

ABSTRACT

PLANNING THE COMMISSION'S CONSUMER PROTECTION ACTIVITIES FALSE STARTS AND TENTATIVE PROGRESS

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As the consumer and public interest spokesmen and organizations become increasingly active in speaking out about problems of concern to consumers, they will confront the dilemma of how best to allocate their resources, establish priorities and develop standards by which to evaluate the relative importance of litigating the grievance of one consumer over another, of seeking intervention in one proceeding over another, of participating in one hearing over another, presenting testimony on one federal or state bill over another, or in directing their expertise to the study of one problem over another. Planning forces organizations to think hard and systematically about their own goals and to make sure that their resources are being focussed on those activities having the greatest potential to achieve their goals. The FTC has been very intensively engaged in this type of planning effort for the past three years. The planning staff consists of 9 professionals (3 lawyers, 2 economists, 3 program and systems analysts and management experts, 1 marketing consumer behaviorist and 1 research assistant) and 3 clerical personnel.

The Commission identified two basic planning needs: policy planning relating to the need to be able to make informed choices between potential programs to which it should direct resources; and program planning, involving the making of strategy choices as to attack and remedy within given program areas. We recognized that a systematic approach was needed to determine the best type of attack which could be mounted -- whether through cases, guides, rules or education -- and whether the attack should be national or regional and finally which types of remedies might offer some hope for solving the basic problem. Unfortunately, the Commission's efforts to develop a policy planning capacity to make the hard choices as to which consumer problems it should address and how to assign priorities among all of the problems competing for its attention has not been marked with the same degree of operational success as the strategy aspect.

Successful policy planning involves essentially three major elements: set down the principal objectives, develop overall universe of problem areas, establishment of some standards and methodology by which to establish priorities. FTC staff is proposing that the commission view its fundamental mission as the promotion of the economic welfare of the consumer and that each program area be evaluated in terms of how and whether it contributes to this goal. Staff's efforts to establish a universe of consumer problems have not yet risen to any real operational level. There is probably no single way of developing a universe of consumer problems. Staff tried to categorize and quantify the various types of injuries which might be associated with different practices as a means to evaluate the type of benefits which might accrue to society by the elimination of the practice or the

market failures leading to the injury. Even with the most rigorous analysis, efforts to quantify injury will always be most useful as a tool by which to measure comparative rather than absolute benefits in terms of consumer dollars saved. This approach cannot yet be sufficiently rigorously applied to enable it to offer current operational value to the Commission's planning process. Therefore, staff practice/product categorization of consumer protection problems offers the most promise primarily because of the greater availability of product-oriented data with behavioral or demographic significance. Staff is fully cognizant of the importance of the consumer behaviorist approach in trying to establish priorities for the Commission's consumer protection programs and also the importance of identifying the consumer group most directly affected by the practice. It has been forced to put these considerations to one side -- again because of the difficulty of getting relevant across-the-board data.

Generalizations about some of the problems which have contributed to the FTC's failure thus far to make planning fully operational may be instructive. The single greatest problem is the lack of adequate economic and behavioral theory and accompanying data which are needed to identify potentially high pay-off Commission activities, quantify relative benefits, and do any kind of analytical hypothesis testing. In the absence of adequate theory, we must currently rely on post hoc identification of problems. Staff is therefore attempting to collect statistics on the incidence and economic magnitude of those problems in order to rank them on some objective basis. Because of inherent conflicts of interest between planning and operations personnel, no planning office can perform without strong and consistent support from the top. Planning efforts also surfaced many organizational structural problems within the Commission which had undoubtedly existed for some time, but whose urgency for solution had not previously been so apparent.

All involved in the consumer movement will have to start setting priorities for actions. The saga of the Commission's efforts to reach this objective may be instructive as to the approaches deemed most fruitful to follow and the pitfalls which lie everywhere in the path of those who are willing to seek this goal.

abstracted by Karen Hull