

contribution.

The empirical results would suggest that the impacts of the 1986 Tax Reform Bill on IRA participation and contribution will be different among different groups of households. The restrictions in IRA deductibility will have more negative impacts on white households with higher education levels and higher income because they have a higher probability of participating in IRA than other household groups.

FOOTNOTES

1. The Washington Post, April 6, 1986.
2. Ibid.

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RECENT LABOR MARKET EXPERIENCE OF THE BABY BOOM GENERATION

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The Surveys of Consumer Finances for the years 1960, 1967, 1977 and 1983 are consulted to test whether the baby boom generation fared as well as its immediate predecessors as it entered the labor market. Unemployment rates and real earnings of boomers are compared to their equivalent cohorts in earlier years and to older cohorts in 1977 and 1983, with account taken of age, sex and race of respondents. Results indicate that in general, boomers have experienced higher unemployment and lower real earnings than preceding generations, and implications of this are drawn. The idiosyncratic experiences of females, blacks and those with college degrees are noted.

INTRODUCTION

Depending on the degree of imperfection of the labor market, a supply shock such as that which began in the late 1960's when the baby boom generation began to enter the market, can cause wages to fall, the unemployment rate to rise, or both. Furthermore, if there is not perfect substitutability of one age cohort for another in the labor force, the burden of lower wages and higher unemployment may well fall disproportionately on the new entrants. Such was the prediction of models developed by various writers in the late 1970's (e.g. Freeman, 1979; Berger, 1984): the concern was expressed that the baby boom generation would not develop the financial wherewithal to live as comfortably as its parents.

Early evidence seemed to confirm that baby boomers were experiencing difficulty in establishing themselves in the labor market. Baby boomer unemployment rates tended to be higher than average, and to remain so as the national average fluctuated (Feldstein, 1972; Wachter, 1976). At the same time, earnings of boomers tended to be lower than those experienced by the same age cohort in previous years, even when allowing for the fact that boomers tended to have more education than their predecessors (Welch, 1979; Russell, 1982).

For the first time in many years, it looked like a whole generation of the US population would not only not be able to develop the financial wherewithal to live as comfortably as its parents, but would see its financial condition worsen relative to previous generations (Berger, 1984). Or would it? Welch (1979) predicted that initial reductions of wages and hours worked of the boomers would decline over time, and any persistent effects would extend only to wages.

The baby boomers have now been in the labor market for over a decade. The object of this paper is to give an update on their labor market experiences using the survey of consumer finances data. The purpose of the study is to examine whether baby

boomers are experiencing higher unemployment rates and lower earnings than people of equivalent socio-demographic status in previous generations. Results will update the earlier studies referred to above, but also supplement them by disaggregating by education, sex and race. If it turns out to be the case that boomer unemployment rates are higher and earnings lower than previous generations, then the implication would be that the baby boomers will have to live at a lesser level of economic wellbeing than their parents. The practical consequences of this would depend on whether boomers are capable of making the required adjustment of expectations: for example, if boomers were to consume at the same level as their parents, their ability to accumulate assets would not be as great, and their security in later years might be inadequate to meet retirement needs.

METHODS

The data base for this study is the Survey of Consumer Finances, a cross-section sample of US families collected periodically by the Survey Research Center at the University of Michigan. The surveys provide data on unemployment and earnings of family members, and include a wealth of data on socio-demographic characteristics of respondents and their families (Avery et al, 1984). For the purposes of this study, the surveys for 1960, 1967, 1977 and 1983 were consulted.

The labor market experience of baby boomers relative to previous generations is analyzed by two kinds of comparisons. One is comparison of the boomer age group in 1977 and 1983 with the same age group in the earlier years; the other is comparison of the boomer age group to people in older age cohorts in the same year. These comparisons are facilitated by combining age with unemployment and earnings data for all four sample years. For unemployment data, which is expressed in rates, the combination is by cross-tabulation. For earnings data, which is expressed in average dollar amounts per cohort, the combination is by analysis of variance.

The baby boom generation consists of those people born between 1946 and 1964. In 1977, the boomers were in the 13-31 age cohort, and many of the older members of this group (sometimes called the early boomers) would have been in the labor market. In 1983, the most recent survey year, the boomers were in the 19-37 age cohort. By this time most of the early boomers should have been in the labor market, and many of the younger members of the group (sometimes called the late boomers) would have joined them.

In what follows, the baby boom generation will be defined as those between the ages of 21 and 37 in 1983. The high cut-off at the younger end of the range is because of small numbers of usable returns in the 19-20 ages. Distinction will be made between the early boomers and late boomers. The dividing point between the two subgroups coincides with the peak of the surge in birth rates in the mid 1950's: early boomers are those people aged 27-37 in 1983 and late boomers are those aged 21-26 in 1983. It will be noted that the early boomers constitute the 21-26 age group of the 1977 survey.

RESULTS

Unemployment

The task here is to examine whether unemployment among boomers is higher than for previous generations. Table 1 contains a cross-tabulation of unemployment rates by age groups for the four sample years. Comparing boomers in 1983 to the same cohorts in earlier years, it is evident that the current generation has fared worse than its predecessors. The unemployment rate for both early and late boomers in 1983 was almost double that for their equivalents in 1960, even though the average unemployment rate for the whole sample in 1983 was the same as for 1960. In the case of the early boomers, this process appears to have started in 1977, when they first entered the workforce. Comparing the boomers to older cohorts in 1983, it appears that the burden of unemployment in that year fell disproportionately on the boomers, and especially the late boomers. This is a marked contrast to the earliest two sample years.

TABLE 1. Percentage unemployment rates by age groups.

Age group	1960	1967	1977	1983
21-26 years	5.5	4.4	5.6	10.2
27-37 years	4.9	2.5	4.5	8.7
38-44 years	5.5	2.5	3.7	6.2
45-54 years	7.5	3.3	2.3	6.0
55-64 years	8.5	3.0	1.9	3.7
65 and over	3.1	0.5	0.6	0.8
Sample average	5.9	2.8	3.0	5.9
Chi-square	458	1631	1163	1736
p (DF = 10)	.00	.00	.00	.00

In the course of preparation of this paper, unemployment was broken down by years of education, sex and race of respondents. Considerations of space prevent reproduction of tabulations; results will, however, be described. With one possible exception, the tendency for boomer age group unemployment rates to increase as the boomers entered the workforce, noted for the population as a whole, is pervasive across the different education levels. It is particularly marked for those whose highest educational attainment was 9-11 grades or a high school diploma. The possible exception is those with college degrees, who, as Freeman (1975) points out,

constitute an increasing portion of the population over the sample years. Boomers with college degrees were only marginally worse off in 1983 than in earlier years. In most cases, boomers in the individual education categories fared worse than their older cohorts in terms of unemployment in 1983. It is also noted that unemployment rates of boomers in general in 1983 seem to have diminished with increasing education levels.

That boomers have fared worse than their predecessors and older cohorts is evident for males and for whites. Female boomers had higher unemployment rates in 1983 than their older cohorts, but 1983 represented a marked improvement over 1977 and was not unduly worse than 1960. It would be hard to argue that the influx of boomers in recent years had adversely affected women's chances of entering the workforce. Indeed, 1983 marks the first time for women that unemployment rates were no worse than for males.

In the case of blacks, the racial factor appears to have outweighed the age factor in unemployment rates, as several writers have hinted (Smith, 1984; Kiker and Heath, 1985; Hoffman, 1984). Black boomers did show marginally worse unemployment rates in 1983 than their predecessors and than older cohorts, but with all of these rates running at 2 and 3 times the national average, the effect of the baby boom is to some degree masked.

Earnings

The task for this section is to find out whether earnings of baby boomers are lower than for previous generations. Results will be presented for the sample populations as a whole, and discussion follows, controlling for education sex and race.

TABLE 2. Mean real (1982) dollar earnings by age groups.

Age	1960	1967	1977	1983
21-26	11709	15184	13634	14500
27-37	17152	20394	22062	21943
38-44	20119	22981	26419	24672
45-54	18780	20944	25821	26668
55-64	15557	17353	17645	24412
F	18.86	13.54	27.19	20.14
p	.0	.0	.0	.0

Table 2 contains cell means of average (constant) dollar earnings by age cohort over the sample years, as derived from a one-way anova. For the early (27-37) boomers, average 1983 earnings had fallen compared to 1977, thus ending a trend for the earnings of that age group to increase since 1960. This fall was against the trend for real earnings of the sample as a whole, and brought the earnings of this age group below the sample average for the first time. The late boomers (21-26) had experienced an increase in 1983 as compared to 1977, the year that the early boomers entered the workforce, but even with the increase, average earnings were below their 1967 level. The

evidence seems to be, then, that boomers' earnings were lower than their predecessors.

To facilitate comparison of boomers with their parents' age cohorts in the same year, ratios of average earnings of the boomer and older cohorts are required. For continuity of presentation, such ratios are presented at the end of this section of the paper, and are preceded by information on average dollar earnings by education, sex and race of respondents.

For all except those whose education terminated with a high-school diploma, the entry of the baby boomers into the workforce in 1977 coincided with a drop in the average dollar earnings of their cohort (21-26) compared to previous years. Similar drops are not noted consistently for any other age cohort. By 1983, the earnings of the 21-26 cohort had recovered a little from the drop in 1977, but in some cases had still not recovered to their 1967 level. The earnings of the 27-37, or early boomer, cohort in 1983 fell substantially in the case of those with least and those with most education.

The entry of female boomers into the workforce in 1977 seems to have affected the earnings of the 21-26 cohort much more than was the case for their male counterparts. Earnings for the cohort had recovered by 1983, however, when the late boomers entered the workforce. The earnings of the early boomers cohort in 1983 (27-37) showed a small decrease for males, but for females, in contrast with their 1977 experience, earnings had increased substantially. It is interesting to note that by 1983, earning for females in general had improved relative to their male counterparts, as compared to earlier years, even though their income was still well below that of males.

As in the case of unemployment, there is no strong evidence that the advent of the baby boom impacted on earnings of blacks. The most noticeable tendency for earnings decline noted above, that of the 21-26 group to fall in 1977, is not apparent for blacks. The race factor seems to have been uppermost, as was the case for unemployment.

For comparison of baby boom age cohorts with older cohorts over the years, the ratio of earnings of early and late boomers to those of people in the 38-44 and 45-54 cohorts respectively were calculated. Results for the sample as a whole are presented in Table 3.

TABLE 3. Ratios of earnings of boomer age groups of peak earnings age groups.

Age ratio	1960	1967	1977	1983
21-26/38-44	.581	.661*	.514*	.589
21-26/45-54	.622	.726*	.525*	.540
27-37/38-44	.853	.887	.829	.894
27-37/45-54	.913	.975	.845*	.818

Note: * indicates that the ratio is significantly different to the previous sample equivalent ratio at at least the .05 level.

According to Table 3, it appears that the 21-26 cohort, having shown significant improvement relative to older cohorts in 1967, experienced a significant setback in 1977 as the early boomers entered the workforce. The relative earnings of this cohort remained relatively low as compared to older cohorts when the late boomers entered the workforce in 1983. The 27-37 age cohort did show a relative fall as compared to older cohorts in 1983, but this was a flow-on from the significant fall for this group which occurred in 1977. The advent of the boomers into the group thus exacerbated the effect of an earlier slump in this age group's relative earnings. It should be noted that by 1983, the relative earnings of the baby boom age groups were down to the levels last seen in the early 1960's. Indeed, as compared to people in the peak earnings years (45-54), the boomers were doing worse than their equivalents in 1960.

Ratios similar to those in Table 3, but controlling for education, sex and race were calculated, but to save space, are not reproduced here. The fall relative to older age groups of both boomer cohorts in 1977 was fairly robust among most education groups, and for white males. The relationship was weaker for females and blacks. Recovery of the ratios by 1983 was rare. One finding of interest is that those boomers with college degrees were able to maintain their parity with older cohorts throughout the 1977 to 1983 period.

CONCLUDING COMMENTS

The findings of this study have confirmed the predictions based on early studies of boomers' experience in the workforce, namely that boomers have not fared as well as their parents' generation. Study of unemployment rates of boomers shows that they had more difficulty entering the workforce than did the immediate preceding generations. Real earnings of boomers are lower than their parents generation, and have fallen relative to people in the peak earnings years. There is a 'back to the future' element to this: earnings of boomers relative to peak earners have recently returned to the levels they were at prior to the 1960's.

It should be pointed out that the above conclusions are drawn on the assumption that by looking at boomers relative to previous and older generations, the effect of the supply shock on the labor market would be isolated from other changes occurring in the economy. In general, the impact of the boomers, first as 21-26 year olds in 1977 and as 21-37 year olds in 1983 did stand out.

Disaggregation of results by education, sex and race uncovered some exceptions to the general findings commented upon above. The college degree - possessed by more people than ever before - to some extent cushioned the impact of unemployment for the boomer generation. Those with college degrees did experience something of a decline in real earnings between 1977 and 1983, but they were nevertheless able to maintain parity with the peak

earners. Other education groupings were not so lucky.

Disaggregation by sex showed females' experience to have been a little more erratic than males; other influences than just the advent of boomers into the workforce were at work in women's unemployment and earnings patterns. Females seem to have improved relative to males during the 1977-83 period. The recent workforce experience of blacks likewise seems to have been dominated by factors other than merely the entry of boomers onto the stage.

The general findings of this study strengthen the cause of those who argue that the boomer generation can not live at the level of its parents and still accumulate the funds necessary to ensure a smooth pattern of consumption in their later years. Nor can inheritance be expected to fill the gap, given the longevity of their parents and the potential for medical care costs to absorb the savings of the elderly. To sustain the levels of consumption of their parents, boomers must either cut back on savings or use more consumer credit. Either course of action implies a sacrifice of future consumption. The tendency for boomers to overuse consumer credit has been commented on elsewhere. It remains for future work to show whether and by how much current savings of boomers are falling short of projected requirements for retirement.

Regardless of whether it is or is not desirable for any generation to consume as its parents did, the difficulty boomers have experienced in establishing themselves in the workforce is a concern to both policy makers and financial planners. At stake is the future welfare of a whole generation, and action to rectify potential problems needs to be taken immediately by the boomers themselves.

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Consumer Finance: Recent Studies Using the 1983
Consumer Finance Survey

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The series of Surveys of Consumer Finances, from 1960 to 1986, represent a rich data source on asset and debt holdings of households, along with demographic and attitudinal information. With these data, the potential exists to address a wide range of questions and issues of interest to family and consumer economists. The three papers presented here represent a sampling of such issues, focusing on credit use, asset holdings, and the economic status of individuals and families. Please keep in mind that my comments are based upon drafts of the papers received prior to the conference dates.

I want to comment first on some methodological issues in the Soberon-Ferrar/Hatfield-Goldman and the Chern/Chen papers. Both used maximum likelihood estimation techniques, either binomial logit, probit, or Tobit. Because the coefficients in maximum likelihood estimation are not easily interpretable, it is necessary to transform the coefficients into marginal effects. There are two ways this can be done. One is to estimate the marginal effect on the "average" observation; that is, using the means and modal values of the independent variables, you can calculate the change in probability resulting from a unit change in the independent variable. For dummy variables, the probability is calculated with both a 0 and 1 value and the difference is the marginal effect.

Both papers have used this technique to estimate the probability of revolving or participating in an IRA for certain types of households. For example, Soberon-Ferrar/Hatfield-Goldman compare the probabilities of revolving for a "representative" household (the mean/median household) and for differences by race, sex, socioeconomic status, etc. Chern and Chen estimate probabilities for different racial, educational and income groups.

While this method provides information about marginal changes around the average, it does not provide information about the average marginal change, a statistic which is perhaps more interesting since there are rarely "average" people in our samples. The second method is to set up an algorithm for estimating the marginal effects for every individual, then averaging these marginal effects. This allows the researcher, and policy maker, to answer the question, if I pull any individual out of the sample, what is the likely marginal effect my policy will have on this person.

This same technique can also be used to determine the average probability of revolving credit, in

the Soberon-Hatfield paper, or the average probability of contributing to an IRA, in the Chern-Chen paper. This calculation allows the researcher to "test the fit" of the model, knowing the proportion of cases which take on a value of 1 for the dependent variable. Again, it allows the researcher to address the questions, "If I draw a household at random, what is it's probability of revolving or participating in an IRA?" (see, for example, the Hogarth article in Vol. 23 No. 1 [Winter, 1988] issue of Journal of Human Resources).

Soberon-Ferrar and Hatfield-Goldman have explored the effects of socioeconomic status, as distinct from income, education, and occupation, on credit repayment behaviors. In order to test for the effects of Duesenberry's Relative Income Hypothesis, they classified half the sample as "overprivileged," relative to medians within sextiles. Furthermore, they provided a control for very high income households who might have access to alternative credit sources. I would hope that they would continue this research to ask some additional questions: Does the probability of revolving depend on the type of credit card (e.g. bank card versus travel and entertainment card)? Are renters more likely to revolve than homeowners? If you entered separate variables for income, education and occupation into the equation instead of the SES variables, would the results change? Also, given the diverse findings with regard to the relationship between attitudes toward credit and revolving, perhaps additional attitudinal variables could be explored.

These researchers conclude that "banks would profit by focusing ...marketing efforts toward those clients who have...occupations in the HMED social class category." While this is true, the other side of this finding is that HMED individuals and families may benefit most from consumer education on the costs of credit use. Although there is nothing in this research to indicate why these families are revolvers or that revolving is creating strain on their resources, the common wisdom is that payment in full is preferred to revolving. Educational programs targeted to those households most likely to be revolvers may be more likely to have the desired impact of reducing the need to revolve.

Turning to the asset data in the SCF, Chern and Chen explored the determinants of IRA participation and size of contribution. Justifiably, they have tried to limit their analysis to households who began to contribute to IRAs after the Economic Recovery Tax Act of 1981.

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A logical expansion of their work in this paper is to explore determinants of IRA participation for other sub-samples. Also, follow up with the 1986 data would be very interesting. And, given the various tests they performed on the independent variables, it would have been helpful to reserve a sample for hypothesis testing of the final model.

Regarding their Tobit analysis results, algorithms exist for partialling out the effect of an independent variable on the change in probability of participating and the effect of an independent variable on the amount of contributions (see, for example, McDonald and Moffitt, Review of Economics and Statistics, May, 1980, p. 318-321). Presenting these marginal effects on probabilities and amounts would contribute to the interpretation of the results.

While there was nothing unusual in their findings with respect to factors affecting participation and contribution levels, it is interesting to note that risk and liquidity preferences were substantial factors in determining participation and amount of participation. To the extent that these are true preferences, there may be little policy makers and educators can do to effectively change behaviors. However, if preferences are based on inadequate knowledge about the relative risks and/or degree of liquidity of certain IRA products, then education and policy interventions may be warranted.

The Prohofsky-Widdows paper revealed another aspect of using the Surveys of Consumer Finances - the surveys lend themselves to cross-section time series data analysis. Prohofsky and Widdows used this time series aspect to address the interesting issue of the economic security and stability of various cohorts over time. While demography is destiny, it would be interesting to unravel some of the causal relationships between labor supply, unemployment, general economic conditions, and earnings. A sudden increase in the labor supply or declining economic conditions both result in higher unemployment rates, but imply different policy solutions.

For example, for those of us in academe, it's comforting to know that education, particularly college education, makes a difference. However, these findings indicate that effective policies will be targeted to the boomer cohort; and in the realm of education for persons currently 24-42, that may mean job training more than college education. Of course, the question becomes how effectively can policy makers target and provide incentives for one segment of the population without unanticipated fallout to other cohorts. The other side of the policy coin is that of the role of education in changing expectations, attitudes, and behaviors of a given cohort.

It is clear that the Surveys of Consumer Finance offer a wealth of information and opportunity to empirically test our theories of household economic behaviors. However, as researchers, we need to be clear about our objectives. Are we trying to find models that "fit" the data or are we testing hypotheses about economic behaviors of households? If it is the former, then "data snooping," including testing various ways to measure income, race, and household composition, may be warranted. However, if we are serious about hypothesis testing, we need to be more rigorous about identifying the theoretical constructs which lead to our empirical models and we need to be more conservative in handling our samples for model building and model testing.

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THE CLASSIFICATION OF CONCEPTS IN CONSUMER EDUCATION;
OVERVIEW 1978 - 1988

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A 1986 survey of leading consumer educators reported the degree to which the Classification of Concepts in Consumer education has served its original purposes: to guide program planners/curriculum developers; as the basis for review of the scope and focus of existing curriculum/materials; to encourage the exchange of information, ideas and research. ACCI's Consumer Education Committee recommended a conference session illustrating the variety of uses reported and providing a forum to consider future applications.

A quick overview for newcomers to the Classification of Concepts in Consumer Education begins in 1978. The Consumer Education Development Program (CEDP) was conceived by Dustin Wilson, of the U.S. Department of Education's Office of Consumer Education. "CEDP" was a collaborative activity, carried out under contract by three different organizations, with the ultimate objective of producing a classification of concepts for the field of consumer education. The CEDP products and the organizations responsible for each are:

- 1979 - Effective Consumer Education Programs - Michigan Consumer Education Center
- 1979 - Current and Future Purposes and Objectives of Consumer Education - National Consumers League
- 1980 - A Conceptual Framework for Consumer Education Curricula - City University of New York's New Careers Training Laboratory Center for Advanced Study in Education
- 1980 - Classification of Concepts in Consumer Education - Michigan Consumer Education Center
- 1982 - The Classification of Concepts was published and disseminated without charge by South-Western Publishing Co. as Monograph 137 and reprinted in 1985.

The CEDP project funded two convenings of several hundred consumer educators. In addition, the authors of the evolving classification of concepts, following an exhaustive literature search, involved some 200 leaders in the field, who provided detailed reactions to successive drafts of the classification of concepts.

The desirability of a taxonomy for the field of consumer education was noted in 1934, when researcher Leonard Koos observed that confusion and overlap existed in consumer education and stated the need for greater specification of content and interdisciplinary coverage. Joseph Uhl wrote in his landmark study in 1970: "In order to promote

teacher-administrator appreciation of consumer education and foster consumer education in the curriculum, it is important to define the conceptual boundaries and core content of consumer education." In response to this stated need, "the primary reason for developing a Classification of Concepts is to provide a basis for programs and materials development and to encourage exchange of information and ideas about consumer education."

The Classification of Concepts in Consumer Education -- the "Classi" -- is a unique tool designed for multiple uses in a variety of educational settings, for a variety of consumer audiences. The Classi marks the transition from a limited focus on preparing more skilled, rational buyers to encompass the knowledge and skills needed for responsible consumer citizenship. Three levels of concepts are identified and classified in Figure 3 on pages 8-9 of the South-Western Publishing Company edition. The most significant, or superordinate concepts are: Decision Making, Resource Management, and Citizen Participation. Eight concepts make up the second level, with 36 concepts at the third level. The complete list of concepts to the 4th level is on pages 12-13, with each concept numbered for reference convenience.

The concepts are defined, discussed and cross-referenced, followed by entries on contemporary factors affecting consumer decisions. Recommendations for implementing consumer education in the high school are included because of the administrative and curricular challenge involved, although the Classi is intended to help consumer educators in all settings. All concepts are indexed.

Note that the definition of consumer education includes the three superordinate concepts and their "relationship in action" as consumers make decisions to manage resources, and take actions as citizens:

"Consumer Education is the process of gaining the knowledge and skills needed in managing consumer resources and taking actions to influence the factors which affect consumer decisions."

Figure 1 on page 7 denotes the reciprocal relationship between the factors affecting consumer decisions (both external and personal factors) and the ongoing impact of consumer decisions and citizenship action upon those factors. Figure 1 is adapted from the 1980 CEDP report by Suzanne Dale Wilcox, "A Conceptual Framework for Consumer Education Curricula."

Figure 2 on page 9 portrays the potential impact

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of consumer education on consumer behavior -- acknowledging that there is a range or continuum on the extent of consumer education experience as well as a range/continuum of behaviors -- and emphasizing the broadened scope of consumer education to promote responsible, informed citizenship. Figure 2 incorporates work from Sandra L. Willett's 1979 CEDP report, "Current and Future Purposes and Objectives of Consumer Education."

I was the fortunate person hired to carry out some of Classi co-author Rosella Bannister's other duties while she and Chuck Monsma developed the Classi. Because I was "present at the creation" and have a special interest in its reception and use, I agreed in 1986 to conduct a modest survey for ACCI's Consumer Education Committee. Numerous phone calls plus written responses from 15 selected consumer professionals were reported on at our 1987 committee meeting. As we reviewed responses to the ways in which the Classi is being used, we decided to ask today's speakers to share with you the ways in which they are using the Classification of Concepts -- in research, in a government agency, and in the classroom. We will then consider some recommendations for the Classi's future. The authors will be asked to respond, and Dr. Carolyn Love will conclude with remarks on the publisher's perspective. It was her perception of the potential value of the Classi and her persuasiveness in convincing South-Western Publishing Company to print and distribute it without charge which have made the Classi available to consumer educators. Carolyn and South-Western deserve our collective gratitude for this major contribution to the field of consumer education.

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THE CLASSIFICATION OF CONCEPTS IN CONSUMER EDUCATION:
RESEARCH USES

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Several research applications of the Classification System are reviewed. The framework was previously used for developing content analytic coding categories. Four advantages of using the system for content analysis are outlined.

I was introduced to the Classification system while still in graduate school working with two other graduate students at the Ohio State University, Sr. Victoria Marie Gribschaw and Anne Swartzlander. For many months during 1983, we sought to find or develop a categorical framework to do a content analysis of consumer-interest research in consumer research journals. Our search was presented in a roundtable discussion at the 1984 ACCI conference (Gribschaw, Hayes and Swartzlander 1984).

What's interesting in terms of this panel session is that originally, we dismissed the Classi as being too "educational" in its orientation. It is only after we spent literally months and hundreds of hours of work in developing our own categories that we discovered they were looking more and more like those found in the Classification system. We concluded in our roundtable discussion that with a few modifications we would use the Classification system to investigate trends over time in consumer-interest research. Unfortunately, we didn't complete that work. We left Ohio State and were scattered in the wind. But, I have continued to use the Classification framework in my research and in my classroom applications.

In my work with the framework, I found that other researchers had gone through a process that was similar to the one I had experienced. For example, Way (1984) developed an instrument to analyze the consumer related content of primetime television programs. Afterward, she too found her categories reflected the Classification system. Herrman's (1982) content analysis of high school texts was based on a typology which mirrored the major categories of the Classification system. In other words researchers in the area, who were working independently, were illustrating a parallel development of a categorization scheme that resembled the Classification system. That is one solid reason that I suggest that the framework has content validity.

In my research applications, I have found that using a modified version of the original frame-

work provided a reliable instrument for assessing the consumer information content of newspapers. It provided a thorough outline of the information needed by individuals and groups to manage consumer resources or to take actions as citizens to influence the factors which affect consumer decisions. It allowed integration of consumers' need for information about the economic, political, social, physical and technological environments in which they operate. Thus, its categories comprised a more inclusive inventory of what would represent comprehensive coverage of consumer information news within a conceptually meaningful context. The only limitation I found with the Classification system was the fact that the existing framework has overlapping categories and content analysis requires that categories remain mutually exclusive. I also found I needed to revise some of the definitions.

I'd like to briefly discuss what I have found to be the advantages of working with the framework using content analysis.

(1) Content Validity. The system was previously established by the Consumer Education Development Program through a process of concept clarification which included an extensive search of relevant literature, multiple sources of input from professional leaders, revisions based on feedback and further research, and validation through the application in a variety of settings.

(2) Reliability. In my empirical application of the modified framework, I found the categories to be reliable.

(3) Existing Categorical Definitions. Because the Classification system has extensive definitions of its concepts, it solves one of the largest problems in identifying content analytic criterion -- categorical definitions.

(4) Flexibility. The flexibility of the framework facilitates the research process as categories and subcategories can adapt to valid conceptual modifications. I found that the general area categories should be conceptually broad enough to minimize modifications across time and across media and yet still retain a level of specificity for meaningful applications. The main categories were also flexible enough to accept multiple subcategories of types of information in order for future research to analyze specific areas within the framework and to adapt to new categories of information over time.

¹Assistant Professor, Department of Consumer Science

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CURRENT AND FUTURE USES OF THE CLASSIFICATION OF CONCEPTS IN CONSUMER EDUCATION:
PROGRAM AND POLICY APPLICATIONS BY A GOVERNMENT AGENCY

Gillian McCreary, Saskatchewan Consumer & Commercial Affairs¹

Saskatchewan Consumer and Commercial Affairs has a legislated mandate to provide consumer information and education to the people of the province (youth and adults, consumers and business). The education function of my Department is separate and distinct from the provincial Department of Education which is charged with the overall responsibility for "institutionalized" learning in the province. However, we work closely with the Department of Education to promote and institute consumer education.

At Saskatchewan Consumer and Commercial Affairs, we are of the opinion that consumer or "economic lifeskills" education is an essential discipline when preparing young people or enabling adults to participate effectively in a complex and changing, market-based society. An individual's ability to function successfully as a "consumer citizen" is essential to his/her well-being and also to the well-being of the province socially, politically and economically. In providing consumer education in the province, we - a staff of 11.5 plus 50 volunteer professionals - are involved in a full range of education programs and activities targeting students in the school system, adults at educational institutions, and a wide variety of community groups, individuals, special needs groups (seniors, low income persons, low literacy persons and natives) and professional and business associations, etc.

The Classification of Consumer Concepts has served and continues to provide us with a theoretical guide and a conceptual framework which has proven invaluable in our planning and in the development of educational policy, as well as in the development, administration and evaluation of education and information resources and programs.

POLICY

A significant portion of my work is to promote consumer education - serve as an advocate for the establishment and recognition of this important area of study. I find myself aggressively involved in the business of education policy development beginning at the most elementary stage of lobbying and pressuring power brokers such as Cabinet Ministers, education policy and curriculum developers, finance analysts, etc., to achieve greater acceptance and appropriate status for consumer education.

In Saskatchewan, the consumer movement has waned since the late 70's in terms of mass public support and involvement and this is reflected in our education and political institutions. While my

Department and I believe that there is a strong case to be made for consumer education, (in fact, we believe there is an "imperative need" for it given the relevance for today's world of the skills and knowledge base it encompasses) it is experiencing some difficulty achieving prominence and priority on the educational/political agenda. Consumer education is also experiencing difficulty receiving acceptance and validity by educators and education administrators. There are a number of reasons for its impeded advancement. Some have to do with outdated attitudes and perceptions on the part of decision makers at all levels. There is too narrow a perspective or a lack of understanding about its breadth and scope. Other reasons include the high demands for space, in existing curricula, made by competing disciplines. There simply aren't enough hours in the school day for teachers to instruct or students to take all the subject areas being put forward. So Consumer Education is shuffled aside.

Specifically then, in the climate I have just described, with regard to education policy development, I use the Classification to provide a conceptual framework or model to clarify the scope and content of the discipline of consumer education when lobbying decision makers at all levels. It helps them "see" how relevant a discipline it is. I have used the Classification as an appendix or diagram in: budget submissions to Treasury Board for special project funding; briefs to the Advisory Committee on Core Curriculum; submissions to Curriculum and Instruction Review Committees on which we participate; as well as in program planning documents, rationales, defenses and proposals submitted to the Department of Finance, the Department of Education, school boards, etc. In this use, it permits decision makers and power brokers to capture at a glance what it is we are talking about.

(Mention made of \$250,000 advertising campaign - "Life Preparation: Economic Lifeskills Education" and "On Your Own: Marketplace Awareness for Youth")

EDUCATING EDUCATORS ABOUT CONSUMER EDUCATION

Beyond influencing the attitudes, perspective and decisions of "power brokers" toward Consumer Education, I would like to stress use of the Classification with teachers. We use it to educate educators about the discipline. In the 1987 education edition of the Consumer Times (our newsletter), we did a feature article on future society and the marketplace. We focused much of the content on the important contribution consumer education makes in helping people deal with change, and relied heavily on the Classification. The model serves as an excellent conceptual tool.

¹Director, Education and Communications Branch

INTEGRATION OF CONSUMER CONCEPTS INTO EXISTING CURRICULUM

Because of the integrative, multidisciplinary nature of consumer education, we work with a number of curriculum committees such as social studies, health, etc. to see concepts integrated into those curricula. The Classification again provides an excellent guide for us as well as a conceptual tool for those we are "encouraging." For example, in the Social Studies Curriculum Grades 1-6, we have recently developed a collection of consumer education activities which integrate consumer education concepts being advanced in the Social Studies Curricula. (Grades 1-6 materials acknowledge the "Classification" in the front of each.)

Through our programs and resources we are in constant contact with a large number of Saskatchewan teachers and instructors in the K-12 system and in the adult education systems. As mentioned, we use the Classification liberally to educate educators about the scope and content of consumer education as well as validate it for them. Another example is that in all our education kits in the Consumer Information Centre we have a small handout which serves to explain to teachers why a resource (film, kit, etc.) on decision making which perhaps does not have an economic/marketplace frame of reference is part of a consumer education library, and more specifically, how the concept being advanced through the resource "fits" into the discipline of consumer education, but can also be used in other areas of study.

ESTABLISHING PRIORITIES IN RESOURCE AND PROGRAM DEVELOPMENT

The Classification is an excellent planning tool in a government agency for working with limited staff and limited resources for determining priorities. When we began the development of our collection of consumer education publications in 1981-1982 we relied heavily on the Classification to provide us with direction in terms of what to do first. What would comprise a basic collection? The Classification provided the theoretical direction to supplement and compliment the target group needs identification we were pursuing.

We continue to make use of the Classification as we flesh out and rationalize new publishing projects. We now have our base. Where do we go next? Is this our business? Who should be producing materials on each subject? In this area of establishing priorities, we also use the "Classification" to aid in determining Extension program priorities in our Consumer Education Facilitators Program. (Professionals volunteer to help the Department provide consumer education programs across the province.)

PROGRAM DEVELOPMENT

The Consumer Information Centre - (comprised of the largest collection of consumer information and education in Canada, lends resources across the province to educators, the public and busi-

ness). The Classification has proven to be an excellent resource in the development of our collection in the Consumer Information Centre. Obviously, it provides direction with regard to the content and expansion of our overall education collection. It has also served to identify gaps in our acquisitions and most recently has provided an outline for development of two subject headings indexes. We have just completed the development of a master bibliography for the Consumer Information Centre which is going on computer. We relied on the Classification for assistance with our subject headings index. In addition, we maintain a Marketplace Issues & Products Database. While of less use here, the Classification again provided some guidelines for the subject areas included.

Another example of the "Classi's" use in the Consumer Information Centre was in the selection of a collection of educational resources for a Traveling Educational Display. The Display is comprised of selected resources for each grade level and tours Saskatchewan schools, Boards of Education, etc. The Classification was used in the selection of resources to ensure an adequate/comprehensive range for each Division.

STAFF ORIENTATION

As new staff come to the Branch (either as volunteers or on the payroll) who are to be involved in education and communication work, the Classification provides an excellent introduction and overview to our responsibility area. The scope in our areas is broad, and even goes beyond the Classification; however, the base is provided.

RESOURCE MATERIAL DEVELOPMENT

I've mentioned the Classification's usefulness in determining broad subject areas such as Financial Planning, etc., and priorities. However, I want to touch on its usefulness in content selection and focus for all the resource materials we develop. (For example, what should be the base content of 5 Consumer Education Teaching Units for an ABE Social Studies Curriculum?) It provides excellent guidelines for evaluation of our own and other's programs and resource materials, e.g., Insurance Industry resource evaluation.

CONCLUSION

As the above clearly outlines, the Classification has served us well in many ways. In addition to the applications mentioned, it has proven to be an excellent external reference to provide validation and rationale for the work of the Education and Communications Branch. (We work in isolation and enjoy a leadership role but there are drawbacks when there's no one for us to follow.) It has lent tremendous direction as well as confidence to our assessment of what is needed for the field of consumer education in Saskatchewan. This validation and confidence cannot be over emphasized.

CLASSROOM AND CURRICULUM APPLICATIONS
OF THE CLASSIFICATION OF CONCEPTS

Barbara Pershing, University of Northern Iowa¹

Media such as current consumer periodicals, newspapers, and television news are important sources of consumer information for the consumer education classroom. Identification of consumer content available in the media using the Classification of Concepts in Consumer Education (Bannister and Monsma, 1982) is the basis of student projects developed for a college level consumer education class.

Media sources of consumer information are readily available to most students in school libraries and in their homes. Newspapers, periodicals, and television will be lifelong sources of information about economic, political, technological, and social issues that move the consumer beyond the role of purchasing behavior to the level of influencing change. The information available in the media covers the issues of the day but may be somewhat narrow in scope when the breadth and depth of consumer content is considered.

CLASSROOM APPLICATIONS

Several classroom projects were developed using the Classification of Concepts as the "authority" on the appropriateness of content found in these media resources for the consumer class.

Periodicals Reading Assignment

Students are assigned to read, classify, summarize, and evaluate one article from each of six consumer publications with a requirement that the articles selected must represent each of the major sections of the Classification, i.e., decision-making (external factors and personal factors), resource management, and citizen participation.

Objectives of this project are for the students to: identify consumer concepts found in the articles using the Concept Numbering System from the Classification; be aware of the scope of consumer content available in periodicals; write informative summaries of the selected articles; and, evaluate the consumer periodicals as sources of consumer information.

Using the Classification to do a content analysis of the periodical articles helps the students to determine the range of consumer content covered in each publication and which would be

appropriate for a specific classification of consumer information.

Newspaper Reading Assignment

Students are assigned to read one article each week from a daily state or national newspaper, classify the content using the Concept Numbering System, and analyze the content for fact or opinion. Objectives of this project include awareness of the variety of consumer information found in newspapers and identification and evaluation of consumer content.

Students may be given a specific classification number from which to select articles. Sharing the articles and discussion of content in class provides an opportunity for the instructor to expand on current consumer issues and to encourage critical thinking as all sides of issues addressed. This individual newspaper reading assignment may be expanded to a class project which encompasses a content analysis of a specific newspaper for consumer content. The Classification provides a ready-made model for this type of content analysis.

Television News

Television news programs may be analyzed following a similar format. Students assigned to watch local and national news programs may identify, classify, and evaluate consumer information.

CURRICULUM PLANNING AND DEVELOPMENT

The Classification of Concepts is a useful tool for the evaluation of consumer/management content for curriculum guides, course content outlines, and consumer textbooks. A table of specifications developed from the concepts in the Classification would provide a comprehensive plan for assessing the breadth and depth of consumer content found in consumer education resources. This classification can provide an invaluable aid in assessing content and developing learning experiences appropriate to the age and maturity of the student and objectives of the course.

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¹Associate Professor of Home Economics

THE CLASSIFICATION OF CONCEPTS IN CONSUMER EDUCATION:

WHAT NEXT?

R. E. Vosburgh, University of Guelph¹

THE CURRENT VALUE OF THE CLASSIFICATION

There may be several factors that would cause us to rethink the Classification of concepts. We should be aware of changing knowledge about consumer education, changing or more demanding applications, and, of course, fixing things that, on second thought, aren't as good as they originally appeared. I don't think we know anything more about consumer education in any critical area that requires change. Figure 1 in the Classification could incorporate current thinking in consumer decision making. That would make for a more complex model helping researchers but not necessarily educators. We have a more fully organized body of literature on consumer socialization, a major actor in the consumer education process, but that doesn't require change in the Classification. It only reminds us that the means by which we become equipped for consumer decision making are not always as controllable as we might like. In Canada some think the model puts more emphasis on a confrontational consumer activism than they would like, but even if true, this is minor editing - and I'm not sure that any style of activism is inherent in the model. That the Classification of Concepts works has been attested to by the preceding three speakers. My experience in teaching and in research, particularly the development of measures of consumer competence, is the same as theirs. I've used the model in two developing countries and found it useful as a starting point for discussion and planning. In these cases, we have selected from the list of headings to produce a simpler version of the model. If the Classification were to be put forward as an internationally useful approach, some editing might be needed - at least to divide concepts into basic and advanced groupings.

SUGGESTIONS FOR CLASSIFICATION II, THE SEQUEL

Before offering some suggestions of my own, let me highlight three suggestions that come from the preceding speakers. First there is a need to capture the research experiences users of the Classification have had to assure that the Classification can be updated or fine tuned as this experience indicates. Second, there may be a need for a short form for student use in class projects or program manager use in helping others see the place of a particular program. Third, the Classification might be developed in computer form to facilitate bibliographic or other taxonomic uses.

¹ Professor of Consumer Studies

Extension to Levels of Performance

The Classification was intended to identify kinds of things in consumer education. Now we need to ask what level of knowledge, skill or comprehension is reasonable to expect at different stages in the life cycle or in support of different lifestyles. Even if we can't immediately define acceptable minimum levels, we should move as quickly as possible to be able to measure performance in each of the areas defined in Classification.

Extension to a Companion Volume

Although a demanding task, there is a need for a companion volume, a Classification of Processes in Consumer Education. There might be four sections, Socialization, School, Shopping Experience and the Special learning projects that are the focus of much of the literature on adult learners the Classification alone is limited in usefulness for designing consumer education programs, but the two volume set would go far to improve the effectiveness of our efforts. Such a volume also would define a number of areas for further research.

Extension to New Users

If the Classification is useful to a wide variety of consumer educators, policy makers, teachers and researchers and if the development of the field of consumer education is served by having a common framework and common terms, ACCI through its consumer education committee and the National Coalition on Consumer Education should promote the widest awareness, understanding and use of the system. South-Western is to be recognized for its support of just this end. However, much more could be done in the way of workshops, shared approaches, say, in the new ACCI journal or in the JCE, and through the state coordinators of the National Coalition.

Extension of Recognition to Bannister and Monsma

All fields, at least early in their histories, seem to have a wide range of conflicting, confusing and occasionally superficially compatible concepts. These fields take a major step forward when someone produces a sense of order from this apparent disarray. Bannister and Monsma have done the field of consumer education a great service in giving us the Classification of Concepts with which to build.

THE CLASSIFICATION OF CONCEPTS IN CONSUMER EDUCATION:
PUBLISHER'S PERSPECTIVE

Carolyn Love, South-Western Publishing Company¹

South-Western Publishing Company has published and distributed the Classification of Concepts in Consumer Education without charge since 1982, reflecting a major commitment to the field of consumer education. Recommendations for expansion and diversification (e.g., user guides for different settings) will be given serious consideration by South-Western.

"Classi" as it has become commonly known, is very important to South-Western Publishing Company. One in a series of monograph publications, it has been broadly distributed to approximately 20 market segments. These include: education (teachers, teacher educators, students, administrators, curriculum developers, extension staff), government (local, state, and national officials), business and industry (consumer affairs professionals), community settings (program directors), and professional associations. Many populations have benefited from its existence as it has helped to coalesce and clarify the divergent field of consumer education.

This publication receives the same careful attention to detail in writing, editing, designing, packaging, publishing, and marketing as do South-Western's saleable instructional materials. Currently, the focus of the monograph is on improved educational delivery or knowledge distribution, i.e., additional market segments should be receiving it, and how can they best be reached.

Since publication in 1982 and reprinting in 1985 very few changes have been recommended. The amount of extremely positive feedback and the lack of negative feedback attests to the author's careful and thorough attention to the research and writing process. The inevitable question arises, however, of "What next?" The suggestions for expansion and diversification which have been offered during this session provide valuable insight and incentive. They will be seriously considered.

¹Marketing Manager School Division

THE CORPORATION AND THE CONSUMER: OBLIGATION OR OPPORTUNITY?

Meredith M. Fernstrom, American Express Company¹

It's a special treat for me to have a slot on your program this year, for two reasons of purely personal nostalgia. First, because Rachel Dardis invited me. Rachel was my professor and thesis advisor in grad school at the University of Maryland, and was, in fact, the person who steered me into a career in consumer affairs. (I had wanted to major in fashion merchandising!) But she insisted, "Try a course or two...you'll like it." I did, and "the rest," as they say, "is history." Thank you, Rachel!

My second bit of nostalgia has to do with ACCI. One of my first jobs about a year out of grad school was Director of Consumer Education for the District of Columbia Office of Consumer Affairs. I requested and got approval to attend my very first professional development conference (not counting the few afternoons of in-service training I'd had as a home economics teacher). The year was 1974, I believe. The place was Cleveland. And the conference was ACCI! I'm sure that many of you were there, too.

What an impact that conference made on me 14 years ago. Here I was in the same room with people who were among the "stars" of the consumer movement. People whose books and articles I had studied. Names like Arch Troelstrup, Stewart Lee, Gordon Bivens, Robert Herrmann, and many others.

Through the presentations, exhibits, and one-on-one conversations at that conference, I learned how much there was yet to learn in my new-found career, and how eager everyone seemed to be to help bring about that learning. Little did I know then where that path would take me, or that it would bring me back to ACCI for many other conferences, and on this side of the podium 14 years later. Thank you, ACCI!

I don't recall the specific agenda items of the 1974 conference, but my guess is that there would have been little, if any, discussion of the relationship between the corporation and the consumer, or the role of corporate consumer affairs offices. Very few such offices existed then, although they were beginning to spring up in different industries throughout the country. The Society of Consumer Affairs Professionals had been established just a year earlier, in 1973, with about 100 founding members.

For the most part, those early consumer affairs offices were the outgrowth of what might be viewed as the most activist period of the consumer movement: the mid-1960s to mid-'70s. Faced with a seemingly unending stream of consumer protection laws and regulations, many corporations established consumer affairs offices primarily in a "defensive" frame of mind.

Esther Peterson captured the corporate mood of the time in her classic article in the Harvard Business Review of May-June 1974, in which she stated:

"It has taken business a long time to come to grips with the real meaning of consumerism. When the movement first made itself heard in the 1960s, a lot of time was lost and many regrettable incidents occurred because business leaders misjudged the depth and commitment of its spokesmen. In our complicated and impersonal society, consumers had genuine complaints and their leaders had much to say that was of value to all who are concerned with the equitable operation of our economy."

Esther went on to describe the five distinct ways in which much of the business community generally reacted to the growing consumer awareness:

"Step 1 When consumer groups make a charge, deny everything. To accept the legitimacy of consumerism as a force in the first place involves a philosophical and emotional wrench.

"Step 2 If denying everything doesn't work, try to discredit whoever made the charge. Again, this is part of the wrenching process. If business is not yet able to accept the sincerity of consumer groups, it questions their motives.

"Step 3 When consumers get no redress and seek legislative action, oppose everything. Business still can't see that reasonable and timely voluntary reform is the best deterrent to restrictive legislation.

"Step 4 If legislation is passed or regulations written, try to 'defang' anything that is enacted by working against implementation and appropriations or getting an opponent of the law appointed to administer it.

¹Senior Vice President - Public Responsibility

"Step 5 Do something about the problems. After repeated frustration, the awakening comes and business realizes that service is its first obligation if it is to grow and prosper. The best way to cope with the problems is to look at the allegations seriously, give responsible consumer spokesmen a fair hearing, and make a serious effort to do something constructive to correct the shortcoming."

But even for those companies who had reached Step 5 in Esther's depiction in the mid '70s, implementation of their commitment did not always prove effective.

The early consumer affairs offices varied widely in their placement within the corporate structure, in their responsibilities and in their authorities. Many were accused by consumer advocates as being merely "window dressing" or "public relations," a charge which appears to have been true, unfortunately, in some cases.

Many of the individuals holding these positions faced an "identity crisis" of sorts: was their allegiance to the consumer or to the company? This dilemma was often intensified by management's own uncertainty about the role of the consumer affairs office: is it friend or foe? What are its appropriate responsibilities? Is consumer affairs a corporate obligation or an opportunity?

This morning, I'd like to discuss some of the ways we have tackled these questions at American Express, and the factors I feel are necessary for the success of corporate consumer affairs programs.

The fundamental strategic goal of American Express is to be the premier travel and financial services company in the world. One key measure of achieving that goal is to be the most consumer-sensitive company in our industry. Simply stated, we view our consumer affairs policies and programs as a major opportunity through which we can obtain a competitive advantage.

Let me give you a brief overview of how our program is structured, along with some examples of the benefits of these programs to our customers, to the general public, and to our business! The Office of Public Responsibility is part of the Corporate Staff Office, so our responsibilities are corporate-wide and worldwide. We have three functional units:

First, the Public Responsibility Committees of the Board of Directors and senior management. These committees develop and monitor our policies on issues such as equal employment, minority business, South Africa, privacy, and so on.

Second is the Consumer Affairs Office. It works closely with our business units to monitor consumer issues, develop consumer information, and interact with our network of consumer opinion leaders.

Our third unit is Executive Consumer Relations, which manages the more than 25,000 customer inquiries and complaints that come into corporate headquarters every year. We analyze the data received in this unit to help management pinpoint trouble spots and identify emerging concerns.

Our strategy in managing these units is very basic: We seek out aggressively the opinions of our customers, consumer leaders and the general public. We then look for creative ways to exploit what we know are genuinely mutual interests between consumers and our Company.

Our primary tactics can be summarized as follows:

o Intelligence Gathering

We tap consumer opinion on an on-going basis through our daily interaction with customers, opinion leaders, government and the media. I should point out that we use the term "consumer leader" very broadly, to encompass many activist groups with political clout: including consumer organizations, Congressional committees and governmental consumer agencies, the media, academia, and groups that represent women, the elderly, ethnic, or other "special interests."

o Analysis

Our second tactic is analysis. We analyze the feedback we obtain from the public relative to the Company's practices and priorities. This enables us to identify trends and understand what's important for American Express from this mosaic of public opinion.

o Action Programs

Based on our analysis -- and working closely with our business units -- we develop action programs either to correct problems or to provide new opportunities that put American Express in a leadership position.

Let me turn now to describe a few case studies of how our Consumer Affairs program has worked to the advantage both of consumers and our Company.

1. TRS: Credit Surcharge Bans

In 1984, A Federal ban on credit surcharges expired. This meant that merchants could charge more to the customer paying by credit card, and many began to do so. Our research and that of several other prominent researchers showed that such pricing was not justifiable, that cash-paying customers do not subsidize credit customers. Surcharging merely produced extra profits for retailers at the expense of one segment of their customers. We developed a program to obtain consumer support to reinstate bans on surcharging.

We created awareness of the issue through a mailing to our network of 7,000 media, government and consumer opinion leaders throughout the country. We established a national coalition of consumer organizations, entitled "CAPS" -- "Consumers Against Penalty Surcharges" -- representing 47 states, which worked closely with us to lobby for legislative bans. CAPS members wrote to their legislators, testified at hearings, conducted surveys, and gave speeches and interviews in support of the ban.

Results? CAPS was instrumental in helping achieve state bans on surcharges in New York, California, Texas, Connecticut, Colorado, and Kansas. In all, eleven states now ban credit surcharges, covering 42% of the U.S. population. The willingness of consumer leaders to work with us was based on the fact that we shared a mutual concern: consumers don't want to be surcharged and we don't want our product denigrated by surcharging.

2. IDS: Regulation of Financial Planners

The second case study had to do with an emerging issue for consumers: The question of how financial planners should be regulated. IDS Financial Services, Inc., whom we acquired in 1984, is a leader in the financial planning field.

Here again, we created awareness of the issue through a mailing to our network of media, government and consumer opinion leaders. We provided information on IDS' regulatory proposals, and surveyed their opinions.

Results? As with the surcharge issue, we found a mutuality of interests. Consumer leaders agreed with us on the need for a regulatory structure that will both protect the consumer and enable ethical financial planners to operate without an undue regulatory burden. Many of the consumer leaders agreed to help inform their constituents about this issue through their newsletters, speeches and surveys, and to

testify or submit comments for hearings. We also assisted IDS in producing two brochures on this issue: (1) a ConsumerCard on how to choose a financial planner; and (2) a brochure on what to know before you sign a financial planning agreement.

3. AEB Military Bank Division: DOD Contract Renewal

The third example I'll mention concerns a little known part of the Company, the Military Bank Division of American Express Bank, which provides banking services on U.S. military bases outside the U.S. We developed a consumer education program to assist the Division in its contract renewal process with the Department of Defense.

The program, called "Money Talks," included a series of four consumer information workshops for military personnel, focusing on living abroad, credit, financial planning and investments. We pilot-tested the series at several Air Force bases in England and Germany, and then trained the Military Bank's customer service personnel to conduct the seminars.

Results? Management of the Military Bank stated that our activities had a direct bearing on improving their relationships with the military in Europe and in aiding their contract negotiations with DOD.

4. Consumer Education Program

The final action program I'll mention is an on-going campaign that addresses consumers' need for objective information about financial products and services. The Consumer Affairs Office has an extensive program of consumer education program which is a prime example of how the consumer's need for information can be meshed with our business objectives.

Our ConsumerCard series focuses on subjects of documented importance to consumers -- women's credit rights, mail order shopping, how to choose a financial planner, and how to buy insurance -- all of which have direct implications for our marketing objectives.

To date, we have distributed over 2 million ConsumerCards. If you read the NY Times on Monday, April 25, you'll see them offered in a full page ad saluting National Consumers Week.

Our brochure on preventing credit card fraud, called "Whose Got Your Number?" has also been a great success, thanks in part to Dear Abby. A "mention" in her column

generated 85,000 requests in only three weeks, ...including one from "Mr. Consumer" himself, Ralph Nader.

Another important part of our consumer education strategy is our extensive schedule of speeches and media interviews in the U.S. and abroad, and testifying on behalf of the Company at the Federal and state level on consumer-related bills. We were also extremely pleased to be a co-sponsor with Chesebrough-Ponds of ACCI's Wingspread conference on consumer research in 1986.

5. International Activities

In the past two years, we have been expanding our horizons, and our activities, outside the U.S. We have found a striking similarity of consumer concerns in many parts of Europe, the Far East and Australia, as the worldwide revolution in financial services continues.

Last year, we convened the first international consumer forum to explore these issues. Thirty-five consumer leaders from 8 countries came together near London to discuss their mutual concerns and strategies for addressing them. We published proceedings from the conference, Money and the Consumer, which we are making available worldwide.

Through our contacts with consumer and government leaders abroad, we are helping shape public policies that reflect our mutual concerns in those countries. I am currently working with consumer organizations in Europe to help ensure that a competitive marketplace and optimum consumer choice is maintained, as the EEC moves towards its 1992 target date for harmonization of the European Community.

Later this month, I'll be speaking at a Federal conference on consumer debt in Australia, as that country explores a growing concern about the level of personal indebtedness and related issues about the marketing of credit. We were invited to describe our consumer affairs activities, as a way to encourage Australian financial institutions to develop similar programs.

Those are a few examples of how we have capitalized on the opportunity of serving the consumer through a concerted, high-profile consumer affairs program. Similar expansion of consumer affairs programs has occurred in many other companies and trade associations, and new offices have been established where they didn't previously exist. Many consumer affairs professionals are expanding their

role within their organization; for example, into training, quality improvement and public responsibility, so there are growth opportunities. The consumer affairs profession is being integrated into some non-traditional businesses, as well, such as hospitals and health care organizations.

One measure of this growth can be found in looking at data from SOCAP. Now in its 15th year, SOCAP has almost 1500 members, representing over 800 companies. There are 23 Chapters in the U.S., plus SOCAP organizations in Canada, the United Kingdom and Italy. We're especially pleased to see this expansion of corporate consumer programs internationally. We're also proud of our two Student Activity Groups at Purdue and Cal State Long Beach, and we're hopeful this number will grow.

While all of these numbers aren't yet as high as we'd like, they do represent positive growth in an era in which the tendency might have been the reverse.

That's the good news. But there have also been some losses in recent years. Some companies have eliminated or severely cut back their consumer programs. Mergers and acquisitions have resulted in centralizing consumer functions in some companies. The jury is still out on whether this is better or worse for customers of the various businesses now combined.

What makes the difference then? Why are some programs succeeding while others aren't? Based on my experiences, and what I've heard from many of my colleagues, there appear to be four basic "keys" to the success of corporate consumer affairs programs:

1. Strong corporate commitment
2. Adequate resources
3. Appropriate staffing
4. Constituent support

CORPORATE COMMITMENT

First and most important, the corporation must want it to happen. Senior management, and especially the CEO, must be philosophically committed to seeking consumer opinion and factoring those views into the company's policy decisions, and the design and marketing of its products. The consumer affairs office must be viewed as an integral part of the company's overall marketing philosophy and strategy, and not as a defensive, adversarial or public affairs "add-on."

RESOURCE AVAILABILITY

Secondly, adequate resources must be made available. It's sometimes a challenge to

quantify the impact of consumer affairs on the bottom line since many of our activities are qualitative in nature. But we must continue finding ways to demonstrate our bottom-line impact. I'm sure that many of you could be helpful to us in that area.

In addition to staff and budget, other important resources must be made available, including, for example, the access that the consumer affairs professional has within the company. If he or she has ready access to senior management and to the company's information networks, and if that access is used judiciously, it can be one of the most powerful tools for representing the consumer interest.

Another valuable resource is the consumer affairs professional's authorities. While most of us don't make final policy decisions within our companies, many of us do recommend new or revised policies and are frequently responsible for implementing and evaluating them. Authorities of this nature need to be clearly spelled out and made known throughout the company.

For instance, I serve on the Advertising Review Board of our Travel Related Services Company, which must approve all marketing communications, print and electronic, before they can be produced. This is an important way in which I can directly influence what we say to our customers, and how we say it.

This also illustrates an important fact to bear in mind when evaluating corporate consumer affairs programs: that is, you may not always see direct, tangible results of our actions. When we prevent mistakes or misinformation from occurring, you're not likely to hear about it, but we will have performed one of our most effective and cost-efficient functions, both for the company and for our customers.

PROFESSIONAL QUALIFICATIONS

The third key to success is appropriate staffing of the consumer affairs program: the individual holding the position must be "right" for the job.

Because consumer affairs is still a relatively new profession, it is often defined on a case by case basis within each company. In this regard, SOCAP is providing extensive professional development programs to help clarify the role of consumer affairs managers and enhance our effectiveness.

To me, the most important criteria for a consumer affairs professional is having a strong philosophical commitment to representing the consumer perspective in the corporation. So, I believe it is very useful -- if not essential -- for consumer affairs professionals to have at least some experience outside of business, either in government, consumer advocacy, academia or the media, for example.

CONSTITUENT SUPPORT

This brings me to the final "key" to success. Corporate consumerists want and need the support of our external constituents.

Who are our constituents? Certainly, consumer leaders, government representatives and academicians are among the most important. We look to you to provide the "cutting edge" perspective on issues that may not yet be widely known by the general public, to give us additional insights from your more studied analyses of the issues. Another important opportunity for alliance is through internships -- for students and faculty -- both of which we have used successfully.

Our customers are also a major constituency. On some issues, your views and their's may not always agree. Our job is to try to fairly weigh and represent all such opinions. We also must acknowledge the many other "special interests" the company must serve: its shareholders, employees, community organizations, business partners and so on. We must ensure that our focus on the consumer perspective is represented clearly and effectively as management weighs the many factors that go into its decisions.

I applaud the growing list of consumer organizations, universities, and government agencies that are entering into cooperative relationships with corporate consumer affairs offices. ACCI is itself forging many alliances in this regard. I believe that such collaboration can occur not only without compromising either organization, but to our mutual benefit, as well as to that of the consumer.

SUMMARY

Corporate consumer affairs programs have accomplished a great deal in a relatively short time, but there is still much room for growth and improvement. It should be our collective goal that all companies, large and small, will recognize and seize the opportunity to serve the consumer's interest. Ultimately, that will be the best -- if not the only -- way business can serve its own interests.