

THE COOPERATIVE MOVEMENT AND THE CONSUMER MOVEMENT

By JERRY VOORHIS

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Thank you very much, Mr. Chairman. I also want to thank Father McEwen for inviting me. I have been looking forward to speaking at this annual conference for several reasons. I think it very important that the relationships between the consumer movement and the co-operative enterprise of this country be much closer than they are. I am here to present this view.

I intend to talk about the relationships between co-operative enterprise and the consumer movement. In Europe, recently, an international conference of consumers' organizations was held. No representatives of cooperatives were invited and only, fortuitously, did a few attend.

These representatives discovered that there was no opportunity for discussion on the subject of cooperatives on the program. They found that among the delegations from Great Britain, in particular, there was a feeling that, in general, cooperatives were for the workers and members of trade unions, and members of that group of society, whereas the consumers' movement was for the middle classes and the intelligentsia.

This is, obviously, quite wrong. The reason why, in our own country, the relationship has been closer is not one to give us too much encouragement; both movements are too much middle class movements.

PAYS TRIBUTE TO PRESIDENT JOHNSON

I want to pay a tribute to the President of the United States, who did a very great thing when he started the war on poverty. He has talked about the "Great Society" and I think many of us are inclined to regard our society as having almost achieved this status. We talk about affluent society and the high standard of living which many of us enjoy, but what President Johnson told us was:

"Don't think you're going to achieve any Great Society until that other one-fifth of the people take part in it. This is the job."

He is quite right and those of us who might otherwise have been complacent can no longer be so. Here again we must speak to the general public until this task is done. It is against that background that I think we ought to consider domestic life in the United States today.

I want to make an appeal to the Council on Consumer Information on behalf of our cooperatives. Bear in mind that whereas the consumer's education is important and will become increasingly so, and whereas consumer education is vital to the war on poverty, that the ultimate

expression of any logical consumers' movement or logical expression of the consumer interest should be in the form of enterprises which are owned, by definition, by consumers of their goods and services. For only then do you have an assurance that the economic system will, indeed, serve the needs of the people.

SPEAK ABOUT THE NEEDS OF PEOPLE

I often like to speak about the needs of the people, as well as of the consumer interest, because I think it has a more challenging tone. Co-operatives are the only kind of economic organization which is owned by consumers, and by them alone. Now I know that someone will think, "What about a farmers' marketing cooperative?" This is somewhat different and yet I could make at least a hypothetical case for the fact that a farmers' marketing cooperative is really composed of consumers of the services which are performed, and which they need very badly.

And I could prove, with great ease, the fact that every other kind of cooperative we have is a cooperative serving the needs of people and therefore is essentially a consumer-type of organization. And so I should think that, as we are concerned about the protection and advancement of the interests of all the people as consumers, we will necessarily regard cooperatives as the most complete answer for the most practical expression of the consumers' interest that can be devised.

There can be no doubt that the consumer and his business is the way of the future. This is historical, sociological and economic fact. In having a young society, such as the society of the United States in the last century, the focus of people's concern is on their interest as producers. They identify their rise and fall with their circumstance as producers. Furthermore, to a very considerable extent, at least in the earlier days of our nation's economy, the people's welfare as consumers depended quite directly upon their efficiency and good fortune as producers of many of the things they themselves consumed.

This is seldom the case anymore, even among farmers. As mass production and, above all, automation, proceed and as the natural interest of people in creating employment finds much less opportunity for expression, we discover that people's attention naturally turns to their interest as consumers. It has happened in every maturing society in history, it is happening to us right now and it will continue to happen.

URBAN, RURAL U.S. NOW CLOSER TOGETHER

When we talk about cooperatives we are not just talking about stores in cities, though this is included. We are talking about consumer cooperative supermarkets and cooperative shopping centers in the cities and suburbs. We are talking about what once were almost generally farm supply cooperatives, but which in many rural communities are serving people both on farm and in town for many of the things they need — heating oil, hardware and such. As urban America and rural America come closer together in culture and custom this will become increasingly true.

Certainly, we are talking about rural electric cooperatives. We are talking about cooperative and group health plans, we are talking about credit unions and we are talking about the farm credit system. We are talking about cooperative housing and cooperative insurance and cooperative memorial and funeral societies and student cooperatives.

We are talking about every kind of organization of this type which focuses upon the provision to people of things they need and which, consequently, have impact on the economy as a whole and, if strong enough, act as catalysts on the entire industry in which they are engaged.

These are organized expressions of a consumer need and a consumer interest. Consumer interest can be a very diffuse thing, precisely because it is universal. I think the cooperatives need you very badly. Some of our opponents declare that cooperatives are about to take over the economy. Now, if there were any danger of this, which I can assure you there is not, we should need critics very badly.

It is important for people who are acutely aware of the interest of the consumer in American society to be telling us, in the cooperatives, where we fall short. We do not want you to ignore us; we do not think that is sensible. Please do not hesitate to point out where a better job might be done.

In a great many of the industries in this country, price competition is a thing of the past. I did not say competition was a thing of the past. There is still competition in advertising and various other kinds of appeals. But I am saying that price competition is a thing of the past in many lines of business. If consumer organizations are really going to protect the interest of the people as consumers over the long pull, they have to prove that they can do it for themselves if they have to.

This does not mean that they are going to dominate through cooperative consumer ownership the whole of great industries. This has never happened. In Scandinavia, where certainly the cooperatives have full and free development, they do perhaps 17% of total business

in Sweden, about 35% in Finland, and maybe 43% in Iceland. Those are maximum rates.

There is a reason for this. It develops a balance in the economy and it is not necessary to go beyond that. The consumers have to show, from time to time, that they can do the job for themselves. In certain fields this becomes of very great importance. Here I believe that we are on common ground, where there is no difference between the point of view of the Council on Consumer Information and the cooperative enterprises of the country.

It is very important for consumers to prove that they can aggregate their savings so they can borrow from their own institutions. This has a very salutary effect upon interest rates charged by other institutions. It also has an extremely salutary effect upon the interest rates of the legitimate commercial banks in making small loans to people in need of them.

JUST AWAKEN PEOPLE TO COMMON INTERESTS

People have to prove through the electric cooperatives that they can generate and transmit electricity as well as distribute it. They have to know they can do this, as does the Pacific Gas & Electric Co. have to know that it can.

We must awaken people to their common vital interest. And when we try to awaken people's interest as consumers I think we have to help them understand that we are not just talking about consumers of groceries. We are talking to them about their interest as consumers of insurance, as consumers of health care and, above all, as consumers of credit. And if we are concerned about the war on poverty, we had better get going in this field, and I must impress upon you the fact that the people who need consumer education the most are those who have had the least. Consumer debt increased eight-fold from 1949 to 1965, and yet we still cannot get Sen. Douglas' "truth in lending" bill passed.

Perhaps you can explain this. Bills like that fail even in state legislatures. What is wrong in telling people, in plain English, how much interest they are paying every year? Who objects to this? The "truth in packaging" bill is also important. There ought to be informative labeling for consumers, such as the State of Connecticut and our Consumer Councils have.

I think we all have a common interest, and I can assure you that cooperatives did everything they could to support it in what I call the Kefauver principle. We owe a lot to Estes Kefauver. He tried to tell us that it was not enough to prove that a drug did not kill you before it was to be marketed, but that you ought to have to show that it will actually do you some good, as the label indicates.

COMMON INTEREST IN CONSUMER EDUCATION

This seems reasonable, does it not? A measure such as this would be a tremendous step forward. We have common interest in this for cooperatives are committed to the idea of informative labeling; but yet we must have competitive advertising.

And I am sure we have a common interest in consumer education. I have already mentioned that I think that where the war on poverty begins is in lifting the burden of unpayable debts from the backs of poor people who fall prey to financing schemes. Consumer education must begin here. We have a common interest in trying to get this taught in public schools to a considerably greater extent than has ever been the case.

And I believe we have to concern ourselves jointly not only with what I might term protective or defensive legislation, but also with what I would call positive legislation; by this I mean legislation that says that groups have the same right to form a profit-making business. We are going to continuously fight for that right because it is taken for granted you can form a business to make a profit, but it is not accepted that you can do it in order to serve people's needs.

Effective enabling acts for credit unions, free payment group health plans, protection of the rural electric cooperatives and their right to maintain generation and transmission programs should exist. The enforcement of anti-trust and housing legislation makes it very clear that one solution to the housing problem for middle and lower income people is cooperative housing. It should have the same chance to develop as do other types of housing, and it does have that chance now.

We can also say, with regard to positive legislation, that anti-monopoly measures are fundamentally in the interest of the consumer. The main enemy of the people's interest as consumers is monopoly, the reason being that monopoly is not interested in abundance and it is not interested in quite meeting the needs of the people. To do so defeats its aim of being able to protect price cuts.

A REAL WORLD OF ABUNDANCE . . .

This is where enterprises belonging to the people as consumers, and aiming to meet their needs as consumers, come into the picture. They can compel, by their competitive impact, the coming of a real world of abundance or potential abundance where it did not exist before.

There is little profit to be made out of draining the slums and replacing them with good housing, but there is a great human need to be filled and the limit of the number of houses that are going to be built in the country ought to be the limit of human

need; it ought to be possible to build the houses at prices that people can afford, except for some exceptional cases. With your cooperation we can come a lot closer to this than we can otherwise.

I am talking about what I like to call "consumer directed production." By that I mean production which exists in the hands of the same people who are going to use the product and, therefore, which is geared to the meeting of a definite consumer need. This is where the economists now come into their own as practical economists and where the only limit to economic activity is the limit of human want and need. Once you get monopolistic bottlenecks in the economy, the real issue comes in. This is why the consumer movement needs the consumer cooperatives to give it strength. The job of the cooperatives is to restore healthy competition.

Finally, there are two ideas that are disturbing me. We talk a lot about racial integration, and this must come in our country and it must come now; but I think we need also to think about economic integration. This penetrates even a little deeper.

I do not think we are going to win the war on poverty unless we make our people who have been suffering from low incomes actual participants in the ownership of general consumer goods. I do not think we are going to solve that problem by creating special institutions for the poor. We are only going to solve it as we integrate them into the private economic life of our country. Let us get them into membership in consumers' organizations and let us get them into ownership of cooperatives, one way or another.

OTHER ENTERPRISES ARE BENEFICIAL

Credit unions are being organized very successfully with this particular view in mind, and we have seen examples of other types of enterprises with similar beneficial results. I think that in these times of change and conflict we need to think about the integration of our whole country, for the common interest of everybody.

If we think about the common interest of people as consumers, and relate back to the meaning of human needs of all our population, think about trying to do this the hard, but right way, by integrating everybody into active participation, we can make a great contribution to the sense of national unity in a very logical, sensible and necessary way.

You have heard the proposal of Mr. Voorhis for the marriage of Miss Consumer and Mr. Cooperative. Now we shall have our discussion.

Mrs. Angela Little: I am here this afternoon as Miss Consumer. One of the impressions I received from Mr. Voorhis' speech was that perhaps in the minds of some of us

consumer and cooperative movements are somewhat separate, but both as a member of the Berkeley consumers' cooperative and as a consumer I feel very much involved in the total aspect.

I am involved in this both through partial ownership of the consumers' cooperative, by shopping in the supermarket complex, and as a participant in the program, as a member of a committee that I feel is a very important one in our cooperative, the Consumer Information and Protection Committee. I have been a member of this committee for quite some time and recently I was appointed chairman of it.

The committee disseminates information for the use of our members as an educational program, and we actually participate very actively in consumer affairs. We are exceedingly interested in the legislation that is being proposed that affects consumers and cooperatives. We urge our members to write to the legislatures. We often participate in hearings and at times propose to our congressmen legislation that we feel is of importance to the consumer.

We are exceedingly involved in the safety and protection aspect, such as quality control, and explicit information on the quality of products, and have become very interested in legislation to regulate cosmetics and beauty aids that are not involved in interstate commerce and therefore are not under the Federal Food & Drug Administration. Thus, I feel that we are very much part of the consumer movement as well as the cooperative movement.

Mr. Neptune: My comments relate from the standpoint of the consumers' goods co-operatives looking at the consumer movement in order to understand it. I am not sure that I completely understand all that the consumer movement represents. I feel a consumer movement is concerned with persuasion, with seeking legislation, with pressuring, with education, with picketing, with whatever techniques are available to accomplish the ends of the legislation that is sought by the Consumer Council.

The logical extension of that is the consumer cooperatives. From the standpoint of the buying with which I am associated, our buyers are instructed to try to seek consumer values as we evaluate presentations that are made by salesmen. We frequently have the comment made to us that the salesmen enjoy coming in to our office because they get the type of questions they never get anywhere else. We ask about package size, shape and consumer value.

The other thing which we do as a consumer organization is the control of the products that are under our own label. For these we can determine not only what we would like, but what we are going to have in the product. We can determine prices, shapes, quality, labeling. We do not have to ask someone else what should be put in

the package; we do not have to seek legislation to assure this; we can do it ourselves.

We do not always succeed in doing what we try to do. But what is important is that we are trying to do these things and we are trying to do them in the interest of our employers, who are the consumers. We are not subservient to pressure from others, because if we do not do the kind of a job that should be done for the owners of the business, we are not going to be doing the job very long.

Mr. Sekerak: I would like to say that not only is there no conflict of interest, as far as I can see, between what we do in the Berkeley cooperative and what the consumers' movement is doing in California or elsewhere, but there is a high degree of integration. When the cooperative gets to the right size and quality there can be a strong force for helping the consumer movement and for implementing it. Our cooperative is involved in the consumer movement in various ways. I like to think of the consumers associations and councils which are member organizations, largely dues paying and largely concerned with legislation. I like to think of the universities, colleges, schools and government agencies as those that do research and education and enforce legislation, and then I think of the Coops as those that are involved in what I think of as direct economic action. Until cooperatives become large enough and sufficiently widespread, they cannot accomplish all of the objectives that consumers would like to see achieved through economic action.

It takes a good deal of strength operating with a variety of thoughts and different industries to be able to do that. But we are involved in all of these. We are the main supporters of the Association of California Consumers. I suspect that we push Consumers Union and even Consumers Research as hard as anybody does. And we are also moving on another front now.

A large part of the war on poverty is going to be strictly consumer education. What we intend to do is to co-ordinate consumer education and direct consumer action in approximately the same place.

Mr. Norton: Having worked in a cooperative organization most of my life, I find it very difficult to distinguish between a consumer interest and a cooperative interest. I cannot conceive of a consumer organization which will not support, either in theory or practice, a cooperative economy. Nor can I conceive of a cooperative organization in any way divorcing itself from the consumer interest. They are parallel and one, and within the cooperative movement there is a very strong place for the consumer influence.

Those people who are most concerned with quality control, with advertising, with packaging, labels and products, have a voice within the cooperatives to make

our cooperatives better for the very people they serve, the consumers.

What concerns me more than anything else, however, is the fact that both the consumer interest and the cooperatives throughout this country do not have more influence in our economy. I notice that Mr. Voorhis felt that within the future of our own economy and society there would be a growing consumer orientation. I am not quite so optimistic, more in relation to time, than in the final result.

But I can only say that if this does come true in the decades to come, it will only be by efforts of such people as you, by the efforts of the consumer cooperatives throughout the country on behalf of the type of work

which the leaders of our group here today have indicated. It is far easier for us to exert some influence through our own self-ownership in cooperatives than it is to persuade other people to do what we want, in the way in which we think it should be done.

I am also concerned that we have been unable to broaden our appeal. We are still isolated within a very small area of the economy. And if we find it so difficult to pass these bills which seem to be so basic, there is a good deal of work ahead for all of us. And I suggest again, that the cooperative organization and the consumer interest must merge both in theory and in practice. But first we must broaden their base and create a much more effective force for the economy.