the end of this term, the case will undoubtedly become a critical test case in antitrust law.

More important, it could potentially establish a landmark ruling for the tens of millions of American consumers who want a more competitive and less costly credit card market—a market in which American consumers' credit card debt stood at more than \$280 billion early last year, outstripping their auto loan debt. Consumer credit card charges totaled \$474 billion in 1993 and are projected to nearly triple to \$1.2 trillion by the year 2000.

So, until the Supreme Court renders a decision, the facts of the case provide us with a window into the rigid world of the charge card giant, revealing how far VISA is willing to go to maintain the high cost of credit.

Most consumers probably wonder why VISA should want to prevent a legitimate organization from issuing its cards. After all, VISA is a relatively open organization whose 6,000 members issue the card, charge annual fees, collect payments, and charge interest. All those members compete against each other for customers. The idea that adding one more member to the VISA family would pose a threat seems illogical.

An explanation may be found on the way that Dean Witter has chosen to compete in

the lucrative credit card market. It successfully shookup that market with the Discover Card in the late 1980's, and it was prepared to do so again with its VISA program in the 1990s—by offering a card with no annual fee, a generous \$3,500 credit line, and an initial interest rate of just 12.9% on each new purchase. VISA's 10 largest bank card issuers at the time—who collectively controlled a majority of all bank card business—were almost uniformly charging a sizable annual fee and a 19.8% interest rate. What Dean Witter was doing, in effect, was introducing a very unwelcome spirit of price competition into a credit card organization whose members were comfortably enjoying over 70% of the volume of the entire American market for general-purpose charge cards. So it is no wonder that the prospect of a Dean Witter VISA card sent tremors through VISA.

VISA had good reason to believe that Dean Witter's lowest-cost card could prove a threat to profits. By one estimate, every 1% decline in credit card interest rates translates into roughly \$1.7 billion that consumers won't have to pay. Similarly, The Wall Street Journal estimated that the elimination of credit card annual fees could reduce issuer's profits by up to 40%.

To VISA, these numbers are no theoretical accounting exercise. In 1991, when VISA learned that Dean Witter, through its MountainWest bank, intended to launch a VISA card, VISA invoked a bylaw prohibiting membership to any institution that offers other cards deemed competitive by VISA's board. It is hard to believe that VISA's suddenly invoked bylaw is anything other than a transparent maneuver intended to limit the effectiveness of Dean Witter and other aggressive new competitors.

What is really going on in the legal dispute between Dean Witter and VISA is a battle over how competitive the future market in credit cards will be. The truth is, the market is not nearly competitive enough, and most consumers know this. In the early 1990s, the U.S. Senate, in response to public outcry, passed a bill that, had it become law, would have arbitrarily capped the interest rates on credit cards.

Fortunately, there is probably a better way than heavy handed federal regulation to meet consumer demands. Today, most of the top 10 issuers of bank credit cards still charge an annual fee, and one charges interest rates of as high as 21.9% a year. Surely consumers would benefit from opening this credit card market to new and more aggressive competitors.

VISA's strategy, as Dean Witter proved at trial, is two-pronged: First, it wants to head off a major increase in the level of competition within VISA from new competitors like Dean Witter. Second, it hopes to scare off other financial institutions that might want to follow Dean Witter by introducing their own proprietary card, and thus increase competition against VISA.

The strategy is working. No new competitor has entered the market with a proprietary card since 1985. And, if the Supreme Court allows the lower court decision to stand, it will be a major setback for a more competitive and dynamic market in credit cards. Little wonder that several of the established banking associations are lining up behind VISA on this issue.

But what is at stake here is not the future well-being of the banking industry, but of a market that affects the financial opportunities of tens of millions of American consumers. The Supreme Court should be willing to listen to both sides.

## STUDENT LOANS

### HON. EARL F. HILLIARD

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 13, 1995*

Mr. HILLIARD. Mr. Speaker, I rise today to protest yet another one of the Republican plans to kill the American Dream. I am speaking of the budget that was rammed through last week. This budget gutted the student loan program, taking away the dreams and hopes of young people everywhere who will not be able to go to college if the plan is adopted.

The budget plan is BAD. The Republicans have betrayed the future of America, for 30 pieces of silver, by getting rid of student loans and by cutting taxes for their rich friends. In order to finance this despicable debt, they have sold out the young people of America.

When I think of how hard some of these kids have worked, studying and saving to get a college education, it makes me want to cry. And it makes me mad, too.

There are some wonderful kids in Alabama who now may not ever reach their full potential. We have enticed them with dreams of a bright future, and the Republicans have made that dream a nightmare. Wake up Alabama! Wake up America!

## LITTLE LEAGUE AMBASSADORS

### HON. FRANK PALLONE, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 13, 1995*

Mr. PALLONE. Mr. Speaker, 149 years ago, this June 19, the New York Nine played the Knickerbockers at Elysian Fields in Hoboken, planting the seeds that led to organized baseball in the United States. The rules which were established by Alexander J. Cartwright, who umpired the game, preceded the game between the Knickerbockers and New York 8 months later in Abner Doubleday's Coopers-town, NY.

America's favorite pastime has been a part of the scene in every State across the United States ever since, bringing together people of all backgrounds, races, beliefs, and economic strata in a fun-filled afternoon or evening of recreation, friendly competition, festivity, and vitality.

When Carl Stotz created the Little League in Williamsport, PA, in 1939, and encouraged baseball competition among youths between 9 and 12 years of age in the Keystone State and New Jersey, a competition that has grown to include the entire country, he did it with full knowledge that, as the Newark Evening News had said earlier, "An American boy can no more be separated from baseball than he can from the dinner table when he's hungry."

For many, the American pastime, baseball, is the American dream.

For 20 youths in the Sandy Hook Little League, bringing the great American pastime to the shores of the land their ancestors left, is the American dream of 1995.

The youths, accompanied by eight of their coaches, and attired in identical jackets, sweaters, and parkas depicting them as American ambassadors of friendship, will visit seven countries of Europe, beginning June 21,

playing baseball and cricket against competing teams from each of the countries. When they return to their native United States on July 4, the 219th anniversary of the signing of the Declaration of Independence, they will be carrying the message of thousands of European youth who believe, like themselves, that competition on the ballfield as a child will wipe out conflict on the battlefield as an adult.

These youths of the Sandy Hook Little League are astute scholars, all achieving their academics to the best of their abilities. They are dedicated ball players, hard playing and energetic. They represent more than award-winning, unscored against, record-breaking Little Leaguers who can outclass the best that has ever appeared on a baseball diamond.

They are, simply put, good, decent, wholesome American boys, the kind of kid the country can be proud of, the kind of kid who will be the leader of the Nation in the 21st century. They're the youngster with a fishing pole, sitting on the side of the river; the youngster with peanut butter on his nose and a smile across a freckled face; they're the imp who chews on a pencil before finishing that last question on a history quiz, or the big brother who hugs a baby sister, wondering why she cries.

They are the ones who can carry the message of friendship; the message that, while an ocean may separate us from the lands of our ancestors, a common interest in sportsmanship, fun, and friendly competition that can narrow the gap that divides people of different cultures, ethnic backgrounds, or religious beliefs.

While the United States enjoys lazy, languid days of summer, beginning June 21, our ambassadors of friendship will be visiting their contemporaries in England, the Netherlands, Belgium, Luxembourg, Germany, Switzerland, and France, competing with them on the baseball diamond, and learning their backgrounds and beliefs across the dinner table, in the park, or on the slopes of the Alps. While the United States resorts to the shore or mountains for summertime recreation, our youthful ambassadors will be touring the historic sites, enjoying the recreational facilities, learning the cultural highlights of the various nationalities they will meet on their historic journey back to their roots. In short, the Sandy Hook Little League representatives will be representing each and every one of us, using the laces of the baseball glove to tie together friendships and the sparkle of a baseball diamond to demonstrate to our European neighbors the jewels of America.

I ask you to join me in congratulating special ambassadors: Sean Andrews, Howard Paronto, Shane Kochon, Brian Wolcott, John Bellavance, Louis Collins, Ryan Collins, Chris Springsteen, James Murray, Donnie Hinchman, Lee Murchie, Brian Burton, Matt Smock, Brian Martin, Nick Riker, Chris Kaasmann, Sean Alvator, Scott Strohmenger, Matt Morin and Jason VanDeventer. I ask you to join me in wishing a safe journey to these ambassadors and their coaches: Thomas Andrews, Director, Herb Kochon, Substinence specialist, Rich Martin, security and first aid, Art Post, communications officer, Tom Barry, quartermaster, Lou Collins, field marshal, Herb "Cappy" Kaasmann, aquatics director, and Howard Paronto, navigator.

I invite you to join me in asking our special ambassadors to carry the message of peace and friendship, of healthy athletic competition

and international camaraderie to our friends across the Atlantic Ocean in seven nations of Europe where many of us have roots, memories, or familial ties.

I urge you to applaud the efforts of these special ambassadors to spread their message of sportsmanship, friendship, and international peace as they travel through the nations of Great Britain, The Netherlands, Belgium, Luxembourg, Germany, Switzerland and France.

I call on you to recognize these special ambassadors as they travel by plane, bus, boat, train, and on foot spreading the word of an America that is young enough to enjoy the baseball field yet mature enough to recognize that it is the leaders of tomorrow who will forge the future of a nation still considered a youngster in the eyes of its European friends.

I welcome your wishes for a safe journey, a successful ambassadorial experience and a lifetime memory for these young ambassadors, our hope for the future, the leaders of the greatest Nation in the world during the 21st century.

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TRIBUTE TO THE FIRST ARME-  
NIAN PRESBYTERIAN CHURCH  
OF FRESNO

**HON. ANNA G. ESHOO**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 13, 1995*

Ms. ESHOO. Mr. Speaker, I rise today to honor the First Armenian Presbyterian Church of Fresno, CA, which is celebrating its 98th anniversary this year. As the only Member of Congress of Armenian descent, it is a privilege for me to bring this vibrant church to the attention of the House of Representatives.

On July 25, 1897, 34 women and men gathered in a hall on "F" Street in Fresno and formally organized the First Armenian Presbyterian Church, the first Armenian Church in the State of California. The congregation was duly received and enrolled in the fellowship of Presbyterian Churches a few months later. It has been providing spiritual guidance and support to the Armenian community ever since.

Over the years, the First Armenian Presbyterian Church has been a source of strength for the Armenian faithful. It has brought our people closer to God through prayer and study. It has encouraged our people to celebrate the joys of life and the wonders of creation. And it has helped our people through times of turbulence, such as the Turkish genocide and the Great Depression.

Ninety-eight years after it began, this church has grown to nearly 400 members, and it is still meeting the religious needs of believers of every age, married couples, single followers, and the Armenian speaking.

Mr. Speaker, the First Armenian Presbyterian Church has been a blessing to the Armenian people, the city of Fresno, and the state of California. I ask my colleagues to join me in saluting this remarkable congregation and extending to it our warmest congratulations on its 98th anniversary.

A TRIBUTE TO DANISH CREAMERY  
ASSOCIATION ON THE OCCASION  
OF THEIR CENTENNIAL CELE-  
BRATION

**HON. CALVIN M. DOOLEY**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 13, 1995*

Mr. DOOLEY. Mr. Speaker, I rise today to pay tribute to Danish Creamery Association, the Nation's oldest continually operated, farmer-owned dairy cooperative. Danish Creamery is celebrating its 100th anniversary.

In the tradition of all agricultural cooperatives, Danish Creamery has a long history of bolstering the economy of the cities and counties of California. Since 1895, the association has helped valley dairy farmers provide markets for their milk and has supplied the entire State with quality butter and dairy products.

The creamery and the member dairy farms are also important employers in the region.

Over the years, the Danish Creamery Association has led the way in the advancement of dairy technology and in interstate and international marketing. It has also been an important voice in the development of national programs for the betterment of the entire dairy industry.

Mr. Speaker, I commend Danish Creamery for reaching its 100th anniversary and wish the association continuing success in providing its members with this valuable service.

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TRIBUTE TO ATTORNEY BILL  
TAMAYO

**HON. RONALD V. DELLUMS**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, June 13, 1995*

Mr. DELLUMS. Mr. Speaker, today I rise to share with you and my colleagues that after 16 years, attorney Bill Tamayo, leaves the Asian Law Caucus [ALC] where he directed the immigrant rights project working on behalf of low-income immigrants and refugees, to join the Equal Employment Opportunity Commission. A 1978 graduate of the Martin Luther King, Jr., School of Law, University of California at Davis, attorney Tamayo has set a standard of commitment, dedication and community activism as an attorney, advocate and as a human being concerned with the quality of life of his fellow citizens.

Bill served as cocounsel on civil and human rights issues including immigration raids—International Molders and Allied Workers Union, Local 164 versus Nelson—and succeeded in legal challenges of Immigration and Naturalization Service [INS] regulations on the exclusion of Asian elderly who received public benefits, deportation of foreign-trained Filipino nurses, restriction on legalization and the building of INS detention centers in Oakland and Vallejo, CA. He was cocounsel in Equal Employment Opportunity Commission versus Tortilleria La Mejor, a landmark 1991 decision holding that undocumented workers are protected by the employment discrimination provision of Title VII of the Civil Rights Act of 1964.

Bill understood the importance of legal challenges; however, what makes him distinct from others in the legal profession is that also