

## THE VIEW FROM WASHINGTON

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It is a great pleasure to be in Berkeley addressing this, the 11th annual meeting of the Council on Consumer Information.

The report of the Regional Consumer Conferences emphasized the need for improved consumer information—a theme of particular interest to the Council on Consumer Information. The report pointed out that the marvels of our marketplace have uncertain meanings for consumers. "The choice of products is broad, changing and multiplying continuously," the report said. "The basis for rational choice is often obscure."

### WE MUST LIFT VEIL OF OBSCURITY

In a series of comments, conclusions, and recommendation, the report pointed out that it is a task for all segments of the economy to lift this veil of obscurity.

In our comments we stated:

Informed assistance to consumers in making their decisions is increasingly scarce. The retail revolution of self-service—where the package has become the silent salesman—has depersonalized the marketplace, imposing upon business a major responsibility for simple, direct, visible and accurate information, and upon consumers an unaccustomed responsibility for self-guidance. Where sales clerk-customer relations continue, a challenge of new dimensions exists to impart more information to sales personnel so they may more adequately serve the public. The need for information is not a need for individual consumers alone. Throughout our volatile marketplace, the fuller and freer flow of information is a need of all segments.

In our conclusions, we made three specific findings that are particularly relevant. On the need for information we said:

The regional conferences clearly revealed the need and desire for more adequate information to permit rational consumer choices. Consumers want—and clearly need—more adequate information about products and services. This increased need follows through to the point of sale in the form of labels and hang tags, and in the need for retailers to educate clerks and salesmen who too often do not have adequate knowledge of their products or services.

The conferences also showed a considerable lack of knowledge about how government at all levels serves consumers, about the inter-relationships be-

tween local, state and federal agencies, and the shifting responsibilities and problems created by the growing trend toward national marketing programs. It is clearly evident that government itself, with the vast storehouse of information of benefit to consumers, is failing to communicate that information adequately to those who might make the most effective use of it.

We concluded as follows concerning information gaps:

The conferences demonstrated that while there is an abundance of information in some areas, information in other areas is scant. The consensus was that the information gap could be eliminated to a great extent through more imaginative and intense voluntary co-operative efforts of existing organizations at all levels, public and private. The most readily apparent information gaps are those pertaining to credit, grading and labeling, and in criteria on performance.

### SPECIAL TYPES OF MATERIALS

Finally, we singled out a particular need for special types of information materials:

The need is urgent for information especially prepared for those with limited incomes and limited education. Over-all consumer information now existing has been directed chiefly to the middle income consumer. The consumer with the fewest dollars has the least help, yet he needs it most to make his dollars stretch as far as possible. For this consumer, the information problem requires particular attention to both conception and application of the information, as well as to its more effective dissemination.

The report's recommendations were all limited to action at the federal level. "It is important," we said, "that local and regional sponsors, organizations, and state and local government agencies draw their own conclusions from the conferences and act upon them."

The report calls upon the federal government to improve its own consumer information programs; to exercise leadership in improving consumer education in the nation's schools; to see what can be done to adapt federal information on performance standards for consumer goods for use by the general public; to develop information programs for the poor and the non-English speaking; and to promote consumer information and education programs by existing organizations.

To understand how the federal government's consumer program fares today, I think it might be useful to review briefly the role of government in the field of consumer affairs as it has been evolving since the New Deal days.

#### CONSUMERS' COUNCIL ESTABLISHED IN 1933

In 1933, a Consumers' Council was established under the Agricultural Adjustment Act. Its function was to examine marketing agreements and codes, to conduct research in connection with consumer problems that arose under the AAA, and to investigate and publicize information with respect to retail food prices.

The Consumer Advisory Board established under the National Recovery Administration was the next step along the road of formal representation of the consumer in Washington. Its charge was to watch "every agreement and every hearing to see that nothing is done to impair the interest of those whose daily living may be affected by these agreements."

A year later, in 1934, a Consumers' Division was created in the National Economic Council. Its function was to organize a number of local consumer councils, and to act as a co-ordinating agency to aid the NRA and the AAA in the handling of consumer problems, particularly prices. In 1935, this division became a part of the NRA.

The last step in the 1930's was taken when a Consumers' Counsel of the Bituminous Coal Commission was appointed. The Consumers' Counsel had by far the most power of any of his predecessors — he was empowered to appear before the Coal Commission, to testify, to cross-examine, to have subpoenas issued in his behalf, and to bring complaints before the commission.

#### SPIRITED LEADERSHIP MARKED PHASE I

With NRA declared unconstitutional, and with the demise of the Bituminous Coal Commission in 1941, phase I came to an end. Phase I was marked by the spirited leadership of people like Mary Harriman Rumsey, Rexford Tugwell and Paul Douglas. Despite the lack of a strong organized support, those leaders made their points well, and established the basis for subsequent action.

Phase 2 consisted of the consumer representation in the two war-time agencies during World War II. The Consumer Division of the Office of Price Administration concerned itself particularly with the threats of rising retail prices, and with the problems of rent control.

During the Korean War, a National Consumer Advisory Committee was established by the Director of OPS, the Office of Price Stabilization. Its function was to inform consumers of OPS policies and regulations, and to participate in an advisory capacity in the formulation of OPS policy and it took some initial action to set up local advisory committees. The end of the Korean War marked the end of Phase 2.

Phase 3 is familiar to you all. It began with President Kennedy's historic Message To Congress on Consumer Interests, and the establishment of the Consumer Advisory Council. Then, in January of 1964, President Johnson took the step that brought us where we are today: he established a President's Committee on Consumer Interests and appointed a Special Assistant for Consumer Affairs.

The history I have just mentioned is, of course, but one aspect of the federal government's activities to further and promote the consumer interest. I will not take the time now to go through the history of actions that have been, in fact, consumer activities, but as far back as 1872, when the Congress made it a crime to defraud by use of the mails, the federal government has been active in this field.

Today, more than two-dozen agencies conduct consumer programs, and it is virtually impossible to point to a single piece of domestic legislation that does not affect Americans as consumers.

#### ON THRESHOLD OF A NEW CONCEPT

Yet, in spite of all these activities, the federal government stands today on the threshold of an entirely new concept of what its responsibilities are to consumers. I am not talking of any new consumer organization as such, nor of any specific piece of legislation. I refer, rather, to a new concept. Whether this concept will take hold will depend in no small measure on the future programs and activities of groups such as the CCI.

The consumer activities of government in the 60's rest on four pillars — the four consumer rights articulated by Presidents Kennedy and Johnson. The right to safety, the right to be informed, the right to choose and the right to be heard — these are more than clever phrases thought up by good speech writers. They represent all that consumers need to be effective partners with producers and other organized interests in moving America forward.

I will pass briefly over the right to safety and the right to choose. While in no way meaning to ignore their significance, and in full recognition of the fact that there are some important gaps that need to be filled, I think it fair to say that we, as a nation, have fully accepted the principle of safety and the principle of competition, to which the right to choose is directed.

As to the right to be heard, I would suggest that the brief history of consumer representation in government that I have just now summarized indicates a continuing interest on the part of the federal government to arrive at the most effective way to assure that the voice of the consumer is heard.

The new concept I mentioned is most intimately related to the right to be informed or, if you prefer, the right to know.

We as a nation have come to recognize and accept the fact that government has a responsibility to try to control the business cycle; to combat unemployment; to assure equality of treatment; to ensure the education of our youth; to provide health care for our elderly; and to end poverty.

More recently, we have begun to accept beautification as a national goal, and the stimulation of the fine arts has likewise received support.

#### FULL ACCEPTANCE OF THE PRINCIPLE

In my opinion, the threshold on which we stand is the full acceptance of the principle that American consumers have a right to all the information necessary to perform their economic function as buyers efficiently.

That is the principle underlying the truth-in-lending bill.

That is the principle underlying the truth-in-packaging bill.

That is the principle underlying each and every one of the recommendations in our regional consumer conference report I discussed earlier.

The acceptance of this principle is now only spotty. There is only one way in which its acceptance will be widespread, and that is when the majority of the American public recognize its validity, and is able to express its opinion so that it can be heard loud and clear. Only when the American public becomes aware of the full significance of this important right, will consumers act to insist that this right be respected.

A few cases in point:

In 1965, there was a bill before the Maryland state legislature to regulate retail credit charges. The legislators who introduced the bill did their best to explain why it was needed. Hearings were called. One lone individual, a representative of the Maryland Consumers Council, appeared to testify in behalf of the bill. Scores appeared in opposition. The bill did not pass. One of the lawmakers who voted against the bill was interviewed and asked to explain his vote.

"I don't think this is as acute as a lot of us were led to believe," he said. "The so-called 'little people' haven't shown any interest in this. I don't think the average person even knows what is going on."

In 1965, a bill was introduced in the New Mexico legislature to establish a Consumer Counsel in the governor's office. After the bill was introduced, a bulletin labeled "Legislative Alert" was distributed by the New Mexico Retail Association. "If you don't want to be consumed by the consumer, fight HB 298. If you ever wrote a wire in your life in regards to legislation, do it now," said the bulletin.

#### NOBODY APPEARED AGAINST THE BILL

The bill was sent to the Appropriations Committee. The executive secretary of the newly established New Mexico Consumers Association wrote me that not a single witness appeared before the committee to testify against the bill. A handful of supporters did appear. The 16-member committee voted on the bill. Two voted for it, both of whom were sponsors. Fourteen voted against.

One of the sponsoring state legislators wrote me as follows:

Unfortunately, my bill did not even get out of committee. It was strongly opposed by the New Mexico Retail Dealers Association lobby. Also, the businessmen on the committee seemed to be afraid of the legislation. *I believe that what is needed is an educational program on the functions of a Consumer Counsel and, in order to get legislation adopted, I think it will have to become an issue in future campaigns.* (Emphasis added.)

The problem is clear for all who will face up to it. Government can help. I can honestly state that since the creation of the President's Committee on Consumer Interests there has been an awakening of interest. I have been in nearly every one of the 50 states since my appointment as the President's Special Assistant for Consumer Affairs. The support is there; it is real.

But if anyone in this room feels that the job can be done from Washington, that the federal government alone can swing the scale, he is deceiving himself. I can state to you categorically, it cannot.

If a single reason had to be ascribed to the relative failure of every attempt by government until now to provide for consumer representation in government, both federal and state, it would be that there has not been an expressed public support for such representation.

If it is to be different in the future, the answer lies with your organization and similar groups throughout the country.

In a speech I delivered a year ago to the National Consumers League, I stated:

There is no institutional framework which governs or influences our actions or positions as consumers. It would be ridiculous to imagine a lobby of consumers, 200 million strong, storming the halls of government with a 'party line' on all issues being considered by Congress. Nor, is it a fact that all virtue lies with the consumer; obviously, it does not. There is no consumer panacea for our social and economic problems — a panacea which might be termed 'consumerism.'

This I believe. I am not pleading for consumerism, nor am I pleading for a new "movement."

## PRIVATE ACTION NEEDS STRONG STIMULI

What I am saying is that until there is a strong independent consumer voice, the Maryland and New Mexico experiences I just referred to are more likely to be repeated than not. Private action on the part of producers to improve marketing practices and consumer information in general is unlikely to occur without strong stimuli.

Without exception, all economic and social forces that are effective share common characteristics. Each is broad-based and diverse; each thrives on pressures and counterpressures; none is monolithic in point of view; and each is dynamic.

There is a great challenge and a great need in the consumer area. Just last week the Office of Economic Opportunity published its guidelines to the Community Action Program.

In setting forth the policies and procedures of the Office of Economic Opportunity (OEO) in providing financial assistance to communities, the OEO has totally and completely built consumer education and consumer information into the program. The underlying philosophy of the OEO comes through loud and clear in the opening page of the guide:

Poverty is a condition of need, helplessness and hopelessness. It is rooted in a network of social ills that include inadequate education, unemployment, poor health and dilapidated housing. To alleviate them requires a varied and co-ordinated attack. Remedial reading, literacy courses, employment counseling, homemaker services, job development and training, consumer education, vocational rehabilitation, and health services are some of the many activities that can be supported and co-ordinated within a community action program to attack poverty.

We will have within a very short time a report from our Panel on Consumer Education for Persons with Limited Incomes. This panel has considered the special consumption problems of low-incomed American families and has surveyed some of the ways in which these families can be reached, can be helped, and can be shown to help themselves. It is aimed at aiding all those who are trying to reach and teach low income families. It explains how communities can make consumer education a part of their community action programs. We plan to make this report available to as wide a group as we possibly can.

## NOTHING WILL HAPPEN BY ITSELF

Thus, the door is wide open. All that it takes now is for someone to walk through. Nothing will happen all by itself. Communities must know that these programs are possible.

The time is ripe also, to greatly increase the number of consumer associations, both governmental and non-governmental, in the sovereign states. A number of important organizations are beginning to support this drive. At their last meeting, the American Home Economics Association (AHEA) adopted a resolution urging the establishment of state councils in every state.

But these, too, will not be established in a vacuum. Last year, your organization was addressed by the special assistant attorney general of the State of Minnesota. He could not have been more correct when he said:

The consumer . . . needs a lobbyist, he needs a lobbyist who can use political power . . . and is not totally dependent upon the exigencies of the electoral process for his continued existence.

For the consumer needs someone who can study the legislative and administrative workings of government at least as carefully as do the lobbyists for other interest . . . This kind of lobbying, this kind of consumer interest, could hopefully be provided by a consumer association, boardly based, with an adequate and competent professional staff.

Such an association could "spread the word" to its members . . . For . . . it is much easier for the consumer to find out what a federal agency is doing than to follow the workings of his own state government.

How is this to come about? The answer, I suggest, is that people must be made aware of their right to know. Consumers have become the captives of a "what you don't know won't hurt you" mentality. Well, what you do not know CAN hurt you.

Unwise rate-making decisions, the "wrong" appointments to regulatory agencies, uncalled-for budget reductions by appropriations committees — all are painful to the consumer. Yet, all are actions he does not know about unless some group takes it upon itself to tell him about it. So, once again we are back to the essential role of *information* in this whole business.

As I said before, it cannot be left to Washington alone if we are to move ahead. The word must get out. People must be informed. Individuals and existing organizations must become involved.

The challenge is ours, and even more so, yours.