

REMARKS BEFORE THE
AMERICAN COUNCIL ON CONSUMER INTERESTS

Roger D. Colton
ISU-ISPIRG Chairperson
Iowa State University

Good morning. The consumer movement obtains its direction from many different sources. The driving source of ISPIRG's philosophy also comes from different sources. Two people, both of whom could be considered philosophers in their own right, have given impetus to the PIRG movement in general, and to ISPIRG specifically.

About eighteen centuries ago, Plato could well have been speaking to the consumer movement today when he said, "Act or be acted upon." A man of more contemporary nature, Ralph Nader, also addressed the consumer movement. Nader said, "In the marketplace, those who are organized get their way, and those who abdicate, delegate, or vegetate, get taken."

ISPIRG has taken these two ideas and synthesized a wide based program for the organization. In short, ISPIRG has taken the two ideas and developed them into the working philosophy "Organize to act."

ISPIRG is part of a larger PIRG movement across the nation. There are currently over 30 PIRGs, Public Interests Research Groups, across the country. There are also two PIRGs in Canada, one in London, and two in Australia. Nationally, the PIRGs have a combined budget of over \$1.5 million and involve over 500,000 college students.

Although ISPIRG is not one of the larger PIRGs in the country, it is one of the stronger. Over 10,000 students support ISPIRG each year. The Iowa-PIRG hires seven staff people on a budget of less than \$40,000 a year. When asked how an organization can do that, I always try to explain that advocacy for the public interest is not merely an occupation or a profession, it is a lifestyle. People work for ISPIRG because it is the "right" thing to do.

Three of our staff people work as fulltime lobbyists in the Iowa legislature. These staff members receive back-up support from 35 part-time

student lobbyists. Sometimes we are accepted, and sometimes we are not.

One day I was having a terrific argument with a lady about whether Iowa should have an open-primary system based on a similar system in Minnesota. After becoming increasingly frustrated, the lady finally lashed out at me saying, "Your're just one of those radical Democratic, student activists." I plead guilty to all but the second. I'm not a Democrat. So I guess that leaves me as a "radical, Republican, student activist."

We radical Republicans in ISPIRG concentrate our legislative efforts in seven basic areas. These include environment, energy and transportation, land use, social services, government reform, housing and consumerism. I wish to concentrate today on these last two areas.

Consumer credit has been one of ISPIRG's high priorities. The Iowa legislature last year debated and finally adopted, the Uniform Consumer Credit Code (U-Triple C). It was more commonly called the Iowa Consumer Credit Code (I-Triple c). Although ISPIRG had a person working full-time lobbying on the Consumer Code, we won many battles but lost several, too.

ISPIRG successfully lobbied for the prohibition of flipping practices in the state of Iowa. We lost the battle to significantly limit the use of deficiency judgments in Iowa, however. The most heated battle was over the use of holder in due course. The battle ended in compromise. A retailer now cannot sell the contract for a period of thirty days.

Another significant area in which ISPIRG has worked is in the area of landlord-tenant relations. Last year, the Iowa legislature, under the prodding of ISPIRG, passed good reforms in the area of damage or security deposits. Under the old law, tenants had the burden of proof to prove that no damage had occurred if the landlord withheld the deposit. Under the law, which went into effect last July 1, the landlord has the responsibility to prove that damage had happened if he is to withhold the deposit.

This year, ISPIRG is lobbying for further reform in the area of tenant-landlord relations. ISPIRG is supporting the adoption of the Uniform Residential Landlord-Tenant Act, more fondly known as URLTA.

ISPIRG is lobbying for a better provision of services to Iowans. One specific item in this area, is the hearing aid legislation. ISPIRG received what I feel is its biggest compliment when the Iowa Senate considered the hearing aid bill last session. The bill was scheduled to be considered on a Monday morning. However, on Friday afternoon, it came to floor of the Senate for debate. Now if you know the Iowa legislature, you know that nothing happens on Friday afternoon. Usually nothing happens on Monday, Tuesday, Wednesday, or Thursday afternoons either, but nothing is supposed to happen on Friday afternoon. But the hearing bill came up for debate. All of the ISPIRG lobbyists had retreated to the state office to catch up on some long over-due research efforts. But one of the Iowa senators stood up and said, "Now look, we told ISPIRG that this bill would not be debated until Monday. I suggest we defer consideration until the ISPIRG

lobbyists are present." The Senate agreed and voted to defer consideration.

One area in which more and more consumer advocates are becoming concerned, is the area of utilities. In Iowa, the Iowa Commerce Commission recently ruled that utility companies can no longer pay for promotional advertising and then pass those costs on to the consumer. It makes no sense, when the country is trying to develop a conservation ethic, to have utility companies advertise to promote consumption. Fortunately, the Commerce Commission agreed, and told Iowa utilities that if they were to advertise, they must pay for it out of profits.

I can go on and on with different consumer legislation that ISPIRG has supported in the Iowa legislature. Nursing home regulation, child care facilities, property taxes. . . but I would like to close with one. This legislation has great meaning, especially in the state of Iowa.

ISPIRG has a staff member working on the bill which would prohibit corporate farming in the state of Iowa. The coalition with which we have been working can be described by only one word. "Weird." You find a student group working with the Farmer's Union, the National Farmer's Organization, the Iowa Grange, and the National Catholic Rural Life Conference. And yet every group works as equals.

Due to these efforts, the legislation to prohibit corporate farming in Iowa was introduced in the Iowa House of Representatives with 72 co-sponsors. This is significant when you realize that there are only 100 members in the House. The bill was recently adopted by an overwhelming vote in the House.

ISPIRG is a unique type of organization in the state of Iowa. ISPIRGers are a unique type of people. I guess there just aren't a lot of hard-core rabble-rousers concerned with someone else's interest around anymore.

Thank you for inviting me to speak today.

CONSUMER ACTION PROGRAMS

Barbara J. McCandless
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Department of Commerce and Consumer Affairs
State of South Dakota
Pierre, South Dakota 57501

On July 1, 1973, the department of commerce and consumer affairs truly became the consumer office for the state of South Dakota. On that date the various consumer programs associated with state government were consolidated into one department. And that's what I want to talk about this morning.

I'm sure you are aware that many states, about 20, have reorganized their executive branch of state government. South Dakota streamlined its executive branch two years ago. Formerly, about 180 boards, commissions, and departments were each responsible to the governor, who in our state has one administrative assistant. Today, there are one staff and 14 line departments. One of those line departments is the department of commerce and consumer affairs.

The department contains the following divisions: banking and finance, consumer protection, human rights, insurance, and securities, as well as the Athletic and Racing Commissions, and the Electric Mediation Board, which will soon be abolished. (See organization chart on page 179 .) In addition the 20 professional and occupational licensing boards (soon to be 22) and the Public Utilities Commission report only to the department. In other words these 21 boards and commissions perform their own administrative functions.

The division of consumer protection contains 4 programs: consumer protection, heavy scales inspection, retail inspection, and mobile home safety. The newest program to become part of the division is the office of consumer affairs located formerly in the attorney general's office. It is the responsibility of that program to receive and forward to the appropriate agencies of state government the complaints of any citizen of the state relating to consumer affairs. This is also the program that administers the licensing of peddlers and

solicitors.. Most of the door-to-door salesmen and women that operate in the state are covered by that law. Also, all peddlers and solicitors must register with the sheriff of the county in which they wish to sell. The consumer protection program is also responsible for the enforcement of the Deceptive Trade Practices Act passed in 1969. Highlights of that Act are the declaration of illegality of the old gimmick of bait and switch, deceptive advertising, and any of the many advertising and sales gimmickry that fall between these two offenses. In addition to the division's main office in Pierre, the state capitol, we have a field office in Sioux Falls, the state's largest city, where many consumers file their complaints.

A program that's been in operation in South Dakota for a number of years is responsible for the prevention of mislabeling, misbranding, and adulteration of food products, petroleum products, paints and oils, as well as the regulation of weights and measures used in sales transactions. That's the retail inspection program. We have retail inspectors who test small scales such as those in grocery stores for accuracy. They check to see that foods are not misbranded as well as to see that packages contain the weights stated on them. They also check the gasoline pumps in service stations to see that they are measuring accurately.

A third program in the division is the testing and inspection of heavy duty scales. We have 4 heavy-duty scale trucks equipped with test weights and equipment for testing scales. All the scales in the state are tested at least once a year, scales at livestock auction markets and those of livestock dealers are tested twice a year. About 1,700 heavy scales are tested annually.

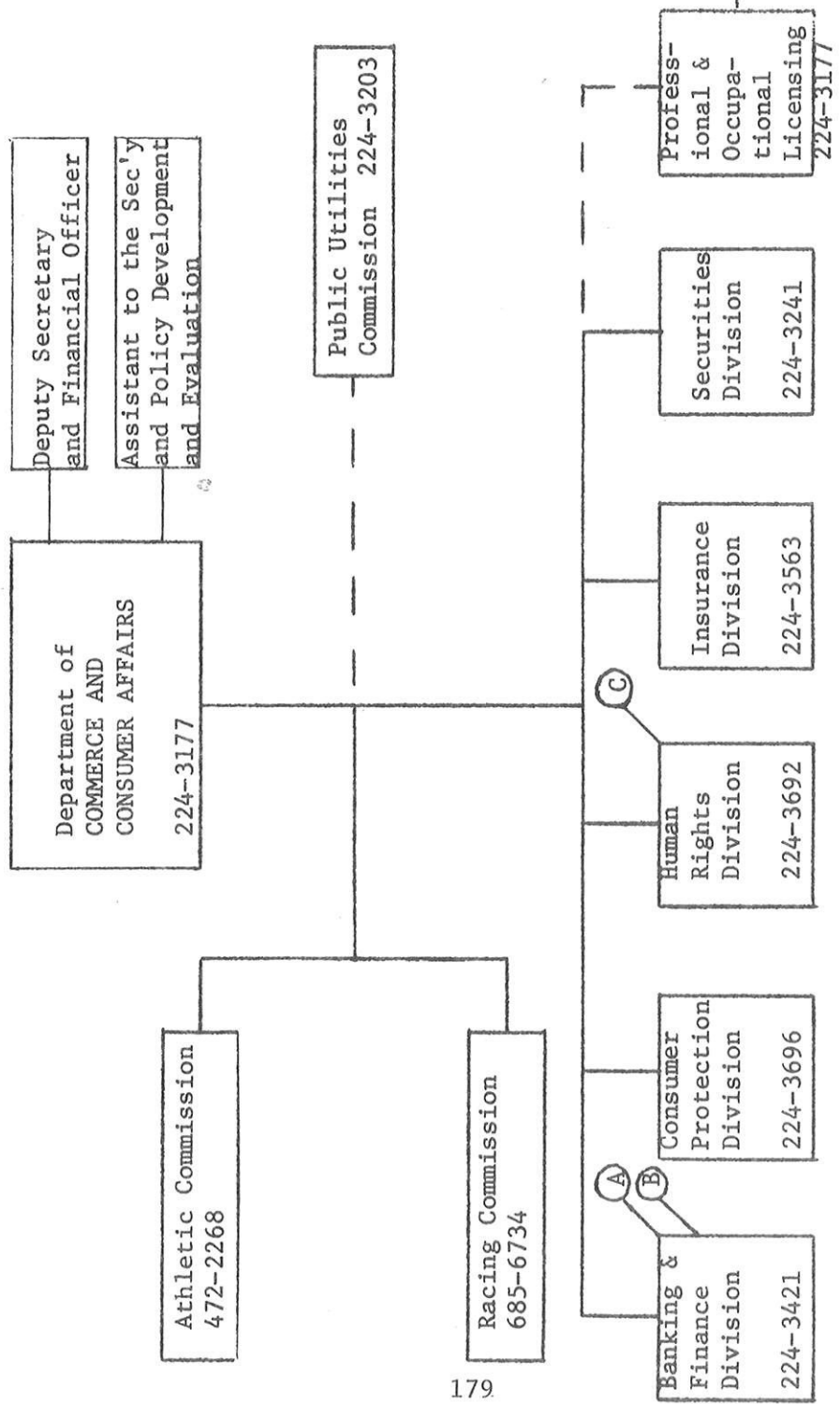
The fourth and final program in the division of consumer protection is that of mobile home safety. On July 1, 1973, coincidental with the reorganization of state government a law known as the South Dakota Mobile Home Safety Act became effective. It requires that mobile homes sold in South Dakota must meet minimal health and safety standards and be in compliance with the Federal standards, ANSI A119.1. In other words the electrical, heating, plumbing, and construction components must meet the substantive standards of the ANSI safety code. We have inspectors in the field handling mobile home complaints, performing the necessary inspection of manufacturing facilities and products, and seeing that the proper seals are placed on these homes before they are offered for sale in South Dakota. It is illegal to connect utilities to any mobile home manufactured after July 1, 1973, unless it has the seal issued by the division.

In summary I'd like to emphasize that the consumer functions of state government are located primarily in one department. Having one central agency makes it easier for the consumer who wishes to lodge a complaint.

LICENSING BOARDS

1. Abstracters
2. Accountancy
3. Barber
4. Basic Science
5. Chiropractic
6. Cosmetology
7. Dentistry
8. Electrical
9. Engineering
10. Funeral
11. Hearing Aid
12. Massage
13. Medical
14. Nursing
15. Nursing Home
16. Optometry
17. Pharmacy
18. Plumbing
19. Podiatry
20. Real Estate
21. Social Work
22. Veterinary

ORGANIZATIONAL CHART



All of the Divisions are located at the State Capitol. Addresses for any of the above can be obtained by writing or calling the Department of Commerce and Consumer Affairs, State Capitol, Pierre 57501. 605-224-3177

- Denotes that Department has direct authority over board, commission, or division.
- Denotes that board, commission, or division reports only to the Department.
- A SD Savings & Loan Board
- B State Banking Commission
- C Commission on Human Rights

REMARKS BEFORE
THE AMERICAN COUNCIL ON CONSUMER INTERESTS

Cathy Butts, Director
Consumer Relations Board
Kansas State University

The Consumer Relations Board at K-State is involved in many of the same activities that other members of the panel have shared with you this morning. The Consumer Relations Board at K-State acts as a mediator and clearing-house for consumer grievances, and as a source for information and advice. We provide educational programs that sensitize consumers to their rights and responsibilities, as well as to their role in the marketplace. We conduct research projects on topics affecting local consumers, and we lobby for consumer legislation on the city and state level. But all this didn't happen overnight. It's the fruit of four and a half years of continued expansion.

So, instead of expounding upon the particulars of our procedures for handling complaints, or our research or education projects and duplicating things that have already been presented this morning, I'd like to share with you the history and structure of the Consumer Relations Board. Not that we have the most impressive organization, but perhaps we are unique in that we have continued to grow and expand since our creation.

The Consumer Relations Board was conceived by the minds of Bob Flashman (now completing his Ph.D. at Ohio State) and eight other students who were searching for relevance and involvement. They recognized that students share many of the problems experienced by other groups of low-income, highly mobile persons, isolated from familiar markets and service. Also, since most students are changing their life pattern and orientation from dependence to independence, students are especially vulnerable to consumer problems ranging from simple misunderstandings to outright frauds. Flashman approached the Student Governing Association and convinced them of the need for a Consumer Relations Board. They opened their doors with a lot of volunteer determination and \$50 for operation expenses, but as an official function of S.G.A.

Our first steps were slow, cautious, but determined. One successfully handled complaint, one research problem at a time, we built the credibility that has made us a respected part of the Manhattan community.

When we first began, there were two widely held opinions among local businessmen. One, "it's just another student fad -- ignore them and they'll go away." And in light of the concurring student unrest, riots, and burnings that were taking place on campuses across the United States, some businessmen looked upon the Consumer Relations Board as, "a radical student movement. . . out to destroy the free-enterprise system and every business in Manhattan." But, we haven't gone away, even though some businesses have tried to ignore our existence. Our visibility heightened when a filling station manager looked out one July morning to find members of the C.R.B. picketing his station because he had refused to negotiate any settlement on a consumer grievance. To date, we haven't closed any reputable Manhattan business, but we have stopped several fraudulent ventures that not only rob consumers, but divert sales from honest merchants. In addition, we have resolved hundreds of consumer-business grievances that were simple misunderstandings caused by breakdowns in communications, which, if left unresolved, could have resulted in a dissatisfied customer and a tinted public image as well.

Perhaps a more tangible indication of our creditability was our success in obtaining the cooperation of the Manhattan Chamber of Commerce in establishing a branch office -- Manhattan Consumer-Business Relations Center. Our physical appearance is modest. We have a corner of a conference room which houses our files, desk, phone, and a few thousand promotional brochures. But there is nothing modest about the increasing demands from the community for the same service that we have provided students in the past. Other indications of our progress aren't always as obvious. For example, recently a business member of the Chamber's advisory committee in discussing our goals for the coming year, said: "I wish you'd direct part of your educational programs to making people realize that the marketplace is a two-way street. Sometimes what holds true for businesses also holds true for consumers." I'm not sure I've always put it exactly that way but. . . .

Since our inception there have been several similar groups started on campuses across the country. Partially because of the distribution of Bob Flashman's book, University Consumer Protection,¹ many are patterned after the Consumer Relations Board at Kansas State. Others have taken the fundamental concept and conformed it to their local needs and resources. In our own state, boards were started at six other state colleges, three have survived. What's our secret? I don't know that there is any one answer, but one important reason in the continuity we have been able to build into our program.

Students by their nature are transient. At most, they are on campus for 4 or 5 years. It is necessary, therefore, to have within the structure of any student group a firm foundation to support the program from year to year as the students come and go. Our support has been the Department of Family Economics. Even our existence can be attributed to the foresight and dedication to the consumer interest of its faculty members such as Dr. Morse, Albie Rasmussen and Bill Fasse, who "built the fire" under the group of students that started the Consumer Relations Board; and their continued encouragement for student consumer concern. As a service of the Student Governing Association, we function independently of the department but

faculty members stand ready to advise when called upon. The three directors have been master degree candidates of the Department of Family Economics. Because of their orientation to consumer problems during undergraduate work, they were much better prepared to execute programs and sensitive to the need for advocating policies in the consumer's interest. Also, undergraduate students are involved with the Board's activities. They may receive one hour of class credit in Family Economics. They provide the CRB with the man-power needed to give each complaint individual attention, and they benefit from the opportunity to apply classroom theory to real market conflicts. No other laboratory could begin to offer this type of experience. This semester, we have 20 students enrolled in "Consumer Relations Practicum."

There may not be a Family Economics Department on your campus, but I am sure there is some academic home for this type of reciprocal relationship. Other groups have found assistance from the College of Business, or Economics. Still others have found simply one sympathetic faculty member. My point is: there must be an academic home, to foster the continuity that is essential to any student endeavor.

We have also been fortunate in the financial assistance that the Student Governing Association has continued to provide us in fulfilling their goal of providing relevant student services. Student Senators recognized this as a cause which brought direct benefits to all students. A random survey conducted for Dick Retrum's thesis¹ last year confirmed their faith, as ninety per cent (90%) of those responding considered CRB to be a valuable service. SGA provides us with free office space, postage, phones, and a State WATTS line, and a paid director's position. This, with the aid of the Chamber of Commerce, has allowed us to be politically independent and still provide a free service to consumers. Your set-up doesn't have to be elaborate, remember we started with \$50. But, if you prove your services are of value, funds for expansion can be found -- but I'll be the first to confess it's not an easy task. I have waiting for me when I return next week, our yearly allocation proceedings, and the re-education process of a new legislative body of the service we do provide.

Like any new organization we have experienced growing pains. But, we have advanced from our childhood and are now racing through the awkwardness of adolescents; but some day soon, like ACCI, we too can say "we're of age."

The vastness of student interest in the consumer movement is evident by the record-breaking student participation at this year's conference. More students are seeking involvement, practical application of their classroom exposures, and preparation for later careers as professional consumerists. I offer the concept of a Student Consumer Relations Board as a vehicle for extending learning beyond the classroom and providing students with the experiences they are seeking.

Footnotes

1. Copies of Bob Flashman's book, University Consumer Protection, Dick Retrum's Thesis, "Students Identification with the Consumer Relations Board," and other materials explaining the Consumer Relations Board at Kansas State, are available from:

Student Governing Association
K-State Union
Manhattan, Kansas 66506

Enclose \$3.50 for printing and mailing costs.

CONSUMER AFFAIRS CLEARING HOUSE: A MODEL FOR

LOCAL CONSUMER PROTECTION

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For years consumer educators have been urging consumers to register complaints about products or services with both the merchant or manufacturer involved and with the appropriate government agency when fraud is involved. As Byrnes has pointed out, "There isn't anyone operating in this consumer education business who hasn't wished from time to time that he really knew the extent of consumer dissatisfaction." (2:10)

At the hearings¹ held by Congress last Spring (1974) on the ill-fated Consumer Controversies Resolution Act (S.2928), the first witness, Mrs. Virginia Knauer, Special Assistant to the President for Consumer Affairs, labeled consumer complaint handling and resolution as "an orphan in this phase of consumerism." (3:24) While stating that the individual complaint is a "vital indicator of our relationship with the consumer," she emphasized that "we don't know very much about the total mosaic of current complaints." (3:24)

As part of her testimony, Mrs. Knauer outlined none needs which in her perception must be met before the optimal method of resolving consumer complaints can be identified. Among the needs she listed was the need "to refine and analyze proposals for a uniform system for accumulating and publishing consumer complaint statistics in order to establish priorities" as well as the need "to better define the role of State and local consumer protection offices and determine the resources required to play a primary or monitoring role in the development and operation of complaint resolving system." (3:25)

Background

Consumer Affairs Clearing House for Western New York was inaugurated in Buffalo on February 15, 1972 as a joint effort of over twenty (20) government and private agencies to coordinate the resolution of consumer

complaints. The impetus for establishing Consumer Affairs Clearing House came from the Consumer Committee of the Buffalo Federal Executive Board under the leadership of the then director of the defunct Western New York Office of the Federal Trade Commission, Earl Stackhouse.

Most of the initial participants represented law enforcement agencies at some level of government. Non-government input was provided by representatives from the Urban League, State University College at Buffalo, and the Better Business Bureau of Western New York. Figure 1 presents a model of the traditional consumer complaint settlement system, under which the consumer contacts consumer redress agencies on a hit or miss basis. Figure 2 presents the basic idea behind the Consumer Affairs Clearing House which centralizes the complaint handling process.

Consumer Affairs Clearing House was formed for the purpose of maximizing the effectiveness of the consumer protection agencies in Western New York. Coordination of law enforcement activities in the consumer fraud area has been CACH's major thrust. Prior to the formation of CACH many of the agencies operated in a vacuum without any association with others working on related problems. This created several difficulties including duplication of effort as represented by two or more agencies working to solve the same complaint because of overlapping jurisdictions or vague statutes; as well as lack of recognition of serious community consumer problems because only the "top of the iceberg" was apparent to any one consumer agency. For example, twenty separate complaints involving only one company were spread among fifteen different agencies.

After three years of operation, Consumer Affairs Clearing House currently has the cooperation of twenty-seven (27) agencies serving the consumer in Western New York. Twenty-four (24) of these agencies are government agencies with varying degrees of responsibility for consumer protection including five city agencies, seven county agencies in four counties in Western New York, five New York State agencies and seven federal agencies. The remaining three are private organizations: the Better Business Bureau of Western New York, its subsidiary, Consumer Forum, Inc., and Newspaper of the Buffalo Evening News. Figure 3 presents an illustrative classification of the participating agencies.

Goals of CACH

As outlined by Stackhouse, the Consumer Affairs Clearing House was established to meet six goals.

1. To eliminate consumer frustration by providing a single telephone number that a consumer can call to furnish information, make an inquiry or register a complaint.
2. To improve the quality of the results of processing consumer complaints.
3. To relieve the law enforcement activities of much routine administrative work by providing a Clearing House to accomplish the preliminary processing of consumer complaints.

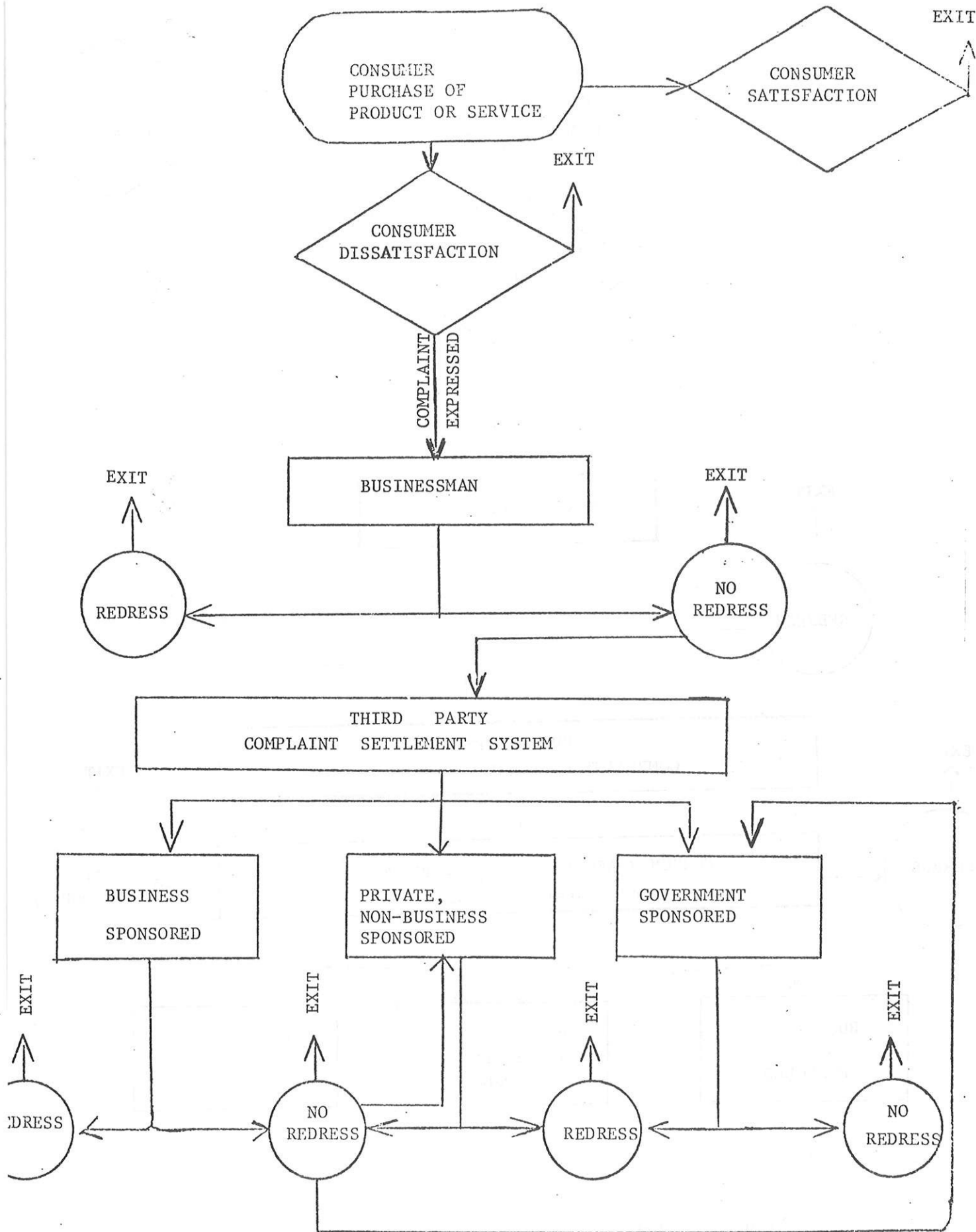


Figure 1. Model of the Traditional Consumer Complaint Settlement System

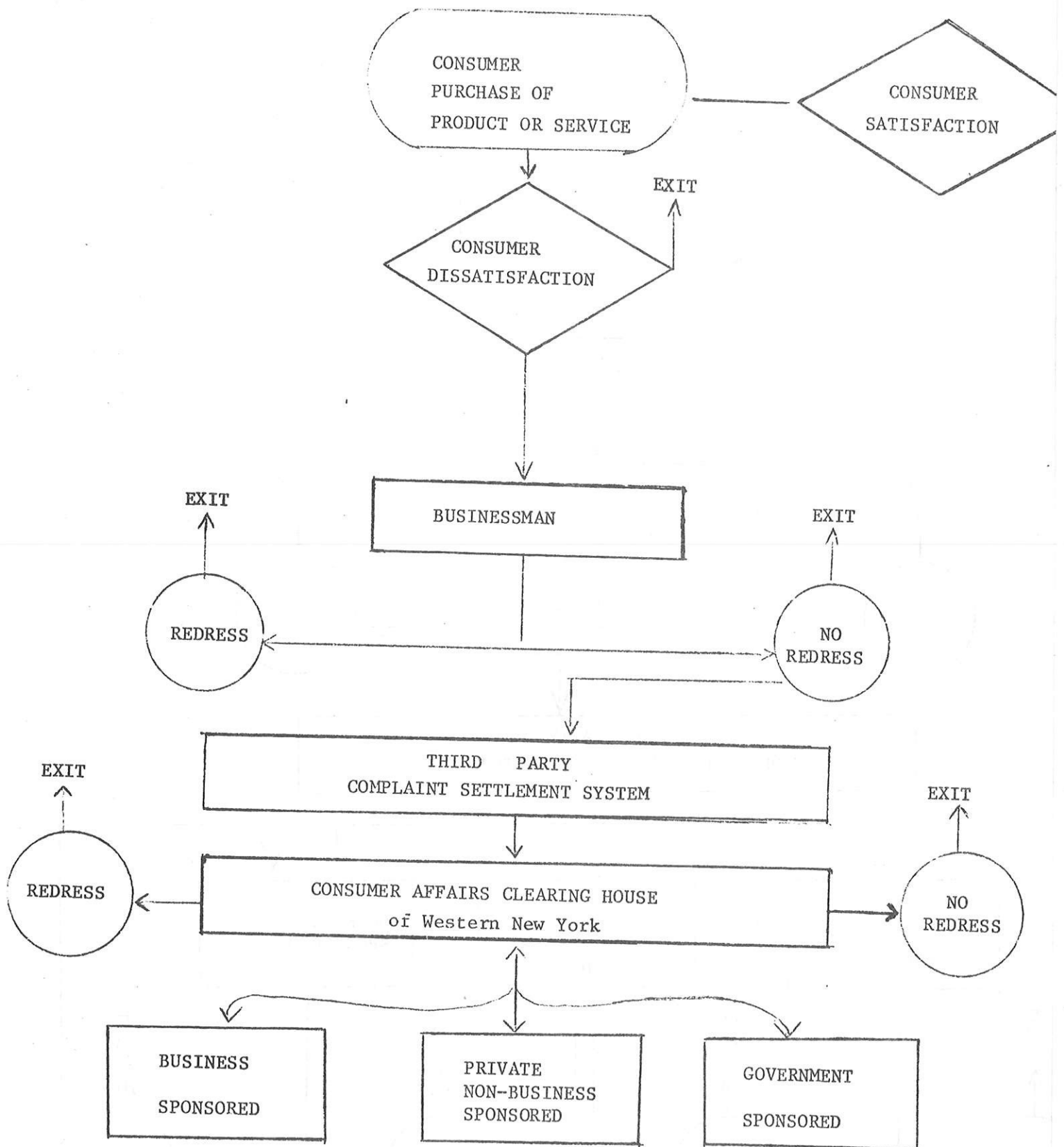


Figure 2. Model of Consumer Affairs Clearing House Complaint Settlement System

4. To afford the legitimate businessman a reasonable means of resolving consumer complaints, where no violation of the law is involved.
5. To provide for an effective, coordinated effort by law enforcement activities where a violation of law appears to be involved.
6. To provide elected officials with an additional management tool which can assist them in resolving problems for consumers of their constituencies. (6)

Structure of CACH

Consumer Affairs Clearing House is loosely organized and functions through mission-oriented committees under the leadership of the chairman. Figure 4 is the CACH organizational chart.

The Chairman of CACH appoints both the steering committee and the advisory committee. It appears that the chairman is arrived at through a consensus of the participating agencies. The first chairman was the director of the regional FTC office and the current chairman is Assistant Attorney General in Charge of the Consumer Frauds Bureau of Western New York. The Advisory Committee was formed as a citizen's committee designed to oversee CACH operations and verify that complaints are being properly referred to the appropriate law enforcement agency. The Steering Committee which is composed of the chairman of each of the five sub-committees:

1. Law Enforcement - consists of a representative of each participating agency who meet monthly for the purpose of information exchange and investigation evaluation as well as recommending legislation and needed education programs.
2. Consumer Policy Committee - membership includes citizen, academic and legal representation designed to review CACH data for the purpose of proposing and supporting legislative action.
3. Education Committee - membership includes both CACH members and educators, and community organizations; designed to develop and promote consumer education programs that complement CACH activities and involve the participating agencies.
4. Training Committee - membership consists of representatives of participating agencies whose responsibility is to plan training sessions for BBB personnel in order to facilitate efficient and accurate referrals from the BBB to the law enforcement agencies.
5. Operations and Administration Committee - membership includes BBB personnel who are responsible for the day-to-day consumer complaint handling and CACH referrals.

Figure 3. An Illustrative Classification of CACH Agencies by Economic Sector and Level of Jurisdiction or Operation

Level of Jurisdiction/Operation	Economic Sector	
	Public	Private
National/ Federal	Consumer Product Safety Commission Federal Communications Commission Food and Drug Administration Internal Revenue Service	U.S. Customs Service U.S. Department of Justice U.S. Postal Service
	Agriculture and Markets Bureau of Weights and Measures Department of Law (A.G.)	Department of Transportation Health Department
State/ New York State		
Regional/ Western New York		Better Business Bureau of W.N.Y. Consumer Forum, Inc.
County Allegheny Erie Niagara Wyoming	Bureau of Weights and Measures Bureau of Weights and Measures-District Att'y.-County Att'y., Dept. Health District Att'y. Bureau of Weights and Measures	
City Buffalo Jamestown Lackawanna Niagara Falls	Bureau of Weights and Measures-Inspection and Licenses Dept. Police Department Bureau of Weights and Measures Bureau of Weights and Measures	Newspower of Buffalo Evening News

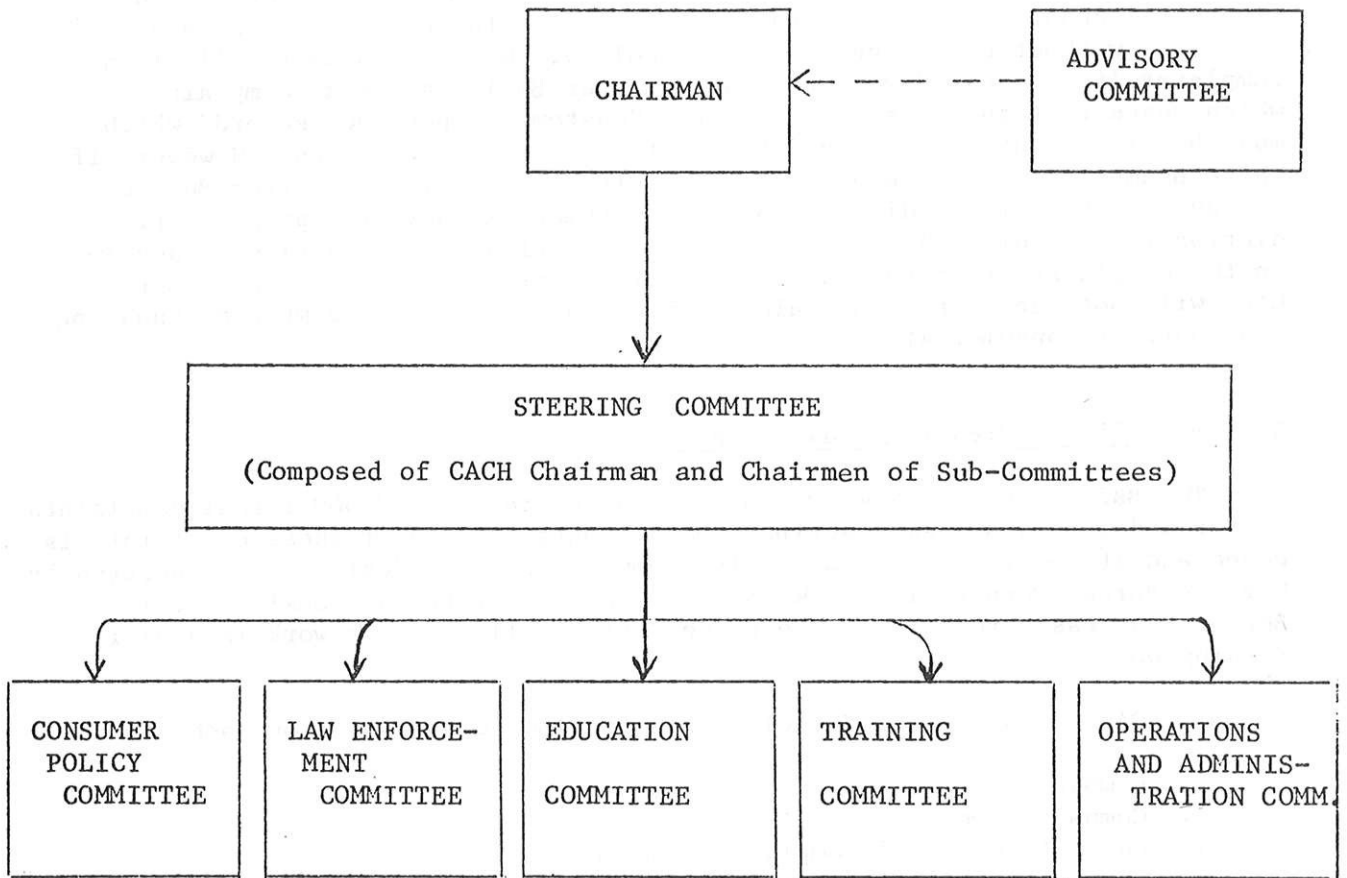


Figure 4.

Organizational Chart of Consumer Affair Clearing House
of Western New York

Operation of CACH

Consumer Affairs Clearing House operates through the use of a central phone number (856-7180) which ties into the Inquiry/Complaint System of the Better Business Bureau of Western New York. The BBB provides most of the financial support for CACH operations as well as the physical plant and personnel without expecting to dictate policy. When a consumer calls in a complaint it is handled routinely as a Better Business Bureau complaint which means that the consumer is sent a "Customer Experience Record" which must be filled out and returned before further action is taken. However, if the consumer complaint involves food, health or safety, the Better Business Bureau refers them immediately to the government agency with proper jurisdiction for immediate handling. Further, if private legal action is pending on the complaint or if such action is being contemplated by the consumer, CACH will not handle the complaint. Figure 5 presents the complaint handling procedure of Consumer Affairs Clearing House.

Consumer Affairs Clearing House Data Bank.

The BBB of Western New York handles an average of 12,000 formal complaints a year under this system described above. Data on each of these complaints is coded and stored for use in a special computer program designed and operated by Service Bureau Corporation of Washington, D.C., for the National Council of Better Business Bureaus. At the present time, all computer work is done in Washington.

The CACH data collected includes the following variables on each firm:

- 1) Company I.D. number
- 2) Company name
- 3) Current number of complaints (monthly)
- 4) Number of complaints against company as a percent of all complaints against all companies (monthly)
- 5) Total number of complaints for previous 12 months
- 6) Resolution of consumer complaint
 - a) Settled
 - b) Unsettled
- 7) Year to date (YTD) inquiries about the firm
- 8) Type of Business
- 9) Report Code
- 10) Complaint type

The Consumer Affairs Clearing House of Western New York has decided that it should collect more specific data than is currently utilized by the National BBB program and it has therefore been attempting to refine its data classification in some areas. For example, a new set of complaint resolution codes expands the former two category code to 14 categories. William Marx, President of the BBB of Western New York, is hopeful that these more specific classifications will be more useful in evaluating the CACH operation.

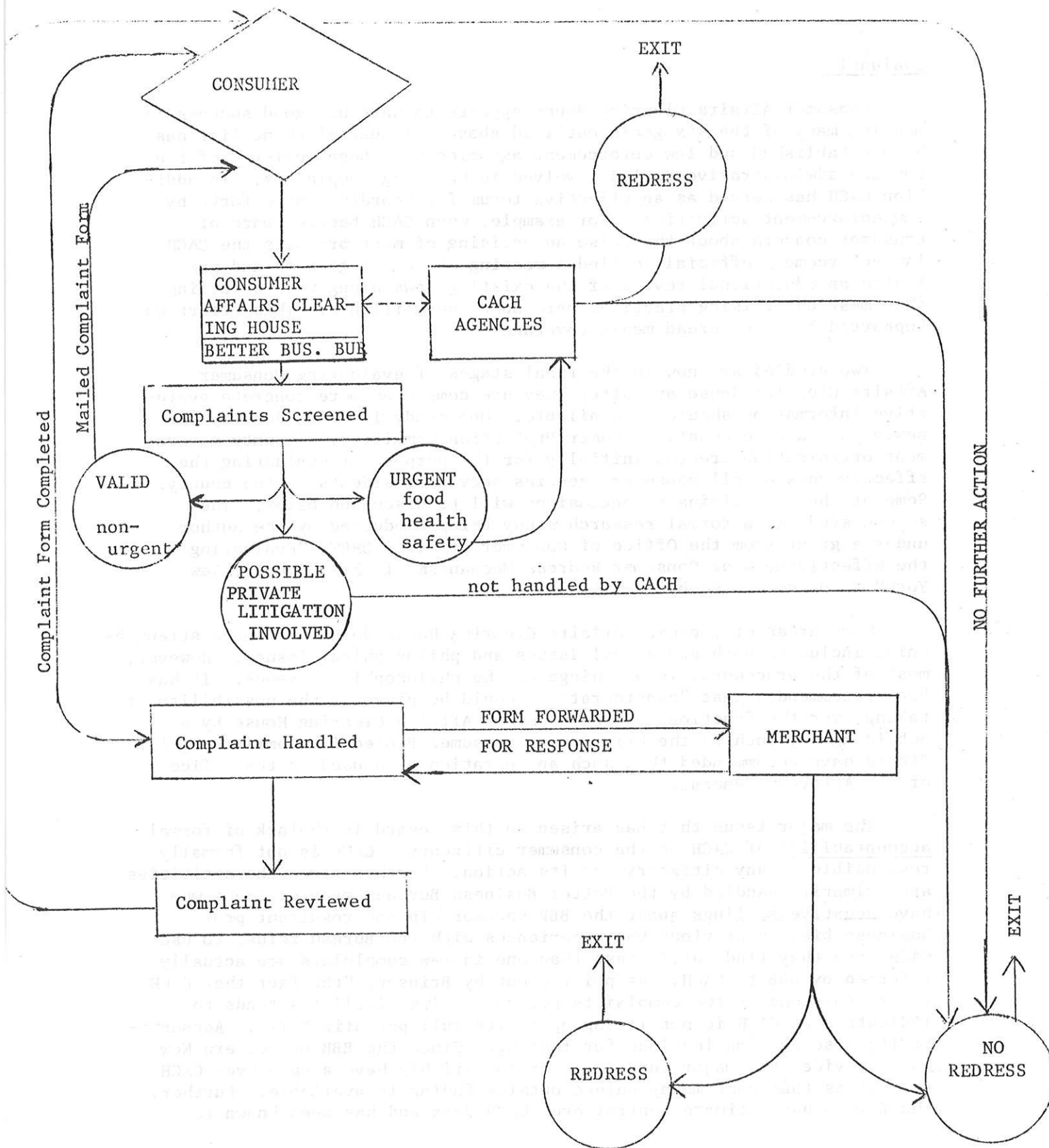


Figure 5. Model of Consumer Affairs Clearing House
Complaint Handling Procedure

Evaluation

Consumer Affairs Clearing House appears to have had good success in meeting many of the six goals outlined above. A central phone line has been established and law enforcement agencies have been relieved of the routine administrative duties involved in handling complaints. In addition CACH has served as an effective forum for coordinating efforts by law enforcement activities. For example, when CACH became aware of consumer concern about the false advertising of meat products the CACH law enforcement officials called a meeting of retail grocers and presented an educational review of the existing laws along with a warning that meat advertising practices were under surveillance. This effort was supported by wide spread media coverage.

Two studies are now in the final stages of evaluating Consumer Affairs Clearing House and after they are completed more concrete evaluative information should be available. One study is being done by the newly formed Erie County Consumer Protection Committee, a county government organization created initially for the purpose of evaluating the effectiveness of all consumer agencies serving residents of the county. Some of their preliminary conclusions will be discussed below. The second study is a formal research study being conducted by the author under a grant from the Office of Consumer Affairs, DHEW, "Evaluating the Effectiveness of Consumer Redress Mechanisms in Erie County, New York" to be completed by July 1, 1975.

Some areas of Consumer Affairs Clearing House do seem to need strengthening including both procedural issues and philosophical issues. However, most of the procedural issues hinge on the philosophical issues. It has been recommended that "consideration should be given to the possibility of taking over the functions of the Consumer Affairs Clearing House by a public agency such as the Erie County Consumer Protection Committee" (1). Others have recommended that such an operation be housed in the Office of the Attorney General.

The major issue that has arisen in this regard is the lack of formal accountability of CACH to the consumer citizenry. CACH is not formally responsible to any citizenry for its action. Further since the activities are primarily handled by the Better Business Bureau, many citizens who have negative feelings about the BBB sponsorship and resultant pro-business bias or previous bad experiences with the Bureau refuse to use CACH once they find out.* Less than one in ten complaints are actually referred by BBB to CACH. As pointed out by Brinson, "the fact that CACH refers only one or two complaints per day to its affiliates tends to indicate that CACH is not living up to its full potential" (1). Accountability also has implications for funding. Since the BBB of Western New York provides the major funding, they justifiably have a veto over CACH activities that cost money unless outside funding is available. Further, the Bureau has ultimate control over CACH data and has been known to

*All written forms sent to the Consumer by CACH are the traditional BBB forms and are so labeled.

request a formal subpoena from the Chairman of the Clearing House (who as mentioned above, is an attorney general) before releasing information. Not only does the local BBB control the data but since the data is processed in Washington, D.C. in cooperation with the National Council of Better Business Bureaus, the Council is in a position to veto local decisions, for example, releasing data on company names and locations to university researchers evaluating the program.

The second concern is whether or not CACH should have an advocacy role especially in the complaint handling procedure. Currently, since the BBB format for handling consumer complaints has been adopted, CACH through the BBB does not take sides and thus does not attempt to represent the consumer's viewpoint. However, complaints referred to CACH participants are handled in view of the agency's philosophy about advocacy. Consumers who go so far as to formally express a complaint are usually seeking at least guidance or advice if not advocacy. If not, they would have handled the matter privately. Currently CACH is not interested in that role although it does have potential in the advocacy area.

Overall Consumer Affairs Clearing House has great potential and has made great strides in providing an effective, centralized method of handling and documenting consumer complaints. If CACH data collection procedures were more widely emulated decision makers at all levels of government and in business would be in a much more enlightened position from which to make decisions about consumer and business policy.

Footnotes

1. Hearings were held jointly by the Subcommittee on Consumers of the Committee on Commerce and the Subcommittee on the Representation of Citizen Interests of the Committee on the Judiciary on S.2928, a bill to establish national goals for the effective, fair, inexpensive, and expeditious resolution of controversies involving consumers, and for other purposes.

Appendix A

Members of Consumer Affairs Clearing House of

Western New York

Alleghany County Bureau of Weights and Measures
Better Business Bureau of Western New York
Buffalo Bureau of Weights and Measures
Buffalo Inspection and License Division
Consumer Forum, Inc.
Consumer Product Safety Commission
Erie County Attorney's Office
Erie County Bureau of Weights and Measures
Erie County Department of Health
Erie County District Attorney's Office
Federal Communications Commission
Food and Drug Administration
Internal Revenue Service
Jamestown Police Department
Lackawanna Bureau of Weights and Measures
New York State Agriculture and Markets
New York State Attorney General's Office
New York State Bureau of Weights and Measures
New York State Department of Transportation
New York State Health Department
"NEWSpower" of the Buffalo Evening News
Niagara County District Attorney's Office
Niagara Falls Bureau of Weights and Measures
United States Customs Service
United States Department of Justice
United States Post Office
Wyoming County Bureau of Weights and Measures

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REMARKS BEFORE THE
AMERICAN COUNCIL ON CONSUMER INTERESTS

Paula Heichel
Neighborhood Legal Service Program
Washington, D. C.

Legal Services Programs came into being in 1964 through the passage of the Economic Opportunity Act. These Programs were founded under the concept of providing equal access to this country's system of justice to all citizens. In particular, the Programs were to provide high quality legal assistance to those who otherwise would be unable to afford adequate legal counsel.

With the impending termination of OEO last year, Congress was forced into action to find a transfer vehicle which would allow for the continuation of free legal services to the poor. As a result, the Legal Services Corporation Act (H. R. 7824) was passed by both the House and Senate in January of 1974. The Act "established a private, non-membership, non-profit corporation for the purpose of providing financial support for legal assistance in non-criminal proceedings and matters to persons financially unable to afford legal assistance."

Currently, there are Legal Services Programs located in Metropolitan and rural areas in every state as well as all the U. S. territories, including Puerto Rico, U. S. Virgin Islands, American Samoa and Guam.

All of these Legal Services Programs provide free legal services, in civil proceedings, to all eligible clients. To qualify as eligible, a client is permitted to earn, if single, \$72.00 take home pay weekly, if married, \$92.00 plus \$20.00 per dependent.

Even at this low income figure, the Neighborhood Legal Services Program of the District of Columbia serves 300,000 indigent residents. NLSP operates on an annual budget of one million dollars. The staff is comprised of 31 attorneys, 12 Paralegals, 16 secretaries, 12 Administrative personnel and 10 investigators. There are 6 Neighborhood or storefront law offices spread throughout the city in five law sections, namely, Administrative Institutions Law, Consumer Law, Family Law, and finally Housing Law.

During Neighborhood Legal Services ten years of existence, we have found that providing legal services to our clients is simply not enough. Many cases we handle on a day to day basis do no more than treat the symptoms of problems rather than the underlying causes.

We are able to ward off a collection agency, a landlord, or retrieve a lost SSI Check, only to have clients back on our doorsteps within a month or two with similar problems plaguing he or she. In the attempts to rectify the situation, too often we overlook the most obvious of reasons -- why a person seeks legal assistance at all -- because he or she does not know how to avoid such problems from the beginning and because he or she lacks the knowledge needed to make an adequate decision when confronted with a legal problem.

We believe there exist in a necessity to impart legal advice not only at the point of office contact, after the trouble has occurred, but also in the street and in the home where such knowledge can do the most good before the problems come into being.

Because NLSP is aware of the special problems of low income consumers, we have become increasingly involved in the educational process of D. C. residents. For the past year and a half, in addition to litigation, negotiation and arbitration, community legal education has become an integral part of this Program's activities. From November of 1973, until November of 1974, educational programs were coordinated and administered by the Program's VISTA Volunteers, of which I was one.

VISTA's were used for this purpose to allow staff attorneys the time required to prepare court documents and litigate the inordinately large number of cases our attorneys assume.

With the recent reorganization of the Program and the addition of Paralegals to the staff, I have been able to assume the responsibility of community legal education as part of my duties as the Paralegal for the Consumer Law Section.

The objective of our "Street Law" course, as it is called, is to expose students to all aspects of the law. In so doing, we present the topics in such a manner that the materials covered are easily comprehended by participants. In other words, we attempt to provide a basic understanding of the law that will facilitate the students' knowing how to use the law to protect their rights while making them aware of their legal responsibilities. "Street Law" is composed of the following topics:

1. Housing-Tenant Rights
2. Advertising and deceptive pricing
3. Frauds, games and gimmicks
4. Guarantees and warranties
5. Truth in Lending and Regulation Z
6. Contracts
7. Individual and Criminal Rights
8. Domestic Relations
9. Administrative Law

The operation of such a street law program is relevatively simple. Initial contacts have been in the past and are presently directed to me. I present the course outline to the prospective group at which time topics are either added or deleted. From there I enlist the help of our staff attorneys and Paralegals.

When topics are chosen beyond our staff's field of expertise, I turn to outside sources for assistance. For example, the topic of insurance, understanding your policy -- we have agents from area insurance firms come to the session and explain to the students what coverage they are entitled to under their individual policies or, when the topic is vocational schools, we rely upon the community liason officer of the Federal Trade Commission.

In essence the Program is designed specifically for the group to whom it will be offered and set up in such a way that no one person is responsible for teaching more than one topic.

The first street law course offered by NLSP was taught for Washington Saturday College, a free adult education program. The students ranged in age from 18 to 54. Classes were held on twelve consecutive Saturdays following the general course outline. Certificates were awarded upon completion of the course.

The second street law program was conducted for the Internal Revenue Service - Summer Intern Program. Every summer, 100 inner-city high school students, junior and senior grade level, are employed by the IRS. In conjunction with their employment, interns are required to attend two courses, then are offered two elective courses -- street law was one of these two electives. We had 26 students participating, ages 16 to 19. To meet the needs of our audience, the course outline was altered to include buying clothing, furniture and appliances, shopping for autos and auto repossession, and vocational schools. Along with classroom sessions, students visited criminal court where they witnessed arraignments as well as a juvenile trial for assault and battery.

Our current program is being offered for the parents of children at the Rosedale Day Care Center. The parents meet once monthly at which time we provide a speaker. In this six-month program, the topics discussed were chosen by the parents themselves.

The newest and probably most ambitious program will start this month. In cooperation with twelve attorneys from the Consumer Section of the D.C. Bar Association, the Consumer Section of Neighborhood Legal Services will conduct a 12-session program for the Model Cities Senior Citizen Center. The Center services 65 senior citizens on a daily basis. As in previous programs, topics are tailored for the audience. Therefore, this particular program will also delve into the needs for a Will and Probate Court, tax relief for the elderly, institutional rights, private pensions, with special emphasis to be placed on administrative law, SSI, Social Security, veterans benefits, Medicaid and Medicare, and Food Stamps will be discussed at great length.

A number of these sessions will be videotaped by Federal City College's Institute of Gerontology. It is hoped that these tapes will then be used to train Department of Human Resources Homemakers who work with elderly shut-ins. The Homemakers will be trained to identify potential legal problems, then act as go-betweens for the shut-ins and the program.

Another project in progress is our preparation for Law Day (May 1). This year, the Unified Bar of D.C. will hold legal education seminars at all nutrition sites for the elderly and in nursing homes, both public and private. I am working with the National Senior Citizens Council in developing course materials to be used by the lecturing attorneys.

Because of our limited budget, it is essential for the Legal Services Program to use only those resources that are available to us at no expense. To date, we have been very successful in coordinating and conducting our educational programs without incurring expenses. Resources such as those that are at our command exist throughout the country. In closing, I would urge all of you who may be interested in developing legal education programs in your community to contact the nearest legal services program for your locale or your local bar association.

I have with me the nationwide list of legal services programs.

LEADERSHIP TRAINING PROGRAM FOR
VOLUNTEER CONSUMER LEADERS

Dr. Ruth D. Harris
Program Leader
Home Economics Education

A Consumer Leadership Conference was held at the Ramada Inn of Alexandria, Virginia, on October 11-14, 1974, in cooperation with Virginia Polytechnic Institute and State University, the Virginia Citizens Consumer Council, Inc., the Office of Consumer Affairs and the Consumer Information Center, General Services Administration. The purpose of this conference was to provide leadership training for potential volunteer consumer leaders from throughout the State of Virginia. An advisory committee composed of members from the Office of Consumer Affairs, the Virginia Citizens Consumer Council, Virginia Polytechnic Institute and State University, and the State Supervisory Staff of Vocational Home Economics Education provided guidance in planning and conducting the Consumer Leadership Conference.

Emphasis was placed during the conference on (1) the development of consumer leadership skills, (2) understanding consumer policy making, (3) understanding the legislative process, (4) developing volunteer consumer programs, (5) conducting consumer projects, and (6) developing communication skills. Speakers were selected for the conference because of their expertise in various aspects of the consumer field. The culmination of the workshop included each individual's development of a plan for conducting a consumer leadership activity.

This report provides a summary of background information, program participants, conference objectives, program agenda, evaluation, project summaries, and recommendations.

Program Participants

Sixty six individuals attended the conference - 50 participants and 16 observers. The program participants came from a variety of backgrounds. Most of the participants had limited experience in consumerism, and had expressed an interest in becoming a volunteer consumer leader in their own community. Eighteen hours of instruction were given on consumer concepts and skills. The participants in the conference received 1.8 continuing

education credits from Virginia Polytechnic Institute and State University.

The participants conducted a follow-up activity after the conference. A list of their project topics is the section on project summaries.

Purposes and Objectives

The purpose of the project was to develop and implement a model consumer leadership training program for potential volunteer consumer leaders. Throughout the nation, consumers at the grassroots level are expressing a need for more expertise in handling consumer problems. Although the need has been acknowledged for some time, it has been intensified by current economic conditions and inflation in the nation. Consumer organizations have recognized this fact and begun to assist at the grassroots level in the community. However, the members of the organizations in many cases themselves need training in leadership skills as well as consumer problem-solving techniques in order to effectively help consumers solve their problems.

The major objective of this project was to develop and implement a model consumer leadership training program for potential volunteer leaders. Specific objectives were as follows:

1. To provide leadership training in:
 - (a) understanding the background and history of the consumer movement
 - (b) developing techniques and skills in:
 - (1) becoming a leader in the community
 - (2) helping individuals solve their consumer problems
 - (3) becoming a consumer leader
 - (4) principles of organizing a consumer action group
 - (5) vehicles for organizing a consumer group
 - (6) Conducting consumer surveys
 - (7) handling consumer complaints
 - (8) conducting consumer education classes
 - (c) understanding the economic interaction of government, business and consumers
 - (1) governmental operations at the federal, state and local level

- (2) the operation of regulatory, legislative, executive and judicial agencies
- (d) developing an understanding of business, education and consumer groups
 - (1) credit and financial institutions
 - (2) consumer education programs in schools
 - (3) inflation - causes and ways of diminishing
 - (4) food and marketing
- (e) developing communication skills
 - (1) television spots and programs
 - (2) news articles and publications
- (f) developing fund-raising techniques and skills for consumer organizations
- (g) conducting individual consumer projects at the local level

Background and Procedures

A request was made by the president of the Virginia Citizens Consumer Council, Inc., Ms. Lynn Jordan, for a Leadership Training Conference for Potential Volunteer Leaders. Members of other consumer organizations also expressed a need for training to assist them with consumer leadership skills.

An advisory committee was formed in order to plan the conference around the needs of the individuals who would be attending.

The committee was composed of members from the Office of Consumer Affairs, Virginia Polytechnic Institute and State University, the State Department of Vocational Home Economics, and the Virginia Citizens Consumer Council. The committee provided guidance in planning and implementing the training program including determination of the following criteria for participant selection:

- (1) interest and capabilities in conducting a follow-up project
- (2) attendance at entire conference
- (3) geographic representation
- (4) leadership potential

The Consumer Leadership Conference was publicized nationally as well as in the state of Virginia through the news media. Individuals interested

in attending the conference filled out an application form indicating their background and interest in completing a follow-up project after attending the conference.

The advisory committee worked cooperatively to determine the needs of potential volunteer leaders. Through a review of applications, and expertise on the part of the advisory committee members, concepts and skills -- i.e. competencies -- needed by potential volunteer leaders were identified.

These competencies which volunteer consumer leaders need were further studied. Based upon these competencies, the advisory committee developed an agenda for the Consumer Leadership Training Program. They worked together to identify and secure for the program speakers who were nationally recognized for their expertise in consumerism and would provide for the needs of the participants.

Evaluation

The participants' evaluation of the conference revealed that they generally found it a worthwhile, helpful experience. The speakers and the specific ideas on projects, including how to inspire people, were considered the best features on the program. The participants felt that the opportunity to meet people with common consumer interests was helpful. The major weaknesses in the conference were a shortage of time for in-depth discussion and the hotel facilities, particularly the food service.

The following are the questions asked in the evaluation and answers as given by the participants:

1. What did you consider to be the best feature in the program presented here?

Arenas for action; economic interaction of government (5) Judicial; Economic Interaction of Government, Business and Consumer; (3) Economic Interaction of Government, Business and Consumer; (2) Qualities of Consumer Leaders; (4) How Government Operates - Federal; (2) Governmental Agencies - Regulatory, Executive, Legislative, Judicial; (2) Realm of the Consumer; workshops; sharing thoughts and problems with consumers; (2) all (4) specific ideas on projects and how to inspire people; topics of immediate concern (2) informed and interesting speakers (13) section on press and regulatory and legislative areas; inflation (2) P.R. panel session; practical discussion Handling Consumer Complaints; variety of speakers; meeting people with common interests (2) selected audience; Sunday agenda superior; pre-planning; consumer education; what makes a leader (3) realm of the consumer; materials distributed; explanation of how government operates; business and consumer; education in the economy.

2. What did you consider to be the weakest feature in the program?

Coping with cost of living; speakers too long; discussion of federal programs; not enough time for questions and answers (10); lack of full

participation and direct feedback (2); time wasted on introductions (4); lot of information but not so much specific "what do I do first" answers; foods and marketing workshop (2) Education (2); Antagonistic Approach, i.e. Principles of Organizing a Consumer Action Group; not enough participation from business and government to provide opposing view; some speakers not prepared; Sunday agenda too rushed; consumer education in schools; agencies that can help and need help; continue to encourage more involvement; more activist types and fewer home economist types; definitions - consumer, leaders, consumer leaders; too many speakers; business, education, community.

3. Check your general evaluation of program content:

Valuable 35 Interesting 4 Fair 0 of Little Value 0
Other: Fantstic; Frustrated because more than one discussion group going at same time.

4. What suggestions do you have for improvement of the program?

Stick to time scheduled; better explanation of projects; "how-to" panels to develop consumer leaders; chance to attend more than one workshop; more workshops (2); more time (3); whole conference on each topic; more small seminar sessions (3); divide into groups to discuss subject with speaker after summary; more discussion, less question time (6); cheap meal or two as part of conference (3); cut introductions and concentrate on specific problems and solutions (3); more time for topics or fewer topics (3); more facts in general areas; less workshops; shorten to two days; more time for questions, less for speeches (5); have Esther Peterson speak; concentrate on how to activate people into education in consumer awareness; send more basic reading materials in advance (2); more detailed handouts by resource people; more informal seating arrangement; include minority person on program; people from activist persuasion; how to lobby; consumer laws; picketing.

5. What topics would you like to have presented at a future program related to these topics?

How to set up an effective consumer-oriented neighborhood forum (4); small claims courts (2); specific issues - how to approach and get experts; impact on legislative policies of major companies; none; professionals to speak on specific subjects - real estate, lending institutions, food additives (3), menu stretchers, insurance, more economics (2); reaction of big business to consumer movement; have Roy Farmer and Atty. Gen. Miller speak on consumer concerns; same topics, broader view; consumer issues; more opportunity to attend different workshops; well-rounded library of consumer information; low-income consumer; Federal Government consumer agencies should be identified and discussed; economic interaction of government; business consumer; credit and financial institutions; working on consumer project for low-income persons; producer side of question should be brought in; sharing successful projects from other regions; economic and consumer education in schools; discussion of pending laws relevant to consumers.

SUMMARY OF EVALUATION

In regard to this conference I feel that:	<u>Strongly Agree</u>	<u>Agree</u>	<u>Undecided</u>	<u>Disagree</u>	<u>Strongly Disagree</u>
1. The objectives of this program were realistic.	16	21	0	0	0
2. I learned more than I could have on my own through reading or etc.	29	5	1	0	1
3. The material was presented at the proper level of difficulty.	13	19	1	2	0
4. The resource people were well prepared.	19	15	3	1	0
5. I was stimulated to think objectively about the topics presented.	13	21	1	3	0
6. The conference followed a logical pattern.	12	19	3	2	0
7. The conference rooms were clean and attractive.	5	25	4	3	0
8. The food service was good.	1	4	6	3	16
9. The lodging facilities were good.	2	7	8	5	4
10. The staff was courteous and helpful.	9	10	10	5*	1*

*Hotel staff specified.

Project Summaries

The participants planned follow-up projects on consumer education, consumer surveys, credit, combating inflation, food purchasing and other areas of consumerism. Activities completed in the project included: (1) writing news articles, (2) teaching consumer classes, (3) organizing consumer groups, (4) promoting consumer awareness, (5) conducting consumer programs, (6) setting up consumer information and protecting agencies, (7) developing meaningful consumer organization programs, (9) making speeches on consumerism, (10) initiating a program for low-income consumers within community action agencies, (11) drafting a consumer education course for grades 5-6 in public schools, (12) consumer education projects through the extension service, (13) developing consumer awareness programs, (14) co-sponsoring a consumer conference in Southeastern Tidewater Area, (15) conducting consumer education program for parents, (16) preparing a publication on credit, (17) conducting consumer programs for older citizens, and (18) promoting consumer education and awareness in the marketplace.

Funding

Consumer Leadership Training for Volunteer Consumer Leaders can be successfully provided at a minimum cost. This project, funded by Consumer Information Center, General Services Administration was funded for \$2,117.00. Motel accommodations and partial travel expenses for the participants were paid. Other expenses included printing, telephone, and postal services.

Summary

Consumer Leadership Training Programs for Volunteer Leaders can provide a multiplying effect in meeting the needs of consumers and assisting them to solve consumer problems at the grass-root level in a community. Leaders can be successfully trained to go back into the community to teach other consumers. If consumers are expected to have a voice in consumer issues, they need to acquire knowledge, techniques, and skills in order to have a greater impact on the consumer policy making of the state and nation.

CONSUMER ACTION PROGRAMS

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I would like to talk about the consumer education program that we have been working on for quite some time at NRTA/AARP, which we call COPE, which stands for "Consumer Options Program for the Elderly." Now without going into a long dissertation on my particular attitudes and opinions about consumer education, let me just say, as a consumer educator and as one who really believes in consumer education, I feel that consumer education has generally been a relative failure in this country. It's been a failure in terms of reaching the masses. It's particularly been a failure in reaching the disadvantaged and it's been perhaps an even worse failure yet in terms of adopting sophisticated learning techniques that can change attitudes and behavior. You see, we lose track of the purpose of consumer education is not to disseminate information, but to produce wiser consumers in the marketplace to lead consumers to act more wisely in the marketplace as a result of that education. So what we are concerned with, or should be concerned with in consumer education is trying to get people to reexamine and hopefully change attitudes and behavior that will lead them to become, that is, to act, more wisely in the marketplace. Unfortunately, I feel that what has held consumer education back in this country is a pedagogical anachronism known as the pre-test, post-test. You give a pre-test and then a post-test and unless your group is totally catatonic, naturally they are going to know a littler bit more when they are through than when you began and then congratulate ourselves for another successful program.

Let me show you, if I may, what went into the development of the COPE program that we have so much hope for. First of all we examined what successful consumer education and other educational programs appeared to exist for the elderly throughout the country. What we found was a consensus on several points. We found that most persons who had conducted successful, effective educational programs, consumer or other type programs for the elderly, agree that most educational programs for the elderly have been primarily concerned with filling up leisure time rather than being directed at matters they need to help them cope. We also found a consensus that they don't like a formal classroom atmosphere. Our research has shown us that small group efforts are far more

effective than large group efforts and this is very difficult to reconcile with trying to reach large numbers of persons. There is also a consensus that courses should be practical and immediately useful and that techniques and materials that are produced also must be those that relate, that are germane, to the practical needs of older persons. We have found that older persons want, indeed need, to be active participants in the learning process, and I don't know if this differs that much from any other group of students, but older persons particularly need to be participants in the learning process. Our research has shown us that older persons are well aware of what their consumer needs are and resent being told what their needs are. There is also some evidence that older persons have a shorter attention span and this must be taken into consideration.

We also were concerned in the development of COPE with how to build in a continuing education concept. What we do now is merely dispense information and hope that this is enough. When you consider that with older persons you are trying to counteract a lifetime of attitudes and behavior, most of us have an extremely limited amount of time to get our message across, and it has to be effective enough to counteract the incessant bombarding of advertising as well as a lifetime of attitudes and behavior. Perhaps, one way that we can do this as consumer educators, is begin to incorporate some of the techniques that have been successful in advertising for years. Specifically, successful consumer education programs must appeal to the emotions as well as to the intellect. Ideally, a consumer education program would appeal to sight, sound, smell, taste, in short, to every sense that individual has and to the emotions of that person, and that way it would have a much more hard-hitting residual impact on changing their attitudes and behavior. We also know that in terms of consumer education you are going to be far more effective if you can incorporate a learning-by-doing approach, and as we know in consumer education, this is much easier said than done. How to build in marketability, how to make the education program have appeal is also a very important consideration. Also, how can any consumer education program be adapted to other delivery systems, such as home study? And we also found in our research that one of the most prevailing fears is that any consumer education program for the elderly must take into consideration that prevailing uncertainty results from current inflation. In summary, this is what any successful education program must deal with in some manner.

1. Informal setting
2. Learning by doing approach
3. Small group conversation
4. A practical and useful approach
5. A sort of built in continuing education method

It must be marketable, adaptable, somewhat flexible, enriching and fulfilling, I mean, psychologically enriching and fulfilling as well as intellectually fulfilling.

Rather, in dealing with the prevailing uncertainty and insecurity from a new lifestyle and retirement, we are saying in the COPE program that rather than be afraid of inflation, on the contrary, older consumers have already demonstrated an ability to cope with financial crises in the past, have lived through a depression, through at least one world war, through other financial crises, and have therefore already demonstrated the ability to live through and cope with our current inflation. All we have to do is somehow provide a learning environment whereby older consumers can reawaken such skills and can learn from each other. The cumulative demonstrated ability of any group of older persons is going to be far greater than any one "expert" which as Mark Twain said, "Is any damn fool from out of town." So that what we are trying to do is not teach older consumers anything, we are trying to create an educational environment for older persons where they can learn from each other.

So how do we go about this? What we came up with was a method pioneered in 1941 by Dr. Rachael Davis DuBois called the "Group Conversation Method." This is the first time to our knowledge that consumer education in this country has tried to incorporate a group conversation-consciousness raising approach. We know that before anybody will listen, they must first be listened to. So that rather than beginning with the usual sterile lecture or film format (whether the film is applicable or not) what we are doing is beginning this way. The chariperson gives a rather brief introduction, the persons in the program are broken up into small groups of ten or twelve with a group conversation leader and co-leader who have been briefed for a couple of hours by the person trained in group conversation. They begin by simply reminiscing about experiences around that theme. This totally non-threatening approach encourages spontaneity and raises their consciousness or feeling level to such a point that after twenty minutes of this -- by the time your resource person makes his presentation, they are far more receptive to what that resource person has to say than if he had begun the session. After sharing sensory experiences from the past, bringing them into the present around that topic, then the resource person gives some specific facts and ideas for another twenty or thirty minutes. Then the groups go back into group discussion. Group discussion being differentiated from group conversation in that group conversation is a sharing of feelings and experiences, whereas group discussion, following the resource person, is a discussion of specific facts and ideas. This way we hope to reach the emotions as well as the intellect and this will produce a long-term learning effect so that the one-hour program is not going to be the end of their consumer education or discussion on that topic but the beginning.

We did pilot the first COPE unit, "Coping With Food Costs" in February in the Arlington area. We made every mistake imaginable, and still four out of five of the participants rated the program as excellent or good. We are trying to arrange now for a piloting outside of the Washington area and if this is as successful as we hope it will be, this should be available sometime in the fall. There are a few more subtleties involved here, I wish I had the time to go into them, if time permitted.

ABSTRACT

DISSATISFIED CONSUMERS: WHO GETS UPSET AND

WHAT DO THEY DO ABOUT IT?

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Past studies of dissatisfied consumers have either examined what kinds of people get upset about business practices or what kinds of people complain about the way they have been treated in the marketplace. This article develops a new profile of the dissatisfied consumer by considering not only who gets upset about business practices, but also what do they do about it. This profile appears more complete than profiles presented in earlier studies. Several important conclusions are offered concerning the nature of consumer dissatisfaction and consumer policy.

NEW DIRECTIONS FOR CONSUMER
ACTION TO COMBAT THE PRICE
SPIRAL

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I. INTRODUCTION

The American economy has experienced a steady increase in the cost of living, over its history, as measured by the consumer price index, thus causing an erosion of the purchasing power of a given dollar.

The economy has experienced such an increase in prices over the years. Between 1940 and the present, for example, the consumer price index has increased about 250 per cent; this means that it would take over \$3.00 today to buy what \$1.00 would have purchased in 1940. The compounded rate of advance in prices over this period amounts to approximately 3.5 per cent annually.

The pace of inflation has not been even in our economy. It took only a span of 17 years between 1940 and 1957 for prices to double. This doubling in 17 years meant that the annual growth rate in inflation of consumer prices was about 4.2 per cent. The rate from 1957-59 to 1970 was slower (2.7 per cent), but during the last few years it accelerated again, reaching 6.2 in 1973 and 11 per cent in 1974.

All of this increase in prices means an erosion of the dollar and the need for increased earnings to keep abreast of price level changes. There is nothing in the nation's experience to suggest an interruption in the upward trend of prices and costs, nor hint of reversal of trend to one of deflation. A dollar of 1933 is worth less than 35 cents today. A 1946 dollar is worth less than 40 cents currently. Even a 1955 dollar is worth only a little over 50 cents today.

At the beginning of the 1970's it took more than \$13 to buy what \$10 bought a decade earlier, and inflation became a major public issue. The impact of rising prices was noticeable throughout the economy, affecting public policies. To offset mounting costs, unions sought higher wages to preserve the purchasing power of workers' take-home pay; consumers altered their buying habits; the Federal Government sought to use its spending, taxing, and monetary powers to combat the inflation.

Many economists would agree that the inflationary pressures of the last four decades have been generated largely by government expenditures and concomitant increases in money supply and that the prospect for their continuation in the future seems assured. The major inflations in U.S. history have occurred during or around periods of government spending and increased demand for goods and services.

When fighting broke out in Europe in 1939, defense needs resulted in increased prices. For the 3 years, 1939 through 1941, prices increased by about 6 per cent. During the war years, even when prices were controlled, they rose about 12 per cent. When controls were lifted, however, the pent up demand for goods not available during the war years drove prices up an additional 31 per cent during the next 26 months.

During the Korean War prices spurted again. From the beginning of 1950 to the middle of 1953, the rise amounted to about 14 per cent, an average rise of about 5 per cent a year. Prices leveled off for the next 3 years and then began to move up.

In late 1965, when the United States began to increase its military commitment in Viet Nam, the consumer price index began to rise more rapidly. Average prices rose 2.9 per cent in 1966, 2.8 per cent in 1967, 4.2 per cent in 1968, 5.4 per cent in 1969, and about 6.0 per cent in 1970.

As 1975 nears completion of its first quarter, the problem of inflation has been pushed aside to some degree by the one of recession and unemployment. The question remains, and the answer seems clear, namely that demand pressures tend to work their way through the price system over extended periods of time, reflecting the cumulative effects of labor and other cost pressures. This explains why inflationary pressures have continued in spite of slackening aggregate effective demand. Further, this process makes it clear that past policies of reducing aggregate effective demand will not eliminate inflationary pressures.

Indeed, one may even question the degree to which demand pressures have caused the inflation of the 1970's. Were it not for the extremely stimulative effects of highly inflationary fiscal policies during the past decade, notably substantial Federal deficits during most of the period, coupled with expansionary monetary policy, geared to helping finance the increasing deficits, it is highly unlikely that demand pressures alone would have resulted in the double digit inflationary rates.

Since World War II a major change in price behavior has become apparent. The economy has developed an increasing resistance to downward pressures on prices. Consumer prices did not decline after World War II or after the Korean conflict as they had after earlier wartime periods. Instead they rose almost every year after 1946.

The problem for investigation then is to examine the causes of the inflationary spiral. If consumers are more aware of the causes of the inflationary spiral, consumer action groups can exercise their influence to bring about a change to alleviate that spiral.

II. THE STRUCTURAL BARRIERS ARGUMENT

During the last decade, consumers have become fully aware of such causes as "demand pull" and "cost push" as explanations for inflation. Public familiarity now also exists about the major policies to combat inflation, namely fiscal and monetary policies. Consumers also know about price and wage controls or income policies. General interest manifests itself, too in what can be done about inflation and why experience in applying anti-inflationary policies since the late 1960's has not ended or even lessened inflation; indeed, prices continued to grow more rapidly than prior to the use of such policies.

One of the probable explanations why inflation has continued to persist in the United States for the last decade in spite of a condition of less than full employment is the existence of a variety of structural forces that generate built-in inflationary tendencies.

Failure to recognize the importance of such structural forces has contributed much to the inadequate understanding of today's inflation. As Abba Lerner states: /3, p. 197/

The understanding of the nature of inflation and of its appropriate treatment, cure, and prevention has been badly served by the concentration of economic theory on the analysis of perfect competition. Economists have had good reason for this concentration, primarily because the study of perfect competition has brought out ways in which the competitive capitalist or profit-and-loss system can bring about the most efficient production and distribution of what the consumer wants. But perfect competition has been useful more as a norm by which the efficiency of the economy can be gauged than as an accurate description of its actual operation.

It is proposed thusly that these structural forces are among the most significant causes why pure competition is not the actual case in the real world.

Structural forces have the effect of placing limitations on voluntary exchange by reducing the market alternatives available to buyers. These forces then generate maladjustments which generate visible power to those who hold it, with the inherent danger that such power will be used to further special interests, not necessarily social ends.

In economic theory's perfectly competitive world, nobody would be in position to exert price jurisdiction power. Artificial forces that keep supply from rising in response to favorable prices would not exist. Excess demand then would be the only factor giving rise to inflationary tendencies. To achieve a diminution in price under these circumstances, Lerner's political action -- increased taxes, reduced government spending, and tighter monetary policy -- would be in order. Without structural intervention, sellers would lose their capability to exert oligopolistic price control and administered pricing would become impossible.

The American economy provides numerous examples of these structural controls. Among the more important ones are lobbies that induce public favors and concessions, industry-wide collective labor agreements that virtually have the mutual agreements of unions not to resist price increases so long as wages are raised, and markup practices by industry that institutionalize price advances. The solution to combat these practices are self-evident, but some action against administered prices appears as paramount.

Another way to approach the problem of structural impediments causing inflationary tendencies is to work towards policies designed to restore a greater degree of efficiency in the market place. Two areas in which these problems appear acutely keen, and in which prices have risen especially sharply in the last two years, are agriculture and energy-related industries.

The Federal Government must bear much of the blame for many of these impediments through its policies such as price supports and subsidies; tariffs, quotas, and other import restrictions; antitrust and other regulatory policies that are enforced currently but were instituted in a very different economic environment years and decades ago; and loose policies in government procurement that demand scarce resources at non-market oriented prices. Practices in the private sector that stem from market control and anti-competitive behavior are equally as contributory. Though most wholesale prices have risen sharply in the last two years, those in highly concentrated industries have been among the leaders. Barriers of any sort that interfere with the operation of demand and supply as forces to set prices should be minimized and eliminated. This includes structural barriers in the labor market as well.

A recent interim report of the Joint Economic Committee /1/ lists a series of structural areas that should be examined, as follows:

- . Federal subsidies.
- . Production quotas and marketing orders.
- . Price supports.
- . Excessive stockpiles.
- . Prevailing wage determinations.
- . Excessive or inept regulation of transportation and communication.
- . Import quotas and voluntary agreements to curtail imports.
- . Review of divestiture and reorganization regulations.
- . Improved antitrust laws and administration.
- . Removal of artificial barriers to employment.

- . Improved economic management of the public sector.
- . A program to institute a better system of information management.
- . Reduction and minimization of impediments to improving productivity.

The emphasis on structural causes for the current inflation has increased recently. The various summit and pre-summit conferences late in September paid much attention to these factors. A comprehensive list of 22 measures was suggested by Thomas G. Moore of the Hoover Institution of Stanford University /5/. His list includes the following, among other suggestions:

- . Repeal of ceiling on interest rates on long-term government loans.
- . Amend agricultural marketing orders.
- . Remove postal service monopoly on first-class mail.
- . End embargo on imports of uranium.
- . End state prorationing of oil and gas production.
- . Repeal exemptions to railroad and truck rate bureaus.
- . Repeal meat import quota measure on meats, dairy products, and other agricultural items.
- . Repeal all Interstate Commerce Commission restrictions on routes and commodities.
- . Reduce or eliminate barriers to entry on trucking and freight forwarding.
- . Give wide approval to discount rates in transportation, including more latitude to charter carriers.
- . Allow financial institutions to pay competitive rates for deposits.
- . Terminate all voluntary quotas, especially in steel and textiles.
- . Prohibit resale price maintenance practices.

Professor Houthakker describes the attack on these structural impediments to the operation of the market forces necessary to help lessen inflation as a "positive way to fight inflation" /2/. He surveys efforts to cut inflation via incomes, monetary, and fiscal policies, but points out their deficiencies. He is especially critical of incomes policies for having aggravated the situation and of monetary policies as being inadequate alone. He does emphasize, however, that if any policies are to be effective, the many institutional barriers to price declines as aforementioned must be lessened if not removed entirely. Furthermore, barriers to price movements seem to be biased toward increasing rather than reducing prices. Economists have long recognized that oligopolistic industries are in better position to react to a possible diminution in demand and a lower price by cutting output, thereby sustaining or increasing prices. In this process, inefficiencies are compounded in the economy.

A different focus toward increasing competition and efficiency has been suggested by Carl Madden, economist for the United States Chamber of Commerce /4/. The measures advocated by the Chamber of Commerce include:

- . Eliminate compulsory unionism.
- . Permit special youth minimum wages.
- . Repeal the Walsh-Healey Act.
- . Reform the National Labor Relations Act to constitute a labor court to replace the quasi-judicial powers of the National Labor Relations Board.

- . Ban the providing of food stamps to strikers.
- . Outlaw secondary boycotts, featherbedding, and union members' refusal to handle goods on which non-union labor has worked.

In addition, the Chamber recommends changing the federal tax structure to stimulate growth of equity capital.

In sum, the common theme of the proposals to reduce structural rigidities and permit a more competitive economic system is that special interest legislation and rules at all levels of government should be reconsidered. Business, labor, and professional groups have been successful in getting governmental units to insulate their respective interests from the rigor of competition. The cumulative consequences of this myriad of government promulgated interferences with the operation of a competitive system has been to build an inflationary bias into the American economic system.

Other specific interferences sponsored or permitted by governmental action or inaction might also be considered in the quest for a more competitive system. The following practices which are anticompetitive and/or which build in a higher cost base should be examined:

- . The Robinson-Patman Act which reduces price competition between large and small firms.
- . The Capper-Volstead Act which exempts agricultural organizations from antitrust.
- . Restrictions on entry to many industries, e.g., banking, bars, and taxis.
- . The Wagner Act and other governmental interferences in collective bargaining.
- . State-wide minimum fee schedules for professional groups such as lawyers, doctors and dentists.
- . Housing and zoning ordinances which increase the cost of housing.
- . Health and occupation safety laws.
- . Federal underwriting of private debt.
- . Environmental related controls which do not show a favorable cost-benefit result.
- . The paper avalanche-costs of reporting to the government.
- . Restrictions on price advertising of goods and services such as prescription medicines.
- . Virtual cost plus pricing for hospitals under the Medicare and Medicaid programs.
- . The tenure system which protects some unproductive teachers, kindergarten through graduate education.

Obviously, a listing of practices which cause upward pressure on prices of goods and services could be extended ad infinitum. The point is that macroeconomic monetary and fiscal policies will be less effective in containing inflation as these microeconomic rigidities increasingly permeate the economic system. However, one must not confuse the current price level

with a rate of inflation. Restrictive practices in a given industry causes prices to be higher than a more competitive structure would permit, but restrictive practices do not necessarily create the inflationary spiral. Elimination of structural rigidities would create pressures for more competitive prices in given industries, however, prices in general might be rising because of aggregate demand forces or increase in the money supply. Demand-pull type of inflation increases the costs of providing goods and services. Therefore, the higher than competitive prices in sectors of the economy which are characterized by structural rigidities have a tendency to increase. When demand abates, the built-in structural barriers prevent reduction in prices. The effect is similar to the workings of a ratchet; prices move upward from the previous high base.

Consumer action groups have a role to play in alleviating these structural barriers. Many have become institutionalized and have been accepted almost as a way of economic behavior. They are found all over the market place -- in manufacturing, banking, labor, agriculture, finance and government. The hope, both immediate and short run, of attacking these structural barriers is to make the economy more flexible, lessen anticompetitive practices, and once more have unfettered forces of demand and supply -- price competition -- influence price behavior so that when buying diminishes or output increases price declines will follow and not be thwarted in this direction by administrative powers or practices.

III. SUMMARY AND CONCLUSION

During the last decade consumers have been bewildered and frustrated by spiraling prices on most products and services. In an effort to combat the inflationary trend, the Federal Government has attempted traditional fiscal and monetary policies and also imposed a system of price and wage controls. Though predicted by many economists, but contrary to public belief, prices continued to increase more rapidly than prior to the use of such policies. Some professionals now think we should admit defeat in the battle to contain inflation and institute a program of "indexation," or allowing prices of all commodities and services to accelerate by some price index -- such as the Consumer Price Index.

The contention of this paper is that in both the domestic and foreign economies, increasing aggregate demand and increasing money supply are driving prices upward at ever increasing inflationary rates, and that supply is not able to keep up with the "galloping" demand. When governments attempt restrictive macroeconomic fiscal and monetary policies to reduce the rate of price increase, microeconomic rigidities create unemployment at a level which is politically and socially unacceptable. Because of structural rigidities, the price spiral does not abate. In order to expand a sluggish economy, governments create the money supply and aggregate demand conditions which perpetuate the inflationary spiral. Thus governmental actions are the catalyst of inflation, but structural rigidities cement in the high price base for more future demand pull type of inflation.

Pressure groups at all levels of government -- federal, state, and local -- have been successful in getting legislation and administrative rules which insulate their interests from competitive economic forces. These artificial restraints that keep supply from rising in response to favorable prices create a world inflationary environment. If fiscal and monetary policies are unable to sustain both a politically acceptable inflationary rate and unemployment rate, it is conceivable that people in the United States will opt for another seeming panacea -- indexation. However, consumers have at least one other alternative: lobby for changes at all levels of government for reductions in protection for special interest groups from the forces of competition.

Consumer groups should examine the institutionalized structural barriers which permeate the economic system. These barriers can be found in all sectors of the economy including manufacturing, banking, labor, agriculture, education, finance, government, and the foreign sector. This paper has enumerated specific practices in all sectors of the economy that consumer action groups ought to investigate. The hope is to make the economic system more flexible and reduce anticompetitive practices which underpin the reinforce ever increasing prices.

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