ACI

Advancing the Consumer Interest

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AMERICAN COUNCIL ON CONSUMER INTERESTS

Established in 1953, ACCI is a non-partisan, non-profit, incorporated professional organization governed by elected officers and directors.

ACCI Committees work on issues in such areas as consumer education, consumer research and international consumer affairs. Student chapters are located at various colleges.

PUBLICATIONS

The Journal of Consumer Affairs, an interdisciplinary academic journal, is published twice a year.

Advancing the Consumer Interest focuses on the application of knowledge and analysis of current consumer issues.

The *ACCI Newsletter*, published nine times a year, offers information on the latest developments in the consumer field.

Employment Opportunities, published as an insert in the *ACCI Newsletter*, provides information on professional positions in academia, business, government, and non-profit organizations.

CONFERENCES

An Annual Conference is held each spring and features keynote speakers, papers, research findings, reports of consumer articles and education programs.

Upcoming conferences are:
1994: Minneapolis, MN
1995: Washington, D.C.

For additional information contact: Anita Metzen, Executive Director, ACCI, 240 Stanley Hall, University of Missouri, Columbia, MO 65211

EDITORIAL POLICY STATEMENT

Advancing the Consumer Interest is designed to appeal to professionals working in the consumer field. This includes teachers in higher and secondary education, researchers, extension specialists, consumer affairs professionals in business and government, students in consumer science, and other practitioners in consumer affairs.

Manuscripts may address significant trends in consumer affairs and education, innovative consumer education programs in the private and public sector, reasoned essays on consumer policy, and applications of consumer research, theories, models, and concepts.

Suggested content may include but is not necessarily be limited to:

1. Position papers on important issues in consumer affairs and education.

2. Description and analysis of exemplary education, extension, community, and other consumer programs.

3. Research reported at a level of technical sophistication applicable to practitioners as well as researchers. The emphasis of this research should be on its implications and applications for consumer education, policy, etc. The primary question of the reported research should be, "What does this research mean for practitioners?".

4. Application of theories, models, concepts, and/or research findings to problem solutions for target audiences.

5. Articles summarizing research in a given area and expanding on its implications for the target audience.

The *Guide For Submission of Manuscripts* may be obtained from the Editorial Office.

EDITORIAL STAFF

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*Indicates a peer-reviewed article.

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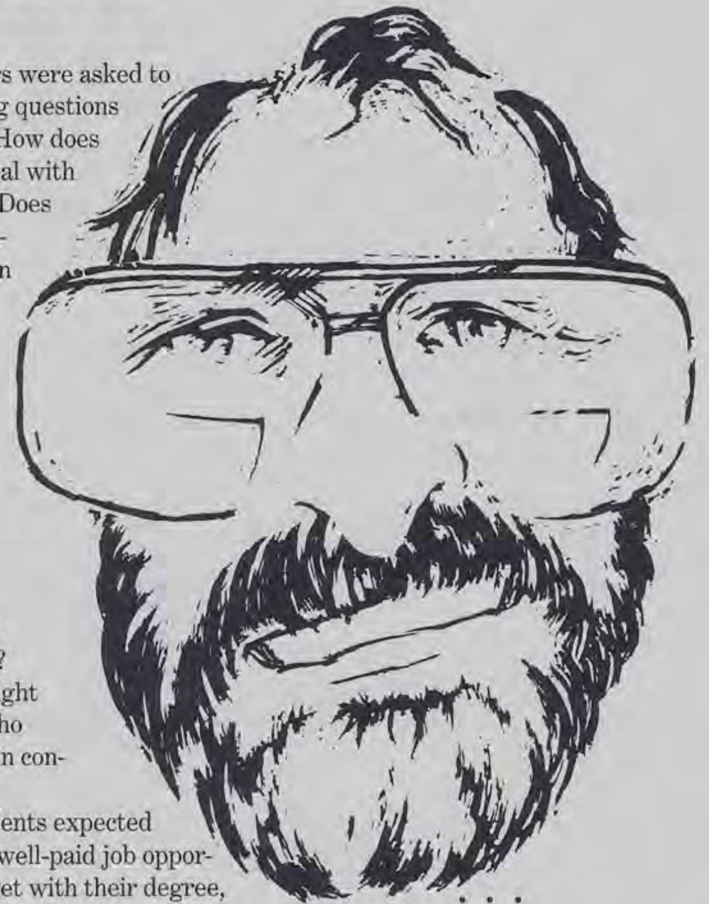
GRUMBLINGS OF A NEOMUCKRAKER

This past quarter, a course that I offered received the highest student evaluations in all my years of University teaching. The reasons—I did not do the actual teaching and those who did had something really valuable to give the students—information about careers. One of the most asked questions of our major is, "What kind of job can I get when I graduate?" What better way for students to learn about careers in consumer affairs than to have them hear from practicing professionals about their companies, their departments, and themselves. With the help of colleagues, I designed a course that would bring consumer affairs professionals from the private and public sector into our classroom to address our Consumer Studies and Family Economics majors.

This class, Consumer Affairs Professionals, invited fourteen consumer affairs professionals which included local consumer affairs professionals from the Better Business Bureau, Cooperative Extension, Utah Division of Occupational and Professional Licensing, Deseret News, and Mountain Fuel. The other speakers represented national organizations which included American Express, the American Association of Retired Persons, Equifax, Chrysler, TARP, SPS Services, Consumers Union, the FTC, and Delta Airlines. In addition, a presentation from the University Placement Service was included.

The student requirements consisted of reporting on readings from the SOCAP publication, Mobius, gathering background information on the guest and his or her organization, acting as host for the guest speaker (three student hosts per speaker), and writing a report on the presentation. The students not only got to hear each consumer affairs professional give an hour and twenty-minute presentation, but each host group also had the opportunity to have lunch and informal conversations with the speaker to whom they were assigned.



The guest speakers were asked to address the following questions where appropriate: How does your organization deal with customer relations? Does your firm have a consumer affairs division and how does it operate? How did you arrive at your present position? What qualifications are needed to be a consumer affairs professional in your organization? What is the future for consumer affairs professionals? And, what advice might you give students who wish to be involved in consumer affairs?

Although the students expected to hear about many well-paid job opportunities they could get with their degree, the speakers told them about the realities of the 1990s job market. Yet the students did receive a lot of good information about skills needed in today's job market and how to go about selling themselves to employers. In addition, the students learned about the real world of business from those who are involved in it on a day-to-day basis. Even though many speakers gave discouraging news about employment possibilities as consumer affairs professionals, the students thought the class was very worthwhile with many commenting that this was the best course they had taken in their entire program. Students gave it a rating of 6.8 on a scale of 1-7 and recommended it be offered annually.

The success of this course did not come cheaply. Some of the businesses paid the expenses of their representatives while we paid for others. Although a university teaching grant covered the first $2000, the department had to contribute an additional amount. Also, my time (along with that of a teaching assistant) in planning and coordinating the class, far exceeded the time consumed by a typical course offering. However, it was worth it for me and for the program.

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My term as editor was scheduled to end this September; however, aspiring editors must have either thought I was too tough an act to follow or they thought that *ACI* was beyond saving. There was only one application for this position and they will not be able to take over until September 1994. The new editors are Robin Douthitt, Rema Apple and Steve Meile. They are at the University of Wisconsin (note that it took three people to replace me). In interviews with them, I found they will be a great team who will bring new ideas and direction to *ACI* and make it a journal that will serve ACCI well.

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Cathleen Zick, University of Utah and Richard Widows, Purdue University, were the winners of the annual Russel A. Dixon Award for the best applied paper in a single volume of *ACI*. The title of the article was, "Turning the Ebbing Tide of Consumer Studies Enrollments." For details concerning this award, contact the editor.

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TIME TO RE-EXAMINE THE ACCI MEMBERSHIP POLICY!

It wasn't too long ago that my idealism was still relatively pure and intact. In fact, during a 1983, consumer practicum at the University of Wisconsin, the instructor asked me if I would ever work for a tobacco company. I replied, "Absolutely not." "What if they offered you $50,000?" he asked. "No." "What about $75,000?" "No." Then he threw me a curve ball. "What if they offered you a million dollars?" I admit pausing, and wondering if I would ever "sell out" by joining corporate America, let alone a tobacco company.

I now work for corporate America and have not "sold out" by doing so. I work for American Express because I believe the consumer affairs function in business provides a vital link between corporate management and consumers. Furthermore, the link between ACCI and consumer affairs representatives in business is a.shared interest in consumer well-being.

ACCI, by virtue of the consumer field's interdisciplinary vantage point, has the ability to draw on a diverse group of individuals, including researchers, educators, consumer advocates, policy makers, government officials, and yes—corporate representatives. All of these key players are vital to developing effective solutions to the challenges facing consumers. Diversity in membership has the potential for partnering, alliance-building, and other collaborative efforts for the greater good. But is ACCI fostering diversity in membership, or is the organization keeping some key players on the sideline by maintaining an outdated membership policy?

Although my experiences during nine years of ACCI membership have included academic, government, and business affiliations, my voting rights within ACCI are determined by who pays my salary at any given time. I have experienced first-hand this policy of not allowing corporate and other business members the right to vote. This policy creates a second-class membership status for some individuals who prefer to be partners in ACCI's forum for the exchange of research, information and ideas.

Another effect of the policy is to cause fragmentation and declining membership within the organization. Currently there is not enough critical mass in the entire consumer affairs area to allow fragmentation. This is especially true in light of recent budget cuts and decreasing student enrollments that have resulted in the elimination of many consumer-related departments at major universities (including the University of Maryland's Department of Textiles and Consumer Economics, my alma mater).

The true cost of losing a corporate member is much greater than that of one membership fee; the cost to the organization also includes the loss of committee representation, insights on consumer issues from the corporate perspective, and valuable dialogue. Business representatives are yet another vehicle to help ACCI stay abreast of emerging trends. For example, if American Express needs unbiased, timely research on the impact of consumer debt on the U.S. economy, the company should be able to draw on the resources available through ACCI, thereby sending a signal to researchers that consumer debt research may be of critical significance in the policy arena.

The proverbial "bottom-line" for profit-making organizations has changed from dollar signs to the realization that business needs to be consumer-sensitive to survive. Responsible businesses view their consumer affairs programs as an opportunity to obtain a competitive advantage and to serve as a window to senior management on emerging consumer consumer trends and issues. ACCI members, in turn, have an opportunity to share their views and research with the business community. Such ties need not be viewed as a threat, but rather as a means to influence corporate and public policy.

I believe ACCI can maintain its credibility as an unbiased entity while forging partnerships with the business sector. ACCI cannot afford to lose any of the key players necessary for an open, healthy dialogue on the myriad of consumer issues that face us today and in the future. Although ACCI's policy to exclude corporate representation from voting may have made some sense in the '70s, it is hurting the organization in the '90s and *needs to be reexamined.* I welcome and encourage a debate on the implications of a change in the membership voting policy

Jan Garkey
Office of Public Responsibility
American Express

ETHICS EDUCATION IN FAMILY AND CONSUMER ECONOMICS: PERSPECTIVES AND POSSIBILITIES

As global resources become more limited in relation to the population, consumers increasingly face moral as well as economic choices in the marketplace. Probably the ultimate moral dilemma for consumers is represented by the basic question inherent in the proceedings of the "Earth Summit," which was held in Brazil during June 1992: Will we 20th-century humans trade the planet's ancient forests, biological diversity, and atmospheric stability in order to maintain the status quo for jobs, products, and conveniences in the present era? Because dilemmas force choices, they are often used as a way to sort out and teach the ethical dimensions of an issue or question. The sobering aspect of consumer dilemmas is that they are not hypothetical; they are real, looming, and often unrecognized amid the routines of "business-as-usual" in the marketplace. Because they occur daily and personally, they are also ideal for addressing ethics in the classroom.

AUDREY L. PETERSON,
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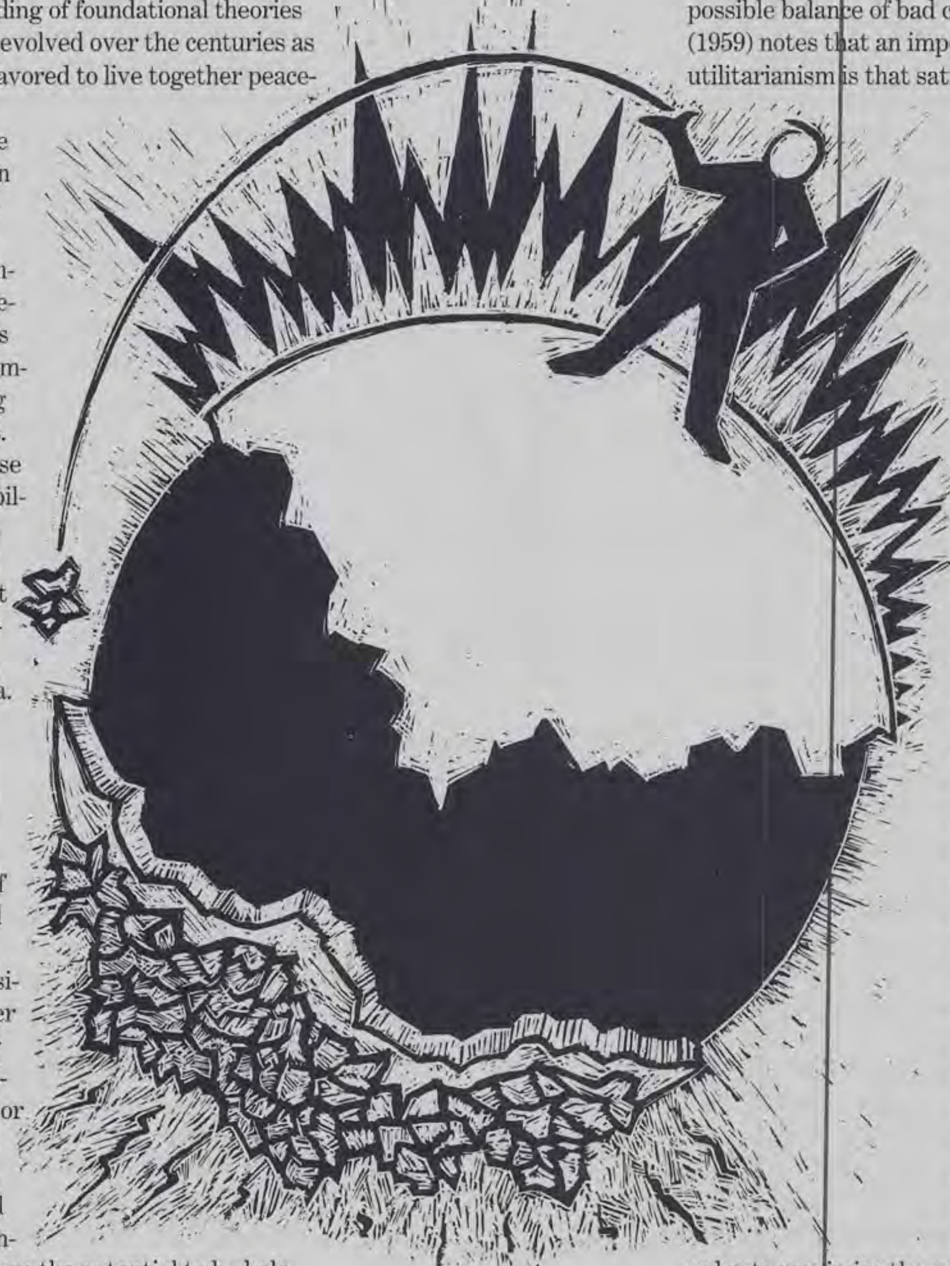
Common sayings about dilemmas—"on the horns of a dilemma," "between a rock and a hard place," "between the devil and the deep blue sea"—tend to emphasize the characteristic of a dilemma we hate most: there is no good choice, only a choice between two bad consequences. There is another way to view a dilemma, however. A wise friend once said it well: "It is never difficult to choose between right and wrong. It is extremely difficult to choose between two rights." Most dilemmas we face are exactly that: a choice between two competing moral codes that have differing conceptions of the right or good thing to do. And so an important step toward resolution of a dilemma is engaging in moral inquiry—conducting a rational assessment of the situation based on the moral framework each of the choices assumes.

How are we to begin that assessment? To recognize and resolve such moral dilemmas, we need an understanding of foundational theories of ethics that have evolved over the centuries as humans have endeavored to live together peaceably and to find meaning in life. The following discussion briefly outlines the conceptual frameworks of consequentialist and nonconsequentialist ethics as examples of two common and competing moral perspectives. Then, based on these frameworks, possibilities are suggested for applications of ethics to issues that are common in consumer and family economics curricula.



PERSPECTIVES: AN OVERVIEW OF MORAL THEORY

All discussions of morality and moral purpose center around our responsibilities to each other as we live together in human community. Moral theories, or theories of ethics, are theories about human conduct and character. They concern actions that have the potential to be helpful or harmful to others. There are two major ways to think about ethics; most dominant theories fall into either the consequentialist or nonconsequentialist orientations.

CONSEQUENTIALIST THEORY: ETHICS OF CONSEQUENCES. Consequentialist theories focus on the outcomes or consequences of an action and judge its moral worth by the relative goodness or badness of its consequences. These theories hold that the pursuit of a desirable end—a "good," or goal—rightly organizes and naturally motivates human conduct. A well-known consequentialist theory is utilitarianism, which was developed by English philosophers Jeremy Bentham and John Stuart Mill in the mid-1800s. Utilitarians believe that the right thing to do is whatever produces the greatest amount of good consequences and/or the least possible balance of bad consequences. Mill (1959) notes that an important component of utilitarianism is that satisfaction is to be secured not only individually, but "to the greatest extent possible, secured to all mankind; and not to them only, but, so far as the nature of things admits, to the whole sentient creation" (p. 15).

Several ideas derive from this theory: (1) In order to act on this maxim, one must clearly have some way of analyzing the costs and the benefits—of measuring amounts of gain and loss and then weighing them to determine which action will lead most efficiently to the maximized good (the most utility) for the aggregate. (2) Because of its emphasis on the aggregate good and on social consequence, utilitarianism does not take seriously the distinction between individual persons; i.e., forfeiting the needs of a few may be seen as a reasonable sacrifice in order to maximize the gains of the many. (3) Classical utilitarianism is susceptible to injustice in that it demands only that there be a net gain in utility, and not that the utility gained be distributed so that everyone shares in the gain. (4) Judgments of right or wrong are relative to a particular situation and its potential outcomes.

For a utilitarian, one's motives are of little moral concern. If the outcome maximizes gains in aggregate satisfaction, the right thing was done, regardless of the original motives for the action. Recent widespread debates about sexual harassment illustrate a consequentialist viewpoint: it is the *consequence* of the action—the victim's perception, and not the perpetrator's intent—that is subject to legal and moral judgment.

NONCONSEQUENTIALIST THEORY: ETHICS OF INTENT. In contrast, nonconsequentialist theory asserts that the right thing to do is derived from duty or obligation to principle rather than from seeking a pleasurable outcome. Because we have control only over our own will and not over the consequences or ends of actions, it is the *intent* of an action that is subject to moral criticism, not its outcome. Clearly, most religious moral teachings are nonconsequentialist in nature. Secular non-consequentialist theory is best exemplified by the work of German philosopher Immanuel Kant (1724–1804). Kant's (1957) central moral precept is the "categorical imperative," which is similar to the Golden Rule: "Act only according to that maxim by which you can at the same time will that it should become a universal law" (p. 39).

The non-consequentialist notion of universality includes several separate ideas: (1) The rule is always true, regardless of place, time, or circumstance. (2) Universality implies impartiality; the rule applies to all persons equally, and no one is allowed to view him- or herself as a special case or to treat others solely as means to his or her own ends. (3) Universality assures consistency; moral judgments are based on rules that allow one to reach the same moral conclusion regardless of the situation.

Kant considers that when a person is able to govern him- or herself according to moral principles, he or she has an *autonomous* will. Individuals are to be respected for their own autonomous goals and are not to be used in ways to which they would never consent. To do so is to deny their personhood by exploiting them without regard to their own interests, goals, desires, and needs. For example, during the great national dilemma over slavery in the 1860s, President Abraham Lincoln is said to have acknowledged that while he was not well-versed on all the legal technicalities and economic complexities of the issue, he knew that no one would choose slavery for himself, and he therefore concluded that it must be wrong to force slavery on someone else.

CONSEQUENTIALIST/NONCONSEQUENTIALIST COMPARISONS. Critics of nonconsequentialist ethics assume that it ignores results or consequences—that all one has to do to be moral is to have a good will, or good intentions. As Rawls (1971) states, however, all ethical doctrines take consequences into account in judging rightness. Nonconsequentialist theory does not ignore consequences; it simply de-emphasizes the importance of them in determination of the right thing to do.

Kant considers that when a person is able to govern him- or herself according to moral principles, he or she has an *autonomous* will.

Rawls (1971) also notes another difference between consequentialist and nonconsequentialist theory. He observes that the two main concepts inherent in any ethical theory are those of the *right* and the *good*, and that the structure of a theory is largely determined by how it defines and connects these two basic notions. Consequentialist thinking reflects the simplest way of relating them: the good is defined independently from the right, and then the right is determined as that which maximizes the good. In contrast, nonconsequentialist doctrine gives priority to the concept and principles of the right. An action has to be right (morally acceptable) before it can be undertaken, regardless of the benefits that may accrue from its being carried out. Nonconsequentialist principles thus put limits on which satisfactions have value; they specify certain boundaries human systems of ends must respect, and in so doing provide restrictions on reasonable conceptions of the good. Indeed, knowing what is right is necessary to define what is good.

Most people who consider the two ways of thinking about ethics are tempted to find some way to integrate the two. Neither appears to be sufficient by itself. Consequentialist theory seems imprecise, rooted in self-interest, and highly relative; and yet it is a uniquely appropriate view from which to judge certain acts, particularly those with environmental impact. Nonconsequentialist theory, in its absoluteness, appears narrow, sometimes unrealistic, and often arbitrary and inappropriate for certain situations. Rawls (1971) concludes, as do Strike and Soltis (1985) and Coombs (1986), that a reasonable approach is to give priority to the standard of moral acceptability—the nonconsequentialist view of the "right,"—and then, within the boundaries of moral acceptability, to apply the standard of greatest benefit—to attempt to gain the greatest benefit for the most people.

This overview of moral perspective is, for purposes of this paper, quite cursory and narrowly focused on traditional fundamental viewpoints about ethics. There are many other theories that have implications for family economics curricula. They include particularly Aristotle's virtue theory *(Nicomachean Ethics)* and the more recent works of Noddings (1984) and Gilligan (1982) on relational ethics and feminine approaches to morality. However, even this brief discussion illuminates several ethical issues in family resource management curricula.

POSSIBILITIES: APPLICATIONS OF ETHICS IN FAMILY AND CONSUMER ECONOMICS CURRICULA

ETHICS IN FAMILY RESOURCE MANAGEMENT THEORY. The argument presented here is that there is a utilitarian bias in the professional theoretical foundations of family and consumer economics. Decision theory, for example, is closely tied to the rationality of economics, emphasizing primarily the values of efficiency and utility. Students are usually taught to identify the problem, assess resources, brainstorm for alternative actions, project and weigh likely consequences, and then make a decision based on the criterion of best outcomes for least cost. Certainly the weighing of costs and benefits is a critical component of moral assessment in rational decision-making. However, it is not sufficient in itself for a balanced moral viewpoint. Not all that is of value can be reduced to the calculus of costs and benefits. If their learning focuses primarily on the consequentialist utilitarian model of decision-making to weigh choices, students' perspectives of morality are limited. In the literature and in classrooms, little is said about duty or sacrifice or about the character virtues of courage, generosity, and justice (among others) as important determinants of moral choice, regardless of outcome.

An approach to decision-making that includes considerations of duty and character as well as economic utility would help learners to expand their moral perspectives. The following model incorporates ideas from Petrick (1989) and Coombs (1986), including decision criteria for moral acceptability as well as for greatest benefit:

1. *Identify the goal.* The decision-maker needs to ensure that the wants related to the goal are genuine values for him or her and must be able to imagine clearly what it would be like to fulfill those wants. He or she must also ensure that the beliefs that serve as reasons for pursuing the goal are substantiated by adequate evidence as a result of good critical thinking.

2. *Explore alternatives and gather information.* The reasoner must be willing and able to think of several other plausible courses of action that would serve as alternatives to the original idea and must have the ability and willingness to conduct a reasonable search—to gather relevant information about the alternatives under consideration and their likely consequences.

3. *Assess the moral acceptability of those alternative courses of action, applying the criteria of impartiality, universality, and consistency.* For example, consider the following:

Impartiality: Would you want this choice made if you were in the place of each of the others in this situation?

Universality: Would this choice be appropriate for everyone to make in these circumstances?

Consistency: Does this choice follow logically from your more fundamental beliefs and from relevant facts? Does it relate closely to your value priorities?

4. *Weigh the outcomes of acceptable alternatives.* The reasoner must assess whether the possible outcomes represent the best consequences possible within the realm of moral acceptability, applying the concepts of utility, adequacy and duration. For example, consider the following

Utility: Will this choice contribute to the overall well-being or benefit of the person, group, or organization involved?

Adequacy: Will this choice solve the short-term problem or achieve immediate needs or desires?

Duration: Will this choice solve the problem over time or make it worse? Will it add to or detract from overall long-term quality of life?

5. *Make the decision, and take action.*

6. *Review and revise the plan if necessary or possible.*

These steps ensure an assessment of moral acceptability before alternatives are chosen and compared with regard to greatest benefit, following the rationale of Rawls (1971), Strike and Soltis (1985) and Coombs (1986) for addressing both consequentialist and nonconsequentialist ethics in a meaningful way.

The argument presented here is that there is a utilitarian bias in the professional theoretical foundations of family and consumer economics.

Another topic worthy of professional inquiry is the relationship of values to moral theory. What are we talking about when we talk about values? Is moral theory the foundation on which values are built? Or are values simply cultural preferences that can be chosen or not, depending on individual inclination? How do values representing the "good" and the "right" relate to each other? Is values clarification an appropriate and sufficient classroom approach to value development? Or does it limit students' value choices only to those they already know and can somehow objectively weigh against each other? If our curriculum encourages students only to clarify existing cultural values and to choose among them, we risk limiting students' perspectives on morality to views that are self-interested, short-term, possibly optional, culture-specific, and, ultimately inappropriate for life in an emerging global community.

ETHICS IN PERSONAL FINANCE CURRICULA Because money management involves getting and using resources through exchange with others in the economy, personal financial decisions always take on a moral dimension. This moral dimension is reflected in both one's personal interest in defining and attaining a long-term high quality of life and in one's economic "voting" power, which can be applied through marketplace choices, investments, or boycotts that attempt to influence the nature of our collective economic life. Each of these aspects represents an important consideration when one is making financial decisions because traditionally individuals have expected two things of the market: *efficiency* in meeting personal needs and *fairness* for all those participating. These two aspects of financial management also represent the major moral themes regarding calculations of best consequences for maximized utility on the one hand, and moral acceptability on the other—particularly as reflected in concerns about distributive justice. As a participant in the market planning the use of personal resources, it is important to ask oneself: How do my financial decisions affect other individuals as they attempt to meet their needs and secure fair treatment? How do my decisions affect the performance of the market community as a whole for efficiency and fairness? Is what is legal always moral?

A topic that is possibly worthy of more attention in personal financial management is *giving*. How much emphasis does it receive as we discuss allocation of resources across budget categories? Is giving viewed as voluntary—a nice thing to do, but not wrong *not* to do? Or is it described in terms of a moral duty to share? In an assessment of giving as a response to famine, Singer (1983) concludes that if it is within our power to alleviate the pain and suffering of others, we are morally bound to do so. Therefore, if we do not give of our excess to relieve suffering, we are to be held equally to blame with other factors as a *cause* of that suffering. Questions about personal financial management that result from accepting his premise might include: If people are starving, is it morally justifiable for me to purchase life insurance? Does the fact that I can afford something give me the right to buy it? Do I define over-consumption as spending beyond my ability to pay, or is it spending beyond what I *need*?

ETHICS IN CONSUMER STUDIES CURRICULA. If we are autonomous moral agents, we are not subject to the control of another. By the same token, we are not independent of consideration either. If we are acting morally, we are not free to ignore the effects of our choices on others' lives. This is especially true in consumer decision-making because the goods and services we use come from limited natural resources and create external production, use, and disposal costs. If some persons or corporations are wasteful, greedy, and short-sighted in their use of market resources, others—including those who are not yet born—will suffer the consequences. Many people are beginning to realize that rather than simply learning *how* to buy, they need to learn how to think about *what* they buy and how their choices impact issues of distributive justice.

A topic that is possibly worthy of more attention in personal financial management is *giving*.

The notion of consumer sovereignty provides a crucial link between consumer theory and ethics. Just as we cast collective economic votes in the market by choosing to buy or not to buy certain goods or services, we also cast collective moral votes by the same mechanism. Concerns about social issues such as the working conditions of wage-earners, questionable marketing tactics, pollution and environmental destruction, resource depletion, or animal rights may greatly influence the purchase and investment choices we make and the boycotts we undertake in the market. For example, we may choose to buy only recycled products or to invest in companies that take precautions not to harm others or the environment in production of goods or services. Therefore, we need accurate market information not only about product performance, but also about corporate performance and policy consequences.

Prevailing cultural opinion in the United States subscribes primarily to the utilitarian moral view. It's probably safe to say that according to the rules of the American social system, of the two factors capturing consumer interests in the market—utility and fairness—conventional wisdom gives priority to economic utility as the bottom line, thus rewarding productivity and efficiency. Often issues of fairness or social external costs are ignored in the belief that the benefits of increased production and full employment are overriding. The paradox, of course, is that those who have the power and resources to affect change are least motivated to do so because by any economic or utilitarian analysis of the situation, they receive advantages from the status quo.

The global community views Americans as having power and resources. Therefore, if we are serious about consideration of the well-being of others, we must be aware as well of the ways American consumer behavior affects people throughout the world. We must realize that economic power of the magnitude enjoyed by the United States carries with it an overriding moral responsibility to make sure that that power is not unwittingly abused. To this end, we need to learn to see our roles as consumers, producers, and world citizens as fully integrated and mutually responsible. We need to be aware of the externalities of American consumption patterns—both on people living elsewhere in the world and on people not yet born. The U.S. governments' behavior at the Earth Summit did not reflect the leadership or cooperation incumbent upon this wealthy, powerful nation. It is crucial in our time that American consumers adopt a global perspective on resource use and learn to look at the United States as only a part of a larger whole. Native American moral traditions are particularly appropriate here. From the Great Law of the Six Nation Iroquois Confederacy comes the admonition: "In our every deliberation we must consider the impact of our decisions on the next seven generations."

This is, of course, a rather broad definition of consumerism. Esther Peterson (1991) summarizes it well: "With a combination of economic common sense and ethical concern, we can reduce our depredations on the physical planet, assure that the basic needs of people are fairly and safely met, help foster an acceptance of worthwhile change among those who fear it and resist it, and accept willingly the additional costs and burdens in the short run to save our health, our homes, and our communities in the long run" (p.567).

IMPLICATIONS FOR EDUCATORS. In the Hastings Center report on *The Teaching of Ethics in the Social Sciences,* Warwick (1980) identifies three major goals of professional ethics instruction. One is the development of a sense of professional responsibility, especially as it relates to moral issues surrounding research in the social sciences. Another, more directly related to classroom instruction, is the development of analytic skills. Included in this goal is helping students to acquire both the ability to recognize moral issues or dilemmas when they occur and the ability to apply theoretical frameworks to decisions about moral issues. In this context Warwick decries the lack of texts and classroom materials in the social sciences "linking significant ethical questions with commentaries addressing those issues from the perspective of moral philosophy" (p. 53).

Warwick's third goal is the stimulation of critical reflection on the values "embodied in, created by and served through" the social sciences. This goes beyond analysis of a specific issue to a "searching analysis of the values involved in all aspects of the discipline, from the assumptions made about individual behavior and social structure to the choice of concepts and methods for research to the uses made of the intellectual products of a given discipline" (p. 15).

If we are serious about expanding the moral dimensions of family resource management curricula, there is ahead of us exciting dialogue, theoretical analysis, and curriculum development in relation to all three of the goals described above. We need to pay attention to what is *not* being said as well as to assess the content of the existing curriculum. Only if faculty are willing to reflect critically on the values assumed by the present curricula and to develop materials that link issues with moral frameworks will there be students who have both the will and the ability, as producers and consumers, to recognize, analyze, discuss, and resolve economic moral consumer dilemmas.

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TEACHING ENVIRONMENTAL CONSUMER EDUCATION EFFECTIVELY

To teach environmental consumer education effectively, you need to know your audience and their motivations and frustrations.

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"Enviroshopping," or environmental consumer education programs, have become increasingly popular. Over the past few years, various government agencies, businesses, environmental and consumer organizations, and the Cooperative Extension Service have introduced programs directed at both adults and youth.

Because the topic of environmental consumer education is relatively new, there has been little discussion of principles to follow to produce quality outcomes in teaching the subject. Many organizations have developed environmental consumer education programs because the topic is important and timely. While there are many excellent programs, some are biased. Others are inadequate; they consist primarily of lists of what an environmentally aware consumer should do. The problem is that lists do not challenge consumers to develop analytical skills. And educators who want guidance in developing a good environmental consumer education program may find little to help them to pull together available teaching materials and use them effectively.

Numerous research studies have examined various dimensions of environmentally conscious behaviors. The results of these studies as well as a review of environmental consumer education programs suggest the following principles.

PRINCIPLES OF QUALITY ENVIRONMENTAL CONSUMER EDUCATION PROGRAMS

TAILOR APPROACHES AND DELIVERY METHODS TO YOUR AUDIENCE. Who is the audience for an effective education program? Research has identified the typical ecologically concerned consumer as young, white, female, better-educated and higher-than-average in income and occupational and socioeconomic status (The Hartman Group, 1992; see also Ellen, Wiener, and Cobb-Walgren, 1991; Schwepker and Cornwell, 1991; and Granzen and Olsen, 1991 for excellent reviews of literature). Personality variables, including internal locus of control, identity with community, and altruism, have also been identified as significantly related to environmentally responsible behaviors (Schwepker and Cornwell, 1991). Environmentally concerned consumers are also more knowledgeable about possible solutions to environmental problems than the average consumer (Granzen and Olsen, 1991).

However, surveys also estimate that no more than 23 percent of the U.S. population are actively concerned about the environment (Roper Organization, Inc., 1992; The Hartman Group, 1992). And the Roper Organization survey demonstrated that some "green" consumers are greener than others.

Roper classified 21 percent of the population as "True-Blue Greens." True-Blues avoid buying products from companies that are not environmentally responsible and rely on environmental groups as a major information source. They are generally willing to make life-style changes that benefit the environment. In contrast, the "Greenback Greens," another 5 percent of the population, will pay up to 20 percent more for "green" products, but feel they are too busy to make life-style changes to help the environment.

Research suggests that different educational approaches and delivery methods may be needed even within groups of consumers who care about the environment. Consumers who are willing to make life-style changes may be active participants in environmental consumer education programs. Educators can expect them to be demanding; they question information and sources and look for realistic solutions to problems. In contrast, consumers who are more likely to buy green than to adopt other green behaviors (Greenback Greens) may be searching for ways to "do the right thing" for the environment without sacrificing convenience. Greenbacks are also unlikely to attend public meetings because of busy schedules. Alternative ways to reach the Greenbacks are publications, news media, mall exhibits, worksite programs, and videotapes. Greenbacks are willing to pay far more than the average for products they consider "green" and may be especially receptive to retail establishments' educational programs.

Research indicates a substantial portion of the population has ambivalent or even negative feelings about making changes for the sake of the environment. Roper classified 26 percent of the population as ambivalent (the "Sprouts"). Another 20 percent (the "Grousers") think companies, not individuals, should solve environmental problems, consider themselves too busy to make changes, and don't think they should make sacrifices because others aren't either. The remaining 28 percent (the "Basic Browns") think individuals can do little to solve environmental problems.

Research indicates a substantial portion of the population has ambivalent or even negative feelings about making changes for the sake of the environment.

TEACHING IDEA #1. **Activities may help consumers see the interrelated nature of life-styles and consumer behavior (Stum, 1992). You might discuss how consumers might respond to voluntary or involuntary bans on products that are an integral part of their lifestyles. The most effective discussions focus on products to which participants have a personal attachment. Asking a group of individuals who do not have infants or toddlers to discuss a ban on disposable diapers directs participants to focus on others' behaviors. A more challenging and productive discussion targets behaviors that directly impact the individual involved. Interesting discussions might center on how consumers react to requirements that women give up tampons and use washable cotton pads and that men give up shaving.**

Effective educational programs that motivate behavior changes must address attitudes. A key is motivation, based on specific and realistic examples of behaviors individuals can adopt that *do* make a difference. For example more than 50 percent of Sprouts and Basic Browns and 88 percent of Grousers believe that companies, rather than individual consumers, should be responsible for solving environmental problems. Sharing specific examples of recycling programs, packaging reduction measures, and corporate environmental policies can show these consumers that some companies *are* working toward solutions.

More than 75 percent of Grousers believe that other people aren't making sacrifices. The belief that one needn't change because others aren't doing so may be a difficult one to influence. Sharing statistics about rising participation in environmentally conscious behaviors may or may not help to change a Growser's attitude.

Children and teens are very aware of and concerned about the environment. Because they tend to become emotionally involved, children take environmental dangers very seriously (The Hartman Group, 1992). Many environmental issues are complex; even adults have difficulties dealing with them intellectually and emotionally. As S. R. C. Hicks (1991) puts it, "Problem-solving requires a confidence that solutions can be discovered and a healthy self-esteem about one's ability to find them" (p. A20). Educators should carefully select programs to be targeted to children; one criterion for selection should be that the program focus on specific behaviors children can adopt that will make a difference.

INVOLVE DIFFERENT INTEREST GROUPS. Involving groups in program design and development helps to establish credibility for a program, ensures that it offers a balanced perspective, and improves communication and support for it (U.S. Environmental Protection Agency, 1989). An advisory board might include a landfill director, representatives from agencies that regulate environmental policies, a compost site director, a trash hauler, a member of the local solid waste planning commission, members of civic and environmental organizations, a director of a local recycling collection center, and local retailers. Each brings a unique perspective that would enrich a program.

REVIEW MATERIALS FOR BIAS. References and resources need to be selected with care. Industry as well as environmental and consumer organization materials are often one-sided. You will need to find materials with a balanced approach. *Consumer Education and Information: Guidelines for Business-Sponsored Materials* (Society of Consumer Affairs Professionals in Business, 1990) may help you to evaluate materials (see also Zelenak, 1991).

However, finding unbiased materials may be simpler than finding accurate materials. Our perceptions of many environmental issues seem to change rapidly, and it is often difficult to select which of the many "truths" to believe.

Unfortunately, there are no easy solutions. One approach is to select materials from a variety of sources. For example, to examine the paper-versus-plastic issue, one might use readings from both the paper and plastic industry as well as an independent agency such as the Environmental Protection Agency or the Cooperative Extension Service. Environmental organizations might present yet another point of view. You may want to talk with representatives of different interest groups to get their views on the issue and to find out what information sources they use and trust. While none of the sources will have the "right answer," an educator can bring varied points of view together to present a balanced perspective.

PROVIDE A POSITIVE MESSAGE. Making consumers feel guilty about current behaviors achieves little in the way of future behavior changes. To motivate behavior changes, individuals must feel good about positive behaviors they currently practice while identifying behaviors to adopt in the future which build on the present. Research also suggests that consumers are more likely to practice behaviors if they believe their individual actions will make a difference (Ellen, et al., 1991; Pieters, 1991; Schwepker and Cornwell, 1991). The "sick baby" approach (a persuasive tactic that emphasizes the gravity of the problem) may be risky because it may enhance concern at the expense of perceived effectiveness (Ellen, et al., 1991).

TEACHING IDEA #2. There are several effective ways to help consumers see how their individual behaviors contribute to solid waste problems. An individual who collects all of the waste that he or she generates for a week or two or all the junk mail received in any given month may be motivated to think about how individuals can make changes. For example, consumers who want to reduce the amount of third-class mail they receive can send requests to the Mail Preference Service of the Direct Marketing Association, P.O. Box 9008, Farmingdale, NY 11735. They can also ask mail order firms directly to reduce the number of mailings sent and not to rent or mail their name or address to other firms. On the other hand, showing individuals a landfill may simply make them feel overwhelmed and helpless, reinforcing the perception that individuals can have little meaningful impact on solid waste problems.

EXAMINE ENVIRONMENTAL CHARACTERISTICS ALONG WITH OTHER RELEVANT CHARACTERISTICS. In making choices, consumers considering *all* relevant characteristics, not just environmental impacts. One goal of an environmental consumer education program should be to help consumers evaluate tradeoffs that must be made. Even if the initial focus is, for example, a detergent's packaging, an educator must realize that many other characteristics are of equal or greater importance in choosing a detergent.

TEACHING IDEA #3. The Coalition of Northeastern Governors' (1989) Preferred Packaging Guidelines are often used as a model for evaluating packaging (University of Illinois, 1992). For example, consumers might ask the following questions:

- Is the minimum amount of packaging used?
- Is the packaging consumable?
- Is it refillable?
- Is the packaging reusable?
- Is it recyclable?
- Does the packaging use recycled content?

However, environmental characteristics should be evaluated in relation to other important characteristics. Such an approach would add the following questions:

- Does the package provide convenience in opening and using?
- Does it make shoplifting more difficult?
- Does it protect against tampering and/or childproof the product?
- Does the package provide useful information?
- Does it protect the product?
- Does it make transportation and storage easier?

Ideally, environmental education should be incorporated throughout consumer education, rather than approached as a separate unit.

Ideally, environmental education should be incorporated *throughout* consumer education, rather than approached as a separate unit. The appendix includes ideas about how environmental issues might be incorporated into various aspects of a consumer education or personal finance program or course. Readers will be able to identify many more examples.

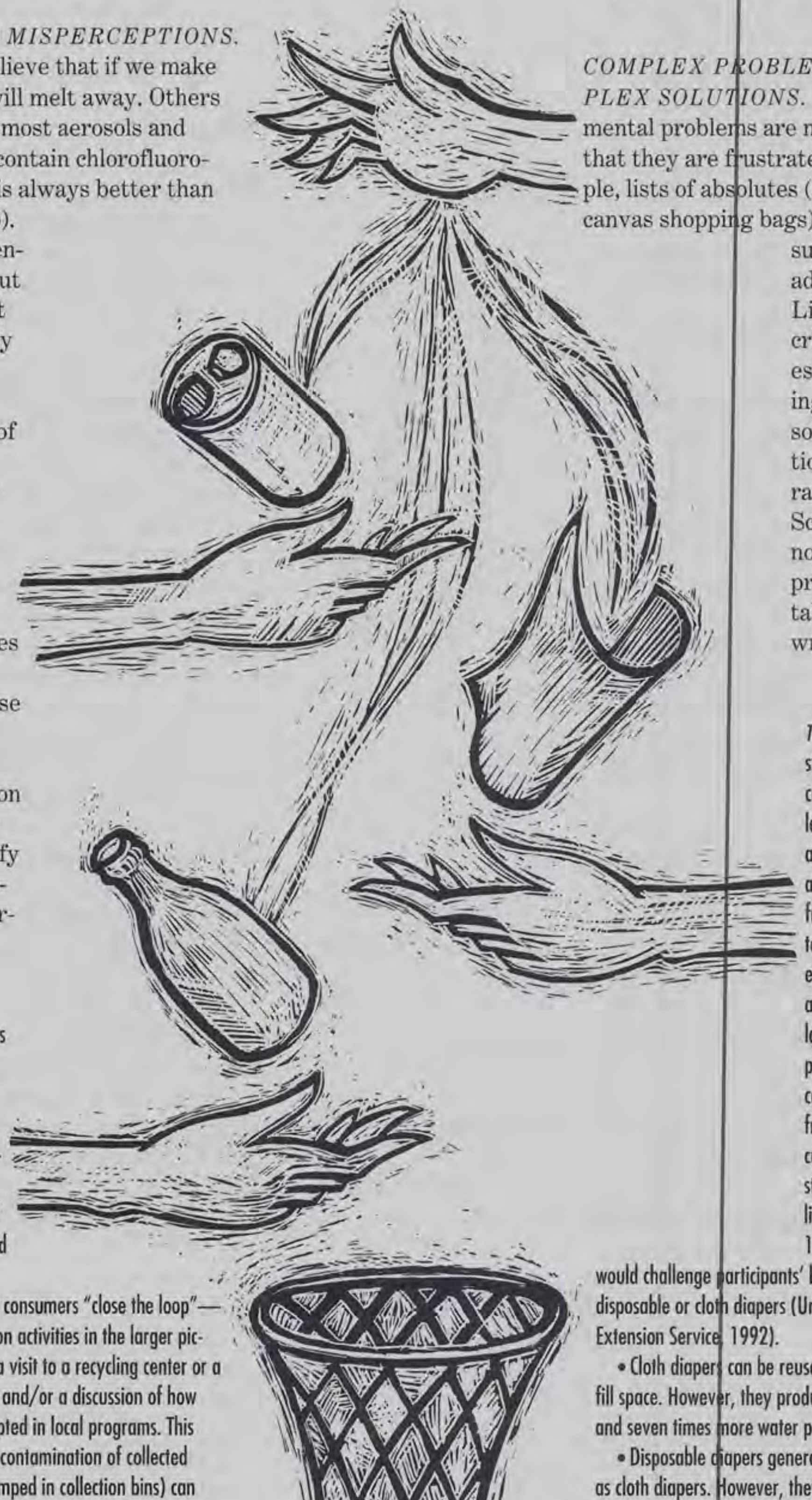
LIMIT THE AMOUNT OF NEW TERMINOLOGY USED. Many of the terms used to discuss environmental shopping and solid waste management issues are new and confusing to consumers. Effective programs limit the use of terms to those that are widely used or essential to promote knowledge. For example, the term *precycling* is used in many environmental education programs. Yet it may only confuse consumers who are struggling to understand the difference between the terms *recycle, recycled,* and *recyclable.* Cude's 1991 research demonstrated the fragile nature of consumers' environmental vocabularies. More than 50 percent of the consumers surveyed used some form of the word *recycle* to define both *recycled* and *recyclable.* Some consumers appeared to use the words *recycle, recycled,* and *recyclable* interchangeably. Therefore, educational programs should specifically target consumers' basic vocabulary needs.

DISPEL MYTHS AND MISPERCEPTIONS. Some consumers still believe that if we make trash biodegradable it will melt away. Others continue to believe that most aerosols and polystyrene containers contain chlorofluorocarbons and that paper is always better than plastic (Makower, 1991b).

Scarlett (1991) has identified 10 statements about solid waste management issues that are commonly believed to be true. Among them are:

- We are running out of landfill space.
- Americans are especially wasteful.
- Packaging is bad.
- Recycling is always good.
- Recycling paper saves trees.

Scarlett describes these statements as myths. While her opinions are controversial, a discussion of divergent viewpoints helps consumers to clarify their thinking and examine options from new perspectives.



TEACHING IDEA #4. Collection is generally far less important to the success of a recycling program than having markets in which to sell the collected materials. Consumers need to understand that the actual recycling of materials depends on the demand for recycled materials.

Educational activities can help consumers "close the loop"—to understand the role of collection activities in the larger picture. One such activity might be a visit to a recycling center or a materials recovery facility (MRF) and/or a discussion of how markets drive the materials accepted in local programs. This activity might also highlight how contamination of collected materials (for example, trash dumped in collection bins) can reduce the value of recycled materials or even make them unmarketable.

Recycling coordinators could also reinforce this connection by using a different phrasing in their communications; they might list *materials for which they have markets* rather than *materials they currently accept* in their recycling programs. To help consumers make the final connection, you might also bring products to the classroom that use recycled materials or visit stores in the community to identify examples.

COMPLEX PROBLEMS DEMAND COMPLEX SOLUTIONS. Solutions to environmental problems are not simple, and implying that they are frustrates consumers. For example, lists of absolutes (avoid disposables, use canvas shopping bags) ignore tradeoffs consumers must make to adopt those behaviors. Lists do not encourage the critical thinking that is essential to decision-making in an area in which the solutions—and our perceptions of the problems—are rapidly changing. As Scarlett (1991, p.1) has noted, "Advice on what products are environmentally 'good' or 'bad' is often wrong."

TEACHING IDEA #5. One constructive way to acknowledge the complexity of environmental problems is through product life cycle analysis. Life cycle analysis evaluates the product at each stage, from manufacture to distribution to use to disposal. It considers the energy and raw materials used and the releases to air, water, and land associated with a product or process. Results from such studies can help consumers to see issues from different perspectives. A discussion focused on the following statements, all based on results of life cycle analysis (Makower, 1991c; Shaw and Stroup, 1990), would challenge participants' beliefs about the merits of using disposable or cloth diapers (University of Illinois Cooperative Extension Service, 1992).

- Cloth diapers can be reused many times, so they save landfill space. However, they produce twice as much air pollution and seven times more water pollution than disposable diapers.
- Disposable diapers generate 100 times as much solid waste as cloth diapers. However, they guard against diaper rash, leak less, and are more convenient.
- Cloth diapers cost consumers less and may be more comfortable for the baby. However, growing, harvesting, and producing cotton require massive amounts of chemicals and create more soil erosion than do the same process for many other crops.

TARGET SPECIFIC BEHAVIORS, OFFER SOUND RATIONALES, AND ENCOURAGE SETTING GOALS. Effective education programs target specific, carefully defined behaviors (Geller, 1991). For example, most environmental shopping programs target three to five behaviors (for example, the "Rs"). The "Think globally—act locally" strategy encourages consumers to think of environmental solutions from a local, personal perspective.

Effective programs also offer consumers a rationale for making a change (Geller, 1991). Consumers often need assistance to see how their individual behaviors can make a difference.

While it is important to encourage participants in an educational program to make a commitment to changing their behavior, it is also important that those commitments be realistic. The Hartman Group (1992, p. 40) identified a "Green Evolution Paradigm" which describes the road to change many consumers may follow:

1. Education and knowledge bring initial awareness of the need to change.
2. Repetition and reinforcement of the message induce concern and clarify understanding.
3. Concern leads to a few minor and spotty actions.
4. Success with preliminary actions leads one to more thorough-going change, generating both greater concern and consistently applied new behaviors.

It is more realistic to expect small initial commitments such as refusing a shopping bag when one isn't needed than more drastic lifestyle changes. Yet consumers may see the small changes as insignificant unless a strong rationale for change is given.

Requiring a commitment to behavior change as a part of the educational program also encourages participants to "own" the problem. For example, participants might sign "promise cards" which obligate the signers to engage in particular behaviors for a given period of time (Geller, 1991).

TEACHING IDEA #6. **One simple way to encourage consumers to make realistic commitments to behavior changes is to use promise cards. One program (University of Illinois Cooperative Extension Service, 1992) that focuses on four Rs (Reduce, Reuse, Recycle, and Respond) gives each participant consumer a card listing the four Rs. Consumers are asked to identify one behavior for each R they will think about beginning to do or doing more often. At the end of the program, participants sign and date the cards and are asked to consider their commitment as part of the payback for the education they received.**

While it is important to encourage participants in an educational program to make a commitment to changing their behavior, it is also important that those commitments be realistic.

DESIGN PROGRAMS FOR THE LONG-TERM. Significant behavior changes do not occur in a few days or even in a few weeks. Ultimately, most behavior changes are motivated intrinsically; consumers decide that it is the "right" thing to do. Consumers are more likely to continue intrinsically motivated behaviors because they feel the behaviors are worthwhile "for their own sake" (DeYoung, 1984).

Educational programs should also prepare consumers for change. New products, terms, technologies, and viewpoints are constantly emerging. Consumers who are unprepared for change are likely to give up in frustration.

KEEP THE GOAL IN PERSPECTIVE. The goal of an effective environmental consumer education program is often to promote consumers' awareness of the environmental consequences of their purchase decisions and to motivate long-term behavior changes. However, as Christensen (1991, p. 6) has noted, "We cannot save the planet by shopping." Makower (1991a, p. 8), coauthor of *The Green Consumer*, cautions, "As Green Consumers, we have a responsibility not just to shop 'green,' but to move beyond the trivial, to use our buying power and our political power to help make changes where they really count."

As educators we have a responsibility to design education programs that "move beyond the trivial." An effective education program increases consumers' understanding of the interaction among consumers, government, and businesses in solid waste management issues. Consumer environmental education programs can and should be linked to county waste management plans for long-term impact (Hammer, 1991). An effective education program emphasizes reduction over recycling. It considers the implications of consumers' use and disposal decisions as well as their purchase decisions. It also urges consumers to reexamine their lifestyle choices, which are the core of many other decisions we make (Stum, 1992).

FINAL THOUGHTS

Some of the basic principles for effective environmental education may appear to conflict. For example, an easy way to limit the amount of new information consumers receive is to simply provide lists of environmentally conscious behaviors. Yet lists do not challenge consumers to make their own choices; lists may also suggest that solutions are simple.

Designing programs that follow these guidelines will not be easy. However, the results should be high-quality educational programs that meet consumers' needs.

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Suggested Topics to Incorporate Environmental Education Issues in Consumer Education

The Consumer in the Marketplace: Evaluation of the environmental implications of our chosen life style; environmental ethics as a motivating value

The Consumer in Our Economy: Interaction of the roles of consumers, businesses, and government in solid waste management problems and solutions; interaction between demand for recycled products and packaging and availability of programs that collect recycled materials

Management: Management of time to collect recyclables

Saving, Investing, and Financial Services: Socially conscious investing

Taxes: Public financing of solid waste disposal alternatives; taxes as a disincentive to litter or to discourage use of specific packaging types

Consumer Services: Environmental implications as a criteria in selecting services such as fast food restaurants, dry cleaning, and auto repair and maintenance services

Housing: Energy efficiency; air and water quality; environmental impact of building materials; use and disposal of household hazardous wastes

Food: Trade-offs in convenience versus packaging; other packaging issues; organic produce

Transportation: Energy efficiency; air and water pollution from fuel choice; disposal options for used tires, batteries, oil, old cars

Clothing: Impact on the environment of synthetic versus natural fibers; impact of various cleaning products (for example, detergents) and alternatives (for example, dry cleaning)

Health Care: Disposal of waste; ethical considerations in animal testing of drugs and cosmetics

Recreation: Litter control in parks, beaches, etc; preserving national parks

Home Furnishing and Equipment: Energy and water efficiency of appliances; disposal options for used furniture and equipment

TITLE INSURANCE AND THE CONSUMER INTEREST

The title insurance industry is uncompetitive and inefficient. This article reviews consumer problems and their sources, and proposes possible remedies.

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The brochure said "Coverage from the Very Start." Thus, after their January 1987 home closing, the Kvitko's of Columbus, Ohio thought they *owned their home* and that their title was protected. They were wrong on both counts. Due to an informal "attachment order" on the property that was not discovered during the title search, the deed could not be filed, and the property could not be transferred to the Kvitkos. To add to their problems, they soon found they were on their own in trying to clear the title; the title insurance company claimed no responsibility (Blundo, 1992).

Since the attorney who represented them at the closing was a principal for the title insurance company and was now their adversary, the Kvitkos hired a new attorney. At their own expense, they proved the "lien" invalid. In December 1988, the trial court ordered the auditor and recorder to record the deed. The Kvitkos obtained a new mortgage at a higher interest rate, and took the next logical step—they filed a claim with their title insurance company to recover the costs of clearing the title.

The title insurance company claimed no responsibility for the costs of clearing the title. The Kvitkos took the issue to court and lost. The company claimed the Kvitkos did not really have title insurance because at the time of the closing they only had a commitment. A title insurance policy, it turns out, is generally issued several months after the closing. Until then, the homeowner is not covered. The court accepted the company's claim of no contract and decided the title insurance company owed no duty to the Kvitkos because the mistake was made by the auditor.

The Kvitkos also lost when they charged their first attorney with conflict of interest. The attorney, who sold them the title insurance policy, was also an agent for the title insurance company *Northwestern National Life Insurance v. Rogers* (1991). This double representation is a common industry practice (White, 1984). Even though the Federal Real Estate Settlement Procedures Act of 1974 forbids kickbacks for referrals, it does not forbid commissions for agents.

Most consumers are more fortunate than the Kvitkos—only because defects in a title are rare. Consumers do not have a policy at the time of closing, and they may, like the Kvitkos, have purchased title insurance from someone they thought represented their interests but who also worked for the title insurance company.

This article examines consumer problems related to title insurance. It employs a combination of legal and field research to analyze the statutory law and court decisions that allow the industry to operate as it does. The examples used are from the state of Ohio. Files of the Ohio Department of Insurance were examined to determine state regulations' role in protecting the consumer. The research indicates that title insurance is a major consumer problem, due in large part to a monopolistic price structure that is protected by several exemptions from federal antitrust law, with little state oversight. The conclusions substantiate the findings of the Federal Trade Commission, whose attack on price-fixing reached the U.S. Supreme Court in *FTC v. Ticor Ins. Co.* (1992). The Court determined that title insurance companies are not immune from federal antitrust regulations and FTC oversight, even if state agencies are in charge of the price-fixing operation.

Both the FTC and the Supreme Court have concluded that competition is needed to overcome the problems in the field of title insurance. This article proposes that state actions are necessary to bring many states into compliance with the Supreme Court's decision. These actions should focus on encouraging competition and requiring prices to reflect risk and costs. States should also computerize and improve recording systems in order to save consumers money and to encourage entrance into the industry.

TITLE TO PROPERTY

Title connotes ownership which it is a bundle of rights that include the possession, use, control, enjoyment, and right to transfer property. When property is sold, both the buyer and the lender need assurance that the seller has the right to transfer the property. Encumbrances, including liens on the property, transfers through divorce, defective probate procedures, and other court proceedings, limit the right to transfer property. To help establish title, all states have recording statutes which provide that documents relating to title may be recorded in the county courthouse. Two types of recording systems are used in the U.S.: the grantor-grantee index system, and the Torrens system.

Title connotes ownership which it is a bundle of rights that include the possession, use, control, enjoyment, and right to transfer property.

RECORDING SYSTEMS. The grantor-grantee index is the most common recording system. Under this system, a chain of title is established by starting with the present owner and using the alphabetical grantee index, going back through each previous grantee until the grant from the sovereign is reached. The title is then brought back to the present through the alphabetical grantor index. Many states have marketable title statutes that limit the search to a specific time—for example, 40 to 60 years. When a title search is conducted, any encumbrances that were not resolved are noted. A lack of encumbrances indicates with fair certainty that the owner has the right to transfer the property.

The Torrens system, developed in Australia, is used to a substantial degree in the U.S. only in Cook County, Illinois, and in Massachusetts, Hawaii, and Minnesota. Under the Torrens system, the parcel of land is registered, and all liens and information are recorded under the parcel number. The drawback to wider adoption of the Torrens system is its initial cost and the opposition of special interest groups, such as title insurance companies. Due to the cumbersome nature of the public recording system, title insurance companies have developed their own recording systems.

ESTABLISHING TITLE. Three methods are commonly used to determine title and to protect the owner from unanticipated claims: an abstract of title, a title opinion, and title insurance. With an abstract of title, a search of public records is made to find and note any problems. With an opinion, an attorney conducts an abstract of title, then offers an opinion of the condition of the title and indicates the potential impact of any encumbrances. Title insurance also involves an abstract of title and often an attorney's opinion, but insurance covers mistakes and off-record claims that may surface.

TITLE INSURANCE

Lenders routinely require title insurance, largely due to requirements of the secondary mortgage market. When the market expanded rapidly in the U.S. following World War II, underwriters did not trust abstract searchers and local attorneys, who were only liable for mistakes caused by negligence. The underwriters wanted more protection from losses (Uri 1989).

Title insurance covers encumbrances and claims not of public record, not found during the search, and of which the buyer is unaware. A standard form policy recommended by the American Land Title Association is used in most of the United States. The policy does not cover title defects discovered before the issuance of the insurance and that are listed on the policy. These defects are either taken care of prior to the property transfer, or the lender and owner must accept the risk. In this respect, the policy offers little beyond the traditional abstract of title (Johnstone, 1983).

THE COST

Title insurance fees are paid only at the time of purchase and are based on the price of the house. The premium is actually two distinct fees in one. One fee is for services, including the search and maintenance of records; the other is the "risk" premium for the insurance portion of the transaction.

Unlike other types of insurance, there is no relationship between the cost of title insurance and the risk of loss (Greene, 1973). Most companies use the "national rate," recommended by the National Insurance Underwriter's Association. The national rate *has not changed* since its adoption in 1957 (Uri, 1989). The rate does not reflect the accuracy of local recording systems, the accuracy of the company's private recording system, the risk of loss, or the cost of a particular transaction. In short, the national rate is *not* an insurance rate because it is not calculated using any risk or cost factors.

The national rate for owner's insurance is $5 per thousand dollars of value up to $100,000 of value, and $3.50 for the next $150,000 of value. All companies in Ohio use the national rate—which means that in 1989, Ohio consumers paid about $63,000,000 in title insurance premiums for 175,000 homes sold with a median value of about $70,000, or about $350 per home.[1]

While $350 may not seem costly when considering all the expenses of buying a home, it *is* expensive in terms of the expected benefits.

Only 6 percent of the premium dollar spent on title insurance in Ohio in 1987 was paid in losses.[2] The Ohio loss ratios are typical for the industry, with national estimates ranging from 3 to 10 percent (Dukminier and Krier, 1988). Other types of insurance have far higher loss ratios. Property and casualty insurance generally pay about 76 percent of the premium dollar in losses.[3]

THE PROBLEM OF PRICE FIXING

Optimal prices for products are generally achieved through market competition or government regulation (Sexton, 1981; Sensauer, Kinsey and Roe, 1984). The high price of title insurance exists only because of lack of both government regulation and competition (White, 1984). From 1972 until 1989, Ohio had price fixing with little regulation. As in many states, the rates of all Ohio title insurance companies were set by a rating bureau made up of the title insurance companies themselves (*Competitive Practices*, 1989, p. 63). Deviations from the fixed rate were not permitted. The major members withdrew from the rating bureau when the FTC began the investigation of price fixing that led to the Supreme Court case (FTC, 1987). While Ohio companies now file their own rates, March 1990 records of the Department of Insurance reveal that all 25 title insurance companies registered in Ohio charged identical rates and provided identical policies.

Ohio law does not require public hearings, and rates go into effect unless the Superintendent of

Insurance informs the companies otherwise. The same rates have been in effect for years. Although Ohio was not among the states involved in the Supreme Court Case, the Court specifically cited the "negative option" system as insufficient regulation to shield the companies from antitrust laws and FTC scrutiny. The Court said that with a negative option, it is impossible to tell whether the proposed rates are even looked at (*FTC v. Ticor*, 1992).

MARKET REACTIONS TO PRICE FIXING. White (1984) states that the market responds to fixed prices in one of several ways: kickbacks and referral fees, reverse competition, or controlled business arrangements. With a high profit for each additional sale, it is unlikely that the market will respond with competition and lower prices.

Kickbacks, a long-standing response to price fixing in the title insurance industry, were prohibited by the Real Estate Settlement Procedures Act of 1974 (RESPA, 1992). However, a current HUD investigation indicates that kickbacks still exist—to the point that one HUD regional official calls the illegal kickbacks "unbelievably blatant." He states that in a typical arrangement, the real estate agent receives 25 to 40 percent of the premium. In the mid-Atlantic region, that would be $281 of the $703 fee on a $100,000 loan (Harney, 1992).

When kickbacks are forbidden, reverse competition and controlled business arrangements are the likely responses to price fixing. According to a reverse (nonprice) competition model of economic behavior, when prices are fixed, the competition that emerges is characterized by nonprice benefits for the person who makes the purchase decision—the real estate agent, attorney, or lender. These benefits can range from dinners and sales awards to fax machines and other benefits.

A controlled business arrangement, a response that is typical in the title insurance industry, involves a restructuring of the market so that the agent, attorney, or lender establishes his or her own subsidiary title insurance business to which they refer clients. The owner of the subsidiary business then receives fees and commissions as an agent for services performed instead of kickbacks for referrals to others (White, 1984).

Those who profit from the controlled business arrangement justify the system on the basis that consumers are not informed about title insurance and want professionals to make the decision. However, consumers make choices in other areas of insurance that are more complicated than title insurance. With no price or product differentiation, there is no incentive for insurers to advertise, nor for consumers to become informed and attempt to comparison-shop.

There is no incentive under any of the systems for real estate agents to shop for the best price, since costs are totally borne by consumers. Real estate agents are the primary source of information for housing consumers (Burke, Belch, Lutz, and Bettman, 1979).

RESPA requires that all persons who apply for home mortgages receive an HUD-prepared booklet that explains the closing process, closing costs, and the purchaser's rights. This requirement has not been as effective as anticipated, however. It was assumed that the home buyer would purchase the title insurance; yet, in many locales, the seller now pays for the title insurance. RESPA further assumed that the market was competitive; the booklet advises buyers to shop for the best coverage, the best price, and the level of risk they are willing to absorb (HUD, 1972). Any attempt to follow this advice would be futile, given price fixing.

> There is no incentive under any of the systems for real estate agents to shop for the best price, since costs are totally borne by consumers.

EXEMPTION FROM ANTITRUST LAWS

Two doctrines exempt title insurance from the price-fixing prohibitions of the Clayton and Sherman antitrust laws: the "business of insurance" doctrine and the "state action" doctrine. The McCarran-Ferguson Act of 1945 exempts insurance from federal antitrust laws and allows a federal role in insurance only if there is no state regulation. The state action doctrine was established by case law. Under the state action doctrine, any business that is actively regulated by the state is exempt from antitrust laws.

When the Supreme Court ruled in *Goldfarb v. Virginia State Bar* (1975) that attorneys could not fix fees for conducting title searches, some observers questioned why title insurance companies could set fees for doing the same work—which was research-related and not a part of the insurance. Subsequently, the Supreme Court held that only the "business of insurance," not the business of insurers, could be exempt from competition.

The state action doctrine has been refined to permit immunity from antitrust laws if (1) the price fixing is pursuant to a clearly articulated and affirmatively expressed state policy to displace competition with regulation, and (2) if the state actively supervises the conduct. The title insurance companies claimed a state action doctrine defense when the FTC charged them with price-fixing, and the U.S. Supreme Court applied the two-prong test to determine whether the state action was sufficient to exempt the companies from antitrust laws.

THE FTC CHALLENGE

In January 1985, the Federal Trade Commission filed an administrative complaint alleging that six of the largest title insurance companies in the U.S. engaged in "[u]nfair methods of competition" in violation of §5 of the Federal Trade Commission Act by using private rating bureaus to collectively set rates for title search and examination services in 13 states. The FTC did not challenge the use of collective rate setting for the risk portion of title insurance (Final Order, 1990). The insurance companies claimed they were exempt from FTC scrutiny because of the state action doctrine. However, the Commission rejected the defense.

An administrative law judge and the FTC Commissioners held in separate decisions that collective rate setting for search and examination was not part of the "business of insurance." The insurance companies appealed the decision to the U.S. Third Circuit Court of Appeals, and the FTC asked the court to affirm the order and mandate enforcement. The Court of Appeals ruled that the title insurance companies were exempt from FTC regulation due to the state action doctrine.

The FTC petitioned the Supreme Court to hear the case, asking whether private horizontal price fixing was "actively supervised" when state officials do not determine whether the rates meet the state regulations. The Supreme Court supported the FTC's stand and reversed the Appeals Court decision, deciding that there should not be protection from antitrust regulations under the state action doctrine unless "states played a substantial role in determining the specifics of the price-fixing or rate-setting scheme" (*FTC v. Ticor 1992*).

CONCLUSIONS AND RECOMMENDATIONS

The Supreme Court's decision essentially mandates a change in both state oversight of the title insurance industry and in the operation of the industry itself. The decision emphasizes the importance of either competition or active state supervision in maintaining fair prices. The Court stated "[N]o antitrust offense is more pernicious than price fixing" and "[O]ur decision should be read in light of the gravity of the antitrust offense, the involvement of private actors throughout, and the clear absence of state supervision" (*FTC v. Ticor, 1992*).

Reform of title insurance will require active state regulation and oversight of the industry. This oversight would best serve consumers if it focuses on a complete change by encouraging competition and eliminating price fixing. States could require that title insurance loss ratios be comparable to those of other types of insurance. The use of the national rate should require justification, and fees based only on house price and not actuarial risk should be prohibited.

States should also develop computerized abstract systems based on the Torrens system of land registration, so that the expensive duplication of efforts by the title insurance companies would not be necessary. Janczyk (1977) compared the transaction costs and the cost of converting from the grantor-grantee index to the Torrens system and concluded that even with the costs of converting, the Torrens system is more cost-effective. A small tax on each home sale could fund such a program at a fraction of the cost of the current duplication of efforts. A centralized system is an appropriate government action, since states currently maintain recording systems. Applying modern technology to the system would not only make the process less costly than at present, but it would also make it easier for new companies to enter the market.

> **R**eform of title insurance will require active state regulation and oversight of the industry.

Informed consumers who make their own decisions are also essential for competition (Wilkie, 1974). While state legislatures could require insurance departments to prepare an information booklet about title insurance, legislators are not likely to take action until they perceive a problem. Since informed constituents are needed to make state legislators aware, existing federal education efforts should be revised to more effectively educate consumers. The Real Estate Settlement Procedures Act should be amended to require information be given to sellers as well as buyers. The HUD information should include the FTC's findings about the industry and the Supreme Court's decision on price fixing, as well as information on actions consumers can take if they encounter price fixing. HUD should continue to scrutinize the title insurance industry.

The APR Calculations for home mortgages should include the cost of title insurance, since the insurance is required by lenders. Generally, services and products required by lenders must be included in APR calculations, but title insurance was exempted in the 1968 Truth-in-Lending Act. If the cost of title insurance were included in the APR calculation, consumers would have a better basis on which to compare mortgage packages and required extras. Lenders might also want to reconsider, in light of the small risk that any one home would have a title problem, whether to require title insurance or whether to assume the risk themselves.

Finally, consumers must bear part of the responsibility for the title insurance problem and must help initiate action for change.

Consumers should question all fees in the home-buying transaction and should demand information about the title insurance they are required to buy. They should inquire about the relationship of their agent, attorney, or lender to the company that is issuing the title insurance and request in writing what fee or compensation will be received for the business. Consumers should also notify state legislators of their concern about the costs of title insurance and inquire about the level of state regulation. They should let it be known that price fixing is not in the consumer interest.

Consumers may also have legal recourse through class-action suits. While documenting illegal kickbacks can be difficult, they can be traced through subpoenaed documents. Consumers or real estate professionals who are aware of illegal practices can write to HUD's "RESPA Enforcement Unit," at Room 9284, HUD, Washington, D.C. 20410, or can call 1-202-708-4560.

[1] Information about the number of homes sold and their median value was obtained from the Ohio Board of Realtors in February 1990. The amount of title insurance paid was calculated by the author based on Ohio rates used by all title insurance companies doing business in Ohio, from price information from files maintained in the Property and Casualty Division of the Ohio Department of Insurance in Columbus, Ohio.

[2] Calculations made by the author based on information on file at the Ohio Department of Insurance in March 1990.

[3] Property/Casualty loss ratios are calculated from data in Best's (1988).

[4] Rates and policies were examined using March 1990 files of the Ohio Department of Insurance.

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SHOPPING FOR TROUBLE

In recent years a new consumption phenomenon, compulsive or addictive buying behavior, has emerged in the United States and in other industrialized nations. Compulsive buying is viewed as an "inappropriate type of consuming behavior, excessive in itself, and obviously disturbing for the existence of individuals who seem to be prone to impulsive consumption".

(Faber, O'Guinn & Krynch, 1987, p. 132).

Susanne Friese
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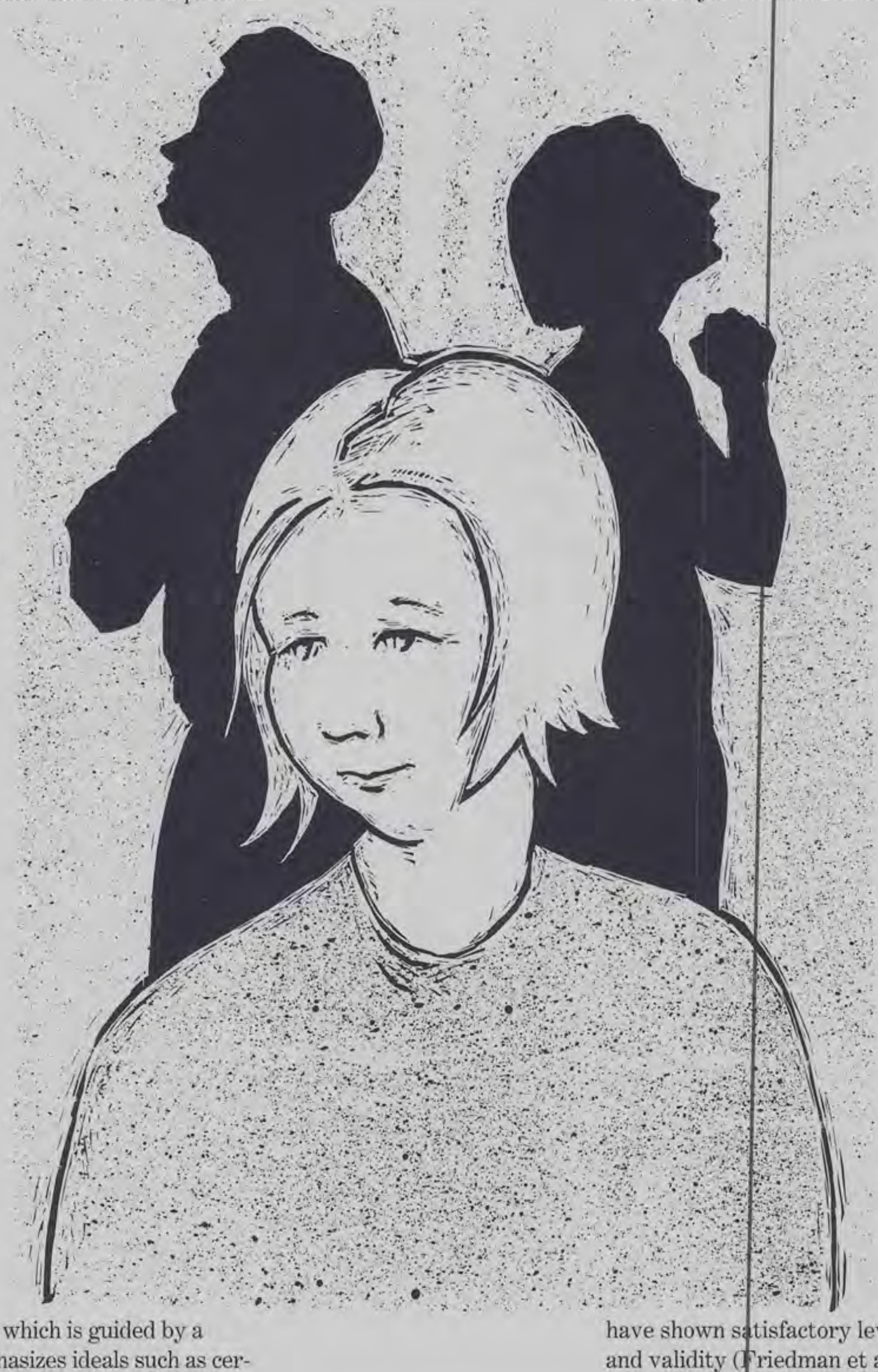
In this study, the term *compulsive-addictive buying behavior* is used because the observed buying phenomenon ranges along a continuum, from compulsive to addictive. *Compulsive* can be defined as feeling pressed to repeat an action, sometimes against one's will. Addiction, at the extreme end of the continuum, is reached when the urge to buy becomes irresistible (Scherhorn, 1990). At this latter stage, the primary reason for buying is no longer to obtain utility or service from the purchased commodity, but rather to satisfy personal needs through the buying process itself. Since the buying act offers no more than vicarious satisfaction, it satisfies the addicted consumer only for the brief moment in which the buying act occurs; the addict has to go shopping again in order to reach the same level of satisfaction.

This process is comparable to a variety of other forms of addiction. An addict may use an object, a substance, or a behavior to avoid his or her real problems. Genuine needs, such as coping with life, stress, and tension, can never be satisfied by this behavior (Scherhorn, Reisch, & Raab, 1990; Peele, 1979).

Researchers search for the roots of addictive behaviors have emphasized the importance childhood experiences play in addictions (Faber & O'Guinn, 1988; d'Astous, Maltais, & Rohberge, 1990). Feelings and behavior patterns, both observed and experienced by children in the families in which they grew up, influence the children's way of seeing things, solving problems, and coping with life—even into adulthood. Poor parental managerial skills, high levels of conflict in families, and other family problems, such as alcoholism, can cause behavior problems that may continue through adolescence and into adulthood (Pettit, Dodge & Brown, 1988; Schuckit, 1984; Vernon, 1985). Childhood family experiences and ways of solving the problems of family living differ depending on the family type in which the child is raised. This study's objective was to identify relationship between consumers who were raised in different types of family organizations (Constantine, 1986) and their later buying behavior. The study also investigated childhood experiences, history of family addictive behavior and discord, and obsessive-compulsive personality characteristics of addicted shoppers.

METHODOLOGY

SAMPLE. Since consumer debt is a frequently observed symptom of addictive buying behavior, Consumer Credit Counseling Services (CCCS) in Oregon and Washington were requested to identify compulsive-addicted clients. Fifty-two of 161 potential subjects completed the questionnaires, for a response rate of 32 percent. Since this was an exploratory study, several instruments were used to assess relationships that might exist between compulsive-addictive buying behavior and childhood experiences.



MEASURES. The Compulsive Buying Measurement Scale (CB Scale) determined whether an individual is a compulsive buyer (Valence, d'Astous, & Fortier, 1988). Classifications were made based on their responses to questions on a scale of *strongly disagree* (1) to *strongly agree* (4) for each on the 13 items. Possible scores ranged from 13 to 52.

A scale assessing whether a person was raised in a closed, a random, or an open family was developed specifically for this study. The scale, which is based on Constantine's family system theory (1986), is referred to as the Family Type Scale (see Friese (1992) for a detailed description of this study). According to Constantine, a family which is guided by a closed paradigm emphasizes ideals such as certainty, unity, and clarity. The closed family paradigm is the antithesis of the random family paradigm. Under a random paradigm, family ideals are ambiguity, diversity, and originality. In the open family, both stability and flexibility are valued. The ideals of an open family are tolerance, relevance, and affinity.

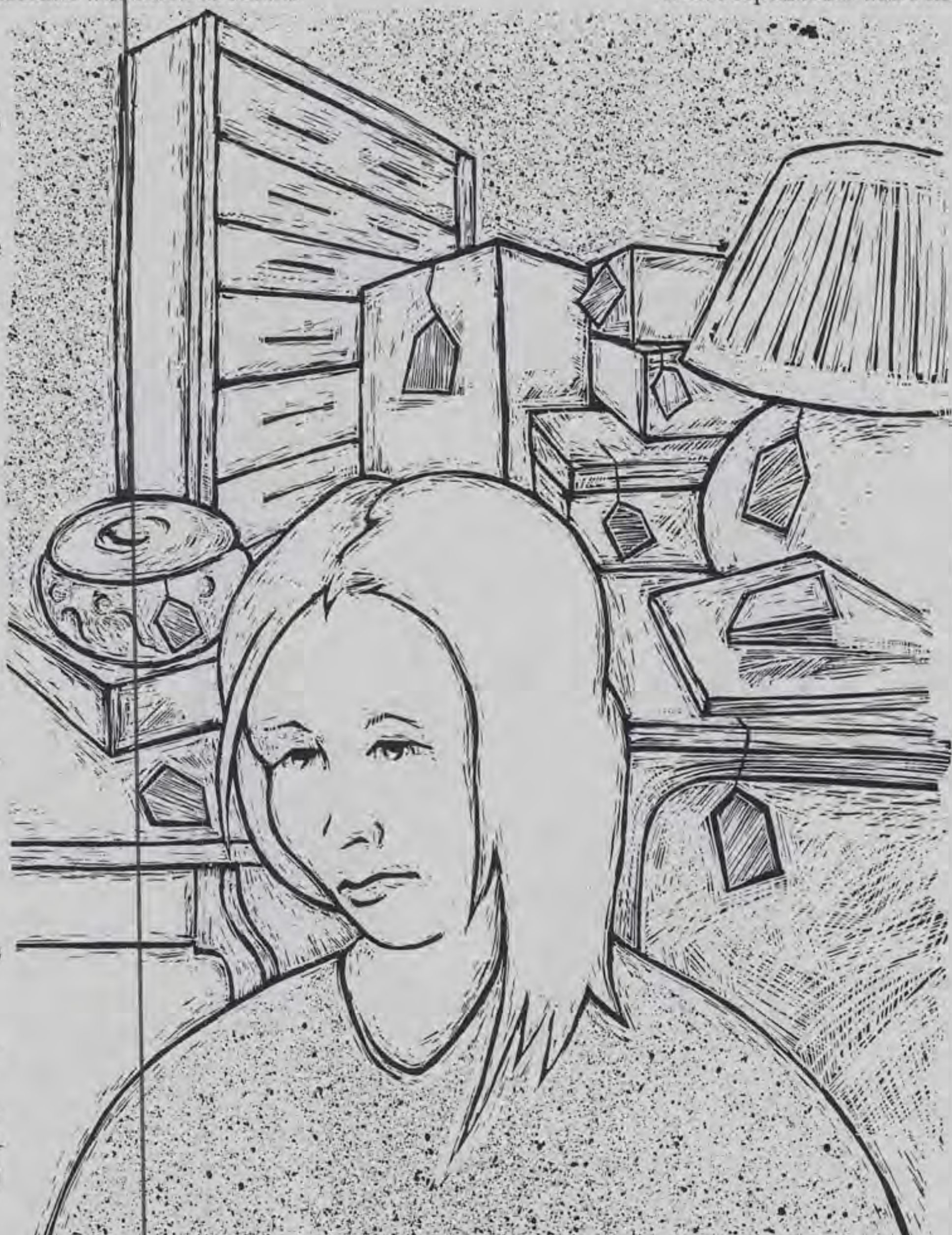
The degree of family discord was determined by an 11-item subset of the Minnesota Multiphasic Personality Inventory (MMPI). Possible scores ranged from 0 to 11. High scores on this scale imply that an individual perceived his or her family life in childhood as unhappy, characterized by a lack of love and parents who were unnecessarily nervous, critical, quarrelsome, and quick tempered (Friedman, Weeb & Lewak, 1989).

Obsessive-compulsive personality characteristics were measured using a five-item subset of the Psychasthenia Scale. Possible scores on the Psychasthenia Scale ranged from 0 to 5. Individuals scoring high on the Psychasthenia Scale may display abnormal fears, worrying, difficulty in concentrating, feelings of guilt, and difficulty in making decisions, as well as excessively high standards of morality or intellectual performance and self-critical attitudes (Greene, 1988). Both the Family Discord and the Psychasthenia Scale, have frequently been employed in previous studies and have shown satisfactory levels of reliability and validity (Friedman et al., 1989).

Two closed-ended questions were included in the questionnaire to determine the types of addictive behaviors that were present in a subject's family and in his or her personal life. In an introductory paragraph to these questions, a definition of addiction was given. Respondents were asked whether they or their parents had experienced addictive behaviors. A list of 11 choices was provided.

To assess whether certain childhood experiences influence a person's perception of family discord, a set of nine items was designed. The selection of these nine items was based on results of in-depth interviews in a previous study. Scherhorn et al. (1990) identified a number of unpleasant childhood experiences that had an impact on the lives of compulsive spenders: divorce of parents, death of a close relative or friend, withdrawal of love by one or both parents, siblings being favored, parents being indulgent or overprotective, expression of feelings being suppressed, high expectations of parents that could not be fulfilled, and punishment instead of comfort. Respondents were asked whether they had experienced any of these nine situations during their childhood. Multiple responses were possible.

In addition to the questionnaire, semi-structured personal interviews were conducted with 13 of the subjects. Volunteers for the interviews were recruited from the respondents. The interviews were organized around the two main areas of interest—buying behavior and family environment. The interviews were tape-recorded and lasted approximately one hour each.



RESULTS

Eighty-six percent of the sample were female. This was not surprising since according to d'Astous, Maltais & Rohberge, (1990); Scherhorn et al., (1990) and O'Guinn & Faber, (1989) women are more likely to be compulsive buyers, and are, also more likely to respond to a questionnaire about this topic. The mean age of all respondents was 34.5 years, ranging from 21 to 53 years of age. Subjects from a variety of income levels were represented in the sample. All of the respondents had at least some high school education. The highest level of education was a graduate degree. The lowest compulsive buying score of all of the respondents was 18, and the highest was 49. Possible scores ranged from 13 to 53. The sample included both addicted and non-addicted consumers from a wide variety of age, income, and educational levels.

The sample was divided into three family types: closed, open and random. With regard to their addictive buying behaviors, there was no significant difference in CB Scale scores across family types. However, an interesting trend emerged; the average compulsive buying scores were highest for individuals coming from a closed family, and lowest for individuals from a random family. This suggests that the relationship between compulsive-addictive buying and family types should be further investigated.

A significant positive association was found between compulsive buying and family discord. It can be inferred that individuals who had unhappy childhood family experiences are more likely to exhibit compulsive-addictive buying behaviors. Previous studies should a strong link between a person's psychasthenic tendencies and compulsive-addictive buying. This is confirmed by this study. In addition, a significant positive relationship was found between family discord and psychasthenic personality traits. This implies that individuals who perceive their family life in childhood as unpleasant are more likely to exhibit obsessive-compulsive personality traits as adults and are more likely to be compulsive-addicted shoppers in adulthood.

Analysis showed that family discord, psychasthenic personality characteristics, and compulsive buying behavior are all positively associated with one another. Holding family type constant, the observed relationship between psychasthenia and addictive buying behavior only held for individuals from a more closed family structure; and the relationship between family discord and addictive buying behavior only held for individuals from a more open family structure. Although the level of family discord was highest in the closed family type. There was no difference in the levels of psychasthenia among the three family types. Constantine's family system theory (1986) may offer an explanation for these findings. Coping skills that may help to prevent addiction are most often learned within the family and may be distinctive for each of the three family types. Therefore, the open and random family types may have an advantage over the closed family type. This advantage may be lost if they are disrupted by family discord.

The literature frequently reports that children of alcoholics are more likely to become alcoholics later in their lives.This lead to the question of whether or not family history of addictive behavior and compulsive buying behavior are associated. The relationship for the respondents in this study was found to be positive and significant. A person may be more likely to exhibit compulsive spending behavior if he or she has observed and experienced addictive behaviors in the family in which he or she was reared. The data indicate that the greater the level of parental addictive behaviors (defined as the number of reported addictive behaviors), the higher the subjects' levels of compulsive buying behavior.

Furthermore, the question of whether certain childhood experiences have influenced a person's perception of a harmonious family life was investigated. Two of nine possible choices in the questionnaire showed a significant relationship with the Family Discord Scale. The first item was "the expression of feelings was not allowed or suppressed, especially the expression of negative feelings," and the second item was "high expectations by parents, which couldn't be fulfilled."

> Analysis showed that family discord, psychasthenic personality characteristics, and compulsive buying behavior are all positively associated with one another.

These findings raised the question of whether these two childhood experiences may be influenced by family types. The mean ranks for the first item (suppression of feelings) for the closed, open, and random family types were 31.94 (closed), 21.67 (open), and 28.75 (random). These differences were statistically significant. The various ways in which each of the three family types functions (Constantine, 1986) may offer an explanation for this result.

In a closed family, feelings tend to be expressed in a regulated and prescribed manner; other ways of expression may be viewed as unpredictable and disruptive and not considered desirable. This may explain why feelings, especially negative feelings, tend to be suppressed in a closed family. Negative feelings are viewed as undesirable because they disturb the balance and stability for which a closed family longs. In a random family, the expression of feelings is spontaneous and passionate, and in an open family, expression is responsive and authentic. Accordingly, respondents from an open family type experienced suppression of feelings less frequently.

The mean ranks for the second item (high expectations) for the three family types were 28.56 (closed), 25.56 (open), and 19.00 (random). Here, only the differences comparing the closed and random family types, and the open and random family types were statistically significant. According to Constantine (1986), parents in closed families impose their expectations on children. In open families children are viewed as partners to be helped to discover their own expectations; and in random families, parents impose no expectations at all.

INTERVIEWS

Data gathered from interviews with eleven females and two males were used to gain a better understanding of the survey results. The first part of each interview focused on the informant's buying behavior; the second part focused on whether an individual's family and childhood experiences had an influence on the development of the addictive buying behavior. The following description and analysis draws mainly from the second part of the interview data.

FAMILY BACKGROUND AND NEGATIVE CHILDHOOD EXPERIENCES. One factor that appeared to influence the consumer's perception about buying and the meaning associated with it is his or her parents' buying behavior and their use of material possessions as a reward. The majority of the informants reported two types of parental buying behaviors which they had experienced during their childhood: parents compulsive-addictive spending behaviors (i.e., parents who had no organized budget or lived from paycheck to paycheck), or parents' spending their money thoughtfully or niggardly.

One informant stated that "[My parents] made good income, but spent far below their means. We lived in a 12-foot trailer for about four to five years—a little camp trailer where you basically had a place to sleep and stayed outside the rest of the time. They just did not want to buy anything on a loan or any type of mortgage. We did eventually move into a house. It took several years for them to even get beds in the bedroom, or… just because either she [mother] hadn't found the very cheapest price of a high enough quality item that she wanted…."

In some other cases, the compulsive-addicted buyer had experienced the substitution of material goods for both love and care while he or she was young. Informants said that their parents bought them almost everything they asked for but often neglected to give them the attention and approval for which they longed. Informants also named feeling neglected by parents as a significant negative childhood experience. As children, they constantly sought their parents' approval to obtain the attention they desired. Many attempted to gain parental approval by being outstanding students, athletes, or musicians. But the results of their efforts were typically not acknowledged and were often ignored by their parents.

"No matter what I did, they didn't seem to care." said one informant.

"All those years that I tried and tried and tried to have a relationship with him [Dad], he was too busy to be bothered. There was a lot of competition for his attention, I think, actually between my mother and my sister and I."

A HISTORY OF CHILD ABUSE. Respondents recurrently reported that they were verbally and/or physically and/or sexually abused as children or teenagers. According to Kinard (1980), abused children are likely to develop a negative self-concept, describe themselves as sad, unpopular, and unhappy, and believe their parents expected too much of them. Several informants described the effects of abuse:

One recalled,"[During my] first term of freshman year in college, I was raped. … All I did after that—first term, I had a lot of money because I just started college and saved up all this money and I had a lot of money, and I spent all that this term after that. I would go out trying to forget about things. I would buy things for everybody, do things for, with everybody…."

Individuals' attempts to cope with childhood experiences such as abuse and neglect may result in their developing a buying addiction, since shopping can serve as a reliable source of gratification that does not depend on the approval of a second party.

Another recalled, "then I began feeling like that there was something wrong with me. Why does this keep happening to me? I must be a dirty person."

Still another said, "I have to buy people to love me. I really feel that no one can love me unless I give them things. … I just don't think I am worthwhile. … I had mental abuse from my ex [husband], and plus, it was mixed in with being spoiled. Everything was handed to me. I was also raped when I was 13. And that just came out in therapy. And that brings a very low [self-esteem]… . You did something wrong. You are worthless. You had to have done something to entice this person."

Individuals' attempts to cope with childhood experiences such as abuse and neglect may result in their developing a buying addiction, since shopping can serve as a reliable source of gratification that does not depend on the approval of a second party. A female informant reported:

"Shopping for me is a way out of uncomfortable feelings. Here is something beautiful, nice—here is something tangible I can hold on to and nobody else can make it ugly, or nobody else can make me feel bad about something because I can do this. It's kind of removed from verbal types of interactions to a certain extent. [It's] something that makes me feel like I am okay, whether it works or not. You just go out and try it."

It is likely that addicted shoppers had a positive buying experience during their childhood, or a positive experience with material possessions. The feelings associated with such experiences may have caused individuals to repeatedly engage in buying activities, which eventually resulted in their becoming addicted to buying things. About her first contact with buying, one respondent said:

"My grandmother was just like me, exactly. When I was a kid and she'd get her check, we'd go downtown and spend all day. And I absolutely loved it. It was so much fun."

Such experiences may be seen as the key ones that lead a person to engage in an addictive behavior. Scherhorn (1990) has differentiated between two types of experiences—in the life of an addict—key feelings and general experiences that are often linked with low self esteem. While general experiences may distort a person's autonomy and make him or her more vulnerable to developing an addictive behavior, key experiences may lead a person to develop a particular form of addiction.

DISCUSSION

As mentioned earlier, the analysis of data from the questionnaire showed a significant positive relationship between the variables of family discord, parent's high expectations that could not be fulfilled, and suppression of negative feelings. The in-depth interviews confirmed these results. Most of the consumers interviewed were raised in dysfunctional families and experienced abuse and/or neglect, combined with the suppression of negative feelings. Many also had alcoholic parents. This study suggests that compulsive-addicted individuals carry an enormous burden of unexpressed feelings and experiences often linked with low levels of self-esteem.

The individuals interviewed for this study appeared to be dealing with this burden through using buying to escape from their problems and to achieve positive feelings about themselves.

In order to increase awareness of the problem in general and to reduce the number of addicted shoppers in the future, it is suggested that the topic of compulsive-addictive buying behavior be included in the consumer education curriculum. In addition, it is suggested that more realistic advertising should be promoted. Advertising that focuses on a product's utility rather than primarily on the benefits associated with it, (e.g., the promise of beauty, success, love and acknowledgment).

IMPLICATIONS FOR FURTHER RESEARCH. Further studies are necessary to explore the suggested differences among the closed, open, and random family types, and to pinpoint characteristics of a particular family type that are most damaging to children's development. Such research may provide information that family therapists can use to help people overcome their addictive buying behavior and that can also be used by home economics and education scholars to help counteract the development of buying addictions through family, parenting, and consumer education.

Little is known about the various ways to help addicted buyers to overcome their dependence. We live in a consumer society and shopping is an essential part of a person's life. Therefore, abstinence is not a likely solution to the problem. Research needs to be undertaken to explore various consumer self-help groups, therapies, and experiences of consumers who have overcome the buying addiction. From this we will be able to propose more wide-reaching and effective solutions to this particular consumer-behavior problem.

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CONSUMER OPINION

COMMERCIALISM IN AMERICA

In this opinion article I address issues that I believe go to the heart of some of America's biggest problems. I will discuss advertising, but mostly I will talk about an issue that is far broader than advertising—consumerism.

Over the past twenty-five years, consumer groups and consumer affairs officials in government have focused on issues ranging from safer automobiles to safer baby cribs, from nondeceptive packaging to lower insurance rates. Much of that effort has been devoted to making the marketplace work more fairly and efficiently in the consumer's behalf. However, one major issue the consumer movement has largely ignored is consumerism itself.

Consumerism is not buying the best product at the lowest price; rather, it is the life-style of a nation that lives to buy. And while consumerism is flourishing, much of America is withering: our schools, our civic groups, our highways, and our hospitals are collapsing. Our poor are hungry and lack health care, and not just the poor are homeless. Meanwhile, the rich drive by in their air-conditioned BMWs.

We've had an orgy of consumer spending and inadequate social spending. We've had a federal government that says, in effect, "Grab all you can and keep all you can.... If anyone gets left out, it's his or her own fault."

Meanwhile, commercialism fans the consumerist flames. In this context, I define commercialism as ubiquitous product marketing that leads to a preoccupation with individual consumption to the detriment of society.

Industry spends $130 billion a year on advertising that encourages us to buy, focusing our thoughts on acquiring new material goods. Even if only unintentionally, sleek consumer goods and slick marketing also distract us from the social side of the equation.

The encouragement to consume begins as soon as a child is old enough to focus on a TV screen and is taught about brand recognition and brand loyalty. American children—whose knowledge and skill levels are dramatically lower than that of children in many other nations—spend more time watching television than attending school. By the time someone graduates from high school, he or she will have watched about twenty thousand hours of television, compared with about sixteen thousand hours in the classroom. Neil Postman notes that by the time children reach age 20, they have been exposed to one million advertisements. The average American will spend approximately seven entire years of his or her life just watching TV and one entire year just watching commercials!

Americans live in a seamless web of marketing:

*Schools were once considered off-limits for most marketing. Today, seven million high school students are required to watch televised ads for Snickers candy bars, Nike shoes, and Burger King on Whittle's Channel One. They spend the equivalent of one full school day each year just watching those ads, plus another five days watching the almost-worthless news program. Whittle leases the schools video equipment to the schools, but it's hardly free, considering the amount of school time Channel One is wasting.

*Society permits the cigarette and alcohol industries to spend $5 billion annually to persuade us to buy potentially addictive products that account for over more than four-hundred thousand deaths each year. Moreover, you'll see their corporate logos and products on T-shirts, on race cars, at conventions of minority groups, and in a host of other locations.

*Advertising is popping up on top of parking meters, on doors of toilet stalls, on so-called noncommercial radio and television, on the mats of rings in televised boxing matches, in museums of art and science, in Hollywood movies, on video monitors at supermarket checkout aisles, through our telephones and mailboxes, and even in the form of product placements in novels and board games. In Britain, the Boy Scouts have sold advertising space on their merit badges. Back here in the United States of Advertising, as part of a $15 million deal, singer Barbara Mandrell named her latest album "No Nonsense," after the pantyhose. And Penn State University signed a contract last year that will make Pepsi the school's official soft drink and will lead to the Pepsi logo's being slapped everywhere on campus. Ralph Nader has wondered aloud how much money it would take to change the name of the university to Pepsi State, or even the name of the state to Pepsi-Cola.

The consequences of all this marketing are that Americans, from infancy on up to the Golden Year of Maximum Disposable Income, are trained to be acquisitive, selfish, materialistic shoppers—shoppers who spend their days in the malls and their evenings watching television, perhaps even the Home Shopping Network. We grow up thinking that the Bill of Rights includes the right to possess everything advertised on television, even if we can't pay the bills. Americans are now being reared to be consumers in the marketplace, not citizens in a community.

Even parts of the business world acknowledge that things have gone a bit far. *Advertising Age* magazine has editorialized that "What used to be a somewhat even battle between the exaggerations and lure of advertising and the prudence of authority figures at home has become dangerously one-sided."

Advertising Age even called upon advertisers to "accept a greater responsibility to soften their hedonistic appeals, especially to younger audiences." Better advice never fell on deafer ears.

The effects of consumerism and commercialism go to the heart of our values.

First, and perhaps most important, in a nation where consumerism and commercialism are the controlling philosophies, we care most about ourselves and say the "hell with the rest of society." Wall-to-wall advertising means there's no space on the wall for messages that encourage a more communitarian society that promotes the general public welfare. Face it: our sponsored media are not going to run messages encouraging us not to go shopping, but to go to the library; not to watch TV, but to help our parents or spouse around the house; not to buy another dress or suit, but to donate the money to our favorite charities; not to buy a $50,000 car, but to support higher taxes and better governmental services.

Can you imagine what our country would be like if the $130 billion spent on commercial advertising were instead spent on encouraging children to do their homework, encouraging smokers to stop smoking, encouraging adults to volunteer at local nursing homes and schools, and on promoting sharing, recycling, cooperation, making homemade gifts, contributing to charities, and a whole flock of other values and activities that are given short shrift in a hypercommercialized society?

Before I criticize advertising further, let me say that I am not against all advertising. Although the advertising industry has sometimes tried to paint me and the Center for the Study of Commercialism (CSC) as wanting to ban all advertising, nothing could be further from the truth. I think that some advertising is actually useful. Supermarket ads in newspapers, for instance, are typically information-dense. Computer ads in newspapers and magazines often list product features and prices and promote vigorous competition. Mail-order catalogs provide price and a modicum of product information. Many nonprofit organizations, including the Center for Science in the Public Interest, of which I am the executive director, survive on the basis of direct-mail advertising for memberships. I hope that little litany puts to rest, once and for all, the notion that CSC and I think advertising is inherently evil and deserving of total elimination.

Much advertising, however, *is* dishonest, despicable, and dispensable, and it contributes to a range of problems.

I'm not talking simply about factually deceptive or dishonest ads. That's something that even most advertisers agree is against the law and should be halted. More subtly, our system of advertising purposefully promotes envy, creates anxiety, and fosters insecurity. We see that strategy underlying many ads for cosmetics, clothing, computers, and even *The Wall Street Journal*. The tragic end-product of this is kids killing kids in order to walk in their playmates' $100 name-brand sneakers.

Consumerism often means sexism, with women's bodies turned into a sales medium second only to Santa Claus. Many ads directed at women are designed to make women feel that their sexuality and self-esteem are just one purchase away. She'll certainly get the job, the ads suggest, if she buys a brand X power suit, while brand X perfume will get her the man. Many ads aimed at men use pictures of scantily-clad women as a sure-fire bait. These ads are not just demeaning to women—suggesting that appearances are all that counts—but also send men on endless searches for air-brushed fantasies that hardly exist in real life.

Living in a consumerist society is particularly tough on low-income folks. Imagine living in a society in which you're told that you're really nothing if you don't have an expensive car, fancy clothes, and a nice home. Imagine being encouraged dozens of times a day by television commercials to buy things your family simply can't afford, whether it's Coca-Cola or a trip to Disney World. Urban looting certainly reflects a collapse of values—a collapse all the way down to the materialism our society worships.

Consumerism is also destroying the environment. Americans constitute only about 6 percent of the world's population, but consume about one-third of the world's natural resources, from oil to aluminum to the ozone layer. We're paving over some of our most beautiful and productive land with houses and shopping centers, filling garbage dumps with last year's baubles, and littering the landscape with mementos that will annoy our descendants centuries from now. According to one estimate, the United States alone consumed more minerals between 1940 and 1976 than did all of humanity up until 1940. I think that Americans are slowly developing an environmental ethic that acknowledges that we are only the temporary caretakers of our planet. But, tempted by all kinds of wondrous things to buy, we find it very hard to cut down on our consumption of natural resources and purchases of products. Twenty-two years after Earth Day, progress certainly has been modest. In the long run, we will have to rely more on economic influences and laws—ranging from higher gasoline taxes to mandatory recycling to bans on dangerous chemicals—than on goodwill to save the environment.

Another very different dimension of advertising's impact on our society is the power of advertisers to censor the mass media. While the ACLU opposes occasional government censorship, our commercial culture suffers from frequent corporate censorship. Gloria Steinem has decried the extent to which women's magazines are pawns of their advertisers—be they cosmetics manufacturers, dressmakers, or cigarette companies. Advertisers may dictate what articles run, what articles don't run, and just where ads should be positioned. Cigarette and liquor advertisers ensure that critical articles will be few and far between in news magazines. Messages attacking products—like cigarettes or Folger's coffee—rarely get past the broadcasters' gatekeepers, while puff jobs about advertisers or their products are commonplace. The Center for the Study of Commercialism recently published a report that included dozens of examples of media censorship, ranging from censorship by small television stations to major networks and magazines. To quote Herb Weisbaum, a consumer reporter at KIRO-TV in Seattle, "Everyone is feeling the sting of 'economic censorship.' Stories get killed, stories are being watered down, and, saddest of all, stories are not even being attempted because reporters know they'll never make it on the air. . . . We don't bother with auto-related stories anymore."

Stepping back again from advertising to a larger societal question, my question for the consumer movement is whether it can redirect Americans' thoughts from Sony Walkmen, Mercedes-Benzes, and Gucci purses to the general public welfare.

The challenge is enormous, the opposition massive. But there are ample opportunities to attack the negative and support the positive.

*First, we need to reduce the pressure on Americans to be consumers. We need to set limits to advertising.

*Dozens of cities and several states have totally banned thumb-in-your-eye billboard advertising. The first billboards to go ought to be the inner-city signs pushing cigarettes and booze.

*School systems should reject Whittle Communications' Channel One, the Trojan Horse of marketers. Whittle is taking advantage of the economic distress felt by most school systems by loaning video equipment in exchange for the students' minds. The advertising, which generates over $600,000 a day for Whittle, in effect receives the imprimatur of the school. California and New York have said "no" to Whittle. Other states and cities should do likewise.

*Telemarketing is one of the most invasive and annoying forms of advertising yet developed. In response to the Telephone Consumer Production Act passed in 1991. The FCC released regulations last December to enforce the law, although they left in many loophole, especially for live telemarketers. Nevertheless, I encourage all consumers to hold telemarketers accountable to the law, taking them to small claims court when appropriate.

*The government should also put a stop to hidden advertising. If we're going to be hit with advertising, we should at least be told that that's what we're seeing. The Center for the Study of Commercialism petitioned the Federal Trade Commission (unsuccessfully) to require notices at the beginning of Hollywood films, advising the audience about paid product placements. A city or state could require local movie theaters to provide such information. We also petitioned the FCC to require a continuous onscreen notice in infomercials, alerting viewers that what they are watching is advertising, plain and simple.

*Second, getting closer to the heart of consumerism and commercialism, recall that the costs of advertising are fully tax-deductible business expenses. Government could raise billions of dollars and significantly reduce the pressure on Americans to consume by cutting or eliminating that tax deduction. In addition, several cash-starved cities and states are exploring ways to tax advertising and advertising services, which have generally not been subjected to sale taxes. New Jersey, for instance, is raising $20 million annually from its tax on advertising in the Yellow Pages. If cash-starved states taxed advertising as they do other purchases, they would reap about $5 billion a year. At the federal level, if the Internal Revenue Service decided that the $5 billion worth of ads for alcohol and tobacco and the half-billion worth of ads aimed at children were completely nondeductible and that only two-thirds of all other advertising should be deductible, the Treasury would gain about $10 billion a year. One happy benefit of making advertising more expensive is that we would see somewhat fewer ads.

*On the positive side, we need more noncommercial media, from newsletters to magazines to television and radio stations. Congress could develop funding mechanisms that would rescue public broadcasters from the influences of corporate advertisers, or underwriters, as they are called, who prefer nature specials over freewheeling social criticism, and the Sesame Street-bashers on the Right who would do away with all government assistance to PBS. I admit it's unlikely, but Congress could add a small tax on the sale of television sets and stereos—or it could use some of that $10 billion that taxes on advertising would generate.

*We should insist that local broadcasters run frequent noncommercial, prosocial messages. AdBusters, a Canadian group, has produced eye-opening anti-TV messages, and the Mormon church has produced extraordinarily touching community-involvement messages. The trouble is, those PSAs rarely if ever get on the air. The AdBusters group hasn't ever been allowed to buy airtime on TV stations. When the Center for Science in the Public Interest surveyed 20 hours of Saturday-morning television last year, we found not one nutrition PSA and only a couple of anti-drug PSAs. When was the last time a mayor or consumer affairs official in your hometown sat down with local broadcasters and pressed them to run more public service programs and messages?

*Some of our efforts need to be focused on young children. I recognize that it is unlikely anytime soon that the United States will ban ads aimed at young children, as the province of Quebec has done. Therefore, we need to immunize children against the corrosive effects of the mass media in general and those of advertising in particular. Local schools should develop curricula that would encourage what is termed "media literacy." In contrast with courses that focus on literature and the printed word, courses on media literacy are intended to make students critical viewers of television, movies, and advertising. Students are shown how what ads do *not* say may be even more important than what they *do* say. They learn to understand how the culture featured in movies and in television shows may have influenced how they view the world and live their lives.

Schools actually ought to go beyond seeding skepticism by encouraging students to affirmatively help improve society. Atlanta, Maryland, and other cities and states—and many private schools—are beginning to require students to devote a few hours a year to volunteer activities, to give youngsters at least a taste of what it means to care about the larger society.

*Schools and churches—along with the home—are also the places to encourage simpler life-styles. We'll never get that message from manufacturers. Whether it's public service announcements, classes in schools, or activities in Scout troops, we need to counteract the hedonistic message to consume by conveying the message that other activities, from reading to volunteering with a community group to hiking with the family, can provide an equal amount of pleasure. Many people who lead less-materialistic lives—lives focused more on community service than shopping—feel deep, daily satisfaction.

*Finally, we also need to devise ways to provide consumers with objective sources of product information in order to reduce their reliance on self-serving advertising. *Consumer Reports* magazine provides a certain amount of that information, but, because it is a national periodical, it often isn't of much use at the local level when one is planning to buy something. Scott Maynes, a professor of consumer economics at Cornell University, has suggested that a public or private agency maintain a computerized database of products and services. Someone wanting to buy a mattress, for instance, could dip into that database from a home computer or a terminal at a public library and find out where to get the highest-quality mattress at the lowest price. Printouts could be distributed widely, and the information could also be made available by telephone and in the newspaper. The closest things to such a system today are the *Washington CheckBook* and *San Francisco CheckBook* magazines, which evaluate everything from grocery prices to toasters to roofing services. Solid information on price and quality could turn Gresham's Law on its head, enabling consumers to make decisions on the basis of facts, not slogans.

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Attacking consumerism is one of the ultimate challenges to those of us in the consumer movement will face. Such an attack will mean inculcating a philosophy not just of advocating fair and square commercial dealings, but of putting society first and car telephones second. Shoving the consumerist genie back in the bottle will require a mixture of pointed litigation and legislation, as well as political leadership in promoting civic values and rational levels of consumption.

For its part, the Center for the Study of Commercialism will try both to set limits on advertising and to promote civic values among youth and adults. I hope that consumer advocates will also be thinking along these lines in the coming years.

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CONSUMER EDUCATION

CONSUMER AND FAMILY ECONOMICS: A JUSTIFICATION

"We in our field", state Bryant and Metzen (1991), "understand and appreciate its importance for consumers, for business, for government, and for our economy and society. But, they ask, "have we developed sufficient effectiveness in articulating the relevance of our programs to others, sufficient foresight and forcefulness to identify potential threats to our programs and to ward off actual attacks and neutralizing challenges that would weaken or destroy our programs?"

The question is debatable. Although not all of our programs are currently under fire and some are even on an upswing, challenges to individual programs continue. And if the numbers game played by Zick and Widdows (1992) turns out to be an accurate forecast of the future, more challenges can be expected. In view of this, we would like to articulate the relevance of consumer and family economics programs and thereby provide ammunition that can be used to ward off attacks.

Consumer and family economics programs come under various names and are generally multidisciplinary. Whatever their name, departments generally have two subfields in some combination: consumer economics and family economics. In this article we attempt to articulate the nature of the two and to justify each one. We urge our colleagues to take the important next step of developing strategies to neutralize challenges to consumer and family economics programs.

THE PROGRAMS

Consumer economics is concerned with the interactions between individuals and families and the markets for consumer goods and services. The term *services* here includes the financial and credit markets; consumer economics includes saving and investment behavior. Concerns are often expressed in the areas of research, extension, and teaching. Programs typically focus on several topics: better understanding of consumption and demand behavior; studying consumer shopping behavior and firms' behavior in providing services to consumers; and normative studies which devise rules by that consumers should make consumption/saving decisions. Curricula usually include courses on how markets work, and courses in consumer behavior (part economics, part cognitive psychology), financial management, business, and the law.

A subset of consumer economics that is now rapidly developing autonomy is consumer economics of financial markets and decisions. Financial counseling, management, and planning programs conduct normative and conditionally normative research, extension, and teaching that focuses on consumer behavior in financial markets. Professional organization's certification requirements are increasingly driving these programs. Special attention is paid to the housing market, because housing is usually the biggest financial asset many consumers possess. What is clear about this particular offshoot is that financial counseling is an occupation that is gaining importance, and professional education for financial counselors is needed.

Another emerging subset of consumer economics is the field of consumer affairs. Like financial counseling, consumer affairs is an occupation that has emerged and gained importance in the last 15 years. Education of consumer affairs professionals is thus also an emerging field.

Family economics programs across the country vary. They range from programs based almost entirely in economics, as at Cornell University, to programs based almost entirely in psychology or sociology, as at the University of Minnesota and

Michigan State University. Most programs lie somewhere between these extremes. All, however, purport to be multidisciplinary, if not interdisciplinary. In each case the programs seek to speak to one or both of two sets of intertwining issues: (1) family members' interactions with work and workplaces (i.e., the household's role as producer of goods and services for home consumption and its role as income earner in the labor market) or, with public and private institutions that provide family services; and/or (2) the allocation of resources (i.e., income, time, and effort) within the family. A component of the historical research agenda of family economics can be characterized as an attempt to create, confirm, and use an interdisciplinary theory of "family management."

Historically, the practice and focus of both consumer and family economics have been firmly on the *individual family and consumer*. The underlying and often unstated philosophy has been that families and consumers can be helped most by becoming more knowledgeable about their own behavior, the practices of firms and agencies that provide goods and services for them and the laws governing the provision of goods and services, and by devising and providing consumers and families with efficient decision-making and management aids. Seen in this light, the normative decision-making rules of the consumer economist and the family management theories of the family economist are one and the same—management tools for the family. The subfields' philosophies and their focuses on the individual family-consumer arise out of the close ties both have had with the USDA Cooperative Extension Service and home economics and business (read consumer) education in the nation's high schools. Consumer and family management education of adults via extension and of children via the schools make for "consumer-wise" and "family-wise" individuals and citizens who are able to function effectively as consumers in American society.

THE JUSTIFICATION FOR CONSUMER ECONOMICS

The paradigm underlying much of the theoretical and applied work in the field of consumer economics is that of the allocation of scarce resources through constrained maximization. The paradigm is borrowed from economics, but its application to consumer economics emphasizes the consumer interest. Economists and agricultural economists can contribute, but their interest is often spurious and fleeting: the former's principal interest is in providing theoretical explanations of the behavior of consumers, firms, and markets, while the latter's principal interest is farmer and agribusiness welfare. The paradigm is extended and policy implications for consumers are drawn by consumer economists.

An important part of the paradigm has to do with the role of information in improving consumer welfare through making markets perfect. Maynes's exposition of the perfect information frontier highlights the loss of welfare consumers experience if they do not have and use complete information on goods and services available in the marketplace. Consumers need information, and they need to know how to obtain it: the acknowledged general ignorance of the consuming public is a prime rationale for consumer economics as a field and for consumer education as a profession.

The doctrine of *caveat emptor* has given way in the United States to the protection of consumer interests through regulatory and statutory frameworks. There is a need for informed input into the regulatory process on consumers' behalf. Consumer economists have several roles to play here: in researching the needs for and best methods of regulation, in educating consumers about regulation through teaching and extension, and in studying the effectiveness of regulations that are already in place and suggesting changes to them. Richard Morse's life work in the development of consumer protection legislation in financial markets is one example of the role of consumer educator as policy proponent.

However, a focus on the need for prepurchase information about price and quality is clearly insufficient in an era in which the majority of goods and services are technically sophisticated and are either experience or credence goods. In such an environment, postpurchase service and information are crucial for both consumer welfare and for the efficient working of consumer markets. Consumer economics can make a direct contribution to consumer satisfaction and to a better marketplace. There is a need for trained consumer advocates as arbitrators and mediators in third-party complaint-handling mechanisms. There is also a need for consumer economists to develop and improve processes and technology for handling consumer communications with sellers through such means as letters, 800 numbers, and the courts. Consumer economists can work to ensure that these mechanisms are proactive rather than reactive to the consumer and that their use includes the development of useful information for organizational decision makers. In this sophisticated technical environment, it is just as important that consumer economists work closely with and educate consumer affairs departments of firms as it is for them to work closely with and educate consumers and consumer advocates.

The recent focus on global issues has shown that consumer economists are on the front line in identifying issues and proposing methods of solution. Many of the environmental problems facing the world are driven by consumption patterns in the developed world. Consumer abuse in the less-developed world often stems from patterns of economic trading with the developed world. The emphasis on international aspects of consumer economics presents a new and growing opportunity within the field.

Perhaps the most cogent, current justification for the continuance and expansion of consumer economics programs is the economic condition of families in the United States. Median family income in constant 1990 dollars was $33,346 in 1980 and $35,353 in 1990—a mere 6.0 percent increase in a decade. And the present recession has undone that gain! Furthermore, while income at the top of the lowest quintile of the income distribution of families (i.e., the poorest 20 percent) rose 3.3 percent in constant dollars during the 1980s, the income dividing the top five per cent of families from those below that level rose by 19.4 percent in constant dollars over the decade. These figures dramatize the experience of the 1980s: the rich prospered, while the middle and lower classes stood still or slid backwards.

The relevance of consumer economics is simple and dramatic: with real income stagnant or falling for all but the rich, wise consumption, saving, and investing are the only ways for lower- and middle-income members of society to get ahead economically. No one, not even President Clinton at his most expansive, is predicting anything but slow or moderate growth for the 1990s. Sacrifices will be required of most consumers during the next few years. The field of consumer economics, in both its classroom teaching and extension programs, offers necessary education in the management of consumption, saving and investment. It offers necessary professional training in financial counseling, which is becoming an increasingly crucial occupation. In such an economic environment, such programs should be expanded, not done away with!

THE JUSTIFICATION FOR FAMILY ECONOMICS

The field of family economics arose in the early decades of the twentieth century out of an attempt to educate and improve the lot of farm women. The field focused on household work and on how to do it better—hence, the term *home management.* As was the case with business and farm management, no one discipline was sufficient to teach understanding of individual and family behavior and of better decision-making and managerial rules. Drawn from economics, the view of the household as an allocator of scarce resources has provided an important organizing concept underlying family economics and home management. Family sociology, including demography, the psychology of family relations, and developmental psychology, provide other important organizing concepts.

The work roles of women have become more complex as they have entered the labor force without forsaking household work. As a result, the field of family economics has striven to provide solutions for related problems and challenges. Child care has been a principal focus in this area. As divorce rates have risen and female-headed families have proliferated, family economics has also sought to understand how different marital statuses affect family functioning and well-being.

As with the bulk of consumer economics work, family economics has remained focused on understanding family behavior in the microcosm and on how individual families can use the facilities of existing institutions to better their welfare. Family policy research, teaching, and extension programs, have played only a limited role in evaluating and suggesting changes in government programs and in firms' personnel policies that impact families and family welfare.

There is a need for people with an in-depth understanding of how families function at the intrafamily level and intergenerationally, as well as of issues among families and the markets and public and private institutions that serve them. Undergraduate training of this nature is an excellent background for graduate work in social work or business school, where the emphasis is on marketing and human resource relations. Undergraduates can pursue graduate studies in the disciplines of sociology, psychology, and (given sufficient quantitative training) economics. Undergraduate training in family economics is also a useful precursor to law school, especially if an individual wants to practice family law. Family economics is also becoming popular as a pre-med major (add physics, chemistry, and biology and pressure cook) for undergraduate students who plan to pursue a family medical practice.

Employees in a wide variety of entry-level jobs can benefit from such education. Such jobs include family financial counseling (if family economics courses are taken in conjunction with money market and banking courses), human resource relations (if some industrial relations courses are also taken); and administration in business and government (if basic accounting and business management courses are also taken).

At the graduate level, there is a need for people who are grounded in the principles of family economics and who are capable of doing research on family-related issues and problems in government and private policy shops. These kinds of jobs require sophisticated statistical training and the capability of relating micro-family behavior to macro-family issues and other social policies and programs. Family economists can be quite competitive for these jobs given that they have taken the trouble to acquire a strong statistics background. Proficiency in multiple regression is no longer adequate. Expertise in limited dependent variable techniques, simultaneous equations models, and in the analysis of pooled cross-section-time series is now required.

However, the most cogent justification for the field of family economics is the current state of the family and of family politics. There is no need to document here the plights of single-parent families, of the millions of poverty-stricken children, of the working poor, and of some of the elderly. What is important is that a presidential campaign was just conducted in part over the issues of family values and the economic condition of families. And, curiously enough, the candidate who was willing to pay more than lip service to the problems of families has been elected. Not since the halcyon days of the early 1960s have so many family policy issues been on the table. Not since the early 1960s has the political will to do something about families' problems been present. As no other field can, family economics can contribute to the scholarly and public debates of the problems facing families in the 1990s and can also provide possible public and private solutions for them. Family economics' integrative, empirical nature has the chance to shed light on problems that cannot be solved from the purely theoretical and narrow perspectives of the parent disciplines. Now is not the decade for contracting the field; it is the decade for expansion. If not now, when?

CLOSING OBSERVATIONS

Though we have discussed consumer economics (incorporating financial counseling and planning) and family economics separately, the two fields are intertwined—both programmatically, but also within professionals' in the field. Indeed, some scholars argue that the two fields should not be specialized into two components; they claim the field's strength lies in its general applicability to both components. One representation of this view would study individuals and families in their interaction with markets for consumer goods and services from either a "household economics" or a "family management" perspective. Against the "unification" view is the claim that specialization is necessary at this moment in the field—a claim that is based on two premises. First, the disciplinary knowledge underlying family and consumer economics is diverging, making it increasingly difficult for any one person to be competent in both subfields. Consumer economics increasingly relies on modern industrial organization (a subfield of economics that is focusing more and more on the problems and effects of misinformation and differential information), and consumer psychology, while family economics increasingly relies on demography, the economics of Gary Becker, and social and developmental psychology. Second, a set of public policy issues drives research and extension programs in both fields. Since these two issues are different and equally dynamic, the ability to maintain competence in both fields is questionable.

In a sense, the fields of consumer and family economics have struggled to maintain their initial interdisciplinary focus on the woman and her work and the mission of early home economics—which was to educate her to do that work better. The field has evolved into general education programs that seek to empower consumers and families through better information and better management skills. Side by side with this general education focus, the field has also taken on the responsibility of preparing specialists for market jobs that serve consumers and families. Home economics colleges have also specialized in the areas of nutrition, textiles and apparel, retailing, design and close environmental studies, and human development. However, as universities have struggled with budgets over the last decade, many consumer and family economics departments have been folded into other departments—typically with textiles, apparel, and retailing if the unit's work emphasized consumer decision-making and markets; with child development and family studies if the unit's work emphasized intra-family allocation and behavioral issues. In these cases, the specialization question has been addressed by administrators as they have merged programs for budgetary reasons. At issue is whether the remaining independent consumer and family economics departments can remain independent. Some are not only growing; they are flourishing—and they suffer the irony of having to manage growth within the context of a stable or declining budget. Others are threatened. To remain independent, they must sustain and further develop high-quality programs that serve and gain the support of powerful clientele at state and federal levels. Unfortunately, neither the consumer nor the family, ubiquitous as both are, has much political power *as a consumers or as a family*.

Let us address the issue of our colleagues' undergoing graduate studies in consumer and family economics. The current debate on the content and future of the fields of consumer and family economics could make current graduate students in the field doubtful about their future prospects. It shouldn't. Job opportunities abound for the well-trained. Except in the root disciplines, the primary goal of graduate studies cannot be to produce replacement parts for the resident teaching and research faculties of university departments. So it is in the field of consumer and family economics. While a few graduates of graduate programs in consumer and family economics programs will find jobs on the teaching and research faculties of universities, the majority should expect to find other employment. There will continue to be career opportunities in the extension services of land grant universities, both at the master's and Ph.D. levels; a master's degree will be required for county-level programs, and a Ph.D. will be required for statewide specialists and administrators. Marketing research firms and the marketing research and development departments of corporations are finding that well-trained graduates with master's degrees and Ph.D.s in consumer economics (i.e., candidates who are well-grounded in economics, consumer psychology, and statistics) are as good or better than graduates of business schools: they are better empirical analysts by virtue of the research focus of their graduate training. Holders of Ph.D.s who are well-grounded in statistics, who have good control of a root discipline (economics, sociology, or demography) and who have gained the integrating, multidisciplinary training central to the field of consumer and family economics are increasingly attractive to government and private research policy shops, where they are employed in the formulation, analysis, and evaluation of consumer or family policies.

Graduate students who end up on the faculties of consumer and family economics departments may well find themselves in the position of defending the field as we have tried to do here. We invite them to join in the effort. Those who end up in corporate consumer affairs, research and development, or in private or state and federal government agencies need to lend their support. The current political and economic situations in the United States offer unparalleled opportunities for justifying our teaching, extension, and research programs. Let us be about it.

We would like to close with an offer to all of our colleagues. If you have written or intend to write a justification for your program, please send it to one of us, and we will compile it for use by those who need such materials. If you find yourself in the position of having to defend your program and need material to help you do so, contact either of us, and we will share it with you.

Bryant, W. K. & Metzen, E. J. (1991). Is the crack closing. ACI Correspondence, *Advancing the Consumer Interest*. 3(2): 5.

Zick, C. D. & Widdows, R. (1992). Turning the ebbing tide of consumer studies enrollments. *Advancing the Consumer Interest*. 4(2): 19-23.

*Ed Metzen reviewed the manuscript and responded with voluminous quarrels, ideas, and insights. In short, he behaved in quintessential "Metzenian" fashion. We have changed the text in several places because of his views, but we could not all of them, worthwhile though they were. We thank him for his efforts and urge him to use the pages of *ACI* (the editor willing) to continue the debate. We, not he, are responsible for the views expressed in the text.

Richard Widdows
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BOOK REVIEW

A TEXTBOOK APPROACH

Walden, Michael L. (1992). *Economics and Consumer Decisions.* Prentice Hall.

Michael L. Walden's *Economics and Consumer Decisions* is designed as a text for senior high and undergraduate courses. Walden's first-person approach, question-and-answer format, and informal style of writing make actively involve the reader in the material. Walden does not imply that every economic or consumer question has a simple, direct answer. When mathematical calculations are involved, he leads the reader through a logical, detailed decision-making process in which the final answer can vary according to an individual's financial situation. For example, in one section Walden discusses how it is sometimes better to use credit rather than cash for a purchase. His writing style does not make the reader feel incompetent because of past consumer mistakes or a lack of understanding of certain economic and financial principles. Instead, he helps a reader who has no previous knowledge of economics or finance establish a basic understanding of economic and financial theory that can be utilized in various consumer investment decisions.

The book is divided into 11 chapters. Chapters 1 and 2 provide a foundation for understanding basic economic principles such as future value, discounting, and elasticity. Chapter 3 describes budgeting and tax planning techniques, and Chapter 4 is dedicated to financial issues of shelter. Credit usage in purchasing consumer durables is Chapter 5's focus. Chapters 6 and 7 describe various types of life, health, auto, and property insurance and how to determine what best meets the needs of a particular household. Chapters 8, 9 and 10 provide information about the fundamentals and types of investments, with a particular emphasis on retirement planning. Chapter 11 stresses the importance of comparison shopping and gathering information before making a final purchase. Chapter 12 is a one-page summary of the key points addressed in the other chapters.

Each chapter begins with a list of questions to be addressed and an introduction to the topic. Tables and figures support the written text. Most of the statistical information in this book will not be quickly outdated because it is presented in a general, long-range context rather than a case-specific one. Ample white space around the tables and figures permits the reader to make notations as needed. Each chapter also includes several Consumer Topic inserts. Much like "sound bites", these short inserts address additional consumer issues, problems, or current research findings relevant to the focus area of the chapter.

Each chapter also contains several reinforcement summaries. Key words and phrases are printed in the margins of the text and are also listed at the end of each chapter. Within each chapter, a box insert titled "The Bottom Line" provides a succinct summary at the end of each subtopic. A one- to three-page detailed outline summary appears at the end of each chapter, followed by an average of 15 discussion questions, and a selection of mathematical problems. Answers to the problems are not provided in the book. The appendices provide future, present, and loan balance factor tables the reader can use to work mathematical problems and illustrate examples within the chapters.

If the purpose of a consumer course is to help students understand how and why a consumer should calculate mortgage rates, future values, and annuities, the book does an excellent and detailed job. However, the book is weak in addressing other knowledge a reader needs to make a good consumer decision. For example, credit laws, recession, and the global market economy can have a strong influence on consumer purchases. An understanding of credit laws such as the Equal Credit Opportunity Act, the Truth-in-Lending Act, and the Fair Credit Reporting Act is vital to using credit wisely. In addition merely defining terms such as debt consolidation and home equity loans is not enough. Both types of loans are commonly used prior to filing of bankruptcy—a word never used in the book. Thus, some discussion about how both types of loans can contribute to rather than help future debt problems should have been included.

A weakness common to many consumer texts that also occurs in this book is the lack of a complete discussion about economic recession. The term is defined, and the book discusses how the federal government creates "recession by design" to stimulate a slow economy. The discussion focuses on how decreasing lending rates can stimulate the economy, but it fails to emphasize how recession also decreases interest rates for non-stock market investment accounts. If during a recession a household loses not only earned income, but also non-stock market income, that household's ability to participate in the consumer marketplace is severely limited. Calculations of both sides of the economic recession are important, and are largely missing from this text.

Finally, it is difficult to believe that a textbook published in the 1990s does not address the global market economy. Although economic principles are defined the same way worldwide, the application of those principles under different forms of government influences consumer choices in the U.S. market. Discussions about time and scarce resources are important in decision-making, but global issues—both social and environmental—are also important factors in consumer decision-making. A question-and-answer segment about how tariffs affect the price of consumer goods and the availability of products would have provided some of the missing links in the book.

As a textbook for helping students understand the objective mathematical approach to consumer decision-making *Economics and Consumer Decisions* is an excellent teaching tool. However, if the goal is to introduce a complete view of objective and subjective aspects of consumer decision-making, the instructor will need to find supplementary materials to accomplish that goal.

DONNA IAMS
University of Arizona

BOOK REVIEW

A PLETHORA OF QUACKERY

Young, James H. (1992). *American Health Quackery*.Princeton University Press.

American Health Quackery is a collection of previously published essays that provides an interesting historical documentation of the marketing of fraudulent health products. The book persuasively demonstrates that quackery has continued over time despite stricter regulations governing marketing techniques, a better educated public, and advances in legitimate scientific procedures to cure disease. The essays examine a plethora of health frauds, ranging from Pinkham's Vegetable Compound and quackery in dentistry to more recent examples, such as the marketing of Laetrile (an alleged vitamin for controlling cancer) and various AIDS cures. The author offers a myriad of explanations for the continued and growing phenomena of health quackery and a somewhat somber assessment of society's ability to prevent this type of fraud in the future. The essays are well-written; they provide useful historical perspective and offer insightful explanations about consumers' vulnerability. *American Health Quackery* would be valuable reading for those who are interested in or who teach courses in marketing, advertising, food and drug regulation, health fraud, and consumer protection.

While the author expertly describes the evolution of health quackery over time, his assessment as to what should be done about these practices is unconvincing. The reader is led to believe that stricter regulation of quackery is likely to help matters significantly, despite evidence to the contrary. For example, Young states that "The rigor of legal controls has been increased..., licensing laws improved, hospital regulations tightened... Surely if not in 1906, at least in 1966, amid all this enlightment and law, quackery should be dead... but, ... it is not. Indeed, it is not only not dead; never in previous history has... quackery been such a booming business as now." A weakness of the essays is the relatively sparse treatment of the difficulties associated with regulating health fraud. While the author addresses the legal impediments regulators had to overcome in order to prosecute health quackery, he does not focus much on the difficulties in determining the amount of resources that should be devoted to guarding against health quackery and in establishing regulations that do not limit legitimate business establishments.

During my years at the Federal Trade Commission, policymakers continually faced the problems of eliminating fraud in the marketplace. Are limited government resources best allocated to law enforcement cases in which a large number of reasonable consumer's expectations of performance were unrealized or by prosecuting firms that sell products for which consumers are more likely to be skeptical of the claims? How difficult is it to devise regulatory rules that accurately distinguish between fraudulent and legitimate claims? For example, are the claims of chiropractors (chiropractic is considered unorthodox medicine by many) or massage clinics considered to be health quackery? What should regulators do when there is a highly elastic supply of fly-by-night firms selling fraudulent products? While greater regulation may certainly be called for in stopping health quackery, the author does not seriously consider all the difficulties raised by such issues.

The book is made up of 14 essays, in 5 sections. Section I provides the author's motivation for studying the issue of health quackery and sets the stage for the remaining sections. In section II, the author searches for theories about why health quackery has persisted as well as why consumers are taken in by the fraudulent claims of health marketers. The essays are amusing and interesting. The author claims that "to the ordinary citizen quackery did not possess the appearance of mischief but of right reason and common sense... One caught a cold, bought Pindar's Pills; the cold departed; the pills proved true." The fact that the cold would have disappeared naturally is irrelevant. The author extends this simple logic to discuss how a health marketer could, "through a series of suggestions and counter suggestions, actually create an ailment where none existed and then, presto! remove the ailment." The author argues that this process leads to convincing testimonials by consumers who fervently believe in the effectiveness of the health nostrum. This logical endless circle is one of the major explanations the author proposes for the longstanding success of health quackery in the United States.

Section III documents some of the history of the regulation of health quackery. Young traces the development of some of the major legislative initiatives addressing health quackery. He discusses the passage of the 1906 Food and Drug Act and subsequent legislation dealing with health nostrums. This discussion is only 20 pages long, and it does not provide the reader with a thorough understanding of the issues involved with each of the legislative accomplishments. The section concludes that while the regulations have had some impact, they did not deliver a knockout punch. Reiterating the concerns expressed at the outset of my review, the author treats aggressive Food and Drug Administration (FDA) regulators as shining knights without carefully analyzing the tradeoffs inherent in devising regulations. Recall that the FDA in an attempt to eliminate "health quackery" in nutrition claims for foods, prohibited disclosure of fat and cholesterol content on labels for thirty years after science had documented such information important to consumers' health.

Section IV focuses on specific types of health frauds, including frauds relating to dentistry, health nostrums aimed at children, and the marketing of vitamin supplements. These case studies provide an interesting historical perspective on fraudulent marketing, as well as amusing examples of advertisements used over the years. Part V provides more recent examples of health quackery. The author focuses on the marketing of Laetrile and a wide range of fraudulent AIDS treatments. This section demonstrates persuasively that health quackery is by no means dead. The author also analyzes the FDA's modification of its drug approval process for drugs related to AIDS.

In conclusion, Young provides a rich, detailed account of health quackery in the United States. The essays are well-written, entertaining, and informative and would prove valuable reading for a wide array of students and researchers. I highly recommend this book to those who are interested in marketing, advertising, consumer protection, and regulation. Given the high quality of the historical account of health quackery, it is unfortunate that the author did not spend more time addressing the difficult regulatory issues associated with curbing the rapid ascent of health quackery.

Alan Mathios
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Grumbles—Continued from Page 4

Although I like the convenience of telephone shopping, I dislike the impersonality of talking to a faceless order taker. I do not even like to use the drive-up windows at fast food places or banks. Lately, my wife and I have found some of the catalog companies have resorted to taking orders by computer during off hours. The first time (which was also the last time) we placed an order by telephone key pad, we never did get the merchandise.

I have often thought of the boredom faced by telephone order takers, and I have tried to entice them into a conversation. However, since they need to be maximumly efficient, either because of supervision or commissions, the conversations are limited to just taking the order. Recently I did find an exception. While placing an order with Damar I could not find a particular item in the current catalog. I remembered it was pictured next to audio tapes that were supposed to help one get to sleep. Upon explaining this, the order taker, Liz, found the item and then mentioned how great the sleep tapes were for coping with her sleep disorder. Since I also have a sleep disorder, I engaged her in a conversation about the numerous (and usually unsuccessful) ways we each dealt with that problem. After several minutes of this conversation, Liz, confided, "I don't think I am supposed to tell you this over the phone, but the best way to get a good night's sleep is great sex." I don't know if Liz was reprimanded or fired because of her statement, but I hope not. The Liz-type of order taker brought a personal touch to this transaction. It combined the personal aspects of face-to-face transactions with the convenience of telephone shopping. As a consumer educator might say, Liz gave a little value added to the product. As for Damar, I bought the tapes and several others items in subsequent orders. ***Editor***

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