

To carry the analysis further, the relative concentration of respondents in each group in the various mall segments was analyzed. The mall corridors were divided into one-inch segments, each representing 100'. In each group, such as income group \$10,000 - \$14,999, the respondents passing through a particular segment were counted. Then, each segment was shaded its respective color, reflecting its level of concentration in relation to the other segments for that particular group. The use of Mall Segment Analysis (MSA) facilitates both the quantitative and qualitative analysis of the aggregate patterns followed by the various groups. This type of analysis allowed the researchers to draw inferences about the patterns followed by the various groups of respondents.

Also, the average number of feet traveled through the mall corridors for each group was then computed, using the following formula:

$$\text{Average Feet Traveled} = \frac{\sum_{i=1}^n S_i}{N}$$

$S_i$  = the number of feet traveled in the  $i$ th segment, and  $N$  = the total number of respondents in that group.

### Results

The data collected enabled the researchers to draw a number of inferences concerning spatial shopping patterns of McFarland Mall patrons. The use of transparencies for the analysis of SAP's provided a convenient method of spotting these patterns of intra-mall shoppers.

In addition to the use of transparencies, a Mall Segment Analysis (MSA) helped to determine the areas of heaviest concentration of the SAP's. This technique was useful also in determining the differences observed between and within each demographic group.

The first hypothesis to be tested was:

$H_1$ : SAP's do exist for intra-mall shoppers.

When the transparencies were combined into common groups by age, income, sex, composition of the shopping group, or purpose of shopping trip, distinct patterns began to emerge. As an example, the patterns of all individuals whose income level fell between \$10,000 and \$14,999 were placed together, revealing a common pattern followed by each shopper. When the same procedure was followed for the other groups, the commonality of patterns became evident. Thus, it was concluded that SAP's do exist for intra-mall shoppers.

Spatial activity patterns are considered to be overt behavior of the intra-mall shopper in response to a group of stimuli. It is believed that the shopper forms a cognitive mental pattern as part of the mental process completed prior to the actual shopping venture.

With the contention established that spatial activity patterns exist for intra-mall shoppers, the study examined in greater depth some of the more important factors affecting the shape of the pattern. Carrying the research a step further, the MSA's reinforced the existence of SAP's. The test results of the first hypothesis lead to a second hypothesis to be examined for a greater understanding of SAP's:

H<sub>2</sub>: SAP's are a function of age, income, sex, composition of the shopping group, and purpose of the shopping trip, or SAP, or  $SAP = f(A, I, S, C, P)$ .

Though this list of variables having an effect on the shape of SAP's is not all-inclusive, these variables are among the most important determinants.

#### A. Income

Income was a variable that affected the form of the activity pattern. Table I shows the relationship of income group to the average number of feet traveled for each SAP.

The income group of less than \$5,000 had its heaviest concentration at the "low-end" and traveled an average of 716.6 feet, which was farther than any other group except the more than \$20,000 and student categories. This fact supports the hypotheses that lower income shoppers will concentrate their SAP's toward the "low-end," but will travel most of the area.

The shoppers in the income range from \$5,000 to \$9,999 traveled near both the higher- and lower-end stores, averaging 600 feet of mall area, which was the shortest SAO of any income group. The SAP's of the \$10,000 to \$14,999 income group were heavily concentrated at the "low-end," but the shoppers left the area before entering Woolco. Many of these SAP's showed the ABC store as the reason for their travel to this area.

A contrast was observed when analyzing the \$15,000 to \$19,999 group, who shifted their SAP to the high-end and traveled an average of 93 feet farther than the \$10,000 to \$14,999 income group. The heaviest concentration for this group was at Gayfers. This group also demonstrated more use of the entire "Specialty Area" than any other group.

Similar to the \$10,000 to \$14,999 group, the shoppers in the over \$20,000 category concentrated their SAP in the "high-end," although they traveled the entire mall, with very light frequency of Woolco.

Surprisingly enough, they did not frequent both sides of the "Specialty Area," only the Beehive - Baskin Robbins corridor. One observation with this group is the fact that their average length of SAP (800 feet) was longer than the previous groups discussed. One reason for this might be that they may have more time and want to "look."

The final income category to be discussed is that of students. This group averaged 1028.6 feet of SAO and traveled the entire area, with the lightest concentration in the "Specialty Area." The reason for this lengthy trip could

be that many of these shoppers come to the mall for recreation. Table I and Figure I show the relationship of the average length of the trip traveled for the individual income categories.

#### B. Age

When the composites by age group were examined, several observations were made concerning SAP's. (Table II) Shoppers in the 10-20 age group seemed to have no preference for any particular section of the mall. An interesting finding about this category was that they traveled farther than any other group. This finding corresponds with the Student Income category discussed earlier and seems to have logical implications. The recreation purpose of their trip and their youth can be said to be determining factors.

The 21-30 age group balanced their trip at both ends of the mall, equalizing the number of observations at both anchor tenants -- Gayfers and Woolco. The heaviest concentration was observed at the "high-end," many of these shoppers being upwardly mobile and striving for established incomes. This might help explain why their average trip was the shortest of any age group -- 623 feet. Time spent and the presence of children also helped to explain this observation.

Traveling only eight additional average feet, the 31-40 age group showed their heaviest use of the "low-end," excluding Woolco. This was not true of the "high-end" anchor tenant, Gayfers. (Here the second highest concentration was observed.) This age group frequented the "Specialty Area" more than any other in this demographic classification, with the Beehive - Baskin Robbins corridor receiving the most attention.

The 41-50 age group dramatically showed favor to the "high-end." The greatest contrast between the two anchor tenants could be seen here. Gayfers received the heaviest traffic, while Woolco had slight activity. This age group is directly related to the higher income groups and shows a similar, but even more pronounced, pattern.

Approaching retirement, the 51-60 age group showed a definite concentration at the "low-end." They were a mobile group and traveled an average of 885.7 feet per SAO, which is next to the highest in this classification. The members of this age group were most often alone or with a mate and did not have children in the group. Therefore, they seemed to go for pleasure and were quite independent, which fact is demonstrated by the trip length.

The 60 years or older category ranked fourth in average length of SAP, and these shoppers spread their trips throughout the entire mall. They did not have a significant preference for either the "high-end" or the "low-end." Many of these shoppers were members of a lower income category since retirement. However, no significant difference was observed between the pattern of this age group and income. They may still hold the same pattern they had before retirement. Figure II and Table II depict the relationships that exist among age groups.

TABLE I

Average Feet Traveled By Each Income Group

<u>Income Group</u>	<u>Average Feet Traveled</u>	<u>Rank</u>
1. Less Than \$5,000	716.6	3
2. \$5,000 - \$9,999	600.0	6
3. \$10,000 - \$14,999	625.0	5
4. \$15,000 - \$19,999	693.0	4
5. Greater Than \$20,000	810.0	2
6. Student Income Range	1028.6	1

FIGURE I

Average Feet Traveled By Income Groups

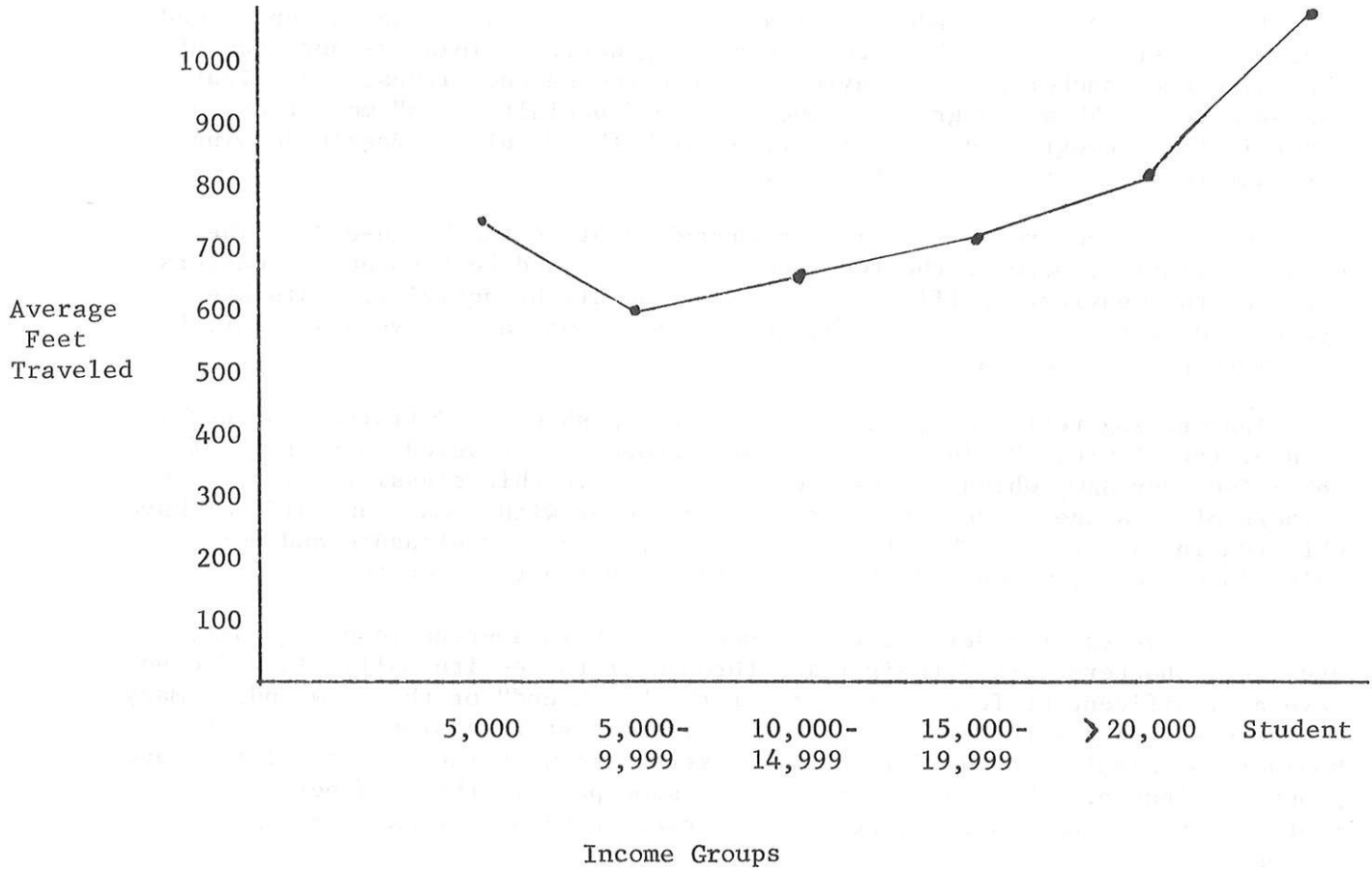


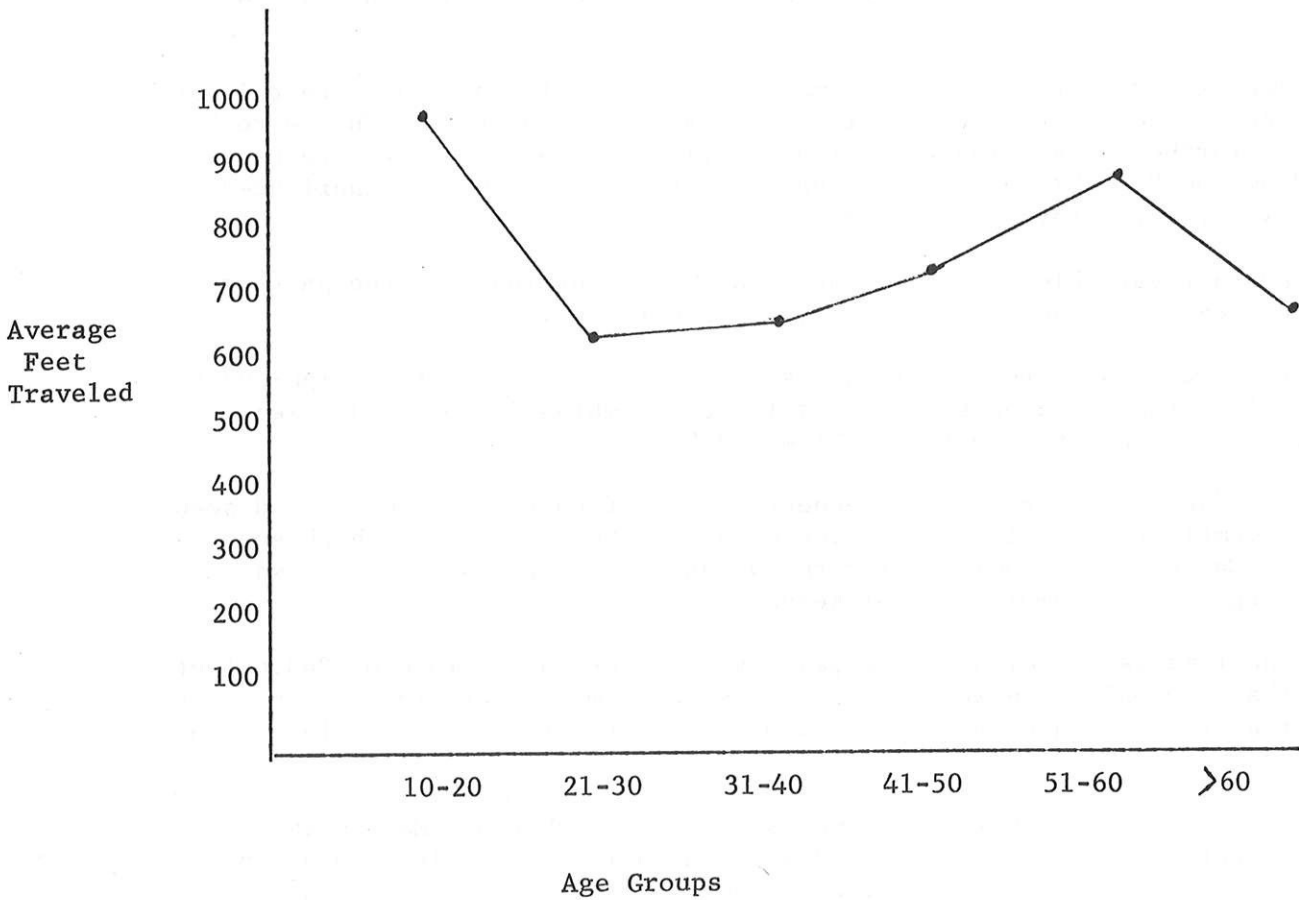


TABLE II

Average Feet Traveled By Each Age Group

<u>Age Group</u>	<u>Average Feet Traveled</u>	<u>Rank</u>
1. 10 - 20 Years Old	950.0	1
2. 21 - 30 Years Old	623.0	6
3. 31 - 40 Years Old	631.0	5
4. 41 - 50 Years Old	723.0	3
5. 51 - 60 Years Old	885.0	2
6. Over 60 Years Old	683.0	4

FIGURE II



### C. Composition of Shopping Group

Composition of the shopping group gives added insight into the determination of SAP's, which can be seen by Table III and Figure III. In length of trip (616 feet), single shoppers ranked second only to two or more people of the same sex. The single shopper frequented the entire mall corridor, with no significant emphasis on any area except the "high-end" tenant, Gayfers, which had by far the heaviest concentration. Single shoppers were the most frequent visitors to the "Specialty Area."

Adding a mate to the single shopper decreased the length of the trip by 21 feet and shifted the area of concentration. Now the heaviest traffic was near the "low-end," with the heaviest in front of the ABC store. These respondents did not, however, show increased patronage to the "low-end" anchor tenant. The "Specialty Area" lost considerable traffic when the shopper was accompanied by a mate.

When single family members shopped with children, the length of the trip decreased even more, thus forcing this category to last place. There was no difference in the patronage of the anchor tenants. This group traveled the entire corridor except for the "Specialty Area" and gave only slight favor to the "high-end."

Two or more persons of the same sex were significantly different in at least one aspect -- the length of the average shopping trip. They were by far the farthest traveling group (Table III), giving slight preference to the "low-end." A 37 per cent increase in average length was experienced when two or more traveled together.

Another variable that acted as a further determinant of the pattern was the sex of the shopper (Table IV and Figure IV).

Lone male shoppers exhibited a slight tendency toward the "high-end," as did lone female shoppers; conversely, the combination of both sexes shifted the concentration to the "low-end."

The "Specialty Area" was frequented most often by the females and second by the combination, while males frequented it the least. The "high-end" tenant, Gayfers, was dominant for the women as well as the men, but was not as strong for the combination of sexes.

The females traveled the longest average SAP, an average of 263.6 feet more than the males. However, when males and females were in a group together, the trip of the female was curtailed more than the trip of the male was increased (Table IV).

From this brief analysis, women shopping at McFarland Mall seem to travel farther and frequent more areas than do men or combination groups, although other patterns are similar except for the concentration in the "Specialty Area."

TABLE III

Average Feet Traveled By Group Composition

<u>Group Composition</u>	<u>Average Feet Traveled</u>	<u>Rank</u>
1. Single Shopper	616.0	2
2. Couple (Married or Otherwise)	595.0	3
3. Single Member With Children	583.3	4
4. Two or More of the Same Sex	845.5	1

FIGURE III

Average Feet Traveled By Group Composition

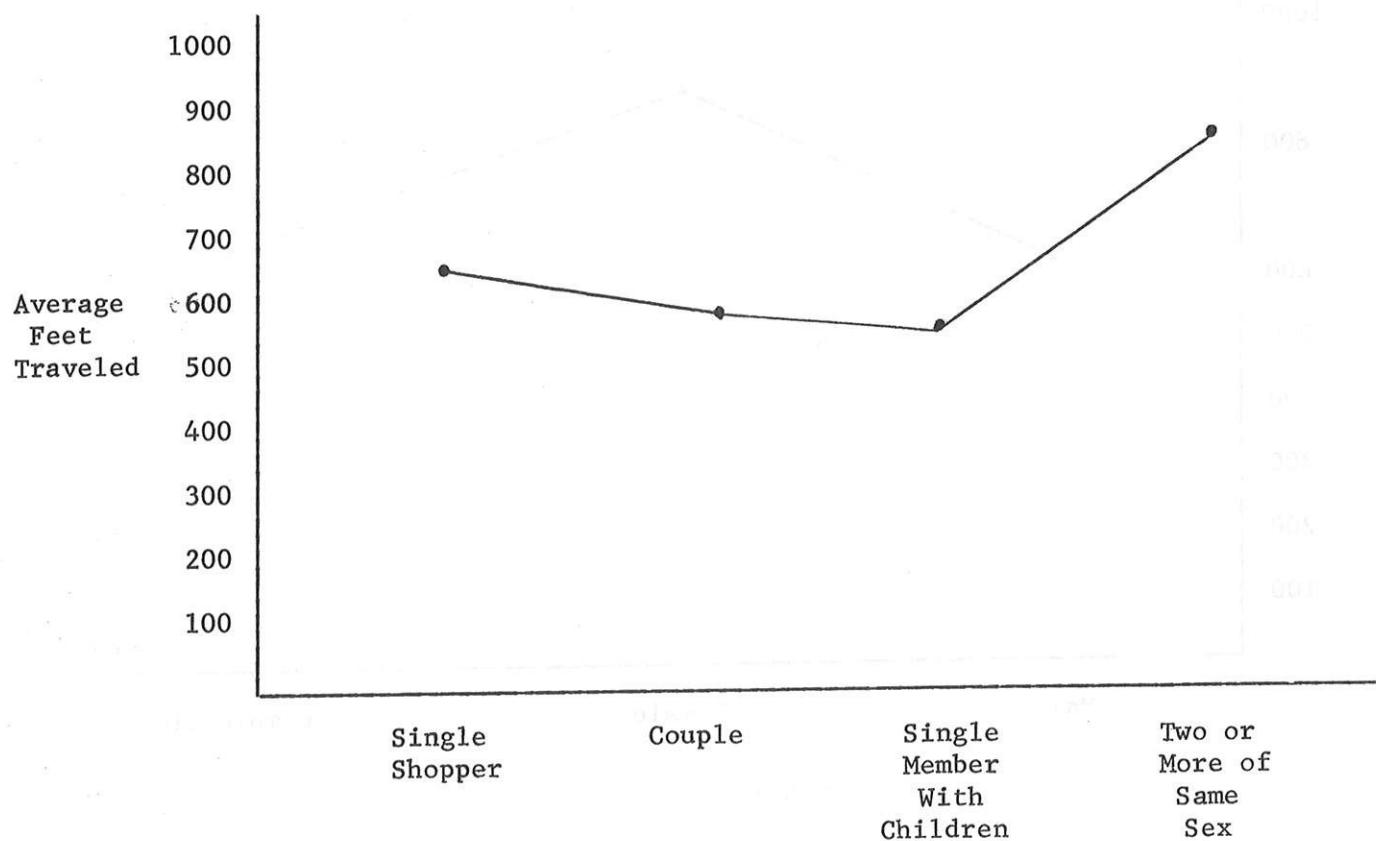


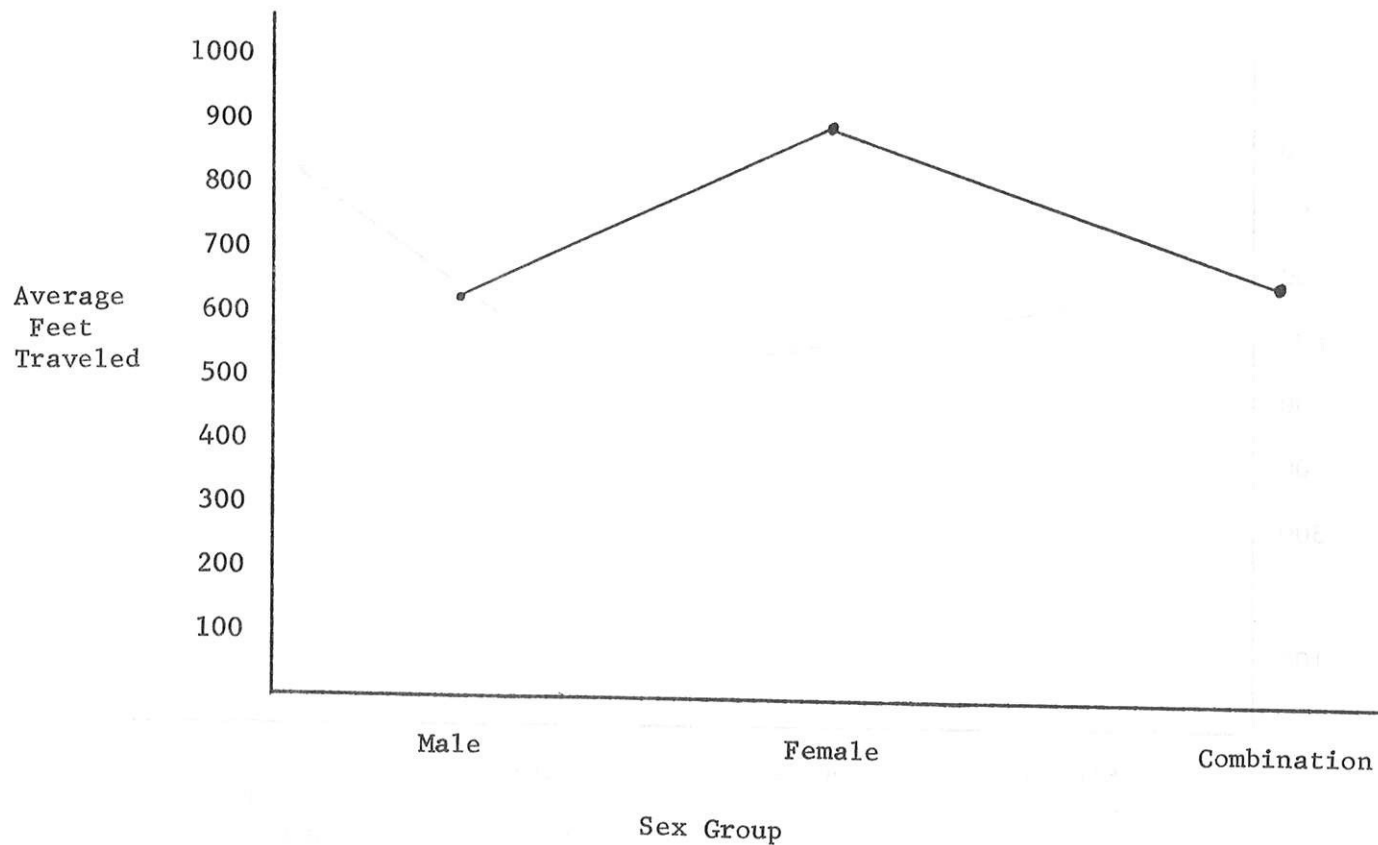
TABLE IV

Average Feet Traveled By Sex Group

<u>Sex</u>	<u>Average Feet Traveled</u>	<u>Rank</u>
1. Male	605.8	3
2. Female	869.5	1
3. Combination	668.1	2

FIGURE IV

Average Feet Traveled By Sex Group



#### D. Purpose of Shopping Trip

The respondents were asked to classify whether their trip was single-purpose, multiple-purpose, or "just looking." Some interesting results emerged, which can be seen in Table V and Figure V.

Those shoppers who said they came for a specific purpose actually visited all areas of the mall and traveled an average of 554.3 feet, while those who said they had more than one purpose exhibited a much longer trip, 768.2 feet, which was the longest of any in this classification. The responses from the single- and multiple-purpose shoppers dramatically show the areas visited. The single-purpose shoppers were drawn equally to both anchor tenants, while those of multiple purpose tended toward the "high-end" anchor tenant. The power to draw people for a single purpose was shown by the specialty stores such as the Beehive, Little Gallery and ABC Store.

Those who said they were "just looking" did just that. They equalized their trips throughout the entire corridor and "looked" everywhere except one section of the "Specialty Area."

From the preceding analysis of the factors influencing the spatial activity patterns of intra-mall shoppers, it was evident that there were certain determinants that could be used in the design of mall layout, as well as tenant selection/tenant mix. Retail merchants could benefit greatly from the use of such patterns.

- H<sub>3</sub>: Some relationship does exist between
- (1) the driving time to the mall,
  - (2) the time spent in the mall, and
  - (3) the spatial activity patterns.

As was expected, a relationship was found between the driving time to McFarland Mall and the length of time spent at the Mall. Although the data obtained did not lend themselves to exact time comparisons, people who live more than 15 minutes driving time from the mall stayed an average of from one to two hours, while those living less than 15 minutes from the mall averaged less than one hour's shopping time.

Single family members with small children tended to spend less time in the mall than those shoppers who were alone or with other adults, regardless of their age category.

Although the activity patterns of those who came for a single purpose and those who had more than one purpose were similar, the time spent differed between these two groups. The single-purpose shoppers stayed a slightly shorter time than did those who said they had multiple purposes.

Females shopping alone or with another female stayed longer than did males either alone or with another male.

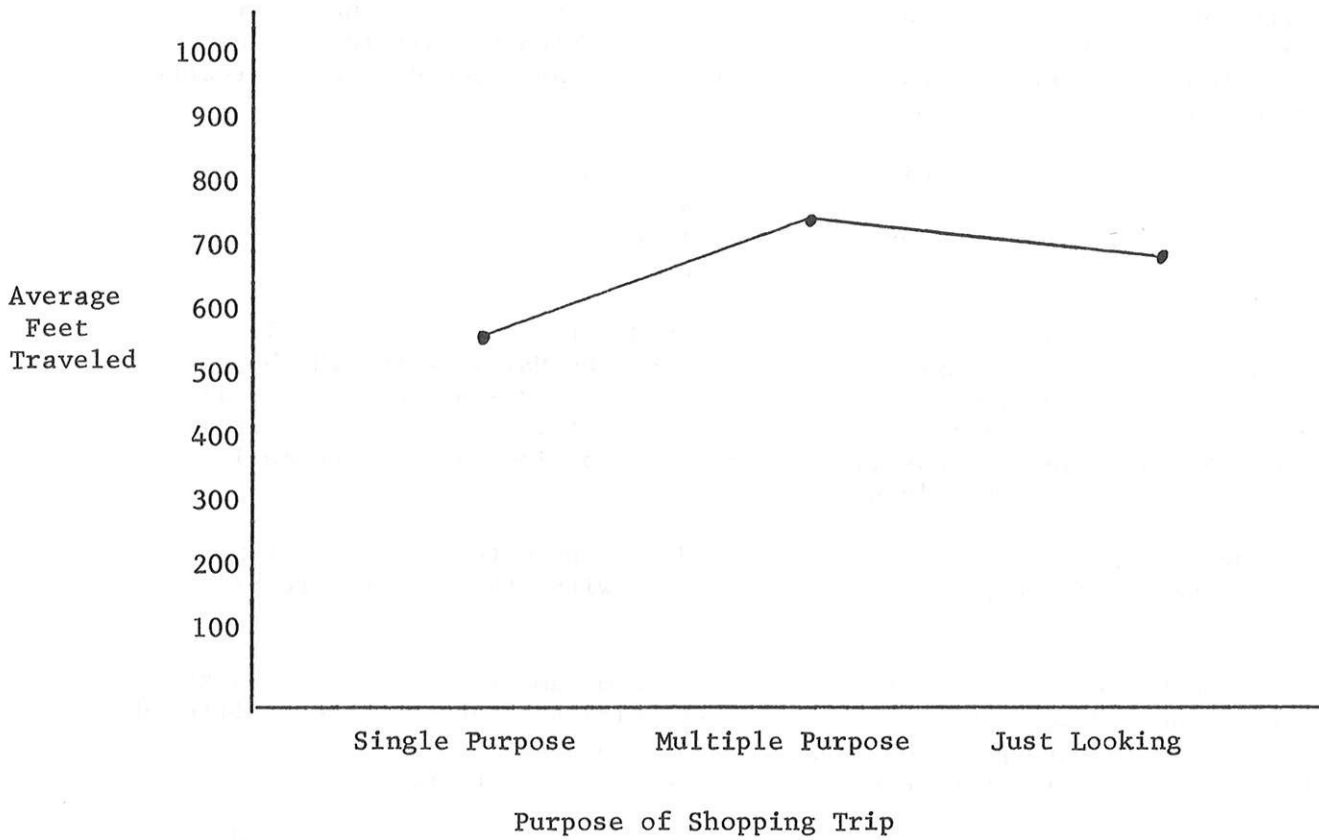
TABLE V

Average Feet Traveled By Purpose of Shopping Trip

<u>Purpose</u>	<u>Average Feet Traveled</u>	<u>Rank</u>
1. Single Purpose	554.3	3
2. Multiple Purpose	768.2	1
3. Just Looking	712.5	2

FIGURE V

Average Feet Traveled By Purpose of Shopping Trip





The income groups that tended to shop more of the mall spent more total time in the process. The individuals and couples who visited only one store stayed on the average less than one-half hour, while those who made more than one stop stayed more than one hour.

Although there were limitations involved in the type of data and the manner of collection concerning the above hypothesis, it does seem to have merit for further study of a more detailed nature.

The fourth hypothesis to be tested concerns a relationship between an intra-mall shopper's spatial activity pattern and the physical arrangement of the stores.

H<sub>4</sub>: Some relationship does exist between the spatial activity patterns of intra-mall shoppers and the physical arrangement of stores.

Given the fact that spatial activity patterns do exist, it is imperative that the arrangement of stores within the mall correspond to the desires of the shoppers. Shoppers attempt to maximize the utility of their shopping trips by the nature of the pattern followed through the mall. Sample patterns flow smoothly in a logical sequence with little effort wasted, which indicates the concept of shopper efficiency. Each shopper attempts to accomplish the trip with minimum time, energy, and money spent on movement.

The stores in the mall tend to be arranged in groups with somewhat common elements. These elements could be relative to the cost of goods handled, store image, or a variety of other factors. To be as efficient as possible, the physical arrangement of the stores must be made in an orderly fashion. For this to be accomplished, areas of the mall must be matched with the shoppers' spatial activity patterns. Until now no criteria have been promulgated for the basis of this arrangement, even though the matching has been somewhat effectively accomplished. If "mall segmentation" is matched with market segmentation, the matching task might be accomplished more effectively. The objective of this method is to reduce the costs associated with travel in the mall, and thus increase the marginal utility of the shopping trip. Consideration in planning mall layout should be given to the market segment appealed to by each retail outlet. The stores with common market segments should be grouped to form mall segments. This grouping would locate the stores with common appeals in the same area. If this were done, the spatial activity patterns of shoppers would more easily achieve a higher level of marginal utility.

### Conclusions

The purpose of this study was to develop techniques for analyzing the behavior of intra-mall shoppers. Four hypotheses concerning the spatial activity patterns (SAP) of intra-mall shoppers were tested.

The first hypothesis (H<sub>1</sub>) was accepted: spatial activity patterns do exist for intra-mall shoppers. Evidence of such a pattern supports the contention that shoppers somewhat preplan their shopping trips.

The second hypothesis ( $H_2$ ) was accepted. Through the use of Mall Segment Analysis (MSA) for each of the groupings, distinct patterns of concentration emerged. Similar patterns were found in each grouping, and inferences could be drawn that indicated variations of patterns were associated with variations of age, income, sex, composition of shopping group, and purpose of shopping trip. Therefore, it was concluded that  $SAP=f(A,I,S,C,P)$ .

The third hypothesis ( $H_3$ ) was accepted. Adequate evidence was found to indicate a relationship between the individual's spatial activity pattern and the physical arrangement of the stores. Using MSA to develop the segment concentration exhibits presented earlier, it became evident that various income groups concentrated their activities in those areas designed by the developer to serve them. The lower income groups shopped the "low-end," while the higher and middle income groups shopped the "high-end." One interesting observation was that both the lowest and highest groups traveled a similar pattern, which was the entire length of the mall. It was noted, however, that these two income groups made the majority of their purchases at opposite ends of the mall.

This study makes no pretention to be definitive in nature; the purpose of the study was merely to show relevance of such a technique to the study of consumer behavior.

One vital question must still be answered: What is the value of such a study of consumer behavior? The benefits derived from such a study lend themselves to three groups: (1) Center Developer, (2) Tenant, and (3) Shopper. Studies involving consumer behavior such as this will give additional insight for the shopping center developer into the tenant mix/tenant selection process. One of the most important questions affecting the tenant mix/tenant selection process has been answered here -- where do the people shop after entering the mall or center? The developer should use information such as this in choosing and placing tenants in the complex.

The tenant in a proposed mall can benefit from this type of information also. This information can be used by the tenant in selecting a location within the mall and also for determining an acceptable range that can be paid for rent. For example, if a tenant is a phonograph record dealer and knows his target market's average feet traveled, then he can position himself with respect to exits, etc., for the most advantageous position at the least cost.

The shopper also benefits from this type of study in that the information provides developers and tenants with ways to reduce the cost of the shopping trip as defined earlier. The shopper's trip within the mall could be simplified to the greatest extent.

There are also some strategy implications for the tenants within a complex. For example, this information could help answer the question of how a tenant can get his market segment to his store once a shopper enters the mall.

Perhaps this study has an even broader implication: Should we be studying malls as single units, or should we be examining them from an internal segment viewpoint? This basic question needs an answer, and hopefully when a greater fund of knowledge is compiled, the answer will be found.

Future investigation of spatial activity patterns using MSA has merit. These studies could take a number of avenues; however, the following list is a beginning of the vast amount of research that should be done in this area.

1. Studies of different malls should be made to determine what effect shape and organization of the mall have on traffic patterns.
2. A study should be made to determine whether sales or other attractions influence people's activity patterns.
3. A comparison should be made of the gross leasable area and SAP.
4. A comparison should be made of the rents paid by the retail establishments and the characteristics of the shoppers making purchases in these stores.

#### Footnotes

1. Paradeso, Clay, Ruben, Frank, Traylor, Tim, and Wildes, Bill, Aspects of Frequency of Visitation and Tributary Area of McFarland Mall directed by N. G. Lineback Department of Geography January 1970, p. 2.
2. Kelley, Eugene Shopping Centers Locating Controlled Regional Centers The Eno Foundation for Highway Traffic Control 1956, p. 7.
3. Baker, Geoffrey, and Funaro, Bruno Shopping Centers Design and Operation Reinhold Publishing Corporation: New York 1951.
4. Kelley, Ibid.
5. Shopping Center Directory (10th ed.) Chicago: National Research Bureau, Inc., 1968, p. 24.
6. Census Tracts Tuscaloosa, Ala. 1970 Census of Population and Housing U.S. Department of Commerce Bureau of the Census. PHC (1)-220 Table P-1.

THE ECOLOGICAL PRODUCT BUYING MOTIVE

A CHALLENGE FOR CONSUMER EDUCATION

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"A man is called selfish,  
not for pursuing his own good,  
but for neglecting his neighbors."

-- Richard Whately

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The subject of what consumers buy and why they purchase as they do has been a popular topic for market researchers. More recently, a number of research projects have centered on consumers' willingness to alter their buying behavior in favor of products that are sold with an ecology appeal. Information that has been garnered from these initial efforts is both fascinating and revealing about the nature of the buying public's involvement in societal economics.

Societal Economics is a useful term for describing the typical tradeoffs that consumers often face in the marketplace when they are confronted with purchase decisions that trade personal preferences for societal good. This type of purchase situation is typical of the decision that a consumer must make between throwaway containers (convenience) and returnable bottles (environmentally safe). Similar decisions are made when choosing between low vs. high phosphate content detergents and leaded vs. unleaded gasolines. The present list of products that fit neatly into the framework of analysis for describing Societal Economics is not extensive; however, the concept is suitable for speculation about a wide range of products and services that are rapidly becoming societal vs. personal tradeoffs.

Societal Economics and Voluntarism

People who are over the age of 40 will probably recall the emergency rationing programs of WW II and the importance of voluntary compliance in power and product consumption throughout a troubled world. A time of crisis brought a mutual dependence among consumers and producers alike.

More recently, 55 mile per hour speed limits and lowered thermostats were results of a contemporary energy crisis. It was fascinating to be in Los Angeles and to watch drivers on our freeways "going slow" and holding to 55 mph weeks before the new speed limits became law!

The point is: Is it possible for a responsible public to react in a voluntary fashion for the benefit of the society as a whole? Likewise, can the concept of a voluntary action be transferred to voluntary consumption behavior?

At the heart of these questions lies an issue so simple and yet so important to the democratic form of capitalism that it is fundamental and necessary to expand on the nature of voluntarism.

### Consumerism, The Marketing Concept, and Intelligent Consumption

The three items of Consumerism, Marketing Concept, and Intelligent Consumption are all related to the idea of societal economics. The marketing concept, said simply, refers to a corporate philosophy that places the firm's customers at the focus of its business activity. Consumerism, although more difficult to define, generally refers to:

. . . the widening range of activities of government business, and independent organizations that are designed to protect individuals from practices (of both business and government) that infringe upon their rights as consumers.<sup>/1/</sup>

Interestingly, the tenor of current writing in marketing seems to indicate that the marketing concept is changing, or at least in transition, and that consumerism may be responsible (at least in part)<sup>/2,3,4/</sup>. Intelligent consumption is a concept that refers to the inherent responsibilities that consumers have in order to generate maximum personal satisfaction per dollar expended in the marketplace. Rothe elaborates as follows:

. . . the intelligent consumer needs information, choice, safety, recourse, and the capacity to decide. Intelligent consumption also requires that the individual consumers' consumption choices reflect his awareness of the critical social problems of resources (scarcity) and environment (pollution) <sup>/5/</sup>.

The three philosophies of consumerism, intelligent consumption, and the marketing concept represent different, and yet similar approaches to describe institutions, individuals and their relationship within society. Such relationships are the primary subject of this paper and the nature of voluntary consumption behavior.

The marketing concept has had a somewhat mixed performance record as corporate management has tried to sort out the ever changing structure of the markets they serve.



The essential element of the marketing concept that has relevance here, is that this philosophy has at its roots the idea of "listening" -- listening to consumers and producing to meet their needs.

Consumerism, likewise, has at its base the concept of "speaking" -- making known the dilemmas of frustrated consumers that aren't being listened to often or well enough.

Intelligent consumption positions the consumer alongside the producer and fixes the responsibilities of exchange in the marketplace on both parties. The consumer is assumed to want to perform intelligently and responsibly, and the producer is assumed to offer products, information, and recourse that make for just and sensible exchange.

Voluntary consumption behavior is a subset of intelligent consumption.

Intelligent consumption means purchase behavior that is thoughtful, rational, and the maximization of personal satisfaction. Voluntary consumption means trading off a certain degree of satisfaction for other forms of benefit -- in this case, social welfare.

#### Voluntary Consumption and the Ecology Motive

The general theme of the "Ecology Movement" has been the focus on "quality of life" issues. Often, products and the firms who make them have been the targets of public outrage as the industrial society spawned the tragedies of polluted waterways, fouled air, and health hazards. The curious dilemma for a disturbed public is that not only are the industrialists at fault, but also the public they serve. The very basic tenets of the marketing concept, recalled, yield -- the consumer as the focus of product development and production!

Rather than dwell on whom is at fault in producing our ecological problems, it is perhaps useful to examine a classic case of voluntary consumption.

The ecology movement has provided us with a unique way to observe how consumers will react to motives that are essentially social in nature. For example, in the late 60's when the ecology movement really began to surface, a whole set of new products such as biodegradable containers and low phosphate detergents began to come on the market. Often times, these products were less convenient and even more expensive than similar competing items. Consumers who opted for these new products were likely demonstrating voluntary consumption behavior.

Market researchers were quick to see the opportunity to observe consumer response to ecology issues. In late 1970, this author had the opportunity to conduct a special sales audit of ecologically oriented products in a major western food store chain in the Colorado area. The research focused on an effort by the food chain to inform consumers about how to be "ecologically conscious." Their venture was analyzed and its success reported in July of 1971/6/. Results of the study determined

that ecological buying motives were sufficiently strong to cause significant erosion of market share in high phosphate detergent products. Likewise, returnable bottles and biodegradable containers showed marked consumer interests. This study along with 9 other relevant research pieces are portrayed as the subject of Figure 1. The illustration points out the wide range of issues and interests in the last four years of consumer-product ecology research.

A follow-up study to the Denver store audit was made by Herberger and Buchanan and reported in July of 1971. Here, the authors added the dimension of price sensitivity to the ecology motive. It was noted that a significant market segment was responsive to the ecology issue. However, in the presence of fluctuating prices the ecology buying motive was determined to be somewhat weak.

Kassarjian, in July of 1971, reported an interesting study of consumer response to a purported environmentally sound Chevron F-310 gasoline /7/. Among his most revealing findings was that the segment of the market most concerned about pollution was more aware of a product that promised a potential solution to that problem. Likewise, consumers stated that they were willing to pay a higher price for a product that would aid in the reduction of air pollution in the Los Angeles area. At least for a brief period of time, retailers of the Chevron F-310 gasoline noted no significant decrease in sales, even though their product was priced several cents a gallon more than competing products nearby. Kassarjian was unable to uncover any significant demographic or socio-psychological descriptives of consumers who were likely to be more concerned about ecology issues. He concluded his study by saying that it was apparent,

... that there is no simple segmentation variable other than the additive itself. The important variable of concern to the marketer is not related to the usual market segmentation criteria, but rather the level of concern about the issue at hand, whether it be nonreturnable bottles, high phosphate detergents, aluminum cans, or excessive use of paper bags dispensed at supermarkets /8/.

After the Kassarjian study came the Herberger and Greenberg investigation of consumer's relative knowledge and awareness of ecological information /9/. This particular study also focused on identifying those consumers who are ecologically concerned. The study was able to pinpoint a number of significant demographics including income and marital status as major predictors of ecology consciousness.

Kinnear, Taylor, and Ahmed /10/ as well as Mazis, Settle, and Leslie /11/ followed a similar tact to Kassarjian's work with an analysis of important sociopsychographic identification. These studies found that such identifiers as tolerance, understanding, avoidance, and the consumer's perceived effectiveness of affecting his environment showed significant relationships to ecological concern. Likewise, the latter research effort dwelled on psychological reactance theory and the strength of brand loyalty in the presence of ecology product relationships.

FIGURE 1

ISSUES OF INTEREST IN MOST RECENT CONSUMER ECOLOGY RESEARCH

	Consumer Acceptance of Ecology	Level of Ecology Motive	Observed Actual Purchase Behavior	Social Responsibility	Attitudes	Knowledge	Socio-Economic Identification	Socio-Psychographic Identification	Level of Brand Loyalt
Herberger (7/71)	X	X	X						X
Herberger, Buchanan (8/71)	X	X							X
Herberger, Greenburg (1/72)	X	X	X		X	X	X		
Kinnear, Taylor, Ahmed (4/74)	X	X	X		X		X	X	
Mazis, Settle, Leslie (11/73)	X		X		X	X		X	X
Kinnear, Taylor (5/73)	X	X	X		X				X
Henion (2/72)	X	X	X				X		X
Anderson, Jr. Cunningham, (2/72)				X	X			X	
Kassarjian (7/71)	X				X		X	X	X
Herberger, Kanter (2/75)	X			X	X				

In 1972, Henion reported a study where shares of market for brands of detergents were analyzed in the presence of ecologically relevant information. High phosphate detergents, it was found, lost as much as 12% of their actual market share in an experimental situation. This study, and others, seem to indicate that there is an ecological buying motive /12/.

Herberger and Kanter in a recent study completed in February of 1975, drew on a major contribution by Anderson and Cunningham in 1972 /13,14/. The Herberger and Kanter research effort brought together the two issues of ecological knowledge and a measure of social responsibility among British housewives. As in other studies certain socio-economic indicators, such as social class and education, were significant indicators of a high degree of social responsibility and, likewise, knowledge of the ecological issues. Although this latter study did not actually observe consumer purchase behavior, it does set the stage for further research in the area of social consciousness and the ecology buying motive.

A summary of the general findings of ecological research to this point in time is the subject of Figure 2. The major issues that have been addressed by researchers include: Consumer Acceptance of Eco-Information, Level of Eco-Motive as it Relates to Brand Loyalty, Social Responsibility, Attitudes, Knowledge, and Socio-Economic and Socio-Psychographic Identification. Figure 2 is broken out into two areas labeled Pro, meaning positive findings with respect to the ecology-product motive, and Con, meaning findings that tend to go against the strength of the motive in the ecological buying segment.

#### Consumer Acceptance of Ecological Information

Virtually the entire complement of research that has been done to this point indicates that consumers accept the importance of preservation of the quality of life. The problem seems to be that even though there is wide spread acceptance of the terminology of ecological preservation, there is a great deal of confusion over how to react in the marketplace. Typical of this situation are the major controversies that have surrounded phosphates and their effect on the environment /15/. Is it any wonder that consumers get confused when they are presented with as many as four different types of gasoline at a single station? Which is the most ecological purchase, unleaded gasoline? Perhaps, low lead? Or maybe even clean burning hi-test? This type of purchase decision confusion ultimately makes it very difficult for consumers to act in responsible ways. Likewise, it points out the extreme importance of accurate, simple, and actionable information with regard to product-ecology relationships. One of the premier challenges for consumer education seems to be how to communicate effectively with a consuming public that wants to react responsibly to such issues as the ecology-product relationship.

#### Social Responsibility Correlation

The issue of quality of life, or ecological preservation, is a subset of the general concept of social responsibility. This is particularly true since the individual purchase behavior of consumers ultimately has an effect on the population as a whole, albeit a small effect in any one individual's

FIGURE 2  
SUMMARY OF GENERAL FINDINGS

RESEARCH ISSUE	PRO	CON
Consumer Acceptance of Eco-Information	Accept importance of ecology information	Confused over terminology Difficult to act
Level of Eco-Motive vs. Brand Loyalty	There is an Eco-Motive Buying segment Strong motive for this segment	Relatively low in importance to general population Probably less than 12% of population alter buying behavior
Social Responsibility Correlation	Eco-Motive is probably strongly tied to an identifiable social consciousness	Socially responsible population is a clear minority Social responsibility is non-actionable
Attitudes	Strong feeling of concern for Eco-deterioration Some preference for Eco-safe products	Attitudes are non-actionable General population feels unable to do anything General frustration
Knowledge	Wide spread general awareness Cues are identifiable	Mixed, concentrated among a few Often inaccurate
Socio-Economic Identification	College educated High occupational attainment Pre middle aged	Lower status occupations Lower income groups Middle age and older
Socio-Psychographic Identification	Less alienated Less conservative Consumer effectiveness is high Open to new ideas Strong desire to know Less status conscience	More alienated More conservative Closed to new ideas High in harm avoidance More status conscience



case. Measures of social responsibility, such as that of the Anderson and Cunningham study and the Herberger and Kanter study, are forerunners of our ability to isolate those people who can be converted to more socially responsible behavior. The social responsibility correlation with the ecology buying motive lies at the heart of a strong educational program aimed at voluntary consumption behavior.

#### Attitudes and Knowledge

As mentioned earlier, the public's general attitude toward quality of life is positive. There is evidence to suggest that the issue of quality of life will pale in the presence of economic disorders such as inflation, recession, or more generally, stagflation. Once again, the challenge for consumer education lies in the fact that, even though consumers have a sincere interest and concern for their ecology, these attitudes are often quite specifically non-actionable. Certain kinds of purchase behavior can yield a degree of satisfaction for the eco-motive; however, consumers in general need to know more, and how to act in responsible ways.

It seems paradoxical to find that we have an indentifiable audience of innovators, or early adopters, of the ecology-product concern concept, and, yet, we seem to have done little to take advantage of the body of theory that is available for transmitting this knowledge and awareness to the population at large.

#### Socio-Economic Identification vs. Socio-Psychographic Identification

On the issue of how to identify individuals who are socially responsible and who understand the need for ecological purchase behavior there are mixed results from research. It is clear, however, that the ecological buying motive is complex at best and somewhat difficult to describe in simple demographic terms. Perhaps one of the most serious causes for concern in the ecology-product relationship comes from the fact that there is strong evidence to suggest that the better educated, more affluent members of the consuming public are the most likely candidates for responsible voluntary consumption behavior. This is not to suggest that lower income, less educated people are less socially responsible. Quite to the contrary, it would seem that the basic motive of ecology as a purchase criteria is simply lower in the overall evoked motive set. Here the challenge for consumer education will be to convince members of various socio-economic strata of the importance of individual, voluntary consumption that reflects on society as a whole. There is little evidence to suggest that being an ecology-conscious buyer is necessarily more costly.

The distribution of intelligent, voluntary consumption is a problem unto itself, particularly when the proportion of the world's less affluent countries and people continues to grow. Clearly, the survival motive is short-run and strong. Equally clear, is the fact that quality of life through intelligent, voluntary consumption is a weaker motive and perceived as a long-run problem by the majority of people.



## Recommendations for Action

A central theme of this paper is the availability of a consumer purchase motive called, "ecology consciousness." It has been shown that this motive is demonstrated in the form of voluntary consumption behavior as consumers tradeoff degrees of individual satisfaction for the corporate good of "Society" as a whole. The question remains, however, as to how to broaden the participants in eco-conscious purchase behavior.

As pointed out earlier, social responsibility is not necessarily dependent on social class or economic strata. Instead, socially responsible or eco-conscious consumers tend to have better facility with information that is necessary for this form of intelligent consumption.

### Recommendation One

Clear, concise, and actionable information must be available to all consumers at the point of sale. Sounds like an old song! However, the key point is actionable information. Some time ago with the truth in labeling act, and more recently with the enforcing of nutritional labeling, consumers have been given access to greater amounts of information /16/. While the intent of food labeling regulations is to facilitate value comparisons, the consumer is still faced with the problem of personal optimization. How does the housewife translate nutrition, cholesterol and fatty acid labeling, imitation foods, dietary foods and other "nonstandardized" foods as well as price and size variance into a comparative model? Certainly with difficulty, if at all /17/. The nature of labeling regulations serves as a good model, however, for the eco-conscious buyer. Already, laws are on the books requiring environmental impact statements on new land developments. Would it not be possible to classify certain types of goods, and perhaps services, as environmental risks? Impractical? Please read recommendation two.

### Recommendation Two

Long ago marketing practitioners recognized that product distribution systems such as food stores, retail shopping centers, etc. were in fact buying institutions for their customers. Recommendation two is aimed at the distribution end of the marketing function: add environmental impact information to your reasons for buying. It is important that the concept of intelligent consumption be carried through to the retail and wholesale level. Distributors have an obligation to their customers to buy responsibly, to buy products that can reflect the consumer's general concern for their quality of life. This proposal can be an important differential market advantage for the alert retailer. If the customer market you serve objects to having their freedom of selection restricted, then classify your product offerings into risk categories. Make it simple, but above all, make the decision to inform customers of how their purchases can affect their quality of life.

There are a number of obvious ways to accomplish environmental consciousness as a marketable advantage. To begin with, the retailer and even the wholesale distributor can publish their "reasons for buying." Would it not be possible for a food retailer to color code those products that are of questionable environmental impact? What about a "best buy's for the environment" section?

There are many problems associated with relying on the independent businessman to make the judgements necessary for a consumer's voluntary intelligent consumption, not the least of which is the confusing babble that surrounds what is and is not bad for the environment. Information quality is the subject of recommendation three.

#### Recommendation Three

Earlier the question was asked, "Is it possible for a responsible public to react in a voluntary fashion for the benefit of the society as a whole?" It is the author's contention that it is not only possible, but essential. The most disturbing conclusion that runs as a common thread among researchers of consumer-product relationships is that the public must be protected from the risk of unprincipled business practices as well as protected from themselves! The conclusion, though perhaps inevitable, has fostered a growing reliance upon federal, state, and local legislation, as well as the public's abdication of their privilege of free, intelligent consumption. This abdication has in the author's opinion, been made in favor of governmental regulatory agencies and has succeeded in creating a "third world" of capitalism that is replete with a cause (consumerism) and vocal advocates. This "third world" is not necessarily bad, however; in fact, it may have been the only way to get the attention of management, government, and the public as well. The danger is in the evolution of a dependence on a legalistic relationship between consumer, producer-distributor, and retailer. This evolution has set-up corporate management in an adversary relationship with their own consuming public -- quite a contrary notion to intelligent, voluntary consumption! How did the public come to the point of relying so heavily on governmental regulatory agencies? Quite simply, implied authority and objectivity.

It is normal for the public to look to an objective third party as a source of information and ultimately, protection. The recommendation would be, therefore, that federal agencies recognize their implied credibility and do more in the way of communicating accurate, actionable information to the business community as well as to the consumer. The focus should be on the independence of research and comparative product evaluation more so than on legal redress. Government should be a partner in the business-consumer relationship.

#### Recommendation Four

From the businessman's standpoint, the marketing concept is still livable, still viable. The producer must broaden the product bundle to include information that will assist the consumer in buying intelligently. If the manufacturer's product has attributes that make it more environmentally sound, say so. The area of environmental impact studies as they apply to products and services is an excellent way for regulatory agencies to get comparative information to both consumers and marketing distribution firms. An even better approach would be for trade associations to take the responsibility for self-regulation in assessing their member's products' on the quality of life.

In conclusion, these recommendations touch the surface of a number of deeper problems as they relate to the education of consumers and the ecology

buying motive. To begin with, the technology is still developing that will allow industry and government alike to judge what is safe, or less dangerous, for our environment. Environmental systems analysis is a whole new field that is yet to come of age. It is the wish of the author that the warnings of a danger in too much consumer-government reliance do not overshadow the hope that is seen among buyers that are ecologically conscious. As we move into a period of resource scarcity, the measure of stability in our culture may be the degree to which we can rely on each other to "voluntarily" do what is best for our society as a whole.

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PRELIMINARY RESULTS ON A SURVEY OF  
CONSUMER ATTITUDES TOWARD CONSUMER PROBLEMS

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Design of Attitude Questionnaire

At an all encompassing level of generality, the economic system can be perceived as composed of three major power blocks: business, government and the consumers. The interactions and feedbacks among these blocks form a complicated system. The consumer interest is one of the major components of that system. Efficient and equitable alternatives for the consumer well-being ought to be provided by government and business. The same impediments that limit consumer welfare ultimately inhibit business and government from achieving their desired ends. The rise of consumerism pleads the case for strong consumer policy the outcome of which should be to alleviate problems that hamper the welfare of individuals. The argument that an amelioration of the consumer position must come about through an increased responsiveness in the standard motivations and dynamic adaptive changes in the existing institutions of business and government does not face the historical fact of emerging effective consumer action for policy change /1,2,3/.

Yet, while there is a wide debate in this area, we have very little direct information from the consumers themselves as to how they feel about some of these issues. Nowadays one can hardly conceive of medicine without asking the patient about his symptoms (although the care may not be left to the patient). Yet, debates about consumer policy neglect the views of the consumer themselves. Thus, it appears quite important and relevant at this time to undertake a survey of consumer attitudes towards consumer problems and concerns. It is of crucial importance to take consumer views into account in policy making since besides being voters they also are shouldering the burden of taxes (some of them paying for consumer policy measures) as well as high prices and deteriorating quality of products and the environment. Thus, it is essential for consumers to have a voice in consumer policy making which ought to be directed at the improvement of the economic and personal welfare of the consumers.

Basic groundwork has been done in this area by Burton /4/ and Gaedeke /5/ in their doctoral dissertations. They surveyed segments of the educated public actively concerned with consumer problems and issues. Burton surveyed teachers of consumer education; the final say about his questionnaire resting with a jury of past presidents of the American Council for Consumer Interests. Gaedeke surveyed business-oriented and consumer-oriented spokesmen for their respective associations as picked from lists of individuals who testified or provided evidence for the record during Congressional Hearings involving consumer issues, a third group of respondents was drawn from Senate staff members and other government individuals involved directly in consumer protection activities. Burton had 234 respondents and Gaedeke 65. The design of their questionnaire was based on the literature and a large number of frequently stated assertions about consumerism. Burton's final questionnaire was composed of 48 items while Gaedeke covered 67 items. These works represent major efforts to uncover the dimensions of consumer problems. The amount of background work involved is considerable and the design of the questionnaires (particularly that of Burton) were useful in the initial stages of our thinking. Insights were also derived from Shirley Schecter's doctoral dissertation "Consumer Rights, Information and Consumer's Strength of Commitment to Consumerism Issues" /6/. She uses Burton's, Gaedeke's and her own questionnaire to survey college students' attitudes towards consumer problems and degree of correlation between knowledge of issues and commitment towards action to remedy such problems.

In addition to the above basic work, the literature on attitudes and survey methods was surveyed. Admittedly, the design and testing of attitudes questionnaires as well as administering the survey are very challenging. The following argument is based in part on the literature in references /7/ to /19/.

The design of the attitudes survey questionnaire followed the well established procedure discussed in this literature. Consumer awareness means that a person recognizes an issue or a problem as being relevant to his environment. Attitudes is a stronger feeling in the sense that a person not only recognizes the issue but also has a point of view /7,14/17,19/. Both awareness and attitudes are functions of knowledge, information or exposure through personal experiences.

Knowledge is taken here to include information on products (price, quality, servicing, etc.); on sources of product information (government publications, Consumer Reports, etc.); and on channels for the resolution of various consumer grievances (FTC for deceptive advertising, state and city departments of consumer affairs, small claims courts, etc.). Experience refers to problems encountered by consumers with defective products, deceptive advertising and trade practices, etc.

Attitudes will be interpreted to include opinions on policy issues, particularly those subsumed under the general headings of consumer protection (government regulation), consumer advocacy (i.e., self-help organizations), and consumer education (i.e., either governmental or involving a government subsidy).

Relevant issues were chosen from previous and current studies (Burton, Gaedeke, Schecter), newspapers, magazines, Journal of Consumer Affairs and other professional journals, government publications, news releases, extension material, discussions of a "panel of experts" (seminar group for Hatch 408 meeting regularly and composed of three faculty members, one research associate and 10 to 12 graduate students).

On the whole, Oppenheim's definition of attitude /7, p. 105/ is adequate for our purpose. This definition is as follows. Attitude: "state of readiness, a tendency to act or react in a certain manner when confronted with certain stimuli." The stimuli is a statement and what is measured is the strength of the reaction.

The final statements were developed on the basis of relevant issues chosen as described earlier. They were evaluated through pretests with a larger number of statements.

The statements are listed randomly by "drawing from a hat" to avoid any presentation bias. For the same reason, negatively and positively phrased statements alternate.

The respondent is provided with an array of possible stands on an issue via several related questions spread throughout the questionnaire. Thus, each statement is simple, clear, direct, unambiguous and concise. Statements which can be interpreted more than one way were avoided. The final form of the statements were worked out after pre-testing in the course of several meetings of the seminar "group of experts" mentioned earlier. The response is coded according to a lickert scale, i.e., the respondent is asked to evaluate the items on a five-category scale ranging from strongly-agree to strongly-disagree. The lickert scale is useful for its simplicity and is as accurate as other more complex methods of rating /10/.

#### Validity, Reliability and Discrimination: Statistical Methodology for Testing "Goodness" of Questionnaire

The design of a questionnaire does have to meet certain statistical methodological standards in order for the research to really reflect existing attitudes rather than clusters of random responses with little pattern and very little statistical meaning.

#### Validity

The first methodological question relates to content validity. Since our items are based partly on existing surveys which were well developed as well as repeated meetings of our "group of experts" we felt that the instrument offers a high degree of validity.

#### Discrimination

Discrimination can be looked at three levels: (i) item analysis, (ii) differentiated groupings and (iii) an overwhole test of differences. The discrimination here is between pro-business and pro-consumer attitudes. Thus, an item is good if it differentiates between these two groups. Our initial attitude questionnaire was composed of 40 items and was pre-tested on 24 respondents (some from around Cornell, some from rural areas). The final questionnaire was composed of 30 items based on this pre-test. It follows.

1. Government control over the drug industry to insure the safety of drugs is too strict.
2. Many advertisers make false claims about their products.
3. Consumer groups are meddling too much in the business system.
4. There aren't enough places to which a dissatisfied customer can complain.
5. Industry, rather than government should establish safety standards for products.
6. Consumers should be encouraged to become involved in setting public utility rates.
7. In recent years, the government has been spending too much money on consumer protection.
8. There should be a professional employed in the local government to receive consumer complaints.
9. The government should be stricter in policing advertising.
10. The Better Business Bureau is helpful in handling consumer complaints.
11. The quality of consumer products today is poorer than it was a few years ago.
12. Industry should be left free to regulate itself without government interference.
13. Contacting the federal government in Washington, D.C. is a good way of handling consumer problems.
14. When buying consumer products you generally get what you pay for.
15. Advertisements provide adequate information about product quality.

Strongly Agree	Agree	Don't Know	Disagree	Strongly Disagree
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD
SA	A	DK	D	SD

1. Consumer problems are not as bad as newspaper and T.V. reports make them appear.
2. The government should not require anti-pollution devices in motor vehicles.
3. Advertisers use gimmicks more often than facts.
4. The advice of professional consumer spokesmen like Ralph Nader should be disregarded.
5. Most businesses do a good job of handling complaints.
6. Federal Regulatory Agencies adequately protect consumers against unethical business practices.
7. We need safer cars even if they become more expensive.
8. The consumer is taken advantage of too often.
9. Commercials are often informative.
10. A strong consumer movement is needed to protect consumers from big business.
11. It is easy to settle consumer problems in a small claims court.
12. This claim is useful for shopping: "When tested against other brands, our product proved best."
13. Relative to other major social issues, consumer problems are not very important.
14. Industry should clean up pollution even if the prices that consumers pay go up.
15. We need more consumer protection even if consumers have to pay for it.

	Strongly Agree	Agree	Don't Know	Disagree	Strongly Disagree
1.	SA	A	DK	D	SD
2.	SA	A	DK	D	SD
3.	SA	A	DK	D	SD
4.	SA	A	DK	D	SD
5.	SA	A	DK	D	SD
6.	SA	A	DK	D	SD
7.	SA	A	DK	D	SD
8.	SA	A	DK	D	SD
9.	SA	A	DK	D	SD
10.	SA	A	DK	D	SD
11.	SA	A	DK	D	SD
12.	SA	A	DK	D	SD
13.	SA	A	DK	D	SD
14.	SA	A	DK	D	SD
15.	SA	A	DK	D	SD

AFTER YOU HAVE COMPLETED THIS SECTION PLEASE RETURN FOLDER TO THE INTERVIEWER.



## Reliability

Reliability refers to the degree to which a measuring procedure gives consistent results. The coefficient of reliability is much higher for the total questionnaire than it is for any of the subsets. One should expect the reliability on subsets to be lower because we are now only asking the respondents four to six times to determine his "entire" attitude towards a part of consumerism.

## Population

The purpose of this survey is to interview personally a random sample of a total of 900 respondents. The interview covers a questionnaire which is designed to "explore consumers' attitudes and views toward consumer issues, their experience with the purchase and repair of consumer products and the information they use--or would like to have--when they make their purchasing decisions."<sup>1</sup> /1/

The population to be interviewed comprises a rural and an urban sample in upstate New York. For feasibility reason of field costs, in view of available resources and time constraints, the sample is drawn from a sub-population roughly with a 50-60 mile radius of Ithaca.

## Stratification of Sample

The sample is stratified according to rural and urban dimensions. The definitions of rural and urban are as follows:

rural: towns of < 2500 inhabitants outside SMSA's  
urban: blocks within urbanized SMSA's regions

## Cluster Sampling

The area is still, however, too vast an area to draw a random sample from as such since it would be extremely costly to construct a list of the elements in the population. Thus, we need to define smaller units which will prove manageable. For this purpose a sampling unit consisting of a cluster of smaller units (elements <sup>3</sup> /3/) has been constructed.

## Rural and Urban Sampling

Construct an exhaustive listing of all towns with population 2500 inhabitants in all counties considered.<sup>4</sup> Instead of population size, per se, we will use number of households since this gives us a manageable unit to work with. Assign to categories of 100 households integer numbers from 1 to 252. Out of this cluster /1, 252/ using the table of random numbers, draw a random sample of 10 towns.

$$\text{since: } m_i = M_i \left( \frac{f_o}{nz_i} \right) = \frac{M_i}{z_{ik}} \quad (3)$$

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The drawing of the urban sample is methodologically similar to that for the rural sample. In the urban areas we are dealing with SMSA's partitioned according to census tracts. These tracts are composed of city blocks.

Construct an exhaustive listing of all census tracts within urban areas of SMSA's and code numbers of living units per census tract. Consider listings of city blocks within census tracts as clusters primary units. Again due to limitation of resources and size of sample, this had to be reduced to a more manageable sample size. Similarly to rural sampling equation (1) is used to take a random sample in proportion to size of units. Thus, 25 tracts were selected using the table of random numbers.

Given these 25 census tracts, list all urban blocks and corresponding number of year around living units. Assign consecutive numbers to the blocks. Using the random number table we select blocks within the tracts and we compute  $z_i$  for each block. Using equation:

$$m_i = M_i \left( \frac{f_o}{nz_i} \right) = \frac{M_i}{z_i^k},$$

we obtain the number of required households in each block.

Overview of demographic characteristics of the population, types of complaints and attitudes; coding and computerized classification of data.

The response of consumers to the question, "What do you think is the number one consumer problem?" is indicated in the table below.

#### Types of Complaints

Type of Complaints	1st Sample		2nd Sample	
	Rural	Urban	Rural	Urban
High prices	43.5%	20.9%	43%	31%
Advertising	10.5%	22.1%	10.8%	21.8%
Quality	8.9%	17.2%	11.3%	8.1%
Servicing	14.1%	15.2%	11.8%	16.8%
Total %	77%	75.40%	76.90%	77.70%

On the whole, almost 80 percent of the respondents find that the most important consumer problem falls in four categories: high prices, advertising, quality and servicing of products. At no time, more than about 12

Footnotes Used in Preliminary Version

1. Copy of press release in Appendix 1
3. "Single-Stage Cluster Sampling" in /3/.
4. Table 33. General Characteristics for county subdivisions: 1970 in /2/, pp. 34-208-on. Example in Appendix 2.

percent of the respondents say there is no problem. Thus, this is a first indication that consumers are concerned, they see that there are problems for the consumers. They are aware of the marketplace as an environmental framework reflecting a quality of life dimension.

More specifically, more than 44 percent of 875 respondents who live in rural areas are concerned with inflation both in June and September while the percentage of urban residents with the same concerns rose from 21 percent in June to 31 percent in September. Thus, rural consumers feel the impact of inflation earlier and more strongly than their urban counterparts.

Certain characteristics of the rural population could be responsible for this sizeable difference in the response of urban versus rural residents. The income distribution shows that on the average, 50 percent of the rural residents in the sample earn less than \$10,000, while in urban areas the corresponding figure is 35 percent. One-third more urbanites than rural people earn \$15,000 or higher.

The age distribution indicates that the percentage of elderly in the rural subsample is only slightly higher than the corresponding urban one, while the difference between these two areas for age groups 35-54 is very sizeable, one-fourth more people in this age bracket being urbanites. This is the age group where income is higher thus it is not surprising that the standard of living as measured by income is lower in rural areas. Thus, rural consumers feel the pinch of inflation hard and early.

Family size (number of persons) shows that the number of persons in the family and the number of children does not on the whole indicate the existence of any major differences in the distribution in family size between rural and urban areas. There is a somewhat larger proportion of rural families with three children under six (4 percent versus .4 percent). This influence would, of course, reinforce the pinch from inflation.

As inflation climbs from eight to ten to fourteen percent as shown by the consumer price index and as wage and other earnings increase with a sizeable lag, there is a shift among types of expenditures within the consumers' budget. This is compounded by even higher differential price increases, for instance food prices went up by 25 percent or more. Basic essentials like food, housing, transportation, clothing, make up about 80 percent of consumers' budgets (including taxes). As the discrepancies between earnings and spending grow, consumers rearrange their spending. Since basics are hard to cut, luxuries such as entertainment, gifts, vacations, etc., will be cut first. However, the psychology of affluence still lingers on in life-styles habits and therefore consumers will first shift from more expensive luxuries to cheaper ones and also to "free" goods. An illustration might be the spectacular increase in museums visits. Museums are usually free or cheap compared to alternative sources of recreation. In addition, they now offer a variety of programs such as exhibits, movies, concerts, cheap cafeterias, etc. Recently, the Christian Science Monitor reports an increase from 200 million visits in 1962 to 700 million and up last year, according to the American Association of Museums.

Museums appear as a public good with no or low fees and one wonders if their subsidies should not be increased. Museums are usually more accessible to urbanites than rural residents and this kind of opportunity for shifting consumers' preferences for luxury substitutes may not be readily available in rural areas. Although this is only an example, it may reflect a pattern and thus it is not surprising that rural residents feel the pinge of inflation much more strongly than urban residents. Possibly, they also have fewer diversions than urban consumers and thus it may be more difficult for them to rearrange their budgets so that they can receive sufficient satisfaction psychologically. A by-product of high inflation is usually a compensatory tendency by producers and sellers to recoup via the quality of good. Thus, high prices entail low quality. This is reflected in the sentiment of the consumers in this survey. For both periods 17 percent of urban consumers mention quality and servicing of goods as the problem. While 11 percent of rural consumers in June mentioned advertising as the problem, in September, 11 percent mentioned quality of goods as problem number one.

In terms of the occupational configuration, as is well known, rural areas in New York State are by no means populated by farmers. While for the United States as a whole seven out of every ten workers are in services. This appears to be true also for New York State.

#### Analysis of Results of the Attitudes' Survey

Consumer problems are an important social issue even relative to other social issues and are not overdramatized in the press. Consumer groups are not meddling too much in business, in fact the consumer movement is needed to protect the consumer from business. There ought to be more places where the consumers can vent their frustrations. These are views of the consumers. From June to September the survey period, the state of the economy worsened sizeably, in particular, the stock market (Dow Jones index) took a nose dive from about 850 in June to 650 in September. The response to the questions from June to September seem to indicate a strengthening in the pro-consumer attitudes of the respondents.

The tables herewith show percentage response to specific questions. These results indicate that consumers view quality-of-life in the marketplace as an important issue, they want action to be taken and they want control over their environment.

Thus, not only the consumers feel a concern for consumer problems, they also feel that these concerns are important and are not overdramatized in the media. Also, they feel that consumers themselves can and should act to remedy such problems.

So far, only the general question plus a few of the 30 attitude questions have been analyzed. A more systematic, simultaneous and comprehensive analysis of all the attitude questions combined can be achieved via factor analysis.

## Some Attitudes Regarding

### Consumer Problems

Questions	No	Yes
	%	%
Consumer groups are meddling too much with the business system	58.9%	16.2%
There aren't enough places to which a dissatisfied customer can complain	23.8%	68.5%
Consumer problems are not as bad as newspaper and T.V. reports make them appear	63.0%	20.3%
A strong consumer movement is needed to protect consumers from big business	8.1%	76.7%
Relative to other major social issues, consumer problems are not very important	80.2%	11.6%

No means disagree with the question as phrased, yes means agree

## Major Themes Regarding Consumer Problems

- (A) Consumer problems are important, action should be taken, the respondents are willing to pay for such action.
- (B) Consumers are taken advantage of too often and there exists no adequate recourse for them to voice their grievances.
- (C) Car safety, environmental quality and consumer protection in general are areas of concern. Consumers are willing to shoulder some cost for their improvement.
- (D) Consumers do not have confidence in business and mistrust advertising.

These themes can be explained as follows:

- (A) Consumer problems are important, action should be taken and the respondents are willing to pay for such action.

This is the most important theme both for urban and rural residents. They expressed very strong feelings on this theme. They favor action through consumer groups, government protection and regulation of industry in general. Consumer advocates and strong consumer movements are considered necessary to help getting action. The respondents favor these actions even if they impose some costs on the consumer. The questionnaire did not cover a discussion of the amount of costs that consumers would be willing to pay.

The only differences between urban and rural residents are that rural people don't feel as strongly as urbanites about the view that "Relative to other major social issues, consumer problems are not very important;" they regard it as important but not of primary importance (relative to inflation). Indeed, another part of the survey shows that rural residents feel the pinch of inflation more strongly (and earlier) than urban residents. Also rural consumers do not feel that consumer movements are essential to protect consumers from big business. In matter of safety regulation they feel business should set its own standards, presumably under the general regulation of government which they advocate.

- (B) Consumers are taken advantage of too often and there exists not adequate recourse for them to voice their grievances.

Consumers are taken advantage of too often in the sense that they pay too much for what they get, increasingly the quality of goods is poor, advertising is a problem.

This is the next most important theme both for urban and rural residents. Again, they share their complaints about the high prices and low quality of the products they buy. The urban-rural differences are that urbanites view advertising as a problem basically because they feel advertising is dishonest while rural residents feel that advertising should



be policed by the government more carefully. Also, the analysis shows that rural residents are concerned about the consumers' role in setting utility rates. This may be because rural residents have lower incomes and as a fixed expenditure in the budget they feel utilities as a greater burden. While for urbanites, food is the greater burden.

- (C) Car safety, environmental quality and consumer protection in general are areas of concern. Consumers are willing to shoulder some cost for their improvement.

Both urban and rural residents agree on this item although they give it a somewhat different ranking. It is the third most important theme for the urbanites, but the fourth one for rural people. Again, the consumers exhibit the willingness to pay some cost although magnitudes are not specified.

- (D) Degree of confidence in business and views about advertising.

This theme is the fourth most important for urbanites and the third most important for rural residents.

Urban consumers do not have great confidence in business and support a stronger role by government in handling consumer complaints and policing advertising. While rural residents have more confidence in business adequacy in representing their products and handling complaints, they view commercials as providing information but not enough about the quality of the products.

Thus, while advertising is perceived by both urban and rural residents as an area of special concern, their views are somewhat different. Urbanites strongly perceive advertising as being dishonest and give it a very low priority as a medium for information and at any rate it does not give good information about quality of products and rankings of different brands.

Rural residents view advertising in the opposite direction. They perceive it as giving information although they agree with urbanites it does not give good information about quality of products. They also perceive advertising as dishonest but give it a lower priority in their concerns.

These results are in accordance with the literature which points out that urbanites are victims of merchants particularly in the slums. This also ties in with the feeling that urbanites have for a strong consumer movement. On the other hand, in rural areas business operates at a more personal level, the flow of residents in and out of shops is composed of local people, merchants are more clearly known as specific individuals and they have closer ties with the community. Thus, possibly the level of business ethics is higher in rural areas than in urban areas.

Overall, the survey dispels (i) first of all the myth of consumer apathy. The general public is aware of consumer problems and demands that something be done. In fact, consumers are willing to shoulder some cost for it. Of course, what is the best institutional and policy mix which would be optimum requires considerable study; (ii) secondly, it also contradicts the rationale of certain businesses that "if we don't deal with safety or pollution control it is because we would have to pass the cost to consumers in the form of higher prices." Of course, how much consumers are willing to pay remains an open question.

The rural-urban differences revealed by the survey indicate the special features of the rural environment. The rural residents still maintain personal contacts with shop owners in the community. Ruthless, impersonal exploitation by business has not become an urgent concern. Rural people feel deprivation of information about product quality. Their geographical dispersal makes them doubtful about the effectiveness of consumer movements. They also appear to be less familiar with the institutional framework in the economy and less capable to crystalize their grievances and complaints. Urbanites are more specific, they identify more clearly the agents and channels in the system, they separate more clearly business, government, industry, the legal system (small claims courts) as well as advertising and control of utility rates. For rural residents these dimensions of consumer problems are not so clear cut, their conceptualization is more fuzzy and there are more frequent overlaps in their evaluations of influences.

Not only do consumers feel strongly about consumer problems and the role of consumers in changing the existing order, but they feel strongly in the specific areas of governmental, legal and business capabilities to remedy consumers' problems.

Although we see that consumers are rather distrustful or unsure about the protective and helpful role of the federal government and agencies in general, they support strongly, specific government controls in areas such as drugs, advertising, pollution control devices in cars. Specifically, targeted controls appear more effective to the consumers.

As far as small claims courts are concerned, many consumers simply never even heard of this possible channel of recourse. At any rate, they do not see it as a great facilitation for settlement of consumers' grievances.

Again, we find confidence in the consumers' themselves as actors of effective social change.

Business is not trusted, it should be regulated, cannot be left to itself. On the whole, BBB and business can handle complaints.

More to Come

These are merely the preliminary results. Analysis of the data is continuing. More will be reported at a future date.

-- abstracted by Karen Hull

## INFLATION AND RECESSION:

### DOUBLE TROUBLE FOR THE AMERICAN CONSUMER

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While the situation in the economy is certainly far from good, I think that it is reasonable, as we assess the American economy today and look toward the future, to take note of certain things which are presently happening and which augur developments for the future. And so what I would like to do with you is to briefly give my own assessment of the economy, particularly in light of fiscal policy actions which were taken by the Congress, the tax bill which was signed by the President, and then to address myself to the matter of the outlook for the economy, both in terms of the matter of recession and the matter of inflation.

Today the Labor Department will release its unemployment figures for March. I would suspect that they will show an American economy with an unemployment rate of at least 8.5 per cent, up from 8.2 per cent, which was the prevailing rate for January and February. When that rate held in February, a number of people seized on it, and assumed that we had now seen the worst of the unemployment in the United States. That is to say that it had peaked in February and from this point on, one might reasonably expect improvements. I would like to make two points: first, that was an incorrect assumption. It was incorrect because if they had taken the time to analyze these figures carefully they would have noted that unemployment did indeed rise in February by a half million, but this was precisely matched by a decline in the labor force of half a million. And since the unemployment rate is the statistical relationship between those who are unemployed as a percentage of the civilian labor force, it washed out. The fact is that the unemployment rate does lag behind every other indicator in the economy insofar as an improvement in a cyclical recovery period. And therefore, one should be realistic and candid about this.

Secretary of the Treasury Simon is probably correct, but perhaps may be understating when he says that the unemployment rate will reach nine per cent. It's quite likely that it will reach higher than nine per cent before it eventually starts to come down. And I would suggest that by year's end it still may be painfully close to nine per cent. This, however,

is below the ten per cent figure that George Meany has suggested as going to characterize the labor markets in the United States. We will not, I am quite confident, reach ten per cent, but this is not to minimize the unemployment problem in the United States. It is a severe problem, it is of the gravest magnitude that we have confronted during the entire postwar period; indeed, since the depression of the 1930's. So I don't minimize this.

But, in looking at the economy some things are quite clear, and that is, as with every other cyclical period from which this economy has moved, we are now clearly seeing those events in train, which suggest that it is reasonable for us to anticipate a bottoming out of this economy some time during the summer months. For example, looking at what has been happening to production in the United States, we note that for at least the last five months industrial production has declined. And when the most recent data is released, it will probably show further declines. At the same time sales have not really been very strong. With the exception of the rebate program in automobiles, consumer durable sales are really way off. But related to what is happening to production and the sales, one must look back to see what was happening earlier in the economy. What was happening then was a tremendous increase in the level of inventories in the hands of manufacturers and businessmen. These did, in fact, stem from that time of shortages and dramatic price increases when businessmen felt as though they could not get the merchandise they needed, whether it be finished goods or intermediate goods. And so we saw double and triple ordering from various sources in order to build up the stocks of merchandise in anticipation of still higher rates and price inflation.

But as the weakness in the economy manifested itself very clearly in 1974, we not only had a voluntary accumulation -- deliberate accumulation -- of stocks by businesses, but increasingly there was an involuntary element that entered into it. Even when businessmen tried to cut back, sales had weakened so dramatically that they were left with rising levels of inventories. And before this economy can ever pull out of any recession, particularly a recession of this magnitude, one which I would submit is now in its 15th or 16th month, those inventories have to be worked off. And before we begin a resumption of production, you have to establish a more meaningful relationship between your unsold merchandise and the rate at which you are selling that merchandise. And so it is that we now are clearly seeing a very dramatic adjustment being made in inventories in the American economy.

It is for that reason that when the first quarter Gross National Product figures are released, sometime later this month, they will probably show a decline in real economic activity, at least as large in magnitude as that experienced in the fourth quarter of 1974, and that, you might recall, was in excess of nine per cent. Just as adding to inventories increases economic activity and Gross National Product figures, when businessmen stop ordering and start living off the shelf, that serves to depress activity, and in the Gross National Product accounts, it is recorded as a minus. This will pull economic activity levels down. But as we



begin to see a better relationship established, as consumers begin to respond to the stimulus of tax relief recently enacted by Congress, as the rate of inflation diminishes and their real purchasing power begins to move up perceptibly, we can expect to see some encouragement in terms of renewed consumer spending. These are the kinds of things which suggest to me that while for the second quarter we may still witness declined real activity levels and rising unemployment, nonetheless, it would still be a considerably reduced rate from that in the first quarter. I'm reasonably confident that by the third quarter of this year the economy will clearly have bottomed out, and by the fourth quarter we certainly will be seeing real growth.

I find myself in a rather strange position, being in agreement with the administration in terms of the shape of economic events as they see it. I will, however, part company in suggesting that more than a year ago I felt we were in a recession, and it took the President of the United States and the Administration a long time to catch up with what the American people had known for a long time. But it is refreshing to see that events are being perceived more readily, and I think this augurs well for the future.

Now given the fact that the economy is showing signs of at least improvement in strength, what does this imply for inflation? Well, we have, in the last five months, seen the Wholesale Price Index decline, moved largely by declining product prices in the farm sector, to a much lesser extent a slower rise in the price of industrial commodities. We have not yet seen any declines in prices at retail, at least as measured by the Consumer Price Index. What we have seen, however, is a reduction in the rate of inflation. If one wants to be a realist, that is what we should anticipate in 1975; that is, rather than absolute price reduction in the aggregate, a reduction in the rate of price increase. And I point out to you that the roughly twelve per cent rate of inflation which showed up in the Consumer Price Index last year is now estimated by most economist to be roughly in the seven per cent area for 1975, which is still an awfully lot of inflation -- a lot more than consumers lived with during the 1960's.

So the problem of inflation is one which is still with us. The fact that so many are prone to seize on the problem of recession, which is indeed a problem, to the exclusion of concern over inflation, is something which troubles me greatly, because I don't view today's recession and today's inflation as being independent phenomenon. Rather, the accelerated rate of inflation which cut deeply into discretionary real purchasing power on the part of consumers, the accelerated inflation which eroded the real purchasing power of businessmen's capital outlay funds, in a very real sense, contributed to the decline in real economic activity, because the ammunition -- the purchasing power -- was not there to sustain those levels of economic activity. Until such time as we can reasonably anticipate stable prices, or reasonably stable prices, the prospect for sustained economic advance, with high employment levels and without concern over recession, that possibility is largely precluded. And so it is that

with this kind of an analysis of the economy you can address yourself to the matter of fiscal policy and tax relief which was recently afforded by the Congress of the United States.

It's interesting to trace the history of that tax relief. Not too many months ago the President of the United States was chiding the United States Congress because Congress had failed to do what? To pass a tax increase, which along with WIN buttons was supposed to eradicate public enemy number one -- inflation. Well, Congress, and I'm not sure in its infinite wisdom, did not pass that tax increase, and that is probably one of the best things Congress had done, while doing nothing in recent months. Economic events were very rapid and the notion of the tax increase seemed rather strange to anybody with knowledge of economic affairs. So it was no surprise when early this year in his State of the Union Message, President Ford suggested that what this country now needed most of all was a tax reduction -- a tax reduction, my recollection was, of roughly \$16 billion in magnitude. It was in the form of a rebate against 1974 tax liabilities.

This was taken by the House Ways and Means Committee and they transformed it into a tax package of roughly \$21 billion, which was then taken by the United States Senate and transformed into a tax package of roughly \$31 billion, which bounced back in conference committee, and which ultimately emerged as a tax package of roughly \$22 billion. Well, included in that were a whole series of goodies. If you happen to be fortunate enough (although if you tried to live off it, I don't know whether fortunate is the appropriate term) to be a social security recipient, Mike Mansfield said, "\$100 for you." But Congress said, "No, that's too much. Let's make it \$50."

If you happen to be in the construction trade unions or a builder, the Congress certainly had something for you, and that was a \$2000 tax rebate to any American who would purchase a new house if that house was either constructed and unsold, or in the process of construction as of March 27, 1975, and if purchased as a principal residence within the next twelve months. I was really waiting for somebody to come out with a special rebate to Americans for purchasing groceries, since that certainly would have helped an awful lot of American consumers independent of home purchases.

But what I am saying to you is that included in that tax package was a whole variety of measures, some of which were meaningful and some of which were not, some of which were addressed to the problems of inflation and/or recession, some of which were not. What started out as a meaningful exercise in providing some fiscal relief, ultimately deteriorated into a demonstration of one particular interest group managing to convince the Congress of the United States to offer it tax relief, even if this meant coming at the expense of some other group. And make no mistake about this. While I would submit that this economy needs help, and should have help, the Congress of the United States and the United States Treasury can only help in terms of tax relief, by borrowing funds to give the American

economy because they do not have any surplus funds. And so the larger this package, the larger the deficit.

For 1975 it is now estimated the Treasury borrowing requirements will run about \$80 billion. Estimates of their cash needs have changed dramatically just within the last several weeks, from under 5 billion now to close to 18 billion dollars before the end of June. We are already beginning to see in money and capital markets response to the enormity of the Treasury's borrowing requirements. As someone in the Federal Reserve, I am acutely concerned and sensitive to the implications of these kinds of borrowing requirements on the nation's money and capital markets, because one of the vital ingredients in recovery is a prevailing level of interest rates which is consistent with that recovery, and I think Chairman Burns of the Board has made his concern made known quite clearly.

So while it is proper to help this economy, we have to recognize two things: that too much help might in many instances be even more harmful than too little help, and that there is a cost attached to the help which is extended. Nothing, and I mean nothing, that means anything to us, including tax relief, is costless. And if in the final analysis, it turns out that this relief was too much and that the implications of treasury borrowing requirements do strain the money and credit markets and generate ultimately excessive economic activity next year, then the rate of inflation is likely to respond and we're liable to be asking ourselves by the end of 1976, "What did that tax relief cost us in terms of inflation?" Because to be quite realistic, it would be a very cruel hoax to perpetrate on the American people, to hand them a tax rebate check of \$100 and have inflation in eighteen months take back \$101. So it is going to be rather interesting to watch what the Congress does in the months ahead, to see whether or not the level of federal spending moves dramatically above where it is now projected, given this particular program.

Under the circumstances I've described, and with the concerns that I have indicated to you, nonetheless, it does now seem reasonable to anticipate that the American economy will in 1976 be growing. And I would suspect that despite the prevalence of high unemployment rates, one of our major concerns next year is going to be to keep that growth rate in check, lest it does rekindle inflation, which I suggested to you will be in the process of unwinding in 1975. But before I conclude my remarks, I think it's appropriate to pose a question which Congress has not thus far addressed and which too many of us don't really ask, and that is: How can one have inflation and recession simultaneously?

Everything I ever learned as an economist suggested that inflation was a result of excess demands: more money demands being made than there was a capacity to provide real goods and services. The definition of recession is: a shortage of demand, an excess of supply. Yet, we find these things co-existing. The reason, I think, they co-exist relates to structural problems within the American economy itself. And these problems have not, thus far, been addressed by fiscal policy. These are the problems which, I think, relate to growing levels of economic concentration in the business segment of the American economy.



Larger and larger firms are coming to dominate particular industries with the ability, in effect, to administer their prices or to resist price declines at a time when demand declines. It took almost catastrophic events in the automobile industry, for example, to move them to do what any shopkeeper would have done immediately: when his sales began to fall, to lower their prices. And even when they lowered them, they would not dignify it by saying it was a price reduction; it was termed a rebate program.

Similarly, on the labor market side, we have George Meaney, sunning himself in Bal Harbour, Florida, concerning himself with the plight of the American worker, even as his construction union workers have an unemployment rate of anywhere from 15 to 20 per cent, and are probably the most highly paid workers of any skill in the United States. As if their wage rates are unrelated to the level of unemployment, which they presently enjoy. As if their wage rates are not a crucial factor in what has been happening to the housing markets in the United States in terms of the price of housing, and the phenomenon of having people priced out of the housing market that five or ten years ago they could look forward to.

These are the kinds of structural problems which have not yet been addressed. If they are not addressed, if the matter of growing economic power on the business side and on the labor side is not addressed, whether by anti-trust or by regulatory procedures, or by an absence of regulatory procedures, which often themselves impede competition, then I would submit to you that no matter how fortunate we are in bailing ourselves out of our present predicament, it will not be too long before, in the future, we are likely again to be confronted with this same set of problems.

The pure and simple truth is that when an economy such as ours is confronted with high rates of inflation, the imperfect structure means that we have to squeeze it that much harder to get prices and costs to respond. And when that squeezing is done, again given the structure of that economy, those who are least able to tolerate that pressure are the first ones to feel it -- those who are unorganized, for whom something called free enterprise is something that they live with, and distinctly different from the kind of free enterprise notions that exist in Lockheed and the Penn Central.

We must -- and should -- hope for intelligent and prudent monetary policy by the Federal Reserve System because these are important determinants of what happens in the American economy. But at the same time we should also insist upon intelligent, prudent, and aggressive policy on the part of the United States Department of Justice Anti-Trust Division in terms of turning this economy around and making it look more like the competitive model that economic textbooks describe in talking about our enterprise system.

Finally, I think we are going to have to recognize, and the energy crisis gave us a reason to think about this, that things are scarce in this world, and perhaps in this sense the theme of this meeting is quite appropriate. Everything we want is limited. If you want something, you've