

EMERGING CONSUMER ISSUE IN THE 1990'S

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Forecasts for the 1990's depends on understanding both the substance of issues and the ways consumer interests will respond to them. Five issues are selected to aid in the forecast, but they are not likely to each be important issues. Analysis of each is instructive in evaluating the nature of the consumer movement.

ISSUE 1 CABLE TELEVISION REGULATION

The U.S. cable television industry began following World War II, primarily as a means of distributing distant broadcast television signals within rural communities. Communications satellites in the mid-1970's changed a relatively minor industry into one that now reaches half of American households with program services that did not exist 15 years ago, as well as with broadcast station signals.

In 1984, with relatively little participation in the debate by consumer interest groups, Congress deregulated local cable distribution systems. With virtually no competition from rival local cable companies, the local systems were freed to determine the mix of services and their pricing. Program companies have never been regulated. The cable industry argued then that existing local regulation had failed, and that alternative video and entertainment industries would prove effective in limiting cable price increases.

This year Congress may include a reassessment of the deregulation experiment. Consumer protests individually, and the efforts of the Consumer Federation of America in particular, have caused widespread discussion of reregulation. Consumers argue that the de facto local monopolies have raised rates excessively, and that merger activity in the industry overall has reduced competition. Local systems today are essentially units of large national cable and other communications companies, rather than independent local organizations.

Consumer interest in reregulation is largely unorganized. There is no national consumer cable organization with a meaningful constituency. Members of Congress have been spurred primarily by individual citizen protests that vary dramatically from locality to locality. Whether Congress will declare its 1984 actions to be fundamentally wrong is dependent on the development of much more pressure than has been seen to date.

ISSUE 2 HOUSEHOLD RECYCLING

Interest in environmental issues has surged steadily ahead for two decades, regardless of who has been in the White House. Among the many categories of issues is solid waste. Garbage disposal costs \$80 billion annually and continues to produce problems in whatever ways it is reduced, stored, or recycled.

Individual households are increasingly being involved and affected by new programs. One method is to raise direct costs for disposal by individual households, and thus to presumably encourage less trash output by consumers. Another method is to directly regulate households, such as by requiring trash sorting to serve the needs of recyclers or different disposal systems.

It is generally asserted that consumers are willing to assume somewhat greater responsibilities and costs for their garbage disposal than they do currently. In addition to regular tax supported "curbside" collection, there are experiments which also charge by weight and volume of trash. In addition, penalties and regulations that require special containers and sorting of materials by households are being tried in various localities. Special regulations for hazardous materials such as motor oils and various toxins may appear.

While public policy focuses on immediate solutions related to household trash, other consumer actions could also produce acceptable results. Consumer education, market forces, and consumer self interest may develop numerous useful alternatives. These

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include recycling industries with innovative ways of collecting what would otherwise be trash. The life of goods could be extended by their sale (antiques, second-hand stores, yard sales), their recycling by the households (composting, various reuses of materials and containers), or by storage by the household (anything that might come in handy later).

Consumers could change the quality and quantity of their purchases if the trash disposal issue loomed larger in their household planning.

This issue is difficult to forecast because the consumer behavior has little history. Lacking alternatives or information about alternatives, consumers may not accept costly or heavy handed government regulations as their only choices. Trash regulations may prove unenforceable if large numbers of people refuse to cooperate.

Handled appropriately, household recycling and trash disposal may never be issues at all.

ISSUE 3 AUTO INSURANCE

Auto insurance rates rose dramatically in the late 1980's. The effects on automobile drivers and owners were very uneven among groups of consumers due to company pricing and state regulatory practices. While there were some protests as rates rose, concerted efforts in California led to the passage of Proposition 103, by a statewide vote in late 1988, which was to reduce rates by 20%.

Proposition 103 attracted much attention and stimulated consumer groups in other states to attempt auto insurance reform through their legislatures. No-fault and other reforms were proposed in various packages of proposals in 1989 and 1990. Meanwhile, the impact of Proposition 103 has been felt only slightly in California, and its eventual effect on rates is difficult to predict.

Auto insurance is a long term issue where periodic efforts have occurred to reform pricing and reduce some of the costs. No-fault has been supported by many consumer groups for 20 years, but state by state implementation has generally had little effect on rates in most states because of serious compromises in their laws with the original no-fault principles.

Serious attempts to reform auto insurance laws have been attempted or are still under way in Arizona, Nevada, New Jersey and California. Consumer groups are united in their interest in lower rates, but are divided over no-fault and a host of other reforms.

The public interest is in lowering rates, but again there is widespread disagreement on how to accomplish rate reductions. Efforts at reform are moving very slowly in most states, no doubt in part due to confusion about which reforms can work. The consumer movement's leadership is not of one voice, and interested political and other influential persons do not know which reforms to support. The key must be found among consumer interest groups that allows them to come together with a hard set of principles to advance in the fifty states.

ISSUE 4 RADON

Radon is an invisible, odorless gas that results from the natural decay of uranium in particular. Other than some sites in western states that were dumping areas for mines and ore processing, radon is found widely distributed for natural reasons in the United States.

The Environmental Protection Agency and state agencies have undertaken some efforts to study radon and its impact. The EPA says radon may cause 5,000 to 20,000 deaths annually in the U.S., and is thus the second leading cause of lung cancer. Some dispute occurs from time to time about the EPA death estimates, but most scientists appear to accept that radon is a major hazard.

The danger to individuals varies with the cumulative effects of their indoor environmental exposures. This is partly due to the locations geographically, but is also influenced by the way in which the structure captures the radon gas. Tight construction with little ventilation at ground level, combined with leakage into the building through foundation gaps and cracks, appears to be the worst scenario for a building. Americans move a great deal, so that many individuals experience significant exposure for part of their lives.

Measures to deal with radon are fairly simple and inexpensive for so serious a health threat. The first step is to measure radon levels in a building. A variety of steps to stop leakage from the earth or to increase ventilation can be accomplished if a hazardous level of radon is measured.

The primary action by individuals to date is to do nothing. They are unmoved in general by the scientific evidence and the pleadings of health and environmental officials. The small industry that once appeared to be developing to measure and correct radon hazards has floundered badly in the past two years.

The consumer movement has shown little interest in developing policies to eradicate the radon threat, even where hazards have been shown to be very high. There is simply no interest.

Among the proposals to deal with radon have been those which subsidize or encourage measurement and corrective action and those which mandate inspection. The latter group includes requiring new housing to pass tests, or housing that changes ownership to be inspected, much like termite inspection. Private legal actions may eventually give courts some standards by which to compensate individuals exposed to high radon concentrations as tenants or buyers of properties.

ISSUE 5 EUROPE IN 1992

The European Common Market has never really been a common economic market since the EEC inception in 1957. In the mid-1980's, however, political consensus was achieved that promises to eliminate many of the direct and indirect barriers to transactions between these nations.

Europe 1992 is partly very real, in that 1992 is a target date for many of the changes. The term is symbolic in another sense, since it marks only the beginning of numerous implementation schedules for the hundreds of changes and reforms that will take a decade or more to achieve.

The promise of Europe 1992 is that producers and consumers of the EEC will share wider markets for goods and services. This will provide producer opportunities for growth, more competition, and more choices at reasonable prices for consumers and other buyers.

Outsiders do not yet seem to have a good vision of the consequences of these changes. Some anticipate increased barriers to trade for goods entering Europe. Others expect little change. Consumers who buy from Europe may benefit from the innovations caused by a more competitive set of producers within Europe.

Many U.S. companies are establishing operations within Europe to avoid the hazard of reduced opportunities for entry later. Government is concerned that "Fortress Europe" not develop. There is little evidence of a fortress mentality to date.

Consumer interests have almost no policies toward Europe 1992. Individual U.S. consumers are not expressing any concern either.

While Europe 1992 is one of the most significant economic developments of the quarter century, the consumer interest in the U.S. is not defined nor in the process of development at all.