

CONSUMER REPRESENTATION THROUGH COOPERATIVES

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The consumer is everyone.

The consumer interest is the one economic interest that every person in the nation shares.

Whatever protects or advances the consumer interest benefits everyone.

But not much is done about it. At least this has been true up until very, very recent times. Most of our thought, effort, legislation and organization public and private in the United States has been directed at the advancement of various special interests of special groups among us as producers. So far has this gone that many Americans, not large corporation officials alone, actually believe that what is good for company A is good for America. So far has it gone that there is no longer much resistance to the monopolization of greater and greater segments of our economy by fewer and fewer mammoth concerns.

Few people seem particularly worried over the fact that barely a score of giant national concerns can afford network television time to advertise their wares and reduce "consumer preference" to a mockery. And still fewer of us understand the meaning of the term "expansion through retained earnings" or realize that in simple fact this means that consumers of the products of a business have paid the full cost of a new factory or the buying out of a competitor.

Consumers have, in one way or another, paid for all the industrial plants in the nation, paid all the taxes which businesses have passed on to the government, and also provided as the market for all production.

So consumers are important. In fact consumers are, from a realistic point of view, "the whole works". Even if a completely automatic pretzel factory were to be devised - one in which no human labor whatever was required - it would still be worthless if no one bought or ate the pretzels.

So something ought to be done to effectively assert the interest of all the people as consumers.

And that, I'm sure, is what this conference is all about.

There are three ways in which the consumer interest can be represented. The first is by the passage of legislation. This is a good way. It is, in many fields a very necessary way. Prevention of dishonest advertising and prevention of adulteration of foods are two examples. Senator Douglas' "truth in interest rates" bill is a new departure in the field of consumer protection by law. It signifies a new and broader concept of the meaning of the word consumer.

The second way the consumer interest can be represented is by consumer organizations having as their purpose the publication of informative material to guide consumer choices, the testing of products, the lobbying and agitation for legislation, and similar activities.

Both these methods of consumer representation are good.

But the place where everyone has to recognize the importance of the consumer, and the place where consumers can have very great economic power is in the market place. There is one way and only one whereby consumer can actually exercise the economic power which they actually possess. That is by acting together.

Or - to put it another way - by organizing their buying power.

This has been done, is being done, and will be done to an increasing extent. It is done in a number of different ways. But all of them are essentially cooperative purchasing and the institutions by which the organization of consumer buying power is effected are essentially consumer cooperatives.

There is a very wide variety of such cooperatives at work in the United States today. Some of them give economic bargaining power to particular groups of consumers, consumers that is having particular needs to be met. An example is a farmers supply cooperative which limits its business to feed, seed, and fertilizer. If such a cooperative adds gasoline, oil, tires, hardware, and fuel oil, then it offers opportunity for any consumer with a home to heat or a car to drive to organize his buying power with fellow consumers through such a cooperative.

Rural electric cooperatives provide a way for all rural consumers - on farms or in town - to organize their need for electricity and to procure it for themselves and also to organize their buying power for electricity. Historically these two kinds of organization of the consumers' interest have brought about dramatic reductions in electric power rates.

The typical consumer cooperative store or shopping center is potentially the clearest example of organization of consumer buying power and effective assertion of the consumer interest in the economy. But until there are enough such stores to support large scale wholesaling, processing, packaging and purchasing of consumer needs their full significance will not be clear. For through such cooperatives consumers could actually exercise a determining influence not only upon price and quality of the products of industry but also upon the kind of things that would be produced and the quantity that would be produced. At which point it would become apparent that the impact of the consumer interest leads to a full-production, abundance-at-low-price economy whereas the producer interest, at least in the short run, calls for restricted production at high prices. So that it becomes apparent that the consumer interest is not only the interest of all the people but is also the interest, effectively asserted, which alone can assure health and vigor to a free economic system.

It should, however, be pointed out that organized consumers, especially those organized cooperatively constitute a 'market with a conscience'. It is hard to find such a phenomenon elsewhere. But cooperatives do not seek to buy manufactured products which are not produced under proper and fair conditions for those who produce them. Neither do cooperatives want to buy farm products whose prices do not reflect a fair and just return to farmers.

It would be a grave mistake to think of consumer representation in relation only to tangible goods and commodities. Of equal importance perhaps is the interest of consumers in health and medical care, housing, insurance, credit, and the control of their own savings. In every one of these fields cooperative organizations are effectively representing the consumers' interest today.

Cooperatives have been called an idea with handles on it. So they are. They aren't just ideas about consumer representation. They aren't just agitation or lobbying. They are business enterprises through which the interest of the people as consumers is organized for effective economic action.