

Consumer Policy Perspectives: A View from Washington

**Leslie Byrne, Special Assistant to the President
Director, U.S. Office of Consumer Affairs**

Since my appointment by President Clinton last August, I have been meeting and listening to people representing every perspective on consumer issues--people from consumer and community-based organizations, educators, businesses and trade association, law enforcement and regulatory agencies, the media, and elected officials. I'm pleased to see many of you here today.

I understand that most of you are consumer educators. I want you to know that we in the United States Office of Consumer Affairs share your mission of empowering consumers with information.

The mission of our office is to help shape and advance the Administration's consumer policies; to provide leadership and coordination to Federal consumer programs; to be a consumer advocate, both within Federal policy development process and national and international fora. However, our major responsibility is to inform and educate consumers so that they have the necessary tools to make rational and informed decisions in the marketplace.

We educate, inform, and protect consumers through our coordination of National Consumers Week activities; through the conferences and other forums we sponsor; through our participation in government rulemaking; through our participation in public/private partnerships; through media opportunities; through our toll-free Consumers HELPLINE and through our Consumer's Resource Handbook. Our Handbook provides information and advice to help consumers learn about their rights. How to protect themselves against unscrupulous practices and how to make the right choices. I am pleased to learn that some of you are using our Handbook as a teaching tool in classroom and community settings. It is available on-line through the Consumer Information Center at www.pueblo.gsa.gov.

In concert with President Clinton's emphasis on service, we instituted a toll-free HELPLINE, providing consumers instant access to information to assist them in getting problems resolved, as well as providing the facts they need to make informed decisions. The entire

USOCA staff, including the Director, staff the HELPLINE. Our number, 1-800-664-4435, is available in every state and U.S. territory and is staffed at 10:30 a.m. to 2:00 p.m., eastern time. Consumers receive call backs when they leave messages during non-staffed hours.

The HELPLINE has been especially useful in providing a window on the public's reaction to development in the marketplace long before the media or researchers can identify them. Dialogues with companies, trade associations, consumers and regulatory agencies have followed. In some cases, due to the industry being made aware of consumer problems, action has been taken to eliminate the need for new regulations. This is in keeping with the President's initiative to eliminate unnecessary regulations.

Calls are logged into a database to help us keep abreast of new trends such as fraudulent schemes in telemarketing, sweepstakes, and pay-per-call and long distance telephone billing. It tracks consumer complaints on automobile repair, home maintenance. Other areas generating frequent calls are credit reporting and credit harassment, direct marketing and mail order complaints, insurance, mobile homes, Social Security and Medicare, student loans, and airlines.

As the President's consumer advisor, I also chair the Consumer Affairs Council, created by President Carter to provide leadership and coordination to ensure that agency consumer programs are implemented effectively; to maximize effort, promote efficiency and interagency cooperation; and to eliminate duplication and inconsistency among agency consumer programs. The Council includes senior officials from 40 Federal Departments and Agencies who are responsible for policy direction, coordination and oversight of the agency's consumer activities.

The Council has been a very effective means of coordinating interagency initiatives and developing effectual responses to consumer issues that cut across agency jurisdictions. It is an especially valuable instrument in accomplishing such Presidential initiatives

as strengthening agency performance and responsiveness to citizens, as well as enhancing Federal consumer protection and information programs.

The Council meets quarterly. We are currently planning our next meeting which will be on April 24 at the White House.

Consumers today are at a crossroads--new technologies are transforming the marketplace with breathtaking speed. These changes bring real benefits and opportunities. But they also bring new challenges to a marketplace that already has too many. In this brave new marketplace USOCA is focusing on privacy and fraud.

Fraud is a blight on our marketplace. It hurts everyone and it hurts them big time--health care fraud alone is estimated by the General Accounting Office at ten percent of the nation's total annual expenditure on health care of about a trillion dollars--ten percent of which is a tidy one hundred billion dollars. Privacy--that is, the control and security of personal information--is as important a concern to us as fraud. It is also closely related. A lot of telemarketing, credit, investment, and health fraud derives directly from improper use of personal information. USOCA has a long-standing interest and involvement in privacy issues.

Since 1989, the Office has strongly advocated disclosure of exactly how personal information will be used, and an opt-in mechanism permitting consumers to control the use of information for other purposes.

This applies to government as well as business. Consumers are required by law to provide information to state and local government agencies which is frequently sold for commercial purposes, resulting in uses to which some consumers may object. In some cases, it falls into the hands of people who use it for fraud.

I believe disclosure and "opt-in" remain effective tools for consumers in controlling the use of our personal information. I also believe that data users and collectors, whether businesses or government agencies, can use such fair information policies as an effective strategy for customer or constituent service, given the extensive and growing consumer concern about privacy.

It is USOCA's belief that the need for information by government and industry can be balanced with consumers' desire to preserve their privacy and control the use of personal data. Our goal is to protect consumers while encouraging growth and innovation in the use of telecommunications and information management technology. We find that industry shares our belief that a balance can be struck without unnecessary and burdensome regulation.

We will continue to work with industry, government and consumers to achieve this goal. To lead by example we propose the: **Justice Louis Brandeis Award**. This honor, named for Justice Louis Brandeis, is an award USOCA will be presenting annually to various business, non-profit, government, and consumer organizations for outstanding efforts of privacy protection, particularly in areas where technological advancements encroach on personal privacy. I welcome your recommendations.

There is no question that privacy is a major consumer concern. Just last week, two studies were released which found that Internet users were so concerned that marketers would misuse their personal information that many shied away from commercial interactions online. The first study for the Electronic Frontier Foundation and Commerce Net found "94% of the 9,300 online respondents would not be comfortable giving retail, medical, or financial information to firms they would have no dealings with." However, if privacy were assured, respondents would be "40% to 50% more likely to undertake a transaction.

The second study from Cyber Dialogue, an online research and database firm, found that "92% of respondents would answer questions about hobbies and special interest; 67% would give their names; 29% would indicate their salaries; an only 4% would give their credit card numbers." In both studies, the respondents indicated that they would be more comfortable and cooperative if they were told how the information would be used.

USOCA has no regulatory authority, but we directly impact proposed legislation and regulations being considered by Congress and the Administration. USOCA is regularly solicited for input or comments on proposed legislation, regulations and reports. These include such complex issues as privacy, emerging technology, the global marketplace, anti-terrorism, debt and credit, and fraud. USOCA functions as the sounding board on consumer issues for buyers, sellers, all levels of government, neighborhood groups, and consumer organizations. We are, in fact, the consumer's voice in the decisions of government and how proposed legislation and regulations impact their lives.

In addition to our domestic role, we represent the interest of U.S. consumers in the international arena. The world stands at the doorstep of a great expansion of cross-border consumer transactions. Interest in the changing global marketplace and how it affects consumers is widespread among businesses, consumer

advocacy groups, educators and world leaders. As consumer policy issues are increasingly internationalized, the need for effective mechanisms for the exchange of critically important consumer information, product safety, and efforts to counteract fraud and deception in the marketplace becomes more urgent.

As head of the U.S. delegation to the Committee on Consumer Policy of the Organization for Economic Cooperation and Development (OECD), we have taken a leading role in the areas of product safety, lowering tariff barriers for services and consumer redress in the global marketplace.

Just last month, the Committee hosted a two-day Conference on Electronic Commerce at its headquarters in Paris. More than 300 representatives of member-country delegations, industry, academia and consumer organizations participated in discussions about the rapidly changing marketplace that increasingly relies on the new technologies to serve customers. Issues included privacy, transactional data, virtual money, internet operating environment and the role of business and government in international consumer protection.

We will continue to work to ensure the security of transactions and the implementation of a trans-border mechanism for redress in the global electronic marketplace.

In Utah, and through out the west there is still a tradition that everyone deserves a fair shake. That is what I am after, a Fair Shake Marketplace. This is the theme that we have selected for National Consumers Week, October 25-31. I encourage all of you to plan activities in your schools, organizations, businesses and communities during the week.

"A Fair Shake Marketplace." Perhaps that is something of a high-sounding phrase, but to me it simple mean fairness--fairness to consumers and fairness to honest and ethical businesses.

On Tuesday, I was pleased to speak at the Council of Better Business Bureaus' 1997 Torch Awards Luncheon. Awards were presented to a small, medium, and large-size business for consistently demonstrating high ethical business practices.

In my remarks, I discussed the importance of "honesty" and "clarity" and congratulated the winners for "recognizing that the bottom line benefits of outstanding customer service and ethical practices continue to be the most effective means of retaining customers and enlarging market share."

Since 1974, when the U.S. Office of Consumer Affairs completed the first of its landmark studies of consumer complaint handling in America, customer

service has been a major issue for the Office. Our second study, an update of the first one, found that many major companies had paid attention to our earlier findings, and had very profitably invested in major upgrades of their customer service departments. Our work helped to usher in what seems to be an age of aggressive, proactive customer service.

In 1994, President Clinton added the Right to Service to the Consumer Bill of Rights, established by President John F. Kennedy in 1962. These include the Right to Safety, Information, Choice and the Right to be Heard. President Gerald Ford added the Right to Consumer Education in 1975.

In adding the Right to Service, President Clinton said, "Americans understand that good service means the commitment to consumers that their experiences in the marketplace will meet all reasonable expectations of civility, responsiveness, convenience, performance and fairness."

I want to briefly share with you some of our more recent consumer education and outreach initiatives.

We have been working in partnership with educational organizations to help improve the personal financial literacy of our children and young adults. These include the National Council on Economic Education, Jump \$tart Coalition for Personal Financial Literacy, and the National Coalition for Consumer Education. The goal of all of these programs is to generate excitement about learning among all of our students.

The critical need for education about personal finance and the responsible use of credit was reinforced by the Consumer Federation of America's report on Credit Card Debt. According to the report, released in February, "Consumers charged more than \$1 trillion on credit cards in 1996, alone." The report concluded that "while consumers bear responsibility for the debts they incur, the most important reason for the ever-expanding debt was the relentless, aggressive credit card marketing by the issuers."

These findings come as no surprise to me or to many of you. Since last August, I have conducted several consumer education workshops for young military recruits through the Family Support Unit of the U.S. Army Community Services. These young people are having major credit and debt problems because they did not learn basic money management skills in school. Their problems affect us all because their concerns and preoccupation with credit and debt problems at homes most assuredly affect combat readiness.

I have met with Carolyn Becraft, Deputy Assistant Secretary of Defense for Personnel Support,

Families and Education, Jeanne Hogarth, Federal Reserve Board, and I are currently working with military family counselors in developing and putting in place a training program for service persons and their families. I welcome your recommendations and support on this initiative.

Two weeks ago, I participated in a conference on Reinventing Consumer Partnerships which was held in Atlanta. The conference brought together government officials, representatives of community-based organizations and African American ministers to discuss the potential impact of the new Welfare Reform Legislation.

Although the intent is that welfare recipients will be trained to become employable and then helped to find a job, we know that simply teaching people marketable skills does not begin to equip them to function in an informed way in the marketplace. With whatever salary they are able to command, they have to meet their consumer needs. They and their families need housing, food, clothing, energy, transportation, a telephone, health care and, in many cases child care. To make things tougher, the sad fact is that the poor pay more for virtually everything than the more affluent.

Add to these problems, the fact that they will be targeted for certain types of fraud, such as employment and job training scams and phony work-at-home schemes.

Clearly, this is an area where consumer education is crucial. I am continuing my discussions with Secretary of Health and Human Services, Donna Shalala, and the Interagency Committee addressing welfare reform issues. I have also met with Jane Schuchardt of the Department of Agriculture and ACCI's President Elect to discuss the possible role of the Extension Service network in providing consumer education.

I will continue to focus attention on the need for consumer education for all of those moving from welfare to workfare.

Finally, I want to report to you that I have proposed a White House Conference on Consumer Issues to be held in October 1998. As we have moved from an industrial based economy to a service and information economy, we have been forced to change our thinking about what has traditionally been accepted as consumer issues and products. Unfortunately, the nation's response to the new challenges this creates for consumers, has been slow. We are proposing a new look at consumerism brought about by this profound shift in the economy. The consumer rights associated with tangible products are more difficult to ascribe to non-tangibles like services

and information. I believe a White House Conference would provide a national focus and begin a dialogue on this new paradigm.

We have never had a full fledged White House Conference on Consumer Issues and I am excited about the prospect. However, I know it is going to take a great deal of resources and hard work to plan and coordinate. As we begin the dialogue at the grassroots level, we will need your assistance, support and partnership on this important initiative.

On March 21, the Council for Excellence in Government released the results of a survey on American Confidence in the Federal Government. Seventy percent of the respondents listed "protecting consumers and protecting the environment as the most important successes of the Federal Government during the last 30 years."

We are working hard to maintain that confidence. I have outlined briefly some of our initiatives designed to educate and protect consumers, as well as maintain the integrity of the marketplace.

We are currently exploring ways to expand our outreach and more effectively get consumer messages out to those consumers who do not read the hundreds of pamphlets, brochures and other material published each year. We are learning that in this newly emerging information and service-based economy, the old consumer education remedies--the old (traditional) methods of educating consumers are passe (no longer effective).

We need to take advantage of the Media and rapidly expanding technologies to educate the public. Perhaps we could combine our efforts by focusing national attention on one consumer issue each month. you and welcome your ideas.