

CONSUMER WISDOM AND WELFARE - CHALLENGE OF THE 1960's

CONSUMER ORGANIZATIONS AROUND THE WORLD

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For those who have fewer gray hairs than I do, it might be of interest to note that this meeting place is close to the birthplace of the Consumer Movement in the United States and of the consumer testing effort of the world. I refer not to Mount Vernon, New York--present headquarters of Consumers Union--but to White Plains, some ten miles to the north. The story, briefly, is this:

In seeking to develop a pursuit of interest to its members, the men's club of a White Plains church prepared a series of mimeographed sheets on which consumer products were rated. On each sheet, they listed in the left column the products they liked--in the right column, the products they did not like. These opinions of products, of course, fell considerably short of being scientific, but they were interesting--in fact so much so that the club found a ready market for its mimeographed findings.

At that time, Stuart Chase and F. J. Schlink were writing a consumer book entitled Your Money's Worth. As all good writers have to reach positive conclusions, Chase and Schlink incorporated in their book a word about the set of mimeographed sheets that reported the product likes and dislikes of these White Plains citizens. Subsequently, thousands of people bought and read the Chase-and-Schlink book; many wrote in and paid a dollar for a copy of the mimeographed list of products--an indication that there was a wide desire for this type of consumer information.

The growing public demand for unbiased product ratings soon led to a linkage with technical circles--particularly through the activity of Dr. Paul G. Agnew of the American Standards Association. Dr. Agnew was very much interested in extending the idea of consumer testing to the consumer goods field. As a result of this linkage between consumer need and consumer testing, Consumers Research was organized. A few years later, in amplified style, Consumers Union was organized and came to the fore. Today, as "a new social invention", the consumer idea is spreading across the world.

At the second biennial conference of the International Office of Consumers Unions held in Brussels, March 1962, there were in attendance 83 delegates and observers representing 40 organizations. Their presence signified that in a growing number of countries consumer associations had been formed and were expanding their memberships and activities.

Among the newer members of I.O.C.U. is the Consumers Association of Canada. I am most pleased that Mrs. A. W. Plumptre, National President of C.A.C., is here to speak about the work of her organization. C.A.C. was organized soon after World War II--specifically, in 1947. Since then, it has been active and effective in the fields of consumer education and of legislative protection for the consumer. C.A.C., with some 30,000 members, is now moving into the field of consumer-goods testing. We hope that in this field they will have even greater success in Canada.

The countries that have gone into consumer testing have been motivated by a variety of ideas. In important respects, the Consumer Movement of the past three decades is like the Cooperative Movement at the end of the 19th century. Sidney Webb once referred to the latter as "an unselfconscious movement that picked its way." Thus, as I assess it, the Consumer Movement of the mid-20th Century is an unselfconscious movement that is picking its way as it goes along. The course, it should be noted, varies more or less from country to country, each nation placing its own unique cast upon the consumer movement therein.

To illustrate the difference between countries, consider Norway--a country whose consumer movement differs markedly from that in the United States. In Norway, for example, one can never quite tell where the State leaves off and where the Consumer Movement begins--or vice versa. In the consumer field, furthermore, the interlace of government and academic life is quite close.

There the central and dominant organization is the Consumers' Council of Norway. The Council receives 95 percent of its income from the government and 5 percent from members. These members contribute through subscriptions to the Norwegian Forbruker Rapporten (Consumer Report). This quarterly periodical, a very substantial publication, is doing very well.

The Consumers' Council of Norway consists of a chairman and seven members, all appointed by the Crown. All these members are persons who have previously been recommended by the seven key consumer-interest groups of the country. Thus the Council is a kind of blend of various consumer interests.

To support the Council, as just mentioned, the Government puts up nearly all of the funds required. Government-supported universities, particularly the University of Oslo, contribute to the work of the Council through the testing of consumer products.

The Consumers' Council not only tests and rates consumer goods. It also provides a service which handles consumer complaints. Anyone with a complaint may call or write in--and the Council follows up. Thus the Council furnishes a service that is somewhat similar to that provided by a Better Business Bureau in the United States. In addition, the Council has traveling consumer exhibits and other consumer-education services.

In Norway, the Consumers' Council tests, rates, and publishes ratings of consumer products by brand name in its Consumer Report. Therein the Council lists recommended and not-recommended brands and harshly criticizes goods that do not meet recognized minimum standards of quality or performance or that are so poor or so misrepresented as to be within the zone of fraud.

The Norwegian Consumer Movement, as just noted, accepts--in fact, welcomes--the State as an integral part of its organization and activities. The Government even has a "Minister of Consumers and the Family." Looked at another way, the whole trend of thought in Norway is to add another dimension--a consumer dimension--to Norwegian democracy. For many years, Norway has had a very strong Labor Movement--also, a vigorous Cooperative Movement. And it now has an active, articulate, and effective Consumer Movement. In the government and in the marketplace, this movement brings in the consumer viewpoint which, as such, parries with varying producer viewpoints. Labor, agriculture, and business, to be sure, are powerful forces in the Norwegian democracy. To advance their interests, they have been and still are ready, able, and willing to use the instrument of the State--and the same is true of consumers.

In certain other countries the Consumer Movement has also directly involved State participation in its efforts and activities. Thus New Zealand has a governmentally-sponsored Consumer Movement. In Iceland--a very small country but one where the consumer association has a larger percentage of the population than in any other country I know of--the State and the Consumer Movement are closely interlocked. This type of relationship, I think, tends to develop in a country where a substantial proportion of consumer products are imported--that is, where the suppliers are located in other countries. In a small nation, a consumer-testing agency can test and rate an outsider's goods more easily and more impartially than domestically-produced goods. If the agency rates as "Poor" or "Not Acceptable" the product of a domestic manufacturer, that manufacturer is always in a position to bring pressure on the government to curtail or even terminate its support of this testing service.

In the American, the British, and the Australian traditions, there has been a quite contrasting skein of development. Thus, for example, the idea of having the United States Government develop a consumer-department or agency--an agency with wide authority to test and rate products by brand name, to publish test findings through a subscription service, and to receive and follow up consumer complaints--might not be so avidly accepted and supported as in Norway. In the United States, some would undoubtedly feel that such governmental functions violated the autonomy of the individual private producer--in short, interjected the State between producer and consumer, a position in which the State did not belong.

In the United States and most other English-speaking countries, the expanding Consumer Movement has assumed a rather consistent role. This role has been one of complete independence in assessing product merit. Accordingly, the consumer organization has not leaned upon the State for support; instead, it has sought to grow as an autonomous association of individual consumers.

Since its formation in 1936, Consumers Union of U.S.* has maintained its role as an independent consumer agency. And since its founding in 1957, the same has been true of Consumers' Association Limited of the United Kingdom. This British association has grown very rapidly, now having some 320,000 members. The Australasian Consumers Association, founded in 1960, has a membership of about 27,000.

In a number of countries, the relationships between consumer organizations and the State stand in intermediate positions--between that in Norway and that in the United States. This is the case, for example, in Belgium. There, however, the consumer situation is somewhat complicated by certain longstanding social cleavages--political, economic, and religious. Some groups rally around one consumer banner; other groups, around a different banner.

In Belgium, to be specific, one consumer movement--the Union Feminine Pour l'Information et La Defense du Consommateur (U.F.I.D.E.C.)--is spearheaded by leaders of the Social Democratic Party, the Labor Movement, and the Cooperative Movement. This organization has initiated product testing and the publication of consumer-information materials. The other consumer movement--the Association des Consommateurs, which maintains its independence of the State--is centered in the Catholic community. Thus, within Belgium, there are, in effect, two consumer movements.

In some other countries, there are similar splits in the Consumer Movement. Although frequent attempts have been made to bring divergent consumer efforts together to form a single nation-wide movement, these attempts up to now have not been successful mainly because of deep-seated differences. In this connection, let me pause to discuss the role of the cooperatives in the Consumer Movement. That role has sometimes been divisive at consumer meetings within a country as well as at international consumer conferences.

Looked at historically, the rise of the consumer cooperatives has represented one of the great advances in the consumer field. The Cooperative Movement, as you know, had its great dynamic in the 19th Century and since then has developed substantial strength in a wide variety of countries.

*CU's magazine, Consumer Reports, now has a circulation of about 900,000 copies a month; of these, some 650,000 copies got to subscribers.

Today, more than a century after the Rochdale pioneers organized their mutual-aid society, the cooperatives are faced with the question of relating consumer testing to their well-developed business enterprises. Within the Cooperative Movement, there are some who are lukewarm toward the new testing efforts. These cooperators say, in effect; "As a cooperative, we are owned and controlled by consumers; we have no stockholders. Aren't we ourselves a consumer movement?" They may even go on to add: "Let the cooperatives do their own testing of consumers goods!"

Well-intentioned as this proposal is, it raises a basic question: "Can a cooperative impartially test and rate the consumer goods that it produces and distributes to its members and to other consumers?" This question boils down to: "Is one really able to be the judge in his own case?"

Stated another way, assume that you represent a substantial movement--as the cooperatives are in Sweden, England, Germany, or the United States. As a consumer cooperative, you are, of course, selling to your members and others the consumer goods that you yourself have produced or have purchased from outside suppliers. Assume further that you have your own testing department. Then you face the question: "How can we operate our testing department so that it is perfectly impartial in assessing the quality of the goods marketed as 'co-op label' brands and of those marketed as 'private label' brands?"

The matters just cited have brought to the International Office of Consumers Unions a difficult problem--that of formulating an appropriate relationship between I.O.C.U. and cooperative organizations.

To be sure, the emergence of consumer testing of anything from foodstuffs through to textiles, shoes, and automobile tires provides a kind of automatic check-up on the purchasing agent or manager of a co-op enterprise as well as on the buyers for private enterprises. Nevertheless, cooperative enterprise, in my view, deserves the full benefit available from the testing work of an independent consumer organization.

Within a country that has a growing Consumer Movement, furthermore, the optimum composition of the consumer-testing organization is still an issue that has not been clearly resolved. In Germany, for example, there is considerable discussion as to the type of nation-wide organization which should be developed as to the representation of the various associations participating therein. Should the co-ops be in or out? Should the women's groups be in or out? Should the consumer-testing organization have a political complexion? A religious complexion? In short, there has been confusion and sometimes turmoil as to who should control the organization that is responsible for testing and rating consumer products.

In the case of Austria, to continue, there were previously two competing consumer organizations; their headquarters in Vienna were

located within a few blocks of one another. Each tested and gave advice on consumer products. Each had its own exhibit hall. Each had its own political coloration. Although this situation in some ways made for healthy competition in consumer testing, it did bring immeasurable friction and no little conflict. Ultimately, however, after much give and take, these two Austrian groups joined together to form a single consumer organization--in effect, a united Consumer Movement.

The world federation of consumer forces, as you know, is the International Office of Consumers Unions, I.O.C.U., as we call it, was established in 1960, with headquarters in The Hague. This organization has held two international conferences: the first in The Hague, in 1960; the second in Brussels, in 1962. In the light of this development, you will rightly ask: "Where is this unusually dynamic international movement going?"

Frankly, I am not perfectly clear as to what the end result of all these consumer-testing efforts of the world will be. However, I do sense that something like this is happening: wherever you have brand-name products that are the resultant of an advanced level of technology and that are distributed over a relatively-large marketing area, you have the emergence and growth of the phenomenon of independent consumer-goods testing. This type of testing is, in a real sense, called forth by the situation created by the coming of widespread brand-competitive markets. In this situation, the consumer does not secure from the seller the product information that gives him impartial guidance as to which is best and which is worst. Out of the ensuing consumer bewilderment emerges the demand for a consumer-owned and consumer-controlled organization--an organization that provides unbiased ratings of products by brand name.

To be fully effective, the scope of the Consumer Movement must keep pace with that of the market area. Today in Europe, as a growing number of countries are involved in the Common Market, there is a great deal of discussion if the desirability and possibility of having one large, unified and coterminous Consumer Movement--a movement wherein the constituent consumer organizations test the products of the various countries that are members or affiliates of the Common Market. Such a proposal, of course, runs up against many frictions, some of which I mentioned earlier. As of now, I am not sure whether or not the consumer organizations concerned will speedily merge their product-testing activities and thereby muster the common consumer effort so obviously called for by the Common Market development.

Europe, of course, is vastly different from our own country, with its 50 states. Our states have a sufficient identity to make possible a Consumer Movement that has nation-wide unity. Even so, in the United States and in many European countries as well, I sense that in the future an ever stronger consumer-testing effort will emerge. In addition to consumer testing, there is an equally important phase of the Consumer Movement--that of consumer protection by legislation.

In different countries, we have many of the same consumer problems. When I sit down with a European, for example, we discuss the problems of cartels, of monopoly or restraints of trade, of so-called "Fair Trade Laws," of unfair sales practices, of restrictive patents and licensing agreements. Among these problems, my European friend and I both face the same sort of attempts to restrict free competition.

In this connection, note the techniques whereby businessmen are masquerading in one way or other in order to avoid the full and free competition of the market place.

With reference to this situation both at home and abroad, Judge Lee Loevinger, Assistant Attorney General of the United States, recently put the matter clearly in a speech before the New York Bar Association on the antitrust laws of different countries. Judge Loevinger stated that Europe seemed to be reaching the point where we in the United States were when our first antitrust law was put into full effect. That is to say, in Europe there is an emerging sense that free competition in a wide market is essential, if an adequate supply of consumer goods is to be made available at reasonable prices.

In the United States and in European countries, we have many similar legislative issues which face consumer groups. All of these countries have problems of false and misleading advertising, of food additives and preservatives, of weights and measures, and of patents, to name only a few problem areas.

The aforementioned consumer problems are not exclusively domestic in their impact--they spread into other countries, too. Thus, in the consumer field, international problems have emerged just as they did some years earlier, in the labor field. In the latter field, as you will recall, the establishment of the International Labor Office (now with headquarters in Geneva) was the outcome of the demands of labor organizations within many different countries--demands that arose out of different labor codes and standards.

In the international consumer field, as I sense it, the consumer movements in various countries are groping their way toward the enunciation of a demand for common basic standards for consumer products. Otherwise, producers in different countries will continue to be tempted to lower the quality of their goods in order to compete in price for business in international markets. Consider canned ham, for example. If U.S. meat packers water their ham excessively, this same practice tends to spread into Denmark or the Netherlands. But if producers of processed meat and other consumer goods in the United States come up to a reasonably high level of quality or performance--either through voluntary actions, legislative requirements, or both--the desire and demand for similar actions and requirements will, in all likelihood, spread into other countries.

A key role in this consumer-interest development, I feel, can and will be played by the consumer movements in different nations. These movements will inevitably exchange experiences, knowledge, data, and recommendations with reference to the laws and regulations that are in effect or that are needed in their respective countries. Spurred by organized consumer pressure, these countries may eventually adopt legislation that embodies model international codes in the fields of food and drug protection, weights and measures, and the like.

As an illustration, I would like to cite the issue of drug patent laws and practices. As the Kefauver hearings vividly pointed out, the patent regulations and arrangements applying to drugs in different countries vary markedly. Some countries do not allow patents on drug products; others, including the United States, do. In countries which permit such patents, producer groups are actively trying to spread the orbit of their patents in order to achieve monopolistic drug prices over a widening geographic area. From the consumer's standpoint, of course, this effort--to put it mildly--is less than desirable.

There is a need, moreover, to keep track of consumer-interest legislation in different countries. As an International Consumer Movement develops common testing techniques and an interchange of test results, it is bound to get into questions related to the legislative standards for consumer protection around the world.

Up to now, we have mainly considered the areas of consumer organization, testing, and legislation. There is a third area that deserves our attention--that which we familiarly call consumer education.

The problem of keeping the consumer abreast of technology, as you recognize, is increasingly difficult. Even the technician in a given field has a hard job keeping up with the growing knowledge in his own specialty. Somewhere behind him straggles the poor consumer, beset by all the attempts of producers and advertisers to move him in this direction or that regardless of what the facts are. In the field of nutrition, for example, experts complain that the educational process never seems to catch up with quackery. To cite one case in point, despite the statements and actions of the U.S. Food and Drug Administration, Dr. Herman Taller's book, Calories Don't Count, continues high on the list of non-fiction best sellers.

Whatever the present situation, the Consumer Movement is essentially an educational or informational movement. As such, it should permeate the whole process of education and particularly adult education. In this field, up to now, we in the United States have been rather backward in comparison with certain other countries. The Consumers Association of the United Kingdom, for instance, has consumer-information programs on radio and television, and special consumer-interest columns in the press. Through cooperation with the Canadian broadcasters, the Consumers Association of Canada has participated in the dissemination of programs of interest and importance to consumers. In the United States and elsewhere, there are vastly

undeveloped opportunities to provide more and better consumer education in schools and colleges, and among adult organizations.

Recently I have met and talked with the leaders of consumer organizations in many of the countries of Western Europe and also have visited with the Israel Consumers Association. Within the next few months, I shall go to Pakistan, Australia, Japan, and New Zealand, to study the problems and prospects of consumer movements. Through such face-to-face interchanges of ideas and information, I hope to secure a more nearly complete picture of consumer organizations around the world--and of their progress within their own countries and of their actual and potential contribution to the development of an International Consumer Movement.

Of one thing we can now be certain. It is that the consumer testing which was born in nearby White Plains has now become world-wide in scope and influence and will play an increasingly important role in the years ahead.