

CONSUMER REPRESENTATION
IN REGULATORY PROCEEDINGS

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For too long, consumer representation has been given second class status in governmental and business community processes. Although faring better in business, the consumer affairs function is often a token department, not created with enough clout to operate effectively. The ACA and S.270 are efforts to provide for the consumer interest in governmental proceedings. Consumer representatives are in need of funding which would enable them to participate more equally with other interests. As the consumer movement is becoming institutionalized as a social force in society, it is being accompanied by consumers accepting responsibility for participating in the total process, and S.270 is one means of accomplishing this goal.

For too long consumer representation has been a stepchild of the governmental and business community's process. In many respects it has been window-dressing or tokenism. In government, the President's Committee on Consumer Interests and its successor, The Office of Consumer Affairs, have lacked any real clout; and they have been the most visible representatives of the consumer at the federal level. The Special Assistants have enjoyed success only in those instances where their personal efforts of persuasion have overcome great odds. This does not discount the efforts of the various federal agencies working on behalf of the consumer. However, pursuing the consumer interest is not necessarily synonymous with the public interest, and the basic thrust of most agencies is not protection or representation of the consumer interest. Even in agencies having consumer representatives, those individuals operate at a considerable disadvantage because they are not on the main track of the agency and their effort is sublimated in most instances to the major thrust of the agency.

In the business community there is a considerable attention to consumer affairs. As you might expect, the definition of consumer affairs and delineation of the areas of responsibility for that operation in terms of specific functions run the full gamut. There are many consumer affairs representatives in business. In fact SOCAP (Society of Consumer Affairs Professionals) membership is about 800. However, the critical test is whether they represent the consumer to the company or represent the company to the consumer. Any true consumer affairs operation in business must have as its target audience the company itself and serve as a conduit for the consumer input to be introduced into the decision-making process. The J. C. Penney Company Consumer Affairs Department is unusual in doing this. Having a consumer advocate operating within a department which has a variety of functions in consumer affairs is unique.

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Consumer representation of a substantive nature has been lacking both in government and in business. Only recently through the efforts of the Carter Administration in moving some of the outstanding people in the consumer movement into the governmental process and the efforts at legislation such as ACA (S.1262) and S.270, do we have a sincere effort to create channels for effective consumer representation at the federal level.

Access has always existed for all parties and interests to a federal proceedings and those interests with a substantial economic concern have been presented. However, the access as it exists for the consumer interest has been theoretical--theoretical because consumers lack the resources, individually and collectively, to perform the research and critical analysis and then present the viewpoint from the consumer perspective to the proceeding. In some instances organizations like the Consumer Federation of America and Congress Watch have been able to provide a limited voice in these proceedings; however, it has been virtually impossible for grassroots consumers to achieve representation. S.2715 as introduced by Senator Kennedy in the 94th Congress, addressed this problem directly. As a result, the decision-making process would be much improved because of the addition of the consumer perspective for consideration along with all other inputs.

S.2715 was called the Public Participation in Government Proceedings Act of 1976 and in effect would permit awards of attorneys fees and other expenses of participation before federal regulatory agencies and in certain court cases involving the review of agency action. The legislation must be clarified in three basic areas of the legislation in order to improve participation, prevent abuses, and assure that the procedures would permit consumer representation to be provided on the basis of substantive contribution and without duplication. Suggested changes include:

1. A definition of the word "proceedings" which was somewhat vague in terms of which matters would be funded other than formal proceedings as the term is defined in the Administrative Procedures Act;
2. A standard for determining the eligibility of the individual or organization to receive compensation; and
3. Guidelines for the funding mechanism and the compensation levels.

The development of a piece of legislation is a lengthy process. It involves many inputs, compromises and discussions. The development of a corporate position is an internal process, much like government, which is then communicated externally. In the instance of S.2715, positions were being forged differently on this legislation in that

there was direct dialogue among the parties, prior to positions being set in concrete. What followed may serve as a model for the future. It was an eye-opening experience for all and ended with expressions of the desirability of working out issues and problems in this fashion in the future to prevent polarization of issues and positions.

As a consequence, an initial meeting was set. The participants were Joan Claybrook of Congress Watch, and her associate Dave Lenny and Carol Foreman of Consumer Federation of America along with Kathleen O'Reilly, her associate at the time, and representatives of the legal and government relations departments of the Penney Company and myself. The first meeting was quite successful: there was openness, frankness and, most importantly, an objectivity: the arguments presented were logical and rational and not of the emotional type. As the concerns were laid out and the consumer representatives discussed them, they accepted them as valid concerns which had not been delineated sufficiently in the legislation. Also they candidly admitted that they had overlooked these areas and were most receptive to working on changes to remedy these problems and thus tighten up and improve the legislation. A second meeting was scheduled to begin working on specific language to accommodate these changes. That was the first of many meetings that were held over a period of several months to iron out the language and arrive at mutually acceptable technical amendments to the legislation that also would be acceptable to the staff of the Senate Sub-Committee on Administrative Practice and Procedures. The months of negotiations resulted in a series of technical amendments which were accepted in their entirety by Senator Kennedy and his staff and incorporated totally into the new version of the legislation, namely S.270, which was reintroduced in the 95th Congress. Subsequently, in February of this year, the Penney Company testified in support of the legislation and gave its endorsement to the bill.

Let me run down the basic elements of the legislation for you. Any person is eligible to receive an award for participation in any agency proceeding so long as that person represents an interest which could contribute substantially to a fair determination of the proceeding. The criteria for eligibility include the following; whether or not the person represents an interest not already adequately represented; the number and complexity of issues; whether there will be a representation of a fair balance of interests; and whether the economic interest of the person in the outcome is small in comparison to the cost of effective participation of that person. The person must also demonstrate to the agency that he or she lacks sufficient funds to participate. If multiple applications are submitted, the agency may require consolidation of presentations. Also the agency must make a written determination of the eligibility of an applicant for an award prior to the commencement of the proceeding. The awarding of compensation is based on prevailing market rates with several qualifications but compensation for attorneys' fees in the Senate version is limited to \$75.00 per hour--this differs from the House version which sets prevailing market rates for all participants. The total funding allocated under this legislation is \$10 million annually. As you know, there are several agencies which are currently, or in the near future, going to

implement public participation. The FTC has the authority under the Magnuson-Moss Warranty Act and has funded approximately \$1 million worth of consumer participation. The FDA has responded favorably to a petition of Consumers Union. In this regard, CPSC has indicated that it will proceed also and is setting up an Office of Public Advocacy to develop and administer their program. The FEA has just awarded funds to Consumers Union for a proceeding on oil company overcharges. As a matter of fact, last year the General Accounting Office handed down an opinion that under the existing law all agencies have the authority to provide funding for public participation, but relative few have chosen to move on the issue. Therefore, this legislation is intended to develop a uniformity of approach in securing that fair balance of interests in proceedings of all agencies.

The major issue today for consumers is developing the mechanisms and structures for representation in the various arenas of decision-making, whether in government, business or any other sector with consumer impact. These mechanisms have not existed to any meaningful degree in the past. They are beginning to open up, and it is of paramount importance for consumer leaders and organizations to pursue this effort diligently and responsibly. Many decisions have been handed down to which there was negative reaction from the consumer side, in great measure due to lack of participation or even knowledge of the proceedings by consumers.

Assuming this legislation is enacted, this will not only be an opportunity but a challenge of major importance--a key area of responsibility for consumers and the consumer movement to demonstrate their responsibility in participating in the total process. Assuring that the voice of the consumer is heard clearly and that it is a factual, responsible voice that speaks authoritatively with documentation is crucial to the consumer interest. Awareness and sensitivity is increasing to the fact that the consumer is not merely a shopping cart. The consumer movement is coming of age as a social force in society, and with it comes major responsibility. S.270 and other mechanisms for consumer representation must be addressed in a mature fashion so as to gain respect and attention as the new ingredient in the total process.

DELIVERY OF HUMAN SERVICES*

Dr. Alan Gartner**

Human services, including education, health, social services, and mental health, have usually not been seen as subject to the concerns of consumer educators. The author argues that such inattention is unwarranted and that benefits would accrue to providers and consumers from the critical involvement of consumer educators.

Consumer education has traditionally addressed activities related to the purchase of goods and, to a lesser extent, selected services, particularly credit, utilities, and some personal services. However, human services--health, education, social welfare services, mental health etc.--have received far less attention. This condition is related to the nature of the economy and the role within it of the human services and to other factors having to do with consumer education.

Health, education, and social services are, according to the prevailing wisdom, what people need. Concomitantly the individuals and institutions which provide these services are (in contrast to those who sell goods) granted many privileges and powers. While we recognize the need for a posture of wariness toward car dealers who seek to sell us options which we neither need nor desire in order to increase profits, we are far less likely to view a doctor doing something to us for any other reasons than our own benefit. Stated differently, a posture of caveat emptor is imperative for doing business in the private goods sector; as a society, we have not considered it necessary in the human services.

The posture of beneficence on the part of human service providers has led consumer educators to give less attention to the human services than to the for-profit sector. Also the role of government as the provider of most human services has diverted the attention of consumer educators. Finally, the marketplace focus on much of consumer education has encouraged less interest in an area where markets are traditionally thought of as non-existent.

This is not to suggest that there has been no attention by consumer education to the services in general or to the human services in particular. Indeed, the past year has witnessed such developments as these:

--Court suits brought by consumers and the government are challenging professionally imposed (and often governmentally

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sanctioned) restrictions on information available to consumers.

--A significant publication (Checkbook) has been launched to provide consumers in one city (Washington, D.C.) with information and comparative evaluations of services, including human services. In another form of user assessment, at least one bar association (San Francisco) has rated the city's entire judiciary.

--In higher education, attention is being given to the consumers' (the students') rights to know fully and honestly about what is being offered; in effect, "truth in advertising" is coming to the college catalog, in part through the stick of the Education Amendments of 1976 and the carrot of the National Task Force on Better Information for Student Choice, supported by the Fund for the Improvement of Post-Secondary Education (FIPSE).

--The growing number of programs of self-care, self-health, and patient activation, as well as the broader self-help, mutual aid and community participation developments is an important development of the current period. It has manifested itself in the increased presence of laypersons on professional licensing boards, of students on local school boards, of consumers on HSA planning bodies, in a range of books designed to inform and activate consumers (How to Be Your Own Doctor (Sometimes); How to Choose and Use Your Doctor; Schools Where Parents Make a Difference; You are Not Alone).

Some Comparisons

One way to see the nature of the issues regarding consumer education in the human services is to compare consumer education in the goods sector with that in the human services.

Consumer Education
Activity

Goods Sector

Human Services

Values and Decision-making

Techniques to determine why one wishes to purchase something, the purpose and functions it serves, alternatives, and the basis for choosing.

For the most part, human services are assessed to be a self-evident good; their "consumption" is often mandatory, e.g., education, certain health services (vaccinations, blood tests for marriage, etc.)

Usually, no alternatives are available (or at least presented).

Often, the service-provider system has an effective monopoly precluding, for most people, choices as to providers.

Price Information

Generally, price information is available for consumer goods and competition based on price is central.

For those services which are publicly provided, price information is not considered relevant to consumers (although of possible interest to taxpayers).

For those services which are paid for by consumers (e.g., doctor or private lawyer), until recently price discussions were taboo, and price comparisons not possible.

What in the goods sector would be considered monopoly price fixing is justified in the services (e.g., standard fee schedules) as part of the professional nature of the human services; only in the past year or so has this been challenged.

Performance Information

Although complicated by questions as to the relevance (and sometimes honesty) of the data and the appropriateness of comparisons (if made), performance data are acceptable and in some instances required (e.g., gasoline mileage of cars, tar content of cigarettes).

Almost universally not done; the basis being the claimed complexity of doing so, the inability of laypeople to understand, claims of privacy. Where done, usually over a broad universe so as to mask specific provider (individual or institutional) performance; or done but not revealed to the public (e.g., PSRO), or done from the point of view of other professionals (e.g., PSRO's, the evaluation of judges by the San Francisco Bar Association).

<u>Consumer Education Activity</u>	<u>Goods Sector</u>	<u>Human Services</u>
Brand or Provider Comparisons	Although sometimes masked (e.g., "Brand X" or "the best known brand," etc.), such comparisons are (increasingly) frequent and accepted.	Almost universally frowned upon; for reasons similar to the reasons given on performance information. Where done (e.g., the Pennsylvania Insurance Commission's publication on hospitals), limited to basic structural information (e.g., number of beds, costs, etc.) and excluding information comparing quality of the services.
Payment Procedure	Although, often not made clear, especially when there is a tie-in between the sale and financing of it, there is increasing pressure (legislative, administrative and judicial) to do so.	Also made complicated by the local nature of human services. A notable exception to the absence of such information is <u>Checkbook</u> , a new Washington, D.C. magazine which compares and evaluates area services, including the human services. Generally has not been considered an appropriate topic of discussion between provider and consumer; recently greater acceptance here but complicated, particularly in health care, by complexity of third-party payment schemes.
Rights, Responsibilities, and Redress Procedures	Increasing information provided as to warranties and guarantees, redress remedies, although continuing problems as to coverage of the former and scope and procedures for the latter.	Some activity here as to rights (e.g., patient bills of rights), entitlements (right of all children to education), quality of service (decisions such as <u>Shaw and Serrano</u> as well as professional standards); redress machinery here complicated by the overlap between professional organizations (e.g., medical societies), public governance bodies (e.g., Boards of Education), payment agencies (e.g., Medicaid), and legislative bodies.
Consumer education and the economy	Considerable general information.	Generally, little attention here, often with an implicit anti-services bias (e.g., the underassessment of services in the GNP, the implication that the "real work" in the society is goods production).

Twin Benefits

Our concern with consumer education and human services is a dual one--from the perspective of consumer education and from that of the human services. Each can benefit from closer interaction.

Passivity on the part of consumers is a special problem in the human services. Unlike the goods sector where the production process can by itself adequately fill a consumer's demand, the consumer is a producer in the human services. Not only is the student, for example, a consumer of the service of learning, but also (s)he is a factor in the production of it. That is, while the teacher may teach, it is the child who must do the learning. Similarly, in health and mental health care, it is the patient who is the key factor in producing his or her own return to (or maintenance of) good health.

Traditional notions argue that productivity in human services cannot be increased sharply because it is not amenable to capital-intensive inputs. It is labor-intensive work, and therefore inputs are costly and potentially inflationary. However, human service work is consumer-intensive, and the key to increasing productivity and consumer satisfaction in it lies in effectively engaging and mobilizing the consumer.

Such an approach, one which engages the consumer as an effective producer of the service, has the potential double benefit of producing greater service efficiency and greater consumer satisfaction.

This involvement of the consumer of the service is part of the broad effort incorporating community participation, the utilization of community-based paraprofessionals, and the spread of self-help mutual aid groups. More specifically, it focuses on the very activities of services delivery.

Consumers of human services thus require adequate information so they can make informed choices. Providers of human services must no longer be allowed to hide facts essential to informed and effective consumer choice, facts as to services offered, prices charged, and results achieved. So, too, adequate grievance redress machinery must be provided. There must be mechanisms for consumers to be heard and through which "professional courtesy" cannot bury or whitewash complaints. Similarly, licensing procedures must be changed to serve the purpose of producing qualified practitioners in sufficient numbers to meet the public's needs, rather than serving to establish and protect the guild interests of the practitioners.

With a larger portion of the work force engaged in providing services, with more of the Gross National Product in services, and an increasing proportion of government expenditures at all levels involving the provision of services, improving their quality and efficiency is a benefit to everyone--services providers, services consumers, and taxpayers. The

more active engagement of the consumers in the production of human services is the key to such benefits.

Conclusion

Consumer education in the human services is concerned with making consumers better informed, more efficient, and more satisfied. At the same time, it must work to make providers more responsible and efficient, and thus to increase consumer satisfaction.

Certain factors are unique to the human services and put consumer education in a special setting. There is a lack of clarity, broad consensus or adequate measurement of the services to be provided. There is an absence of a clear pricing or market test as an external control on performance or accountability. For the most part, too, the human services operate in a monopoly condition, in fact a twin monopoly, in that there is little or no competition for consumers and there are few if any alternative providers.

The situation is further complicated by (1) the role of the government as the provider of, and more frequently the payer for, these services; (2) the fact that human services are delivered by persons who profess (the root, of course, of the work professional) to hold highest the consumers' interests and as a result have been given governmentally sanctioned privileges; and (3) the deep personal importance and consequence of the human services (e.g., one's own health, one's children's education). To a considerable extent, the element of the adversary condition in the buyer-seller relationship is not recognized in the provider-user analog. In part, this is because of basic differing relationships but also it is a belief fostered by such "givens" as the role of the government as deliverer of human services; the professions of the providers; the personal risks to the consumer (one fears to antagonize the person ministering to your body or to your child's mind); the implicit prohibition on talk about cost as somehow not "nice"; and the obscuring of price issues as expenses appear to be borne by third parties or through taxes.

With the growing recognition of the importance of the human services as an area of concern for consumer education, there are two broad areas of priority for the coming period. We must both examine the apparent traditional operating assumptions or premises of consumer education (*viz.* individual as the target, heavily rationalistic, product-focused, class-based, pro-consumption) as to their appropriateness re the human services, and within the human services we need to identify initial priority areas. These include: (1) learning what kinds of information are important and how they can be obtained and disseminated; (2) the measures of quality and of price; (3) how the value achieved through market mechanisms can be achieved in the human services while they retain the special character of the helping relationship; (4) the special issues in particular services fields such as health with its mixed system of delivery, complicated

payment schemes, and the object of growing national attention as costs escalate and plans for national health insurance develop; (5) the special issues of particular population groups like low-income persons, youth, olders, the handicapped, women; (6) the special issues in such new services as those for the dying; (7) the roles of providers and the delivery systems; and (8) the relationships between consumer education and other forms of consumer participation in the human services.

This is a difficult task but one which requires attention and which will benefit consumers and providers alike.

ABSTRACT
POSTSECONDARY EDUCATION

Dr. Roger Swagler**

Student problems as consumers of postsecondary education have become magnified in recent years. An analysis of this dilemma can be limited to:

1. identifying the characteristics of student-consumers which are unique to the group and which require special consideration;
2. exploring the constraints which those special characteristics impose, with particular reference to information and choice.

Students as consumers should consider:

1. education as investment;
2. social interactions;
3. short run goals.

Student information needs involve:

1. search;
2. experience;
3. credence.

*The full text of this paper will appear in a future issue of The Journal of Consumer Affairs.

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ABSTRACT*

THE PRICE OF A WARRANTY

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Both the provisions of warranties sold with refrigerators and their physical attributes vary among brands and among models within brands. This variation allows the prices of refrigerators to be decomposed into implicit market prices for each physical characteristic and each warranty provision. An implicit market price is defined to be the effect that the presence a particular feature has upon the price of the refrigerator. The decomposition was done by means of hedonic price analysis using the suggested list prices for 1975 of 156 models of refrigerators. Estimates were able to be made of average implicit market prices of two warranty provisions, six physical characteristics, and thirteen brands. Estimates were also made of the variability of these prices in the market.

The two warranty provisions for which estimates of their average implicit market prices were made are: four years of parts and labor coverage in addition to the basic one year parts and labor coverage, and nine years of parts coverage on the compressor over and above the basic one year coverage. The estimates of the average implicit market prices of these two provisions were each compared with: (a) the cost of a service contract for a similar period; and, (b) estimates of the present value of the expected cost of repairs on the assumption that the owner pays cash for them as they arise. The comparisons reveal that the mean implicit market prices of the two provisions are higher than the equivalent service contract costs. The cost of an equivalent service contract is, in turn, much higher than the expected costs of repair assuming that the owner pays cash for the repairs as they arise.

The variability of the implicit market prices of physical features, warranty provisions, and brands are also examined for clues as to the potential benefits from comparison shopping. The benefits from shopping for the lowest price appear to arise mostly from shopping for warranty provisions rather than physical characteristics. In addition, one can obtain price bargains by comparison shopping among models of the same brand.

The results of this study cannot be extended to other appliances. The sizes of the mean implicit market prices and the relationships among them are likely to change from year to year as supply and demand conditions change. The techniques developed in the paper, however, may be generalized and used on other products.

*The full text of this paper will appear in a future issue of The Journal of Consumer Affairs.

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SERVICE LIVES OF MAJOR APPLIANCES

Dr. T. J. Wang*

Information on retention and on disposal of major household appliances will assist in determining both the demands of consumers and the requirements of manufacturers for product durability. Preliminary results of studies in progress indicate that almost all managers of rental properties tend to retain the original appliances in their properties as long as possible, whereas a significant number of individual home owners dispose of appliances after only relatively short periods. Efforts are under way to develop data on several-year operating costs of appliances so that consumers might be able to use life-cycle costing considerations in the purchase of new appliances.

Recognition of the finite limits of our natural resources has stimulated efforts to improve the reliability, efficiency, and durability of consumer products. Reliability of a product implies freedom from excessive repairs. Efficiency means low energy consumption per unit of output. And durability means resistance to wear out.

The consumer is directly affected by, and understandably concerned about, reliability. Spasmodic equipment breakdowns and servicing requirements can be both frustrating and expensive; and the distress is enhanced when service labor-and-parts costs outpace most inflationary trends as they have in recent years. Also, the consumer is obviously interested in efficiency as this implies holding down mounting utility bills. The consumer concern for durability is less evident, however, particularly when technological advances may seem to render a product obsolete before the end of the product's otherwise useful life.

Incidentally, the meaning of product life can be confusing because old products do not always expire in unambiguous ways. Consider the case of the farmer who boasts of having used the same axe for the past 45 years. During these 45 years the axe has had six new handles and four new heads. By component replacements or by repairs as necessary the useful life of a product can be made to be whatever we want it to be. Of course, in many cases repair or component replacement may not justify the expenditure, especially if a wholly new unit is available at a comparable cost.

Just how long should a product's life be? There is not a simple answer to this question. The concept encompasses matters of economics, sociology, engineering, and politics, including considerations of national resources, employment, prices, profits, and even waste disposal. The Center for Consumer Product Technology at the National Bureau of Standards is studying some of these issues as they relate to major household appliances from kitchen ranges and refrigerators through furnaces and air conditioners.

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Relative to the acquisition or disposition of major appliances the consumer makes substantive decisions on at least two occasions: (1) at the time of purchase, regarding which model to buy, and (2) on the occurrence of some critical event, regarding whether to retain an existing appliance or to replace it with another one. The critical event might involve a breakdown of the existing appliance, a household move to a new location, the opportunity to buy a new appliance at an attractive price, a change in family size, or simply a feeling that the old machine is about worn out.

Literature searches have been unsuccessful in locating a serious study of how U.S. consumers decide on retention or disposal in critical-event situations. Such information on consumer decision making is essential in order for Government officials to inform consumers and to advise manufacturers on durability requirements in the national interest. Accordingly, the Center is currently undertaking a determination of consumer behavior patterns in appliance disposal. By the next ACCI conference we expect to have results from investigations on this item and on related matters of appliance operating costs.

For now we can say that at least in many instances the rationale for appliance disposal differs markedly for appliance owners depending upon their motivations. Apartment owners renting out dwelling units with appliances have a profit motive. Individual appliance owners may be more motivated by convenience considerations. In general, owner-renters prefer to hold appliances as long as possible considering the tradeoffs of operating costs, tax benefits, and competitive pressures. The Institute of Real Estate Management, which represents managers of large apartment complexes throughout the country, reports that in a survey of its members the most desired characteristic of equipment was indicated to be life expectancy. On the other hand, a significant fraction of owner-users appear to discard products for newer products with more pleasing aesthetics or with novel features, and they may be only secondarily concerned with long service life. One of the major groups of early disposers consists of persons who move and who wish to update the interiors of their new residences. According to the latest (1970) Census approximately 15 million households in the United States move each year.

The compilation of extensive data on consumer attitudes and on appliance operating costs will contribute to an understanding of the factors that determine appliance life. Also, certain of these data will provide inputs for life-cycle costing, which, in principle at least, might give consumers the opportunity for improved value-judgments in the purchase of new appliances. The concept of life-cycle costing involves summing the ownership costs (initial purchase, maintenance, repair, energy, disposal, etc.) over an expected use period. Figure 1 illustrates how the elements of life-cycle costing can be used to show several years of projected, cumulative-average, annual costs for an appliance in an idealized situation.

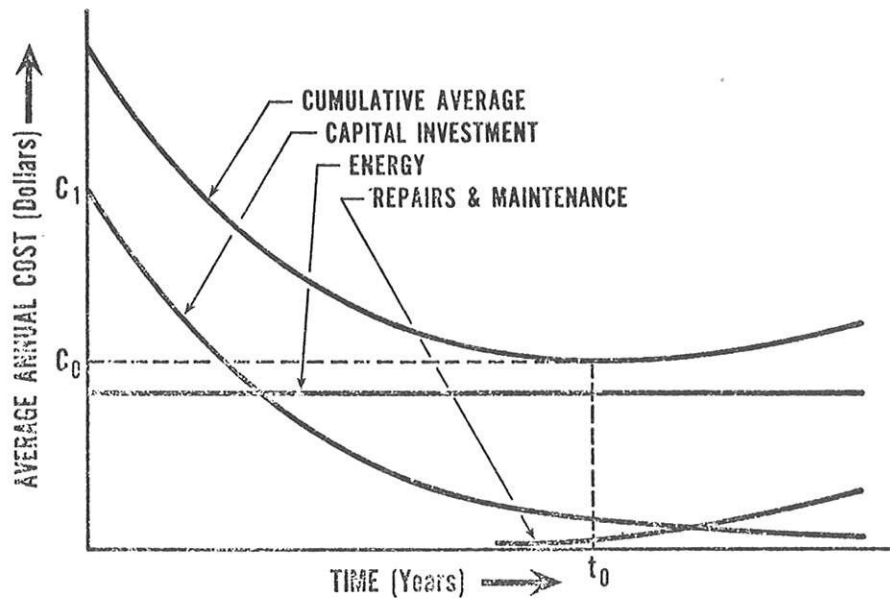


Figure 1. Projected cumulative average costs for an appliance

Computation of the average annual cost entails dividing the cumulative ownership costs by the number of years of installation. The cumulative aspect of the average relates to its update each year in the manner of a baseball batting average, which is updated after each occasion at bat. Here the appliance cost-averages are construed to have been updated from previous records at each successive year of service. The overall average cost, shown by the top curve in the figure, represents the sum of the three component averages--capital-investment, energy-cost, and repair-and-maintenance-cost--at any point in time. In each case the data represent long-term forecasts based upon extrapolation of historical records. Such forecasts can be expected to be within acceptable tolerances for most major appliances, because, with the exception of television receivers, the basic designs of major appliances have stabilized over several decades of production and use.

The interesting feature of the overall-average-cost curve is the minimum at the time designated as t_0 . The time, t_0 , is the optimal economic life of the appliance since to hold it for a longer period or to dispose of it earlier would involve an average annual cost in excess of the minimum value, c_0 . If on the occasion of purchase of an appliance the consumer had information on the projected overall-average costs for all models being considered, the consumer could then make a choice on the basis of comparable minimum, projected, average costs, c_0 , for the different models throughout their individual service lives instead of on the basis of simply comparable selling price, c_1 .

Such a costing analysis has been used extensively in guiding large-scale procurements and replacements of group items, such as fleets of vehicles, in particular, where operators of fleets control their use and conduct their own maintenance and repairs. However, the general absence of control on activities and the resulting difficulty in predicting costs makes application of this procedure more complex for use with individual household appliances.

A compromise course might emerge if a standard laboratory test procedure can be established that specifies a variety of different sets of operating conditions on which forecasts of operating costs could be predicated. This is one direction in which the Center is aiming at the present time. If such a laboratory test procedure can be developed, the consumer would then be able at least to make ordinal rankings of competing models under those conditions that most nearly fit the consumer's use pattern.

An initial gesture toward giving the consumer operating-cost information is already being implemented through a Federal program that mandates the labeling of major appliances for sale with their expected annual energy cost. The first of such labels should appear on appliances in stores about a year from now.

One problem in the acquisition of service-life data for life-cycle costing is the extended period of time, possibly ten years or more, required to obtain complete records on the performance of a particular appliance type. Accelerated laboratory tests attempt to reduce this period of observation to weeks or months by operating appliances as much as 24 hours a day under high loading conditions. Unfortunately, accelerated laboratory tests fail to simulate certain of the unique breakdown patterns that characterize actual consumer use. A procedure of intermediate duration that could help to bridge the transitional gap between long-term, family use and accelerated, laboratory testing may evolve from some field studies that are currently being initiated. Records on repairs have been collected in military living quarters from high-usage appliances that show a large number of breakdowns in a few years time as a result of the high usage. These and similar records from other multiple-family-equivalent situations could be correlated both with time-compressed repair data from single-family households and with time-expanded repair data from accelerated tests. Differences in the service trends among the three types of operation would prompt investigations into the causes for these differences. With suitable compensation for the observed differences it may be possible ultimately to develop adequate projections of appliance performance through data from accelerated tests in coordination with short-duration, multiple-family studies, circumventing the need for long-term observations of routine household operations.

WARRANTIES-TEXTILES FIELD

Ms. Delores Wesley Lee*

Consumers have a right to expect quality in products they purchase. A warranty program established by one manufacturer is explained. Further, the effectiveness of the aforementioned program is denoted.

Most consumers simply want a reasonable return for money invested; not a product that falls apart or, worse yet, is defective at the time of purchase. But they have often been denied this wish. President Kennedy cited the need for consumer protection in his message to Congress on March 15, 1962 when he said,

If consumers are offered inferior products, if prices are exorbitant, if drugs are unsafe and worthless, if the consumer is unable to choose on an informed basis, then his dollar is wasted, his health and safety may be threatened, and the national interest suffers.

At the same time, Monsanto was determined to maintain its quality image in a way that would ultimately benefit the consumer. It was concerned about inferior products as were other reputable producers. The result was a revolutionary one which has proven to be an effective way to assure that the consumer is getting what he pays for. "You get what you pay for or Monsanto pays for it" became the backbone of the first major warranty program in the soft goods field. A landmark in consumer protection, the Monsanto Textiles Company Wear-Dated warranty simply assured the purchaser that if defective merchandise was returned, postage prepaid, along with the sales slip and Wear-Dated hang tag to Monsanto, it would be replaced or a full refund of the purchase made. The program has grown in scope and stature. In 1976 alone, 92 million Wear-Dated hang tags were issued. The program is unique because the fiber producer deals directly with the consumer. There is no middle man. No manufacturer. No retailer.

Why has it been so successful? An effective warranty should be a mix of the following:

Consistent assurance of product quality;

Warranty integrity;

Prompt and courteous claim handling;

*Monsanto Textiles Company

Apparatus for keeping the customer informed of the status of his claim;

Learning from mistakes.

No matter how efficient and diligent industry is, there is no way to guarantee that all products will be perfect. However, much can be done to assure product quality. Take performance standards, for instance. They must be ungraded continuously and rigidly enforced. At the same time, the standards should be realistic.

In order to make excellent product assurance, a garment must function satisfactorily under normal wearing conditions. It must be durable, comfortable and protective. It must be appealing, too.

Industry is doing extensive testing and research which benefits the consumer. The consumer is also benefiting from warranties, but what does the consumer really think about warranties? Does he think about them at all? Does he even care whether they exist? A recent study which has never been published focused on consumers' perception of warranties. Executed by National Family Opinion Research, Toledo, Ohio, it took place late in 1975 prior to the enactment of the Magnuson-Moss Warranty Act. It is a direct mail survey of 954 consumers with a national representation of households, geographic distribution, age of home maker and education. The study revealed whether or not consumers were satisfied with fiber-based items such as apparel, upholstered furniture, carpets and tires. When asked whether or not they were satisfied with their purchases, the results indicated that on the average about a third were less than satisfied. Satisfaction ranged from a high of 42 per cent for children's wear to a low of 29 per cent for men's wear.

When asked about categories warranted, the respondents exhibited confusion. They were not sure which items were actually warranted. For example, children's wear which is more than likely to be warranted, received a lower score than upholstered furniture which traditionally had not been warranted.

So what does it all mean? In the soft goods field, there is a continuing need for effective warranty programs. Last year more than 92 million individual warranties were issued by the Wear-Dated program. This represents an increase of approximately 9 per cent over 1975 and 20 per cent over 1974. Through constant vigilance, claims were reduced by 26 per cent in 1975 and 10.4 per cent in 1976.

Presently, other fiber producers besides Monsanto are offering warranty programs and one licensor is offering a product assurance program. Manufacturers and giant merchandisers, too, have ongoing warranty programs. The consumer has responded favorably to these efforts. It is logical, then, to assume that warranty programs in the soft goods field will continue. All benefit, no one loses.

IDENTIFICATION OF CONTENT AND FOCUS

Dr. Gayle Royer Trujillo*

Consumer education and economic education have become viable parts of school curriculums. This investigation attempts to determine the relationships between these two areas. The results of the study indicate many similarities do exist. However, many modifications must occur if consumer education and economic education are to expand in quality and quantity. The author suggests that, initially, changes must be evident in teacher training institutions.

Recent decades have produced growth and development in both consumer and economic education. As consumer education gained recognition, it influenced the thinking of economic educators. As economics became more comprehensible, consumer education gained insights into the problems and roles of the consumer. Research conducted by the staff of the Inter-America Research Associates, addresses the need to more fully define the influence exerted by these two subjects on each other. Specifically, the research explores the interrelatedness of consumer education and economic education. It is our position that consumer education and economic education were closely related, that there was a large area in common, and that we not only did not know the common elements, but that there was no general agreement regarding the commonality of the two fields on the part of educators and school administrators.

In the past, both consumer and economic education have been characterized by a vagueness of content. The review of literature shows that educators have struggled with this problem for several decades. We are not that much closer to a solution today. The problem is that consumer education and economic education have developed under different stimuli and in different environments, including non-classroom settings. Within school systems, the problem is complicated by the fact that state legislatures, state education agencies and some local school districts have taken various types of action in order to encourage programs in either economic education or consumer education at the K-12 level. These programs reflect a great diversity in philosophy: everything from mandated one-semester courses to mandated proficiency testing to integrated programs at the elementary and/or secondary levels.

The Office of Consumers' Education is committed to consumer education and its relationship to economic education. In line with this commitment, InterAmerica was contracted to determine the interrelatedness of economic education and consumer education, and, second, to assess the content of educator and student materials used during the past ten years.

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In order to achieve the first objective of this study, that of identifying the interface of economic education and consumer education at the K-12 level, it was necessary to define the two subject areas. The following were used as working definitions for the research:

Economic education is instruction in the facts, concepts, principles, theories, issues, and problems of economics. It should provide the student with an objective, non-political set of analytical tools which can be applied to current economic issues both at a personal and at a societal level.

Consumer education is an effort to prepare persons for participation in the marketplace by imparting the understanding, attitudes, and skills which will enable them to make rational and intelligent consumer decisions in light of their personal values, their recognition of marketplace alternatives, and social, economic, and ecological considerations.

We employed a staff of consumer and economic educators. To provide additional professional input into the effort, a seven-member panel was selected to represent the various interests in consumer and economic education. The staff first developed a set of concepts, including all those likely to be included in K-12 programs for consumer education or economic education. They further coordinated the efforts of the review panel as they worked toward achieving consensus of the content of the two subjects.

The consensus-seeking process consisted of a modified Delphi technique in which the panel reviewed the materials three times in an attempt to reach agreement regarding the placement of concepts in economic and/or consumer education programs. The panel did not meet face-to-face because of resource restrictions and their own time commitments. Therefore, it was necessary that they interact as much as possible without actually meeting. A full review of the procedures used in the study is available upon request.

The educator and student written materials which were collected and assessed for content during the study included a representative sample of research task force reports, conference reports, position papers, textbooks, leaflets, pamphlets, reference books, workbooks, teaching aids and curriculum guides. While a special effort to include written materials for special audiences was not established, we did note that there are few such materials available for a study of either consumer education or economic education.

The final product of the study was a position paper which set forth the method and the findings of the study and the conclusions and implications which were drawn. This position paper serves as a basis for further dialogue on the model, its contents, and the content of the two subjects that were studied. Copies of the paper and a set of visuals, including slides are available for selected purposes from the Office of

Consumers' Education. It is hoped that persons will view this effort as a means of encouraging dialogue on economic and consumer education at the K-12 level. This was not intended to be a definitive effort, but rather an initial exploration of the differences in thrust between the subjects as viewed by the panel and as taught in the schools.

One of our findings indicated that content areas which belong to both economic education and consumer education are quite large. This supports the opinion of many professionals who believe that economics is one of the most important root disciplines for consumer education.

The study of both consumer and economic education begins with identification of resources which limit the ability of consumers and producers to manage affairs to achieve their goals. The extent of ownership of the resources determines the level of income available to producers and consumers. It is appropriate, therefore, to examine the types of income that are generated through resource ownership. The existence of limited resources (and, therefore, of limited income) constrains the ability of consumers, producers, or workers to achieve their goals. Resources is the key beginning topic for a study of either consumer or economic education. Determinants of Resources is an amplification of one portion of that topic. Consumer, producer and labor decisions are covered as objective-maximizing approaches to the use of scarce resources. A detailed study of consumer decision process is appropriate to consumer education, while the detailed study of production and labor are relegated to economic education. It is obvious, however, that some understanding of the relationship among the three approaches is necessary in both subjects. A study of consumer resource management can follow the study of the consumer decision process, but is not crucial to an understanding of the remaining concepts.

Following the study of the decision-making of consumers, producers and workers, consumer education and economic education interface again with a study of markets, institutions in which prices are determined, therefore permitting exchange to occur between consumers and producers who are seeking to obtain the most satisfaction from their resources. The model recommends examination of markets from a local, national, and international perspective. For various reasons, all levels of government intervene directly in the operations of these markets: interventions are examined in the model. The model further recommends exploration of similar concepts in alternative economic systems and for other time periods.

An ultimate objective of both economic and consumer education is a citizenry capable of analyzing contemporary social issues and developing individual and social policies to deal with them. This model ends with a section on contemporary social issues, the treatment of which requires an understanding of these previous concepts. The category dealing with consumer interests is an illustration of the development of one of the issues most germane to a study of economic and consumer education.

This version of the model shows the broad categories. Within those categories are concepts which are interfaced and other concepts which belong to one or another of the subjects exclusively.

In general, the panel's interpretation of consumer education was much broader than the content normally included under that title at the secondary or college levels. All the obvious content was included. In addition, however, the panel included a large body of knowledge which interfaces with economic education. Many of these concepts would receive their major coverage under the rubric of economic education, but are also of great importance in consumer education. The panel's interpretation of economic education was generally in accord with the content normally included in that subject at the secondary and college levels. In some particulars, the panel may have included concepts not normally covered at the K-12 level, such as those concepts concerned with labor, economic history, and social issues.

The discussion to this point has intentionally excluded elementary programs. Materials appropriate to various courses at the elementary level were collected to insure a sample representing the variety of interests. One of the interesting findings was that most of them focused on the interface area--i.e., were not intended for an economics program or a consumer program. The materials were very broad in their coverage; but the concepts specific to consumer education or to economic education were included infrequently. The model and our impression of teaching and learning patterns were compared with the adult functional competency test developed at the University of Texas at Austin. In general, the adult functional competency test attempted to measure a group of skills termed consumer economics, but which, according to our panel, appeared to be primarily the buymanship aspects of consumer education. The test report indicated that there was a very low level of functional consumer competence among those who had no more than an eighth-grade education. This leaves us with a question regarding the extent to which elementary education meets the needs being tested. Elementary students are not being exposed to those specific consumer education concepts that were measured in the adult functional competency study.

An analysis of social issues is the goal of both consumer and economic education. A significant finding of our research was that these issues were excluded from materials for both consumer education and economic education at the K-12 level. The issues which were most necessary for economic education were pollution, poverty, unemployment, economic development, war/defense, and aging. At the secondary level, our assessment of written materials indicated that economic education covered, basically, only the concepts of pollution and economic development. The contemporary social issues which were identified through the study as most necessary for consumer education were pollution, poverty, distribution of food, and aging. None of these issues was included in materials to any significant extent at the secondary level. One can infer that our definitions of economic education and consumer education are broader and more comprehensive than either of the subjects as they are being taught at the K-12 level. It is extremely unfortunate that one of the primary gaps identified is the lack of coverage of contemporary social issues.

If social issues are excluded from written materials for consumer and economic education, can we assume that consumer and economic aspects

are excluded from materials designed for use in the study of specific problem areas such as environmental education? Our examination of written materials indicates that this is probably so. The interrelatedness of economic and consumer viewpoints with issues of social concern is not being realized.

In general, the panel agreed very closely on which concepts were the very most necessary for economic education, but tended not to agree on which concepts were the most important for consumer education. This raises questions for our consideration: Does it indicate that there is less similarity in their views of consumer education, or does it simply indicate that the panel needed more time; more interaction? If it indicates less similarity in their views, why is there this lack of similarity? Could it be first because consumer education, in general, has not been as well defined in the past as has economic education? Could it be that most of these people have not received formal training in consumer education and, therefore, did not already have a stereotyped view of what consumer education was? Could it be that they were not familiar with consumer education at the college level to the same extent that they were familiar with economic education at the college level and therefore the trickle-down effect did not occur? Or could it be that for an area of study like consumer education, we are likely to be faced in the future with vastly different perspectives from different types of people in the area? Is it possible that just by the nature of the subject these different types of people are going to differ on what is important? If there is no cohesive group of supporters, then how are we going to go about developing the subject? How do we bring these diverse interests into a cohesive group? Or, how do we face the fact that we have diverse groups, and move from there to meet all of their needs?

From the review of the materials and curriculum guides for the elementary level, we can conclude that students at that level may receive the early training in the interface concepts that our panel envisioned. The real difference in coverage is beyond the elementary level. Economic education programs continue to build on that base of interface concepts to present the specific economic education concepts and additional interface concepts. Consumer education programs disregard the base of interface concepts and emphasize the narrow area of concepts specific to consumer education. Consumer education programs do not capitalize on the fact that students have some of these understandings; programs do not build on the elementary learnings. In general, classroom teachers rely on textbooks, curriculum guides, and their own experiences and training in a subject to assist them in program development. Most teachers of consumer education and of economic education do not receive the college training necessary to interpret the interface as part of consumer education or to see the interrelatedness of this model as a whole. We must then determine how best to improve teacher training so that we can improve student education at the K-12 level.

A question should be raised at this point: To what extent is training in economics and consumer education necessary and/or helpful as part

of a general teacher education program regardless of subject specialty, regardless of teaching level? If we advocate economic education K-12, consumer education K-12, do all teachers at the K-12 level need some training in this area? There are, of course, restrictions to adding a course to a teacher's program, but this is something that we need to consider.

Our preliminary efforts to delineate the parameters of economic education and consumer education yielded a model which indicates the concepts appropriate to each of these subjects individually and to both subjects in common.

College level consumer materials cover the concepts which are specific to consumer education and exclude the interface concepts. College programs are probably very similar to the materials. Teachers leave college with an impression of consumer education which does not include those interface concepts. Consumer education curriculum guides, following the pattern of college materials, cover specific consumer education concepts and exclude interface concepts. Secondary level consumer materials will not stimulate teachers to plan consumer education programs as our panel envisions them. Teachers will receive information, materials, guidance in the areas of specific consumer education concepts, not the interface concepts.

Thus, the three main areas of influence in K-12 program development (teacher training, textbooks, and curriculum guides) are all very narrow in their coverage of consumer education. If change is to occur in consumer education content at the K-12 level, it must be primarily through retraining of teachers, change in materials, and curriculum revision. Curriculum revision is the most accessible and timely alternative for bringing about such change in consumer education. Only when such change occurs will students at the K-12 level receive the kind of training in consumer education that was envisioned by the panel. The pertinent question is: How long will it take before we can bring about change to implement consumer education as it is conceived by the panel, if that conception is indeed supported by future research? How soon can students expect to receive the broad spectrum of consumer education prior to high school graduation?

A parallel analysis of the situation with economic education leads us to believe that perhaps economic education requires a different kind of adjustment than does consumer education. College level economic education materials, with a few minor exceptions, presented concepts similar to those which our panel felt should be covered at the K-12 level. Thus, one might assume that a teacher who had taken an economics course at the college level would have a proper mind-set for the inclusion of those same concepts at the elementary or secondary level. But in the late 60's, researchers found that only when a teacher had taken five semesters of economics was there any appreciable difference in test scores of economic understanding. The research substantiated that introductory economics courses had little influence on teaching practices. How much economics training is required for teachers at the

elementary and secondary level? In most cases, teachers are required to take an introductory one or two semester course at the most.

Secondary consumer education materials, with a few minor exceptions, presented concepts similar to those which our panel viewed as economic education. The secondary programs, then, are probably very similar to the college level programs. The significant question to be considered is: Should college level economics courses serve as a model for programs in economics at the elementary and secondary level? We do not know the answer. It is an area that needs further research. Economic education curriculum guides suggest a less broad coverage of the topic than do the materials for student use at the secondary level. Perhaps textbooks are being produced and updated faster than curriculum guides. Or, it might be that the area of need is in curriculum development for secondary economic education courses.

Consumer education has received a great deal of support for curriculum development, specifically through vocational funding. Economics, perhaps, has not had an equivalent impetus. Several state mandated programs in economics education are not accompanied by curriculum guides. This is perhaps an indication that the resources have not been available. In fact, it may indicate that mandates at the local level are less effective than federally mandated and supported programs which are reinforced and confirmed at a local level.

In any case, we can conclude from the data that we were able to collect, that economic education has the potential and the tools for achieving a program very similar to that suggested by the panel. A major drawback to such achievement may be, again, teacher training. The preparation of secondary teachers to undertake economic education programs which fully meet our definition is questionable.

It would appear that teacher training is a key aspect of change in both consumer and economic education.

If we build on the base that students have received at the elementary level, and if we broaden our image of consumer education to encompass the view held by the panel, and if we maintain a broad view of economic education at the elementary and secondary level (including stronger focus on social issues), then we will need some very significant changes in teacher training. First, we need to determine which subjects include the concepts at the different levels. It is not sufficient for future researchers to consider the requirement for a teaching credential in economics in each state if the teachers who have the most frequent opportunity for teaching economic concepts are not credentialed economics teachers. We must determine at what level these concepts are being taught.

TIME FOR A CHANGE

Dr. Lucy B. Creighton*

Consumer educators need to take a hard look at the basic premises of their field. In spite of fifty years of work, consumer education has made little impact on school curriculum, efficiency in the marketplace, or the sense of satisfaction among consumers. The reason for this is that consumer education has tried to be all things to all people. Consumer educators need to define their field more carefully and realistically and to do their homework about consumer problems that lie outside the traditional definition of individual consumers seeking their own satisfaction in the marketplace.

All of us today take satisfaction in the fact that there is an increasing interest, and, just as importantly, an increased funding for consumer education. Through a variety of state programs, some of which you are probably involved in, and through the newly funded Office of Consumer Education in the Department of Health, Education, and Welfare, there is a push for more consumer education at all grades in the public schools and also among various target groups like retired and other fixed income people, bilingual and bicultural groups, and among low income households. The stated purpose of this education is to make people more "effective" in the marketplace and to help them make "rational and intelligent consumer decisions." The implicit assumption here is that this will make people better off.

Consumer education with this purpose has been around for nearly forty years--the first courses were taught in the days of the Great Depression--and in spite of spurts of interest over the years, consumer education does not seem to have made much impact. It has not made much impact in terms of its acceptance as a hard core subject for the school curriculum, or in terms of a more efficient marketplace, or in terms of a greater sense of satisfaction among consumers.

There are three general problem areas that have worked to limit the impact of consumer education. The first problem area has to do with the fact that consumer education has come to mean all things to all people. The result is that we seem not to do any of it very well.

Public consumer affairs offices in state and local governments push for consumer education because they are deluged with calls by individual consumers for specialized knowledge and help about auto purchases and repairs, terms of credit, and a whole variety of problems between consumers and the business and governmental bureaucracies they deal with. Business, on the other hand, sees consumer education as a means to gain public understanding and support and thus to forestall the demand for

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further government regulation. Legislators vote for consumer education because it seems to respond to public concerns about inflation, business power, and the worth of individuals in a mass society. Consumer organizations promote consumer education as a vital part of their goal to increase consumer awareness and power. Others see consumer education as a remedy for the abuse of credit which results in increasing numbers of individual bankruptcies. Consumer education is viewed nearly everywhere as a way of helping low income and other disadvantaged groups. Finally, consumers see consumer education as a way of learning all there is about spending and buying and about consumer problems of every variety.

This "all things to all people" is clearly indicated by the definition of consumer education promulgated by the U.S. Office of Consumer Affairs:

Consumer education should help each person understand his own value system; develop a sound decision-making procedure in the marketplace based upon his values; evaluate alternatives in the marketplace, and get the best buy for his money; understand his rights and responsibilities as a consumer and as a member of society; and fulfill his role in directing a free-enterprise system.

It may make funding harder to get, but we can't do all this in one course because everyone wants something different. The public consumer affairs office wants a course that will make consumers as knowledgeable as the specialists they deal with in automobile repairs, tenant-landlord relationships, and negotiating credit and other contracts. Business wants a course in the free enterprise system. Consumer organizations want a course in consumer advocacy. Poor people and people on fixed income are more interested in more money than they are interested in how to spend what they have. And consumers, because they know there is something called "consumer education," think there is a single quick and sure way of coping with consumer problems and learning exactly how to be a "wise consumer."

The point is not that these kinds of courses are unimportant, but that as consumer educators our first responsibility is to help consumers cope and feel more satisfied about what they have in the way of material things. And there is no way we can do that and all the other at the same time.

The second problem that has limited the impact of consumer education relates to the fact that it has been going on the assumption that there is a discrete part of our lives in which we act as "consumers" and in all the other parts of our lives we act as something else. But there is very little in our lives today that can be done without a decision to spend money, and no one course can give us information about everything we do. As specialization and division of labor have continued, more and more of what we have is produced by someone else and comes to us through the market with a price tag on it. Whether we are talking about basics like food and shelter or about the use of leisure time, or about buying care for the young and aged and sick (something which used to come via loyalty and love)--they've all got a price tag on them, and rational consumers are supposed to decide whether they are "good buys" or not.

Just as significant as the ubiquity of consumer decisions is the complexity of such decisions. But how can we assume that consumer educators, much less consumers themselves, can gain a level of expertise to know how to make rational decisions about, say, new medicines and medical techniques, additives to food, and the intricate legal language of credit and contracts?

In one sense consumer education has recognized the breadth of the problem. The Education Division of Consumers Union, for example, holds that:

consumer education seeks to provide consumers with the information and skill they need to deal effectively with the institutions, agencies, corporations, social conditions, and economic and ecological problems that affect them daily.

But if you could do all that, you would have little else to worry about!

The third problem has to do with the image most people have of what a consumer is. People are torn between the kind of consumer they think they ought to be and the kind they would like to be. The ought suggested by consumer education indicates consumers ought to think carefully about spending money; they ought not to spend any more than they have to; they ought to look for the best buy. At the same time, there is obviously in our culture another side of spending--and this shows up particularly in advertising--that says consumers like to spend freely, that spending is easy and fun. But consumer education portrays the good consumer as a penny-pincher, an economizer, a think-before-you-buy person. And this does not sit well in a society that puts a premium on exuberant spending and confers social status on people who can buy the higher priced of two similar goods.

Americans want to feel "affluent" and exciting, but consumer education projects a very different image of what a "wise consumer" is. Thus consumer education has not been very effective because it cannot enlist the interest and allegiance of its students. When consumer educators talk, very few consumers listen.

What should we do about all these things that are wrong with consumer education? Well, in general, we should try some different tacks. People are less worried about how they spend their money and what they get for their money than they are frustrated by what they see as the complex and alien world in which they do their spending. Thus, students should have some insight and some understanding about how our society is constructed and how it generates the kinds of lives we lead. This is basic because only when you understand how something works can you begin to do something about it. The basic course outline would be very simple, but it would exemplify a kind of approach which would greatly enlarge the perspectives that people have on their lives and on the consumer problems with which consumer education tries to deal. To put it in verbal outline form, there are two basic processes at work in modern industrial society and three results of those processes which do so much to share our lives.

Two basic processes in modern industrial society are those of the division of labor and the development of technology. Division of labor means not only that production processes are broken down into smaller and smaller parts, but also that more and more of what we consume is produced for us by others. It is not only that the tasks of "the butcher, the baker, the candlestick maker," like Adam Smith's pin factory, are broken down into smaller and smaller units, but that we buy, rather than produce for ourselves, food, clothing, health care, cleaning services, care for children, not to mention entertainment, transportation, housing and so on.

As for the development of technology, it has gone hand in hand with the division of labor leading to more and more complex specialization and an increased scale of production in terms of both production processes and the kinds of output. Everybody is a specialist; most people work in large organizations; and most of the goods and services American consumers have are the result of specialized mass production. Both the producer and the goods produced involve a technology that to the outsider is increasingly complex and difficult to understand.

The result of division of labor and technology is what we call economic growth--increased output and incomes, a higher standard of living, affluence, the American way of life. But part and parcel of this economic growth have been three "results" of the division of labor and the development of technology--bureaucracy, monetization, and interdependence.

Bureaucracy is not the red tape in Washington. Bureaucracy is the complex and hierarchical administrative structures, both private and public, necessary to coordinate the specialized productive processes that result from technology and the division of labor. Sooner or later, Adam Smith's pin factory would have to have a manager and secretaries, foremen, payroll clerks, shipping clerks, and, if they were ever to improve the pins or add a new line of products, they had to have a Research and Development Department. General Motors is a bureaucracy, also Safeway, the Post Office, the state welfare services, and your local school system.

Monetization is a direct result of division of labor. There has to be some efficient way of exchanging an individual's specialized output for all the goods and services produced by other specialists. And as more and more in our lives comes to be produced by others, more and more in our lives comes to have a money tag on it. For example, if a mother has someone else take care of her children, then the care of the children bears not only love but a dollar sign as well. And this monetization is compounded in the United States by our double standard about money: we are willing to say money counts, but we are not willing to say it is the only thing that counts.

Interdependence is the opposite of independence or of self-sufficiency. As specialization has grown and as the complexity of our society has grown, we are more and more dependent on others; and we are less and less able to fend for ourselves by ourselves. Our individual lives are necessarily bound into a social whole.

Here are a few examples of what this kind of framework can contribute to the discussion of consumer problems.

1. It can help consumers cope with the complex knowledge which is the basis of production in today's society. Consumers will understand why they cannot know everything. It just may be that this kind of understanding will generate the need for more consumer specialists and less generalized knowledge on the part of consumers just as has increased sophistication on the part of the public generated a demand for more medical specialists. We cannot teach, nor should each consumer expect to know, everything about everything in a world organized by technology and specialization.
2. Some understanding of bureaucracy and its relation to specialization, technology, and mass production may not make bureaucracy any more accessible to the individual, but it will help people to see why there are bureaucracies. It just may relieve the frustration, even if it will not solve the problem, for the consumer faced with the clerk at the store who is powerless to do anything but listen to you argue, or the hospital that may be medically efficient but is seemingly oblivious to the personal concerns of its patients.
3. A discussion of economic growth can suggest the trade-offs between a higher standard of living and bureaucracy and the other complexities of society. It can also help people to discuss the trade-offs between the benefits of mass production and the costs of having to deal with the very large corporation in the new industrial state.
4. An understanding of the monetization of society may help people to deal with what has come to replace sex as the intimate subject--money. Now that money has come more and more to be "a measure of all things," we need to try to understand its function in our culture--both in terms of things and in terms of people. We may be reared to believe that everyone is equal, but most of us know, in the sense of knowing "how it really is," that what really matters, in terms of who people are, is what income they have. No amount of the conventional consumer education that deals with wise spending of what (little) you have can overcome this kind of problem for poor people.
5. Finally, and perhaps most importantly, this view of the framework of our society will help consumers deal with problems of interdependency. Consumers need to realize that the increased levels of output and higher standards of living go hand in hand with division of labor and