

CONSUMER EDUCATION AND POLITICAL ACTION: ALLIES OR OPPONENTS?

Mrs. Helen Nelson  
Director, Center for Consumer Affairs  
The University of Wisconsin

Thank you, Louise Young, for that very kind introduction. Those of you who knew me before I went to Wisconsin must understand better now why I am so pleased to be at the University of Wisconsin. It is a most hospitable place, and we're having fun. This is a very happy occasion for me. I haven't shared a meal with so many people for whom I have great affection since the last watermelon day on my family's farm in Colorado.

I'm not going to make a formal address here. Counting up the number of speeches that you've listened to, it came to 22. So let's say I'll make a few remarks. Let me warn you at the outset that I'm not going to follow the pattern of the speakers you have been listening to for the last two days. I'm not going to be objective. I'm not going to give you any documentation. What I have to say is going to be very impressionistic and subjective. Don't take out your notebooks.

I feel good about ACCI; I feel awfully good about it. I think it has reached maturity. It's about 18 years old. And 18 is becoming the age of maturity in this country. So as an organization we are grown up, we in ACCI. In the business meeting this afternoon, we said we are not even going to accept that check from papa anymore. So we've got cause to celebrate here tonight.

Let me fill you in a little bit about what's going on at Consumer Federation of America, and then try to suggest ways in which it is going to be vitally important that the professional university people in ACCI make the contribution of which they are capable to some of the programs in which CFA is breaking ground. I want to suggest a few ways in which your special talents, your expertise can be the most important thing we can contribute on the national scene.

Many of you know CFA well, but to some of you it may not be so familiar. CFA is almost 5 years old now. Father Bob McEwen was the first president of CFA. It's still a fragile idea and, compared to the powers that it contends against, it is a very small force. We probably have a total budget that's less than Mrs. Dita Beard's drawing account for entertainment. So we have to use our wits and our arguments. We have to do it the hard way. Erma Angevine, our executive director, would like to have been here tonight. She asked me to give her regards to the many of you with whom she has worked. Some members of the board of directors are here: Tom Brook and Lee Richardson, two of your leaders in ACCI who also serve on the Board of Directors of the Consumer Federation of America. I have put some brochures about CFA around on the tables. They identify some of the recent successes CFA has achieved.

There are about 200 organizations now, including ACCI, who are federated in this Consumer Federation of America. It is an outright political action group. We lobby the legislature, at both the federal level and the state level, for a program for consumers which is decided on a priority basis by the board of directors. We also work a great deal with the administrative agencies. And it's about some of this working with the agencies and some of the preparations for programs to present through the legislatures, that I want to talk to you.

## University Research Leads to CFA Program

Before one can go to the legislature with a viable legislative proposal, a great deal of work has to be done. As most of you know, probably, one issue now before the state legislatures and also the federal Congress is no-fault automobile insurance. We're coming less and less to understand what that means because it is getting to mean more and more different things. Nonetheless, it never could have been subject of the first hearings, had it not been preceded by the very careful work which Jeff O'Connell at the Law School at the University of Illinois and William Keaton at Harvard did in researching the whole problem of what happens to people who suffer injuries in automobile accidents. That kind of careful, thorough research laid the basis for developing a proposal to reform our automobile insurance system.

In the field of consumer credit, we have known for a long time that we have a miserable situation. You saw it depicted on the film this afternoon. We were confronted at the state legislatures by a proposal to rewrite our consumer credit laws which Consumer Federation, after study, took a position of unalterable opposition to. OK, so we are opposed to somebody else's proposals. We know there is a great problem. We have to come forward in a positive way, in a constructive way, with an acceptable proposal that will solve the problem. Consumer Federation of America appointed a committee with a grant we got from Consumer's Union to research a position which consumers could take and hold to in the field of consumer credit. What are the standards of a good consumer credit law? On that committee were members of the board of Consumer Federation, but I'm proud to say their presence was augmented by Neil Littlefield, from the Law School at the University of Denver; Ernest Gelhorn, from the Law School at the University of Virginia; Don Rothschild from George Washington University; and Dick Elbrecht from the Center for Consumer Law at Boston College. We had the benefits, you see, of the thinking of four law professors, who are experts in this field, who became part of the consumer credit committee that CFA established to devise a set of standards which we could adhere to as consumer advocates in the state legislatures.

It was immensely valuable. For example, I went out to California when a legislative study committee held hearings on the proposal CFA was opposing and read the entire CFA position statement including the signatures, into the official record. It will, of course, come out in the transcript that will go to all of the legislators to study.

We also used it with great success in the Wisconsin consumer credit act. It stood as a guide all of the time during the intense and extensive negotiation which the Wisconsin Consumer League representative conducted with the bankers, and the finance companies and the other industry representatives. It gave the negotiator for the consumers a bargaining position, gave him something he could stand on. When it was over, the law enacted measured up to the standards set by the consumer credit committee in all respects except one. And that one has to do with deficiency judgments on automobiles. We had to concede on that one in order to get the bill. But we knew where we were meeting standards and where we were conceding on them. It has proven to be tremendously helpful.

Now we have a new project under way under the auspices of our education committee, which is headed by Tom Brook. The Education Committee is reviewing the state laws on consumer education, the state guidelines. And we look forward to a position paper, so to speak, from our education committee on what consumers view as an adequate and commendable state consumer education law. Arch Tolstrup

is also serving on that committee. Those are two examples of how people with the expertise, university professors, can contribute invaluable help to a group that is on the firing line, that is out negotiating day by day.

### University Research and Expertise Needed to Formulate Public Policy

I would like to shift now our view of consumer education away from the household for this evening to the possibility that we can make an investment in education that will help to establish public policy--that will help to establish values--and will provide a system for much better choice-making in the market place.

J. Uhl, I think expressed this very well, in his article on "Consumer Education and Protection: A Synergistic Relationship."<sup>1</sup> He identifies four kinds of "educational investments" in consumers. It is the first one that he identifies that I want to talk a bit about here, an investment we can make that will develop and clarify our consumer values and thereby enhance the capabilities for satisfaction from our consumption. Now in the government I think some efforts are going on in this regard to which we can make a real contribution. Louise Young mentioned nutrient labeling. You heard a report on nutrient labeling at noon. This is one of these measures which, if it is successfully imposed, will make it possible for us to have a greater enjoyment out of the consumption of the labeled products. Now it behooves us, therefore, as consumers to do everything we can to assist the government agency in identifying values that we most want to be told about.

The government agencies are looking more and more to responsible consumer spokesmen and particularly to organized consumers, for an input, for a commitment about what it is that we see in the form of additional information, additional protection needed at the national level. What do we see would make the greatest improvement in the consumer's stature in the market place?

Nutrient labeling is one that the Food & Drug Administration has issued some tentative regulations about. I will urge all of you who have any interest in the food area to study these very carefully. They have been published now and we have 90 days (less 10 or something like that) to comment. Then they will be finalized. So about the 1st of July the period for our input--our opportunity to react to these proposals--will end. Now Consumer Federation of America has a food and marketing committee which will be formulating a position on these. The chairman is Mary Gullberg, who is a nutritionist with the Consumer Cooperative of Berkeley. If anybody who has a special expertise in this area would volunteer on this committee, I'm sure Mary would like to hear from you. We need to make some very wise and difficult decisions of what is in the best interests of the consumer. From the experiences that I have with the regulatory agencies in Washington--(I'm going to have to make an exception, with the exception of Agriculture. The Agricultural Department oftentimes seems not a part of the federal government.) When I talk about federal regulatory agencies, let it be understood that I am not referring to the Department of Agriculture. Speaking of agencies like the Food & Drug Administration, the Federal Trade Commission, I think I can perceive a new approach that is being hopefully tested. And there is a great desire for response from us consumers. They want to know what we think about it.

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<sup>1</sup>J.N. Uhl. "Consumer Education and Protection: A Synergistic Relationship" in Economics of Consumer Protection edited by Loys L. Mather. Danville, Ill.: The Interstate Printers & Publishers, Inc., 1971. p. 107.

The agencies are under pressure in a lot of different ways. They are hard pressed with their budgets. Dr. Ogden Johnson in the midst of setting up this nutrient labeling proposal lost his first and maybe only assistant. (She got pirated away by the Federal Trade Commission.) So this position immediately becomes frozen and cannot be filled, and Dr. Johnson finishes the job all by himself. This is the way they work in Washington these days, so they are trying to make every lick count to the maximum. They are aware, as we are, with more and more consumer programs, more and more consumer protection, of the cost of enforcing them. So they are groping for new solutions. And I see them moving toward what may be a very happy idea--if we will respond and we will give them the input which will make it really effective.

They are moving toward what can be called requiring an affirmative declaration. It is a fresh idea in our approach to problems. We are accustomed to saying that anything goes as long as the seller doesn't do this or that. We write down the don'ts and then anything else is all right. There is a great deal of thinking in Washington now about turning this around and saying to the seller you must do this and this and this. You must give the consumer certain information to enable him to make a value judgment. The nutrient labeling program is one example of this. They are proposing to tell the food manufacturers that on the box of spinach souffle, they must write down how much protein it has, how many calories, whether it has any Vitamin A, any Vitamin C, iron, calcium, and so forth. They must make an affirmative declaration of the nutrients that you are going to get if you eat it.

This is a very new approach. We already have it on light bulbs, which was the Federal Trade Commission's first move in this direction. After we had it on light bulbs, the Federal Trade Commission said, "All right, now let's try it for gasoline. We will require that they post, on the service station pump, the octane rating." And they issued the regulation to that effect. The oil companies apparently feel that all this knowledge would make us giddy, and so they have gone to court to prevent us from being faced with it. The case will probably go all the way up to the Supreme Court to test whether or not the Federal Trade Commission in its role of arbiter of competition in the market place has the authority to require the oil companies to give us information about the octane ratings of gasolines.

Now the Federal Trade Commission, as I understand it, has a whole series of additional ideas in their back pocket. They have had attorneys out in the field talking to people at the universities. They are trying to get consumer suggestions of the kinds of products for which it would be the greatest help to have some affirmative declaration of information that we don't have now.

I think we are going to see a lot more of this, and if we do, then we, as consumer leaders, as university people who have the talent to research this kind of thing, who have the ability to make surveys, we are going to be expected to give them some very cogent advise on what sort of information is going to be of the greatest value to consumers.

Consumers are growing into what I call the "me-do" stage. "Give me the information," consumers are saying, "and let me decide for myself. Enough of protecting me and not telling me anything." And from the regulatory agency's point of view, the beautiful advantage of this approach is that the consumer can help enforce it. Now we consumer leaders must give the agencies awfully good advice on what information will be the most useful, so that we do not require manufacturers and sellers to put anything on the label which really is insignificant or meaningless. (As we have done on packaging where we ended up requiring them to tell us over and over on every pound package that it contains 16 ounces. They are required to declare 16 oz. (1 lb.). That is something that

we will be a long time living down.) Well, I don't want to dwell on this any further, but I do suggest that, in addition to your most admirable concern for the family and how its members can spend their money in the market, there is this great opportunity to advise some of the government agencies and some legislatures so that we can structure the economy in order that the consumer will have a better chance in the market place. I hope we can pull ourselves together and make the most of this opportunity.

One other thing about university responsibilities. I sense in my contact with government agency people an increasing feeling that universities should be doing more for consumer education than they have yet. I've been reminded of how small is the budget of the Federal Trade Commission. The budget of the Federal Trade Commission for the whole job that we look to them to do is roughly half as much as the federal money that goes to the University of Wisconsin. And there are 50 states with university systems. More federal money is paid out to the University of Wisconsin than is paid out to the Federal Trade Commission. So some of the people who are feeling hard pressed in the Federal Trade Commission are saying why don't you people out there in the universities give us more help? You've got the facilities, you've got the brains, you don't have to meet the pressures every morning as we do. Come on and help us.

We are going to get more scrutiny of that sort. I suggest we would be ill advised to look to the Federal Trade Commission or the Federal Reserve Board these days for huge public education programs for individual consumers. Their feelings are pretty much that they make the basic regulations, give the teachers the basic teaching tools by requiring the seller to state the cost of credit or put down the nutritive values of a product. The government agency people say, "Now we are giving the teachers some real teaching tools. Let the teachers use these tools and be much more productive in their teaching." The opinion is pretty firm in Washington. So--don't look to the regulatory agencies to educate consumers; that is the role of the educators. In this role we are challenged by our government and have a real opportunity and a real need to rise to it.

Now, I have never been to a bar mitzvah, but I feel that this evening is like one. ACCI has grown up, ACCI is mature, ACCI is responsible, dependent on nobody and ready to serve in a mature, responsible way for a long period of adulthood. It makes me very, very happy.