

assets. The way in which receipts impact taxable income and cash flow is not always straightforward. The possibilities have been divided below into three parts.

- a. Both taxable income and cash. A member of a household will earn personal income, Y , in exchange for services. From this amount may be deducted another amount, P , which is put aside into a qualified pension. The resulting net personal income, $Y - P$, is fully taxable income and is also cash received by the household.
- b. Taxable income but not necessarily cash. The taxable portion of a gain, $(.4a_3A)$, will be included in taxable income. (Deferral of capital gain liability is ignored in this model.) Most often, the actual cash received will be substantially more than the taxable portion of the gain. This is true because 60% of the long-term gain is not taxable and because part of the proceeds of sale may include recovery of principle. (For this model, the alternative minimum tax is assumed not to apply.) Similarly, taxable income associated with assets, a_1A , may or may not correspond directly with cash receipts.
- c. Cash but not necessarily taxable income. The proceeds from asset sales, $(1 + a_3)A$, at the end of the period is assumed to be received in cash. Depending upon the value of a_3 , the rate of appreciation may be a positive, negative, or even zero. Cash flow from assets, a_2A , is recorded as an event separate from taxable income. Finally, borrowing is not a taxable event, though cash is received. The net financing, d_3D , thus fits into this category.

Disbursements and Related Items

Disbursements are payments by a household. They may or may not have tax implications. The following four categories help define how they may be viewed.

- a. Both deduction from taxable income and cash. Payments to IRAs, Keogh plans and qualified pensions, P , are deductible from taxable income. They must, however, be made in cash. For tax purposes, some other similar expenditures are called adjustments, J . They include alimony payments, unreimbursed business expenses and moving expenses. They,

too, are deductible from taxable income. Itemized deductions include interest payments, d_1D , and other certain specified expenditures, X_1 , such as state and personal property taxes, and contributions. Only itemized deductions over the zero-bracket amount, Z , are allowed as a deduction against taxable income. The net itemized deductions are thus $(X_1 + d_1D - Z)$.

- b. Deduction but not cash. An allowance for the number of exemptions, X_3 , is deducted from taxable income. It is not tied to any expenditure.
- c. Only cash. Several items are not at all deductible. They include the expenses that were itemized deductions but which were not included due to the zero bracket amount; payments on the debt balance, d_2D ; the income tax liability, T ; and living expenses which are not deductible, X_2 , such as food, clothing, and housing. Finally, when the proceeds from the sale of assets, $(1 + a_3)A$, are reinvested, funds are used that are not deductible from taxable income.
- d. Tax credits but not cash. Some portion of a limited number of investment assets which have been purchased are allowed as energy or investment credits against income taxes. Tax credits have been denoted by a_4A .

Income Taxes

Several assumptions will be used to simplify the tax computation. First, it will be assumed that at the end of each period all assets will be sold, realizing long-term capital gains (or losses). As a result, there will be no deferral of capital gains taxation. Second, taxable income will be taxed at a flat rate, t . While this rate will not reflect the impact of increasing marginal rates, use of an average rate, t , may approximate the total tax results. Federal, social security, and state rates are all assumed to be contained in this average rate. Computation of income taxes is shown below in tabular form.

The first three items were taken from the receipts section defining taxable income. The three deductions from taxable income and the tax credits were discussed in the disbursement section. The taxable income is the

difference between the taxable income and the adjustments, deductions, and exemptions.

Table 2
PERSONAL INCOME TAX COMPUTATION

Y - P	Net Personal Earned Income
+ a ₁ A	Investment Income
+ .4a ₃ A	Taxable Capital Gains
- J	Adjustments
- (X ₁ + d ₁ D - Z)	Net Itemized Deductions
- X ₃	Exemptions
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l	Taxable Income
T' = tI	Tentative Income Tax Liability
- a ₄ A	Tax Credits
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T	Income Tax Liability

In general terms, the income tax liability is

$$T = tI - a_4A.$$

Expressed in more detail, the income liability is

$$T = t(Y-P) + ta_1A + .4ta_3A - tJ - t(X_1+d_1D-Z) - tX_3 - a_4A. \quad (4)$$

Net Cash Flow

The net cash flow is the difference between a household's receipts and disbursements. The cash receipts are the net personal earned income, the cash flow investment, the proceeds from asset sales, and new debt financing.

The cash disbursements are the adjustments, the income taxes, the debt service,

the living expenses, and the purchase of new assets at the end of the year. In tabular form, the net cash flow can be defined as is shown below. It represents the computation of the amount of funds available for investment.

Expressed in an equation, the receipts and disbursements are respectively

$$C_1 = Y + a_2A + (1 + a_3)A + d_3D,$$

and

$$C_2 = J + T + (d_1 + d_2)D + (X_1 + X_2) + (1 + a_3)A.$$

Taking the difference between the net cash flow, C' is

$$C' = Y + a_2A + (d_3 - d_1 - d_2)D - J - T - (X_1 + X_2). \quad (5)$$

Substituting into equation (5) the expression for T from equation (4), the net cash flow becomes

$$C' = (1-t)Y + tP + (a_2 - a_1t - .4ta_3 + a_4)A - (d_1(1-t) + d_2 - d_3)D - (1-t)(X_1+J) - X_2 + t(X_3 - Z) \quad (6)$$

The first two terms on the right hand side of equation (6) represent the interplay between earned income and pension contribution. The third term represents the impact of asset returns. The fourth term measures the debt cash flows. The remaining terms describe the deduction of personal expense items from cash flow. Of course, all items are expressed in after-tax terms.

The next section develops a general expression for the growth in wealth using the above relationships.

Table 3
PERSONAL CASH FLOW COMPUTATION

Receipts Y	Personal Earned Income
+ a ₂ A	Cash Flow from Investments
+ (1 + a ₃)A	Proceeds from Sales of Assets
+ d ₃ D	Funds from New Borrowing
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C ₁	Total Receipts
<hr/>	
Disbursements J	Adjustments
+ T	Income Tax Liability
+ (d ₁ + d ₂)D	Debt Services
+ (X ₁ + X ₂)	Living Expenses
+ (1 + a ₃)A	Investment of Proceeds from Sale of Assets
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C ₂	Total Disbursements
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NET CASH FLOW C' = C ₁ - C ₂	Net (Investible) Cash Flow

A MODEL OF WEALTH GROWTH AND SAVING

Substituting equation (6) into the general expression for wealth growth in equation (3) and rearranging terms, we get

$$\Delta E = (a_2 - a_1t + (1-.4t)a_3 + a_4)A - d_1(1-t)D + (1-t)Y - (1-t)(X_1+J) - X_2 + t(X_3-Z) + tP. \quad (7)$$

Dividing both sides by E, and noticing that A/E = (E + D)/E = (1 + (D/E)), we then have the percentage change in equity

$$\Delta E = (a_2 - a_1t + (1-.4t)a_3 + a_4)(1+D/E) + [(1-t)Y - (1-t)(X_1+J)]/E - [X_2 + t(X_3-Z) + tP]/E \quad (8)$$

Equation (8) can be expressed in a more intuitive way. This requires some compression of terms into familiar concepts. First, the expected after-tax single period return on assets can be denoted by r_A . In terms of equation (8), the after-tax return on assets is approximated by

$$r_A = a_2 - a_1t + (1 - .4t)a_3 + a_4. \quad (9)$$

Third, the term d , in equation (8) is nothing more than the before-tax interest rate which we will denote by i' . Using this notation, the after-tax interest rate will be

$$i = i'(1-t) \quad (10)$$

Finally, the level of personal earned income that is saved as a percentage of personal earned income can be indicated by the term s as

$$s = \frac{(1-t)Y - (1-t)(X_1+J) - X_2 + t(X_3-Z) + tP}{Y} \quad (11)$$

This expression of saving indicates the growth in wealth that will be produced from personal saving.

Substituting equations (9) through (11) into equation (8), and letting $r_E = \Delta E/E$, the after-tax wealth growth, we see that

$$r_E = r_A + (r_A - i) \frac{D}{E} + s_E. \quad (12)$$

The three terms on the right hand side of equation (12) describe the three basic building blocks of wealth growth. The first term is the after-tax return on assets. Its level is determined by the before-tax return on assets, the level of income taxation, and the tax bite. The second term measures the impact of financial leverage. When the difference between the after-tax return on assets and the after-tax interest expense is positive, wealth growth is enhanced by debt financing. The reverse is true when the difference is negative. The effect of the spread, whatever it might be, is multiplied by the level of the debt-equity ratio, D/E . Finally, the third term, s , indicates that saving also contributes to wealth growth.

INTERPRETATION OF MICROECONOMIC SAVING

The definition of saving here is admittedly unconventional. Several specific things

about it should be noticed. First, saving is measured on an after-tax basis. Second, saving is assumed to come only from personal, as opposed to both personal and investment, income. As a result, the saving rate is computed in comparison to personal earned income only. The asset return formulation assumes that all investment cash flows are reinvested. If personal income is inadequate to cover expenditures, the household is dissaving from the viewpoint of wealth growth. In this light, a household is said to be saving if it consumes less than it earns. All investment returns are assumed to be reinvested.

This new definition of saving allows better resolution of the financial environment in a household. When saving is positive, liquidity is being generated from earned income. Conscious decisions are made for wealth growth. In addition, the elements of saving can be identified including the tax planning decisions related to cash flow.

Finally, observed saving in light of the household life cycle may well correspond better to the predicted results with this microsaving measure. The separate contributions of earned income, investment income, and capital gain can be distinguished. The household financial environment, in addition, can be more clearly specified.

CONCLUSIONS

We have derived from balance sheets, cash flow and income tax identities, a measure of household saving. In this context, saving is defined as the current after-tax expenditures relative to current earned income. This measure of saving provides a clear signal as to whether after-tax current earned income minus after-tax current consumption expenditures is contributing to household wealth.

We began this paper by asserting that macromeasures of saving are inadequate as a microlevel decision-making tool. A comparison of the usual macrosaving measure (income, minus taxes, minus consumption, equals saving, or $S_1 = X_1 - T_1 = C_1$), with the micromeasure developed in this paper, ($S_2 = Y_2 - T_2 = C_2$), will help clarify this point.

The greatest difference between the two measures is in the definition of income. The macroincome measure (Y_1) includes all sources of income. The micromeasure (Y_2) does not include net gains or losses on assets or other income which represents a return to the household's existing wealth. Of

course, this does not infer that these asset sources of income are not important. To the contrary, these investment income sources are given separate treatment as distinct elements of potential wealth growth. Taxes (T_1) in the macroformulation of savings include all household taxes; (T_2) includes only those taxes related to non-investment sources of income. Related with these tax measures, parameters about taxes are identified that household can affect. Investment and personal taxes are separated to allow definition of wealth growth sources. Consumption (C_2) includes only noninvestment use of funds.

FOOTNOTES

¹The use of the market value of assets and the face value of debt implies that on liquidation debt would be repaid at face rather than market value. Other assumptions, of course, are possible.

²For simplicity, it is assumed that the difference between a_1 and a_2 will not affect the tax basis of A and thus will not change the resulting capital gain or recapture. As a result, it is assumed at a_3A in the capital gain liability for each period which is taxed at long-term rates.

³The maximum deductions for investment interest and for charitable contributions are not considered here.

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THE IMPACT OF USDA ON CONSUMER WELFARE

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ABSTRACT

There is a consensus that business, government and consumers themselves share responsibility for consumer welfare. USDA targets programs like food assistance to meet specific needs, but most USDA functions benefit all consumers through agencies such as the Extension Service. The Consumer Advisor serves as a focal point for coordinating consumer issues and represents USDA to consumers and consumers to USDA.

I am pleased to be here today to discuss the impact of the U.S. Department of Agriculture on consumer welfare. My comments will add a third dimension, that of the responsibility of a major government agency, to your appropriate focus on consumer and corporate responsibility.

We have not been the first, nor will we be the last concerned individuals to grapple with the question of who should be responsible for consumer welfare.

You are educators and opinion leaders, and you are committed to helping consumers make the best use of all their resources. You are in a unique position to transform the information you receive at this conference into action plans that make a difference in consumers' lives. My intent is that this update on USDA consumer programs will help you make your action plans even more dynamic.

America's favorite question is "Where's the beef?" Today, we'll briefly discuss the restructuring of consumer, corporate and government responsibility, concentrate on where "the beef" is in consumer programs at the Department of Agriculture, and I'll summarize functions of my role as USDA Consumer Advisor.

You are acutely aware, I am sure, of the national budget deficit which has been growing for a long time. I don't know how many of you read columnist and satirist Art Buchwald's newspaper column.

Mr. Buchwald has a unique way of analyzing the news of the day. In a recent analysis, he had reportedly questioned a nebulously described "great Master" (someone with all the answers, at any rate) about the budget deficit. "Oh, great Master," queried Mr. Buchwald, "Why do we have a budget deficit?" "Oh, that's easy," replied the Master. "When you spend more than you take in, you have a deficit."

It is, of course, not amusing, even if Mr. Buchwald's column is. Large numbers of Americans who care deeply about our country, are deeply disturbed about the deficit and the potential impact it has on the welfare of all consumers, especially

those at lower income levels. When our economic base erodes dangerously, it becomes less and less probable that we can continue to ensure that basic human needs will be met, no matter how much we might wish to see that this is done.

Deep concern has led compassionate and thoughtful leaders of many philosophies to evaluate critically how all consumers' needs were being met and whether these needs were being met in a way that strengthened or weakened our nation and our valued way of life.

Resources are always limited whether or not we function as though they are. When economic circumstances force us to take a hard look at how we are using our resources, we find out how to use what we have more effectively, we become more creative, and sometimes we find we have resources we didn't even know we had. You are experts at helping people do this.

With the advent of the eighties, we observed business, government, educators and social scientists choosing conference themes that focused on who should be responsible for meeting public needs.

We have recently witnessed a reordering of responsibility for consumer welfare, with both business and government supporting consumer programs that help consumers take more responsibility for their own welfare.

We have come a long way from "Caveat emptor!" Many corporations have realized that meeting consumers' long term needs is not only a way of ensuring the growth of the company but is also the socially responsible thing to do. Progressive businesses have recognized that they help to protect their own markets when they take positive steps to help meet public needs. The government has tangibly encouraged business to take 'dollars - and - cents steps' to help meet public needs by initiating changes in corporate tax laws.

One of the most significant effects of the consumer movement has been the recognition by business that being responsive to consumers' needs not only keeps the company out of court and out of trouble with government regulators, it is the basis upon which they enjoy repeat sales and healthy growth.

Progressive businesses have built plans to provide consumer information into the marketing of products. The Society of Consumer Affairs Professionals in Business has written "Guidelines for Business Sponsored Consumer Education Materials" to help companies distinguish between advertising, promotion, information and education.

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Corporate gifts help the needy and improve the quality of life for people of all income levels in countless ways in the communities where businesses are headquartered as well as nationally. Efforts like this provide tangible evidence that business has recognized and is meeting its responsibility for consumer welfare.

Another positive effect of the consumer movement has been the recognition by consumers that they have a responsibility for their own welfare and that each voice does make a difference. American consumers have many choices and they have become much more assertive about making their votes count in the marketplace. They are not helpless victims of the marketplace. Because they have choices, they have clout. Consumers are the most vibrant force in the marketplace. Without them, there is no need for business or government.

The fact that we are all consumers is one thing we all have in common, no matter how many other ways we categorize ourselves.

Consumers are recognizing that they have a responsibility to let business and government know what they think and what their needs are. Consumer surveys that have been conducted since 1980 indicate that consumers are initiating more interactions between themselves and business and depending less on government to solve problems.

In a consumer opinion survey conducted in January 1984 by pollster Lou Harris for the Food Marketing Institute, almost half of those polled said they felt they themselves were most responsible for ensuring that the food they ate was safe. They even placed individual responsibility ahead of that of the Federal government.

In the fall of 1982, Yankelovich, Skelly, and White reported that their research indicated that the focus for solving problems had moved from government to individuals and business. They found that people wanted to be more involved in issues that impacted on them as individuals, but they did not want to make the big decisions. They still wanted the government to assure them the food supply is safe, for example.

It appears that growing numbers of consumers feel that the role of government should be to do for consumers only those things they cannot do for themselves.

In any discussion of several people, we are likely to observe disagreement over who has precise responsibility for specific aspects of consumer welfare. But, there is just as likely to be a consensus that government, business, and consumers themselves all share responsibility for consumer welfare. The more responsibility consumers can assume for their own welfare, the healthier the economy becomes. As the economy improves, the pressure on government is relieved and government resources can be targeted to the most needy.

The government agency I represent has had an impact on consumer welfare since it was established in 1862. When Abraham Lincoln signed the law

which established the U.S. Department of Agriculture, he envisioned that it would "acquire and . . . diffuse among the people of the United States useful information on subjects connected with agriculture in the most general and comprehensive sense of the word." He wanted USDA to be a "people's Department."

Today we recognize that every function and action taken by the Department has an impact on individuals we serve or regulate: the farm and agribusiness sectors, food processors, scientists and health professionals, and consumers.

USDA consumer services and programs have been established for so long that they were not given titles like "Consumer Affairs Program" or "Consumer Services." In a general sense, agriculture and all USDA programs ultimately serve consumers, since consumers are the beneficiaries of the best agricultural system in the world - a system that provides not only food, but the raw materials from which clothing, home and office textiles, furniture and buildings are made.

We'll discuss the consumer services of four agencies in some detail. They are the Cooperative Extension Service, the Food Safety and Inspection Service, the Human Nutrition Information Service, and the Food and Nutrition Service.

The most obvious USDA consumer services are provided by the Cooperative Extension Service. These services and programs were established in 1914 - long before the recent emphasis on consumer affairs programs in government. As people left the farm, programs that had been aimed primarily to farm families shifted to serve the needs of all consumers.

The Extension Service is the consumer education arm of USDA. The agency works with State Land Grant Universities to help advise farmers, processors, communities, and consumers in more than 3,000 counties about the results of food and agricultural research and how to apply these results to increase productivity, improve product quality and to enhance the quality of life. Programs in natural resource management, family living, youth development, nutrition, and community and rural development are tailored to meet the needs of local consumers utilizing feedback from local citizens. The Extension Service functions on the premise that we serve people most effectively when we provide a "hand up" rather than a "hand out." This "hand up" is as near as a phone call to the Extension office in your county.

This would be an unusual audience if some of you had not benefitted from Extension Service programs.

When I was a little girl, my mother took me with her to the Home Demonstration Club meetings. (The Extension Home Economist had another title back then.) I sat on the floor beside my mother's chair as the Home Demonstration Agent taught about new fabrics and sewing techniques, and how to freeze and can what was grown in the garden.

When I grew older, one of my jobs was to help with the garden and the canning and freezing. The year my family bought our first "deep freeze" (as it was called), we were extremely interested in how to freeze vegetables to retain nutrients and quality. My mother was puzzled about the Home Demonstration Agent's advice that some vegetables should not be frozen, so Mother decided to conduct her own little experiment. I will never forget the astonishment on her face when I brought her the lettuce she had asked me to freeze. She accepted the Home Demonstration Agent's advice after that!

In keeping with changing lifestyles and needs, the Extension Service today is developing more effective use of communication technology and often targets programs to meet specific needs of specific groups of people. The Extension Service was and is a most effective means for making USDA a "people's Department."

The Food Safety and Inspection Service serves all consumers through federal inspection programs in more than 7,000 plants to assure the safety, wholesomeness, and truthful labeling of meat and poultry products. This agency also provides information on food safety and handling and administers the Residue Avoidance Program which helps farmers and processors assure that foods are wholesome. FSIS provides education to some of our youngest consumers through the Food Safety Poster Contest which is open each year to children 6 to 12 years old. Under Secretary John Block, FSIS has established the Meat and Poultry Hotline. Consumers may call or write for answers to questions about food safety and related subjects. It is obvious how Food Safety and Inspection Service programs serve consumers; these same programs also serve producers and processors by assuring consumer confidence in the products that are inspected and regulated.

The Human Nutrition Information Service collects and analyzes data on the nutrient composition of foods; develops data bases on the nutritional content and quality of American diets; and conducts research to improve the interpretation and application of information to education programs; strives to improve professional and public understanding; and promotes the knowledge needed to improve the nutritional quality of diets. The Human Nutrition Information Service has two main thrusts in nutrition education: (1) to low income people and (2) to health professionals and information multipliers like food editors who can disseminate information efficiently.

A national food buying education project to help individuals and families purchase a nutritionally adequate diet on a limited budget has been conducted for the past year. This project is called "Making Food Dollars Count."

The project has been the joint effort of the Human Nutrition Information Service, the Food and Nutrition Service, and the Cooperative Extension Service. Project coordinators have been especially eager to reach low income families, but they feel that other families who want

to improve their diets economically can also benefit from these common sense guidelines.

The overall goal has been to help shoppers use principles and practices that will enable them to buy nutritious diets within their food budgets. Another goal has been to find new ways to disseminate applied nutrition research material developed by the Human Nutrition Information Service to people who can use it at the State and local levels.

Providing food buying and nutrition education to low income families is not a new concept nor a new effort. But it is certainly appropriate to update what we do when circumstances change and knowledge increases. "Making Food Dollars Count" is based on the best data we have right now about nutrition needs, nutritive value of foods, food consumption, and food prices.

Last year the Human Nutrition Information Service provided the technical expertise for the USDA produced videotape, "Inside/Out: The Story of Food and Fitness." The half hour video docudrama suggests that we should listen to our own bodies with regard to food and fitness, and that the secret to good health is a proper balance between the food we eat and the exercise we get.

The subject of food and fitness is presented with a bit of humor through a slightly overweight man whose insides actually "speak" to him -- sometimes in the form of complaints, sometimes in a cautionary vein, and sometimes in a complimentary fashion. Through his experiences, the viewer can learn to pay attention to signals from his own body, and gain an understanding of some basic rules for eating properly and becoming or keeping fit.

"Inside/Out" has been widely shown in conjunction with USDA's current "Food and Fitness" campaign, a year-long national education program which Secretary Block strongly supports. The film is available through the Extension Service in every State, is appropriate for schools and organizations, and has been shown on many television stations.

The Human Nutrition Information Service and the American Red Cross have been working together for three years to produce a six-session nutrition education course that focuses on the U.S. Dietary Guidelines and other timely nutrition information. The course is called "Better Eating For Better Health." It will be offered by the Red Cross later this year.

Complex nutrition information will be presented in sequential fashion using participant involvement as a teaching technique. Teaching methods used in the course follow guidelines suggested by nutrition education research conducted at Stanford University. Course materials have been presented to 1,500 people and have been systematically evaluated. The Human Nutrition Information Service is enthused about the course because the persons to whom it has been presented show an increase in knowledge and a change in beliefs and

behavior with regard to nutrition - the ultimate indication that the course is effective.

"Making Food Dollars Count, " "Inside/Out, " and "Better Eating For Better Health" are examples of nutrition education efforts that are targeted to different audiences.

Seven and one-half million copies of the Dietary Guidelines have been distributed by USDA and additional copies have been produced and distributed by the food industry and the media. Additional publications such as "The Sodium Content of Your Food," "Sodium: Think About It," and the series, "Composition of Foods" which replaces the earlier printing of Handbook 8 are available from the Government Printing Office.

To make the approach to nutrition education complete, every opportunity is used to present material to information multipliers such as food editors and professional organizations like the American Dietetics Association.

The Food and Nutrition Service is the USDA agency that administers the federal food assistance programs. In his position on the Department's commitment to nutrition, Secretary Block stated, "For many years, USDA has provided food assistance to those in greatest need. We must continue this effort, making sure that all programs are effectively and efficiently operating."

In Fiscal Year 1983, the Department of Agriculture spent more than \$19 billion to provide food assistance to almost one of every six Americans - 38 million people in all. This compares to \$14 billion in 1980 and \$2.9 billion in 1971. Since 1980, food program expenditures have increased 38 percent.

The goals of the last three years have been to target benefits to the needy, to reduce program abuse and error, and to streamline program administration.

Families with limited resources are helped to reduce nutritional risk through the 10 food assistance programs which subsidize 95 million meals a day, provide information, and improve the nutrition of families.

The four major programs, Food Stamp; National School Lunch; Women, Infants and Children (WIC) and the overall food distribution activities, account for 90 percent of all federal food assistance expenditures.

All food assistance programs except the School Lunch Program have grown in participation since 1980, and there are more lunches served free to needy children now than in 1980.

Food stamps provide the first line of defense against hunger in the United States. Nearly one in ten Americans receives food stamps. An average of 19.3 million persons received food stamps in 1980, while an average of 21.6 million people received them in 1983 - a growth of almost 14 percent.

Seventy-five percent of food stamp participants are elderly, disabled, children, or female heads of households with dependent children.

Food stamps are guaranteed to anyone who meets the income and asset requirements for the program. Any household with a gross income at or below 130 percent of the poverty level (\$12,870 for a family of four) and a net income after deductions at or below 100 percent of poverty and without excessive assets can receive food stamps. The amount of food stamps received depends on the number of persons and level of income in the household.

Forty-six percent of food stamp recipients meet 100 percent of the U.S. RDA for 11 nutrients. This is very close to the 50 percent figure for all U.S. households.

The National School Lunch Program serves nourishing, low-cost meals to 23 million children every day. All school lunches are subsidized, with children below 130 percent of poverty receiving reduced priced meals. Findings from a recent study show that children who eat school lunches have higher intakes of energy and nutrients than children who don't participate in any of the school nutrition programs.

The Special Supplemental Food Program for Women, Infants and Children (WIC) serves infants, children up to the age of five, and pregnant or postpartum women that have been determined to be at nutritional risk.

WIC has grown by 27 percent in the last two years. Participation, at almost three million persons, is at an all time high, 51 percent above two years ago. WIC is the only food program that provides individually tailored food packages along with nutrition education to a specific audience in a health setting. The Department feels that the WIC program has significantly improved the health and nutritional status of millions of women and children during its first decade of existence. Infant mortality has been cut in half since 1967 and continues to decline - 11.2 deaths per 1,000 live births in 1982. Rates fluctuate in some States and areas, but for all States and ethnic groups, the long-term trend is down.

USDA buys surplus foods from U.S. markets through the Food Distribution Program and distributes them to State agencies for use by schools, child care centers, charitable organizations, meal services for the elderly, needy people on Indian reservations, hospitals, prisons and the military. Commodity distribution also helps victims of natural disasters.

Volunteer organizations at State and local levels have been enormously helpful in assuring that these surplus foods get to the people who are most in need.

The Food and Nutrition Service also administers the School Breakfast Program, Child Care Food Program, Summer Food Service Program, Commodity Supplemental Food Program, Special Milk Program,

and Nutrition Education and Training Program.

USDA agencies such as the Agricultural Marketing Service, Agricultural Research Service, Economic Research Service, Forest Service, Animal and Plant Health Inspection Service, and the Office of Governmental and Public Affairs, are like the Human Nutrition Information Service, the Extension Service, and the Food Safety and Inspection Service because they all have multiple programs and services that help all consumers - no matter what their lifestyles or incomes.

Other agencies are like the Food and Nutrition Service, in that they assist specifically targeted populations that have particular needs. Included in this category are the Farmers Home Administration and the Soil Conservation Service.

Giving these agencies a brief mention is not an indication that they have less impact on consumer welfare than those discussed in more detail.

As Director, Office of the Consumer Advisor, I work with all of the agencies concerning consumer issues, consulting with and advising policymakers on issues and questions of importance to consumers and suggesting changes or modifications when appropriate. The Office of the Consumer Advisor works very closely with the Office of Governmental and Public Affairs to inform consumers of USDA's functions, policies and procedures. In general terms, this Office serves as a focal point for coordinating USDA actions on consumer issues, representing the Department to consumers and consumers to the Department.

Many issues fall within the province of several agencies. In the current incidence of Avian flu in poultry, (1) the Animal and Plant Health Inspection Service is concerned with containing and eradicating this disease and with providing emergency financial relief to affected producers, (2) the Agricultural Research Service may coordinate with APHIS to prevent future outbreaks, (3) the Food Safety and Inspection Service is concerned with effects on human health, (4) the Agricultural Marketing Service is concerned with availability of poultry and eggs and with wholesomeness of eggs, (5) the Economic Research Service is concerned about the price of poultry and eggs in affected areas, and (6) the Office of the Consumer Advisor is concerned about all these aspects, since any one can lead consumers to inquire, "How does this affect me?"

The current impact of the U.S. Department of Agriculture on consumer welfare is in keeping with the philosophy that business, government and consumers themselves all share responsibility for consumer welfare. We applaud business and other private sector initiatives that help consumers take responsibility for themselves.

Food assistance, administered by USDA's Food and Nutrition Service is an example of a publicly recognized federal consumer assistance program that has a particularly positive impact on consumers who are unable to provide adequate

food for themselves. Certain other USDA programs are also targeted to meet specific consumer needs.

Most USDA consumer programs are aimed at all consumers and they concentrate on helping men, women, and children learn how to fish, rather than simply providing fish. I have only scratched the surface in describing the impact of USDA on consumers, not only in the United States, but in many parts of the world.

A professor once described how we gradually begin to take a situation for granted. "Suppose," he said, "that you walked into this classroom on Monday morning and there was a large wooden crate sitting on the floor right there in that empty space. As you came into this room to take your seats, almost all of you would notice the crate, most of you would walk around it, many of you would comment about it, and some of you might bump into it. Suppose no one moved it. The next time you came to class, the crate would evoke many of the same reactions, but you would not be as surprised as you were the first day. If it was left there long enough, you wouldn't even notice it, and no one would comment or bump into it. Eventually, it wouldn't occur to anyone except a newcomer to ask why it was there or what its purpose was. Everyone would just accept it and the newcomer might be told, 'It's always been here.' You would all take it for granted."

Shakespeare said, "A rose by any other name would smell as sweet." I say to you: A consumer program by any other name has just as much value, whether it is called the Food and Nutrition Service, the Human Nutrition Information Service, the Food Safety and Inspection Service or the Cooperative Extension Service.

My role is to act as a liaison and coordinator for the many consumer programs that are established at USDA, to advise the Secretary and other appropriate policy makers concerning consumer needs and issues, to let consumers know how agriculture and the Agriculture Department affects them every day, and how people like you and the individuals you serve - your patients, clients or students - can use USDA services to enhance your quality of life.

It has been my pleasure to be with you for that purpose today.

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MULTI-NATIONAL CORPORATIONS AND CORPORATE RESPONSIBILITIES

John Thirlwell, Consumers' Association of U.K.

This paper is especially directed towards the responsibility of the Multi-nationals to Consumers both in the Developed World and more especially in the Third World.

The Multi-nationals are business Corporations which operate in more than one country and many of the best known are active in many countries and in more than one continent. Some are based here in the U.S., others in Europe, Sweden, France, Germany and the U.K. Whilst some have a wide range of commercial interests, being conglomerates, others are more limited, to the Media or Finance. Food is a particular interest, so is Oil, and of course military weapons.

The importance of the Multi-nationals has increased during the last two decades largely because of the growth and cost of the New Technology and particularly Information Technology. In some areas, there are fewer and fewer corporations, becoming larger both by successful competition and acquisition of rivals.

The following list illustrates the activity of the Multi-nationals:

<u>Field</u>	<u>States of Origin</u>
Banking (Citibank, Midland)	US,UK
Insurance (ITT)	US
Computers (IBM)	US
Chemicals (Agricultural ICI)	UK
(Pharmaceutical Merck)	US
(Fibres ICI Courtauld)	UK
(Specialities Bayer)	Germany
Telecommunications (ITT, Sony)	US, Japan
The Media (Murdoch)	Australia
Construction (Bechtel, Davy)	US,UK
Hotels (Hilton,Trusthouse,Sofitel)	US,UK,France
Food (McDonald, Nestle, Unilever)	US, Swiss, UK/Netherlands
Financial Services (Merrill Lynch)	US
Motor Cars (General Motors,Toyota)	US, Japan
Aircraft (Boeing, Aerospatiale)	US, France
Oil (Exxon, BP, ELF)	US,UK,France

This is a mere example. A count in 1970 indicated 90 on the Continent of Europe and 187 in the U.S.

These companies penetrate into every part of daily life, in some instances, achieving Global domination for their products, monopolising complete sectors of the market, eliminating choice, by the effect of their size and the style of their operations.

The multi-national man achieves a multi-national life-style with common qualifications, common language, common currency and perhaps common aims.

It is appropriate to examine the origin of this phenomenon. These Corporations, some of which have a financial turnover of the same magnitude as a modern nation state, are to be found based in countries which have recently divested themselves of Empires (the exception is Sweden) or in the U.S. Part of the explanation is simply that with the old Empires, trade followed the flag, along with the language, and Trading Empires were born. Many European Multi-nationals are in fact more than 70 years old. This fails to explain the expansion of the U.S. over the world (and not only in South America) or of Sweden, Switzerland or Japan.

During this century there have been two Industrial revolutions.

The first was of the internal combustion engine, providing power to motor vehicles and to aircraft. It was centred on Europe and the United States. It created a very great demand for energy and oil. The second came in the late 1940s and was electronic. It has provided the base for computers, for television, for satellites and for Information Technology. It is centred on the United States and South-East Asia. The pace is quickening.

These new industrial activities are capital intensive, requiring research, development, careful planning, highly skilled and qualified staff. The Multi-nationals are not mean with their R&D budgets.

One aspect of the shift to the West in the U.S. is precisely this. Aircraft and Electronics have left the Old Industry behind and headed to the Coast.

Competition, sometimes supported by overt national policies, has resulted in a high concentration of resources and production in very limited areas of the earth.

This is easy to observe.

The principal producers of cars and trucks are in the U.S., Europe and Japan. There are a very small number of producers.

The principal producer of aeroplanes, Boeing, is here in the U.S. Europe can claim still to be competing with airframes but has one engine producer only, Rolls-Royce.

Japan is rapidly overhauling all other producers in Consumer Electronics and Optics.

Mainframe computers are IBM.

Banking and Financial services operate internationally from London and New York.

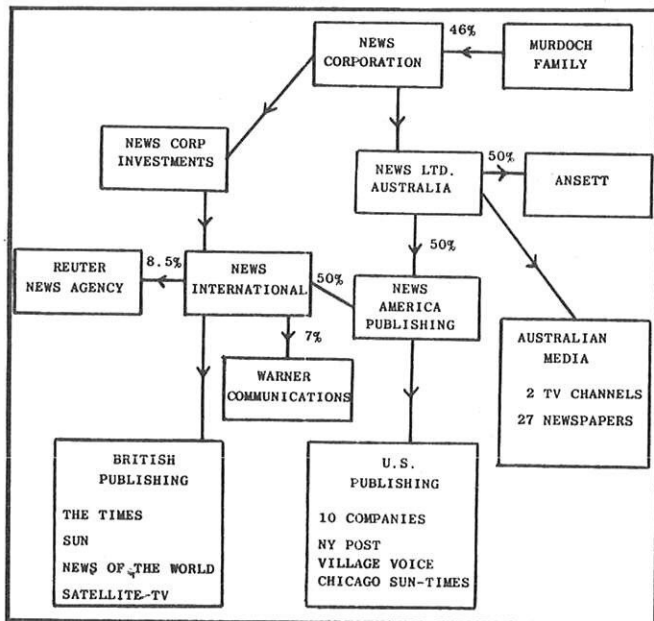
Technology and the information revolution have strengthened the Multi-nationals partly because costs are high, but also because the flexibility made possible by the New Technology makes international operations much easier.

This account of the world is descriptive and a brief account of the structure of some Multi-nationals may help to illustrate the problem.

News International is Rupert Murdoch's own multinational. With a substantial share-holding from the Murdoch family in Australia, News Corporation controls media groups in Australia, the United Kingdom and the United States. It is primarily in newspaper publishing but includes two TV channels in Australia, a TV satellite service in Europe, an interest in the Warner Corporation in the U.S. as well as in satellites. It has grown by the purchase (for cash) of declining newspapers which are restructured to profitability. These include The Times of London, the Village Voice of New York, as well as rapidly developing popular sheets with their due proportion of cheese-cake. As they develop they are intended to make money and mostly they do.

The shape of the Murdoch empire is shown in the table and the only disparate holding is of Ansett, an Australian Transportation Company and Airline.

MURDOCH PRESS



News International invests substantially as it develops in each continent; it denies that it simply transfers funds from one to the other, but a successful base certainly assists the development of a new group even in a different continent with different currency and banking system. Success breeds success and a good track record assists with a Banker. Banking is international too.

The important element is that News International has grown rapidly applying traditional media methods but exploiting the new technology in production and in finance. It is reasonable to expect that its enormous success in Europe will be repeated here in the U.S.

It is difficult to value the group, but an instructive piece this year in the Economist states that the Revenue in the U.K. and U.S. in the year to June 1983 was \$1.41 billion, smaller than Time or Gannett, with Shareholders Funds at \$312m and long term debt at \$254m. This is substantial gearing at 81.4% but this is what growth means. As Consumers we know the size and scale of our commercial fellows.

A British Multi-national which has changed its shape in recent years illustrates the flexibility that can be achieved with diversity.

Booker-McConnell are probably best known for their sponsorship of the Booker Prize for Fiction, an annual award worth some \$15,000 and which provides publicity and success for the writers who achieve it.

It is an International Group with a turnover of \$1.5 billion based in London with divisions concerned with Engineering, Food, Health, Liquor, Agriculture, Shipping and Literature.

In 1982 they were active in Texas as well as Siberia, Guyana, Thailand, Taiwan, Sri Lanka and Zambia.

They make oil and gas production equipment, sell food, manage farms, promote health food products and, incidentally, own Agatha Christie and James Bond.

Until 1976 they had interests concentrated upon the Caribbean Basin and Central Africa but gradually as the developing nations have become more independent and expropriation more popular, they have turned towards the U.K. and North America. They are withdrawing from Engineering and returning to Agriculture, from sugar cane towards sugar beet equipment, turkey breeding, farm management and the sale of Health Food products.

This is not only a successful turnround of a business but a total re-orientation arising from political events, where the management correctly perceived the problems and survived very well indeed.

Unilever is an Anglo-Dutch group with a turnover of about \$20 billion and profits of some \$1 billion before tax.

It is long established with important interests not only in food, especially margarine, fats, oils, processed food, but also in packaging materials, animal feeds, chemicals, detergents and agriculture.

They are active in most European countries as well as North America, Central and Southern Africa, South America and Asia. The range of activity is illustrated by the household names that occur - Thomas J. Lipton, Van den Bergh and Jurgens, Lawry's Foods, Hygrade Foods, Bensdorp, Motta-France, Birdseye-Walls and Mattesson's Meats.

Unilever has an excellent record for research and development, they are innovative as well as diverse.

Although growth has not been impressive, profits are being maintained. The average is about 5% and they do rather better in the U.S. than in Europe, but most impressive are the profits in Asia and Australasia where they are very nearly 11%, in South America at 10.3%, and even Africa at 8.4%. Indeed Europe is becoming less profitable.

Before completing this section it is worth looking at two other groups.

Imperial Chemical Industries which is British based and commands a turnover of some \$10 billion. Overall profitability in 1982 was about 5% but there have been substantial improvements in 1983. However as with other Multi-nationals the spread of activity is truly international and diverse.

Pharmaceuticals represent an important sector of work and of profit. World-wide it was at 20% of turnover and provided a large block of the final profit.

It is also significant that profits overseas were better than those at home, on the Indian sub-continent at 11% and in Asia and Australasia at 7%.

Lloyds Bank, the smallest of the London Clearing Banks, with a profit of \$0.5 billion illustrates in the accounts in 1982 (they did better in 1983) the magnitude of an International Bank. The deposits and similar accounts held were worth about \$50 billion.

There are substantial interests in New Zealand, Hong Kong, South America and the United States (California).

They are active in Life Insurance, Estate Agency, Leasing, Hire Purchase and Unit Trusts.

Nearly one half of the profit comes from international business.

These are all substantial corporations, successful and well managed, chosen almost at random to illustrate the nature of multi-national trading. Similar accounts would be found in other manufacturing areas and some common threads emerge.

1. That they are all interested in growth and development; they select both the industries and the regions where they prosper best. Europe and now the United States are areas

with large turnover but relatively low profits. The newly developing areas in Asia and South America offer greater financial opportunities.

2. Research and development is a key to growth. The Multi-national record is good, and Multi-nationals are to be found in food, agriculture, Information Technology and Pharmaceuticals where they are leaders.
3. Multi-nationals are usually public companies (the exceptions are ELF, ENI, state-owned oil groups with wide interests) and the ownership tends towards the Insurance Companies and the Pension Funds. Their responsibility, within the Law, is to provide adequate profits for their Institutional Investors.

The problems for consumers begin to emerge quickly.

The Multi-nationals are quite as important as Governments and they expand their interests across frontiers.

The cultural impact is to be observed in the hotel industry where the basic pattern of service, of the International Menu, is known to many of us. More insidious is the Coke, Cocacolonisation is thirty years old, the Big Mac which costs 30% more in Paris than it does in London or New York.

Avis tries harder even in Moscow.

But strong cultures will resist and usually succeed in retaining traditional patterns. However it is essential to deal with this point since it does cause resentment, particularly with elitist groups in the Old World.

There are other more important matters for consumers.

1. The transfer of pricing and technology

The Multi-national can choose how it prices its products, not with regard just to profit but to demand and restriction within each national market. Internal transfers within a group, which may amount to between 7 and 10% of sales and exceed the gross profit may well conceal transfers of profits between sectors of the business and between regions. The moves towards unitary taxation are an American response to this. Technology will develop where resources are best deployed and, in such areas as Nuclear Power and Computers, the new technology is jealously guarded for reasons of State security as well as commercial profit. Poorer countries may well become dependent.

2. Sales Techniques

In the Third World the demand for new products, especially medicines, may lead to misleading advertising, unacceptable in the Developed World. This is particularly

evident in pharmaceuticals. Pressure to obtain contracts for new processes or equipment, often backed by Governments, leads to bizarre developments and reduction in choice. Japanese cars are built in the U.S. and soon will be in the U.K. Micro chips are to be made in Scotland and processed in the U.S.

Whilst consumer demand is important, the goods that can be chosen are selected by Multi-national companies and manufactured where the best deal can be done.

Governments may do deals with Multi-nationals to manufacture in their territory rather than encouraging a local producer. In the long run this increases uniformity and reduces choice.

- On occasion, these deals are made between Governments, each supporting its own (sometimes State-owned) company to share in the manufacturing of the product. The recent activity of Aerospatiale/British Aerospace illustrates this well.

This is a world where the old rules of economics apply in a new way.

Consumers have been active in some of these areas.

Car pricing BEUC, the European consortium of Consumers' Unions has promoted studies of car prices in Europe where there are small numbers of producers, numbers of imports (from Japan) and wide price differences.

The point is made well in the two tables prepared by BEUC for 1982. It will be seen that pre-tax motor cars are priced in Belgium at about two thirds of the U.K. price. Most of the producers are multi-national in their performance. The matter is now subject to legal action in Europe but the Consumers' Association of U.K. is now selling a Kit to assist consumers to import cars directly from Europe at a lower price. There are many complex barriers to the process.

The prices were then converted into ECU (European Units of Account) using the values of each national currency as calculated by the Commission on 22 June 1981 (OJ No. C158/13 of 23.6.1982). (SEE TABLE 2)

It is seen the prices vary across Europe. Typically a car in Belgium costs about two thirds of the U.K. price.

Baby Milk Breast-feeding has been the subject of a world campaign against the promotion of substitutes.

The products have been actively promoted in Asia, often to doctors or nurses, for use where in the past breast-feeding would be normal.

A consumer campaign has led to a WHO/UNICEF code on the Marketing of Breast-feeding substitutes. This is concerned with marketing methods by Multi-nationals especially with respect to the making of gifts to health workers, the use of misleading advertising and the failure to provide full information on labels. The Nestle Corporation, a leader in the field, is now seeking to comply with the code and a world boycott is being called off.

Anabolic Steroids which are best known in the Western world for their use by athletes to promote muscular growth, are also promoted in the Third World to promote growth. Children who are undernourished are encouraged to use them to promote development and in the first stages may in fact grow. However medical opinion is suggesting that the side effects and the premature termination of growth in long limbs may have adverse effects on child health.

There are many millions of undernourished children in the Third World and clearly the demand for help is great. A new campaign in this area is emphasizing that the drug companies are doing a disservice with their advertising of Anabolic Steroids and that it would be more to the point to provide more food.

TABLE 1 Comparison of basic prices (net of tax) in national currencies

	DK (DKr)	LUX (F Lux)	B (FB)	NL (Dfl)	D (DM)	F (FF)	I (I.lra) (1000)	IRL (Irish (Sterling) pound)	UK
ALFASUD Super 1350 III	31,341	216,515	214,000	12,716	13,442	35,417	7,490	4,238	3,989
AUSTIN Metro 1000 IILE	24,666	167,273	172,600	10,976	10,876	28,262	5,771	3,701	3,451
BMW 320	48,386	359,091	345,600	21,152	19,735	58,539	11,010	7,143	5,951
CITROEN CX2400 Pallas	66,031	399,545	433,900	27,402	24,150	62,150			7,461
DATSUN Cherry 1300 L	22,126	159,950	165,950	10,774	9,750			3,264	2,950
FIAT 27 1.3 Sport Type 3	27,589	172,727	175,900	11,141	11,062	29,550	6,980	3,709	3,411
FIAT 131 Super 2000		245,000	247,900	15,101	15,265	39,413	9,935	5,124	4,210
FORD Escort 1300 L	30,398	212,364	212,400	12,428	12,500	32,194	6,845	4,158	3,688
FORD Granada 2300 GL	56,359	357,455	357,500	22,739	21,009	53,827		7,524	7,182
HONDA Prelude Coupe	42,227	244,545	247,000	14,965	15,836	37,050	9,491		4,623
JAGUAR XJ6 III 4.2 A	130,197	706,364	715,000	51,823	50,044	133,881	26,244		12,554
LADA 1200 Break		109,500	107,960	8,426	8,836	21,725			2,242
MAZDA 323 GT 1.5	33,389	208,091	206,330	12,231	12,558	34,470	7,713	3,132	4,333
MERCEDES 230 E	90,540	479,545	481,000	30,642	24,300	71,908	17,789	13,082	8,014
MINI City 1000	34,170	112,273	115,650	7,887	7,075	20,185	4,313		2,401
PEUGEOT 305 GLS		228,636	230,300	13,832	12,819			4,651	3,887
PEUGEOT 505 GR		290,818	293,500	17,895	17,071	43,935	10,812	6,729	5,681
PORSCHE 924 L	99,413	510,000	492,500	34,593	27,416	87,234	16,990		7,691
RENAULT 5 GTL		167,000	177,300	11,515	11,106	29,726			3,408
RENAULT 20 TS		306,400	326,300	21,062	20,619	51,343	11,545	7,103	6,297
ROVER Vanden Plas 3500	88,247	480,909	499,000	33,196	30,752	88,806	19,480	13,021	11,623
SAAB Turbo	73,023	455,273	423,000	32,365	29,115	68,878	16,869		9,190
TOYOTA Carina 1600 DX	29,638	206,909	213,150	12,761	13,442	34,760		4,477	3,980
VW Golf 1.5 GLA	39,814	250,800	245,500	16,166	14,664	40,575		4,968	4,675
VOLVO 343 DL	34,138	222,273	226,600	13,036	13,628	34,579	7,515	4,358	3,725

TABLE 2 Comparison of basic prices (net of taxes) in EUA

	DK	LUX	B	NL	D	F	I	IRL	UK
ALFASUD Super 1350 III	3,841	4,792	4,736	4,906	5,690	5,404	5,630	6,167	7,230
AUSTIN Metro 1000 IILE	3,023	3,701	3,820	4,220	4,604	4,312	4,338	5,385	6,255
BMW 320	5,930	7,947	7,648	8,132	8,354	8,932	8,276	10,394	10,787
CITROEN CS2400 Pallas	8,092	8,842	9,602	10,536	10,222	9,540			13,524
DATSUN Cherry 1300 L	3,201	3,540	3,673	4,142	4,127			4,749	5,347
FIAT 27 1.3 Sport Type 3	3,381	3,822	3,893	4,284	4,682	4,509	5,246	5,397	6,183
FIAT 131 Super 2000		5,422	5,486	5,806	6,461	6,014	7,468	7,456	7,631
FORD Escort 1300 L	3,725	4,700	4,700	4,778	5,291	4,912	5,144	6,050	6,685
FORD Granada 2300 GL	6,907	7,910	7,911	8,743	8,893	8,213		10,555	13,018
HONDA Prelude Coupe	5,175	5,411	5,466	5,754	6,703	5,653	7,134		8,380
JAGUAR XJ6 III 4.2 A	15,956	15,623	15,823	19,925	21,183	20,429	19,726		22,756
LADA 1200 Break		2,423	2,389	3,240	3,740	3,315			4,064
MAZDA 323 GT 1.5	4,092	4,605	4,566	5,087	5,316	5,260	5,797		7,854
MERCEDES 230 E	11,096	10,612	10,644	11,781	10,286	10,972	13,371	19,036	14,526
MINI City 1000		2,485	2,559	3,032	7,995	3,080	3,241		4,352
PEUGEOT 305 GLS	4,188	5,060	5,097	5,318	5,426			6,768	7,046
PRUGEOT 505 GR		6,436	6,495	6,880	7,225	6,704	8,127	9,791	10,297
PORSCHE 924 L	12,183	11,286	10,899	13,300	11,604	13,311	12,770		13,941
RENAULT 5 GTL		3,709	3,923	4,427	4,701	4,536			6,177
RENAULT 20 TS		6,780	7,221	8,098	8,728	7,834	8,677	10,336	11,414
ROVER Vanden Plas 3500	10,815	10,642	11,043	12,763	13,017	13,551	14,642	18,947	21,068
SAAB Turbo	8,919	10,075	9,493	12,444	12,324	10,510	12,679		16,658
TOYOTA Carina 1600 DX	3,632	4,579	4,717	4,908	5,690	5,301		6,515	7,214
VW Golf 1.5 GLA	4,879	5,550	5,432	6,216	6,207	6,191		7,229	8,474
VOLVO 343 DL	4,184	4,918	5,015	5,012	5,769	5,276	5,649	6,341	6,752

These are diverse areas of activity.

The problem we face as consumers is how to meet the Multi-national.

The first part of the paper emphasised the scale of the companies, the range of their activity, their profitability, their ownership.

The second part, with a small sample of their performance and the way it may affect us all.

The starting point must be size. International consumer organisations are small, with tiny budgets, dependent upon the support of national consumer organisations which often have little money to spare. Consumers' Association in the U.K. will budget for an expenditure of \$27m this year and whilst Consumers Union is much larger, neither have the surpluses needed to compete with the groups that I have described. CA and CU depend upon the sale of consumer information magazines to survive. We need allies.

Some Governments help; the Netherlands have recently provided a substantial fund to assist the Consumer Interpol, but generally the consumer has a small place in Government. There are some Consumer Ministers in European Governments but usually we have only a very small share in power.

In Europe there is a small Consumer section in the EEC Commission but also a competition policy which has been used to assist consumers in the motor car case described earlier.

Environmental groups often share our worries, particularly about the Third World and have often helped especially over pharmaceuticals and pesticides.

The media may take up particular issues. Thalidomide, which was associated with numbers of deformation cases amongst children, was fought by individuals and by Harry Evans of the Sunday

Times which won a notable victory in the Human Rights Court in Strasbourg. He is no longer with the Sunday Times.

The Baby Milk campaign was assisted by the work of International organisations including the WHO and often these organisations are staffed by people with a deep conviction of the need to help the Third World.

This is a short list. The moral imperative to help tends to be found more amongst the voluntary groups than in Government or in Industry. But we must accept that all is not black in the Multi-nationals.

However it is not possible to expect that in the modern political atmosphere action will be taken if we do not help ourselves.

Consumer Groups are themselves too small to achieve much. They need to grow, to expand their aims beyond being information cooperatives. It is perverse that in the Developed World the stronger consumer movements are mainly concerned with the price and standard of consumer goods, whereas in the Third World, where the basic needs of hunger, deficient housing and health are more urgent, the resources to create effective movements are lacking.

Although the UN and associated agencies are less popular than they were, they do exist. Esther Peterson represents IOCU at the UN in New York. She is entitled to your support; and of course to mine. And the UN agencies across the world, many of which may seem to do little, provide a framework for international action that should not be destroyed. Consumers are represented at some of these and it is here that the Multi-nationals may be confronted directly.

If it is necessary to choose, it is worth noting that technical cooperation is often the most effective, as can be seen in the allocation of

channels on the airwaves for broadcasting. At IOCU the most effective committee is the Testing Committee.

Informal cooperation has been effective in the battle over baby milk and this should not be despised.

The South East Asian office of IOCU is developing, Health Action International and Consumer Interpol (which had support from the Dutch Government) to seek to combat some actions of Multi-nationals in the fields of health and nutrition. This is an activity where the Developed World, which includes this meeting, can take part. Africa and Asian Consumers need help and support for these activities.

In many areas, the Developed World already possesses the technical and legal weapons to meet the Multi-nationals and has learned to use them. The Third World is deficient both in the framework of law and even more in the skills and will to achieve enforcement. Where there are common problems, and pharmaceuticals is one, the Developed World should take a lead in developing codes of practice that can be easily enforced over the whole world. There is a need to employ the sanction and the boycott where there is direct danger to health in the Third World.

Finally, Multi-nationals have learned to cooperate across frontiers for their own business and at times to work together. The International Chamber of Commerce, based in Paris, is frequently represented at International meetings on Consumer problems. The Multi-nationals are able to provide the ICC with effective representatives to state their case. As consumers we must learn to grow sufficiently to be able to do the same.

CONCEPTS FUNDAMENTAL TO THE CONSUMER SCIENCE FIELD

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ABSTRACT

In an effort to define the essential elements and boundaries of the Consumer Science field, identification of concepts which describe the field's relevant dimensions has been undertaken. Efforts to validate inclusion of concepts and initial development of a conceptual scheme are discussed in this paper.

Consumer Science at the University/College level has found itself in the same position as Consumer Education was several years ago, with the need to define what it is and to identify and define its essential elements and parameters as well as the concepts which are essential to the field. Professionals in the field came together two years ago at the Consumer Science in Institutions of Higher Education symposium in what was the first major effort to determine exactly what curricular areas composed the field. Kroll and Hunt [10] argue in their work that Consumer Science is a new field which has undergone an evolutionary process characteristic of any new field of study, and that it has reached the interdisciplinary stage with professionals educated in related disciplines but recognizing the desirability of coordinated efforts. According to Kroll and Hunt [10] the next stage of development is unidisciplinary, an achieving of a unique disciplinary status. In order for the unidisciplinary stage to be reached it is necessary that the relevant dimensions of the field be defined. The relevant dimensions of a discipline include the concepts which define the field and provide its boundaries.

Several of these issues are being addressed by others [6,9,12] during this symposium. These include the synthesis of a definition of Consumer Science and what the field includes.

Bannister and Monsma [2] have developed a comprehensive classification of the concepts which are important to Consumer Education. However, since there is a difference between Consumer Education and Consumer Science at the University level it is necessary to set forth the concepts for Consumer Science. Consumer Education is defined by Bannister and Monsma as

the process of gaining the knowledge and skills needed in managing consumer resources and taking actions to influence the factors which affect consumer decisions [2, p. 11].

Consumer Education may be considered a subject to be taught in secondary and informal adult education not a field of study to be pursued in higher education except in the case of individuals seeking certification as Consumer Education teachers. In many institutions those seeking teaching certification select consumer science courses as area of emphasis. Although there will be considerable overlap of the concepts in both schemes, concepts at a more abstract/inclusive level will by necessity be a part of the Consumer Science classification. An underlying factor in the inclusion of concepts from basic disciplines is that professionals are being prepared by Consumer Science curricula for a wide variety of positions and as such they must be able to understand and apply many of the concepts innate to the basic disciplines.

Although Kroll and Hunt [10] assert that in the unidisciplinary stage of development the field of Consumer Science will achieve a unique disciplinary status, the authors of this paper have chosen to view Consumer Science as a field of study rather than a discipline, since in the traditional sense disciplines are customarily viewed as established specializations in universities, i.e., anthropology, economics, mathematics, art with unique boundaries, processes of disciplined inquiry and modes of thought. In contrast, a field of study focuses on a "professional service in some area of human problems or needs." [4, p. 2] Brown states that

The service for which these fields prepare professionals require application of knowledge to particular cases where individuals or groups have problems or needs. The knowledge applied often comes from a combination of basic disciplines as well as from research or invention within the applied field [4, p. 2].

Based on this differentiation between a discipline and an applied field of study, there would seem to be little doubt as to whether or not Consumer Science should be viewed as a field of study. However, the authors do not disagree with Kroll and Hunt [10] in their views on the stages of development.

The knowledge (curriculum content) upon which consumer science draws is from areas which have historically been considered disciplines and others which have long been recognized as applied fields of study. The content of curriculum refers

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to the substance of what is taught. Since there is selectivity and organization by the curriculum developer, the substance of any curriculum is not necessarily coextensive with the discipline or field of study. Existing knowledge is not a limiting factor in curriculum content as students continuously reconstruct knowledge in view of their life experiences [4,14]. Additionally curriculum content is selected and organized by the philosophical perspective and curriculum theory of both the developer and user. Therefore, it can be argued that any organizational scheme for the concepts which are fundamental to the field may be done on the basis of their original discipline or field of study. It is the selectivity in application and organization within curriculum in the field which causes a restructuring among the concepts and gives the field a distinct content focus.

Basis for Conceptual Structure

A conceptual scheme by its nature is general. Brown defines concept as "a general notion about a class of objects (not necessarily physical objects)" [4,p.4]. The term concept has also been used to refer "to an abstraction representing the world of objects and events and is a means of organizing them into categories" [1, p. 23]. Although it is general, a conceptual scheme should also reflect the relationship of the categories to each other. Exhibit 1 is the authors' effort to show the relationship of both the disciplines and applied fields of study, which are reflected as the origins of the concepts, to each other and to the field of study being called Consumer Science. The diagram presents a reintegration of established subject matter. A categorization scheme for the concepts is presented in Table 1. If a scheme is to be useful in communicating, the concepts must also have precise and usable definitions as well as consensus of the group which uses them [3]. Definitions are not included with this paper and may be found in the 1983 Goebel and Miller paper [8].

A conceptual scheme provides justification for curriculum content and provides a means for organizing that content. It is not the intent of this effort in determining which concepts should be included in Consumer Science and in providing definitions to mandate a curriculum, but rather to provide consensus on what professionals at least among those who participated in the symposium, Consumer Science in Institutions of Higher Education, accept as belonging in the field. Nor is it presumed by the authors that the concepts presented are inclusive. It is expected that selectivity from among the concepts will occur and application of the concepts will vary among schools and programs since curriculum content refers to the substance of what is taught.

Sources of Concepts and Definitions

The concepts which are included in this framework were identified by participants at the Consumer Science in Institutions of Higher Education

Symposium held at Madison, Wisconsin in 1982. Participants were asked to identify concepts which they felt were integral to the field of Consumer Science. Miller in 1982 [11] organized these concepts into a list and eliminated duplicates. Goebel-Miller [8] searched the literature, consumer science textbooks and other reference materials for definitions of the concepts. The definition presented was selected after comparing definitions from various sources. When a specific definition could not be found a definition was developed based on synthesis of the literature. Although the concepts had been originally identified by professional educators in the Consumer Science field, it was still necessary to determine the validity of including the concepts in a more systematic manner. After considering several methods of validation, content analysis of selected exhibits from the report Consumer Science in Institutions of Higher Education: Data Base from a National Study [13] was selected.

Content analysis, a research technique that allows for systemic analysis of socially transmitted messages, was used to validate the inclusion of concepts in the classification scheme. The five steps [5] which are generally involved in content analysis are: 1) formulation of the research question; 2) selection of content to be analyzed and the unit of analysis; 3) coding of the content according to the defined units of analysis; 4) quantification of the data; and 5) analysis and interpretation of the findings.

Content analysis was used to test the suitability of the concepts and definitions as presented by Goebel and Miller [8] to the Consumer Science field.

Validation of Concepts

The form of content analysis which was used was descriptive in that the following exhibits from Consumer Science in Institutions of Higher Education: Data Base from the National Study: Exhibit 4 - Definitions of Fundamental Terms, Exhibit 7 - Identification of Career Competencies Developed Within 26 Undergraduate Consumer Programs, Exhibit 14A - Personal Opinions of 27 Program Auditors Regarding What Should Be Included in the Intellectual Focus and Scope of the Consumer Field, were reviewed to determine whether or not the concepts identified by Goebel and Miller [8] were either directly mentioned or implied. These exhibits were selected for analysis as they dealt with the content and application of the field. In addition to ascertaining if a specific concept was either mentioned or implied, the context in which it was used was also compared to the definition of the concept. The numbers in parenthesis following each concept reflect the frequency of mention of the concept in the Exhibits. If there is no number the concept was not specifically mentioned but was implied.

To provide another validation basis for inclusion of selected concepts and definitions, the content analysis procedure was also used with the Wall [15] dissertation which focuses on the develop-

ment of a standardized test for Family Economics. This dissertation was selected since it appears that where ever consumer science is offered, the study of family economics is integral to the substantive course offerings [12]. Since it can be assumed that the literature was thoroughly reviewed in the preparation of the standardized test for college level Family Economics, it was believed that this would be a reliable source of both definitions and concepts pertinent to Family Economics.

It was necessary to add concepts to the original list after review of the Wall [15]. Since Goebel and Miller [8] had not added any concepts to those generated at the symposium session, and relatively few concepts were added from Wall [15] it was apparent that the breadth of the Consumer Science field was well represented by the participants at the symposium on Consumer Science in Higher Education. However, it must be recognized that the concepts are not all at the same conceptual level and as further refinement of this conceptual scheme take place, some on the list will appear as subconcepts.

Conclusion and Summary

The following limitations are recognized in the development of the list of concepts and in the placement scheme.

1. The full breadth of concepts may not be included because of the sources used.
2. Some of the concepts appeared in data base study career competency exhibit and therefore may relate to competency rather than curriculum content.
3. Because of overlap between the applied fields and disciplines some of the concepts should be listed in two categories.
4. In an effort to identify broad concepts, implied concepts were subject to interpretation.
5. It is recognized that all the concepts are not at the same level of abstraction and that more refinement and validation is needed.

The development of an accepted conceptual scheme for the Consumer Science field will provide a means of categorizing and organizing the subject matter and aid in the development of core curriculum. Agreement on common definitions will provide building blocks for development of additional empirical theory in the field. Frustration should be minimized and rational deliberation enhanced.

TABLE 1

Concepts Fundamental to the Consumer Science Field

Compilation of Concepts Contributed
by Program Auditors
Listed by Applied Field or Discipline

Economics

Consumption (10)
Economic System (10)
Public Sector (10)
Opportunity Cost (9)
Cost Benefit Analysis (8)
Market Structure (7)
Private Sector (5)
Mediation (4)
Mixed Economy (4)
Elasticity of Demand (3)
Consumer Demand Theory (2)

- Marginal Propensity to Consumer (2)
- Marginal Utility
- Rate of Substitution
- Quality Price Relationship
- Relative Price

Distributional Equity (2)
Human Capital (2)
Competitive Markets (1)
Economize (1)
Money Income (1)
Nonprice Competition (1)
Circular Flow of Money
Comparative Advantage
Non money income
Market Power
Consumer Price Index
Countervailing Power
Credit
Discounting Net Present value
Fiscal Policy
Monetary Policy
Income
Inflation
Open Market
Present Value
Productivity
Pure Public Good
Rate of Return
Real Income
Savings
Scarcity
Supply
Time Preference
Macro Environmental Effects

Family Economics

Financial Management (14)
Family (7)
Flow and Stock Resources (4)
Level of Living (3)
Risk (2)
Resources (1)
Standard of Living (1)
Family Economic Development
Spending
Interest Rates

Sociology/Psychology

Satisfaction/dissatisfaction
Critical Analysis
Group Influence/Peer Pressure
Human Behavior
Social System (6)
Cognitive Dissonance (1)
Persuasion
Maximizing Behavior (3)
Consumer Behavior (24)
Social Control
Reference Group
Psychological Determinants

Management/Business

Decision-making (22)
Problem solving (12)
Management Process (8)
Goals (7)
Planning (7)
Time as a Resource (4)
Budget (3)
Marketing Principles
Rationality (2)
Preference (1)
Insurance

Statistics

Quantitative Analysis (17)
Efficiency (4)

Education

Communication (25)
Information (18)
Values (4)
Value Clarification (2)
Diffusion of Innovation
Morality
Well-Being

Consumer Education

Consumer Education Process (14)
Consumer Redress (9)
Product Standard (9)
Consumer Choice (8)
Consumer Protection (8)
Consumer Advocacy (6)
Consumer Need (5)
Consumerism (4)
Consumer (3)
Consumer Interest (3)
Consumer Representation (3)
Consumer Responsibilities (3)
Consumer Citizenship (2)
Consumer Rights (2)
Caveat Emptor (1)
Consumer Action
Buymanship
Consumer Movement
Consumer Welfare

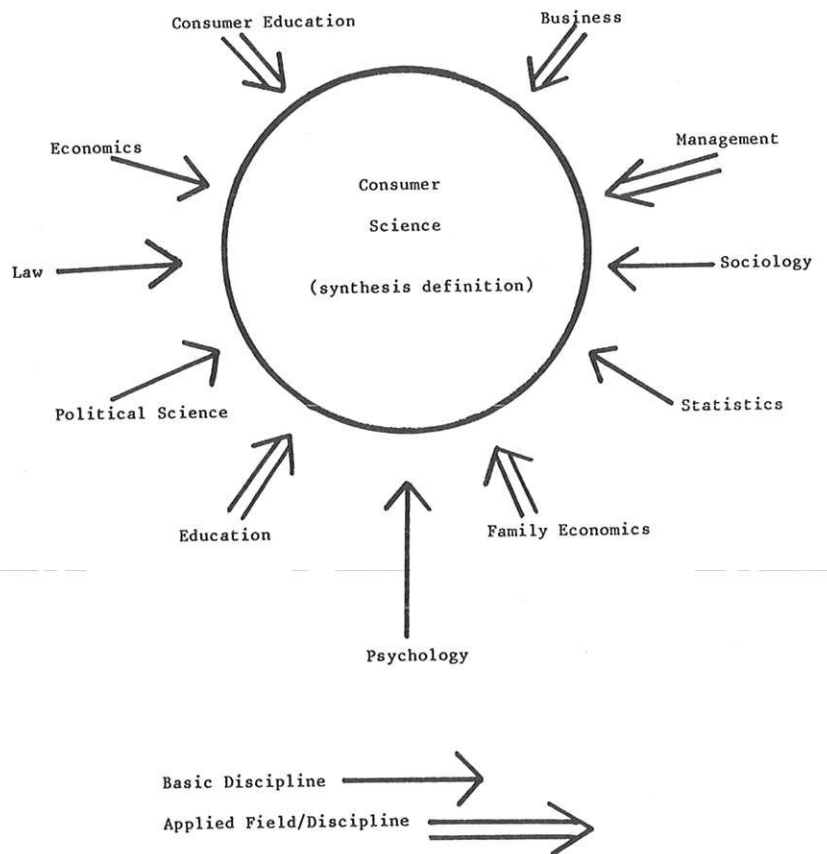
Political Science/Law

Political System (5)
Public Policy Analysis
Regulation (1)
Consumer Law (12)
Taxation Equity

Concepts Identified From Wall Dissertation

Conspicuous Consumption
Economic Well Being
Gross National Product
Wants and Needs
Holder in Due Course
Family Life Cycle
Annuity
Net Worth
Investments
Home Production
Advertising
Financial Planning
Financial Counseling
Recession
Taxes
Fraud
Purchasing Power
Product Quality Information

EXHIBIT 1



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CONSUMER RESPONSIBILITY/CORPORATE RESPONSIBILITY: AN ANNOTATED BIBLIOGRAPHY

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ABSTRACT

This annotated bibliography summarizes books and articles related to the conference theme. The bibliography may be used to supplement reading lists for consumer affairs classes or as a starting point for developing projects to define and assess responsibility in the marketplace.

Abbott, Walter F., and Monsen, R. Joseph. "On the Measurement of Corporate Social Responsibility: Self-Reported Disclosures as a Method of Measuring Corporate Social Involvement." Academy of Management Journal, September 1979. 22(3): 501-515.

This paper develops a corporate social involvement disclosure scale of large corporations and investigates their change of involvement over time, the direction of the involvement, and the effect involvement has on corporate profits.

Almeder, Robert. "The Ethics of Profit: Reflections on Corporate Responsibility." Business and Society. Winter 1980. 19(2) and 20(1):7-14.

This article disputes the Friedman doctrine that the sole moral responsibility of business is to make as much profit as is legally possible.

Bonnice, Joseph G. "Consumer Rights and Responsibilities." Business Education World, January-February 1972. 52(3):23.

This article discusses the importance of including topics such as integrity, honesty, and fair play in consumer education classes.

Bradshaw, Thorton, and Vogel, David (eds.) Corporations and Their Critics: Issues and Answers to the Problems of Corporate Social Responsibility. New York: McGraw-Hill, 1981.

This book presents essays by twelve senior corporate managers and eleven critics to provide a balanced view of the social responsibilities of large corporations.

The Business Roundtable. Statement on Corporate

Responsibility. New York: The Business Roundtable, 1981.

This booklet, published by the Business Roundtable, deals with the fundamental aspects of the proper role of corporations in our society. It reviews the expectations of the community, customers, shareholders, suppliers, corporate employees, and the society at large and suggests how corporations can react to these expectations.

Carroll, Archie B. "Corporate Social Responsibility." Vital Speeches of the Day. July 15, 1983. 49:604-608.

This speech, presented at Kent State University, addresses four issues: will industry respond to Federal cutbacks in social programs, should industry respond, what is industry doing in response to the President's Task Force on Private Sector Initiatives, and what future efforts might industry make in the area of social responsibility?

Chamberlain, Neil W. The Limits of Corporate Responsibility. New York: Basic Books, Inc., 1973.

This book addresses a series of specific issues that large corporations face in dealing with contemporary social problems.

Committee for Economic Development. Social Responsibilities of Business Corporations. New York: Research Policy Committee, June 1971.

This publication examines the need for corporations to make social responsibility a part of their business objectives and considers the limits of such activities.

The Conference Board. The Challenge of Consumerism. New York: The Conference Board, Inc., 1971.

This book looks at the roles, rights, and responsibilities of consumers, corporations, and government in improving the American business system, producing safe products, and protecting the environment.

Davis, Keith, and Blomstrom, Robert L. Business and Society: Environment and Responsibility. New York: McGraw Hill, 1975.

¹Home Economist, Family Economics Research Group, Agricultural Research Service.

This book seeks to relate business to the whole social system, including ecology, pluralism, and social power, and to show how our institutions work together to achieve a better quality of life.

Davis, Rose M. "Comparison of Consumer Acceptance of Rights and Responsibilities." American Council on Consumer Interest 25th Annual Conference Proceedings. April 25-28, 1979. pp. 68-70.

A survey of consumers comparing the acceptance of consumer rights with the acceptance of consumer responsibility found that there was greater acceptance of rights than of responsibilities.

Donaldson, Thomas. Corporations and Morality. Englewood Cliffs: Prentice Hall, Inc., 1982.

This book looks at modern corporations and considers both sides of the social/moral responsibility issue.

Ford, Robert, and McLaughlin, Frank. "Defining Corporate Social Responsibility: A Three-Group Survey." Review of Business and Economic Research, Fall 1981. 17:172-77.

This article reports on a research project that examined the attitudes toward corporate social responsibility of three groups: students, researchers, and business persons.

Friedman, Milton. "The Social Responsibility of Business is to Increase Its Profits." The New York Times Magazine, September 13, 1970. pp. 32-33, 122-126.

Friedman's controversial doctrine is presented in this article. His philosophy that the only social responsibility of business is to make profits, has been disputed, upheld, and debated many times.

Frederick, William C. "Corporate Social Responsibility in the Reagan Era and Beyond." California Management Review, Spring 1983. 25(3):145-157.

This article foresees no significant gain in corporate social performance during the Reagan era since social performance standards have been relaxed. The author suggests the formation of social coalitions by business, government, labor unions, universities, and consumers to address social needs.

Frederick, William C. "Free Market vs. Social Responsibility: Decision Time at the CED." California Management Review. Spring 1981.

This article looks at the role of the Committee for Economic Development in its attempts "... to identify issues that will confront business and society, analyze them, deduce sound public policies for dealing with them, and communicate those good solutions to...leaders throughout the country."

Haney, Peggy H. (ed.) Forum. New York: J.C. Penney Company, Inc. Spring-Summer 1981 issue.

This magazine issue presents articles by several authors on the direction consumer education needs to take to help consumers meet their responsibilities in a changing world. Included are "Educating the Post Industrial Consumer" (page 23) and "Consumer Dilemma: Micro-sensible verses Macro-responsible" (page 14) by Ronald W. Stampfl; "Some Unanswered Questions" (page 16) by Robert B. Reich; and "A New Threshold for Consumer Education" (page 18), an interview with seven consumer experts.

Henderson, Hazel. "The Changing Corporate - Social Contract in the 1980's: Creative Opportunities for Consumer Affairs Professionals." Human Resource Management, Winter, 1978. 17:15-22.

In an address to the Society of Consumer Affairs Professionals, the author discusses the future role of the consumer professional in improving the business-government-consumer relationship.

Lee, Stewart M. "'Wealth,' 'Nealth,' and 'Illth' and the Responsibilities of the Consumer Educator." Business Education World, March-April 1975. 55(4):12-13.

This article discusses the importance of consumer educators including the subject of responsible consumption in their curriculums.

Mayer, Robert N. "Consumerism in the 70's: The Emergence of New Issues." The Journal of Consumer Affairs. Winter 1981. 15(2):375-391.

This article examines the consumer movement of the 1970's to help project the direction of the movement for the 1980's.

McAfee, Jerry. "Responsibilities Shared by Corporations and Society." Credit and Financial Management, May 1978. 80(5): 28-31.

Corporations and society have practical responsibilities to each other. Corporations should inform society of economic and technical problems it is having. Society, with the government, should spell out what they want corporations to do about these problems.

Mulock, Bruce K. Corporate Boards: Changes and Trends in Board Roles and Responsibilities. Report No. 82-199E, Washington, D.C.: Congressional Research Service, December 17, 1982.

This report examines the roles and responsibilities of corporate boards; focusing on efforts to make managers more accountable, and the continuing debate concerning the responsibilities corporations owe to local communities and society at large.

Nader, Ralph (ed.). The Consumer and Corporate Accountability. New York: Harcourt Brace Jovanovich, Inc., 1973.

This book discusses irresponsible practices by consumers and corporations in the marketplace.

Nader, Ralph, and Green, Mark J. (eds.). Corporate Power in America. New York: Grossman Publishers, 1973.

This book contains a series of papers by various authors, and seeks to find a solution to the issue of restricting corporate power and promoting corporate responsibility in our economy.

Preston, Lee C. (ed.). Research in Corporate and Social Performance and Policy. Greenwich: JAI Press, Volume 1-1978, Volume 2-1980, Volume 3-1981, Volume 4-1982.

This series of books present recent research on corporate social responsibility by a variety of authors who are well known in the field.

Sethi, S. Prakash. "Business and Social Challenge." Public Relations Journal, September 1981. 37:30-31, 34.

This article examines the evolving relationship between business and society during the '60's, and '70's, and considers what we can expect in the '80's.

Stampfl, Ronald W. "Multi-Disciplinary Foundations for a Consumer Code of Ethics." American Council on Consumer Interest 25th Annual Conference Proceedings. April 25-28, 1979. pp. 12-20.

This paper analyzes the contributions of various disciplines (home economics, economics, marketing, sociology, psychology, law, political science and futurism) to the study of consumer rights and responsibilities. Findings indicate numerous bases for a code of consumer ethics.

Stampfl, Ronald W. "The Postindustrial Consumer." Journal of Home Economics. January 1978. 70(1):25-28.

This article discusses the characteristics and professional implications of the consumer of the future and considers how consumers values, rights and responsibilities will change.

ACCI SUBJECT AND AUTHOR INDEXES

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