THE CONSUMER MOVEMENT IN THE 1990s: IMPLICATIONS FOR RESEARCH

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The topic, the future of the consumer movement, is not an easy one to address. There are so many variables which interact in such complex ways that we cannot be certain what will happen. I have been reminded of this difficulty in preparing a bibliography on the consumer movement. This literature is littered with the corpses of articles that ventured predictions which have not been fulfilled. One report by two highly regarded researchers, for example, argued that during the last 25 years of this century, consumerism would disappear. I myself became more careful about making predictions after giving a speech, featured in a 1981 Associated Press wire story, that suggested it was highly unlikely the inflation rate would return to single digits in the near future. So why do we continue to try to speculate about the future? There are many reasons. Perhaps one is that there is so little accountability.

What is more useful in helping us understand the future of the consumer movement than making bold predictions, however, is identifying the key variables that will shape this future and examining how they have interacted in the past. That can give us a better understanding of the range of outcomes and those most likely to occur.

From my experience in and research on the consumer movement, it seems that two sets of variables are important. One is the condition of the movement, especially its level of resources and its willingness to address pressing consumer concerns. The second set includes external conditions, particularly general economic conditions and support, opposition, or apathy from political leaders, business, and the public.

To what extent do these factors help us understand changes in national consumer groups -- that part of the consumer movement about which the most is known -- over the past 15 years? Research by Herrmann and Warland, by Mayer, and by Smith and Bloom have documented the declining influence of the consumer movement in the late 1970s and early 1980s. This decline can be seen in press coverage. As Smith and Bloom have shown, between the early 1970s and early 80s, there was declining coverage of the movement in the New York Times. As I have discovered in my own research, this coverage reported the rise and fall of consumer movement influence in Washington. Headlines of major newspaper articles tell the story. In the New York Times, in 1969 a headline read, "Consumer Indignation"; in 1972, "New Groups are Serving as Watchdogs for Consumers"; in 1976, "Public Affairs Groups, Now on the Outside, Expect Access"; in 1978, "Consumer Leaders, in Reappraisal, Seek New Consumer Initiatives"; and in 1983, "The Consumer Movement: Whatever Happened."

Coverage of the movement's dominant figure, Ralph Nader, paralleled that of the movement as a whole. Here also the headlines revealed the content of news articles. In the New York Times, in 1966, "Car Safety Crusader: Ralph Nader"; in 1979, "Nader Expanding Consumer Efforts"; and in 1982, "A Subdued Nader Works to Organize Consumers." In Business Week, in 1969, "Crusader Widens Range of His Ire": in 1972, "Ralph Nader Becomes an Organization"; and in 1979, "A Fading Ralph Nader Rewrites His Strategy."

Public opinion surveys also suggest a loss of public support and influence. In the early 1970s, Gallup found that Nader was one of the ten most widely admired Americans. By 1976, when Lou Harris conducted his first consumerism survey, he learned that Nader's support had declined but was still strong. Yet by 1982, in his second survey, Harris discovered that this support had declined significantly: Fewer than 40% of respondents regarded Nader highly.

An even more important gauge of the consumer movement's influence is success in achieving its most important policy objectives. In the 1970s, for national groups and for Nader the most important priority was persuading Congress to pass legislation establishing an independent consumer protection agency. They failed. In the 1980s, for Nader and his network of organizations, the most important goal was to establish, at national and state levels, citizen groups funded by check-off mechanisms. Only a few bonafide organizations of this type were ever set up, all citizen utility boards (CUBs). But when in 1986 the Supreme Court restricted the access of the CUBs to utility mailings, they lost most of their funding and clout.

This decline in influence can be explained in terms of the condition of the consumer movement and external conditions over which it had little control. Much has been made of the loss, to the Carter administration, of several of the movement's most effective leaders. And there is no question that the departures of Carol Tucker Foreman from the Consumer Federation and Joan Claybrook from Congress Watch weakened both organizations. Yet, many talented and energetic leaders remained -- Kathleen O'Reilly at CFA, Mark Silbergeld at Consumers Union, Sid Wolfe at Health Research Group, Alan Morrison at the Litigation Group, Mike Jacobson of the Center for Science in the Public Interest, Clarence Ditlow of the Center for Auto Safety, and Nader himself, to mention only a few. With the most supportive President and Congress in nearly a decade, and their former colleagues, especially Esther Peterson, holding important leadership positions, why did they not accomplish more?

One critical factor is that their goals were not strongly supported by most consumers. What consumers want most from advocates is protection against specific marketplace threats such as rising bank fees and utility rates, unsafe cars and children's products, and fraudulent television and home repair services. In the 1970s, what national advocates focused most attention on was the establishment of a new federal agency to help ensure that other federal agencies considered consumer interests in their decisions. In part because of growing skepticism about the effectiveness of the federal government, which ironically was fed by earlier reports of Nader Raiders, there was little enthusiasm for this agency outside Washington. Members of the Cleveland consumer group I was coordinating could not have cared less. What national consumer leaders forgot is that the public backs only the creation of new government agencies, such as local protection officesor the National Highway Traffic Safety Administration, which offer promise of preventing or solving their own individual problems.

A second important factor is the funding problems experienced by national groups in the late 1970s and early 80s. In 1982, Consumers Union had a serious, and well-publicized, financial crisis. It was forced not only to cut back support for its three advocacy offices, but also to reduce contributions to other organizations such as the Consumer Federation of America and Center for Auto Safety. At CFA, this reduced support slowed recovery from an earlier crisis in 1979 and 80 when organizational revenues had fallen to $200,000 annually and cashflow problems occurred regularly. The same year, Public Citizen, which was supposed to raise funds for other Nader-related organizations, reported net revenues of under $1000.

There is no question that inexperienced or inattentive management had something to do with these funding problems. Yet, these difficulties largely reflected the condition of the economy and other external factors. Most important was the stagflation of the late 1970s and recession of 1981 and 82. Rising prices increased the costs of, and the recession depressed revenues from, Consumers Union solicitationsfor subscriptions and Public Citizen solicitations for contributions. The latter probably also declined because of the growing public perception that national advocates, especially Nader, were pursuing their own agenda, not that of most consumers. Also, the Reagan Administration virtually eliminated all federal grants and contracts to consumer groups. Organizations as diverse as the Community Nutrition Institute, which was funded principally by the Community Services Administration; National PIRG and ACORN, which received VISTA grants and volunteers, and National ConsumersLeague and Consumer Federation of America, which depended somewhat on U.S. Office of Consumer Education grants and contracts, lost important resources.

The oppositio.. of the Reagan administration to the objectives of consumer advocates, usually federal intervention of some sort, threatened more than just funding sources. Agencies such as the Consumer Product Safety Commission and National Highway Traffic Safety Administration that advocates had worked so patiently to create and fund were turned over to anti-regulation administrators who halted or slowed rule-making, reduced enforcement activity, and supported substantial cutbacks in funding. In the 1980s, for example, the budget of the Consumer Product Safety Commission in constant dollars declined by 50%. Moreover, the administration rarely backed consumer movement initiatives in Congress.

Of course, during the Carter administration, the ardor of Congress for consumer reforms had cooled considerably, as has been documented by Pertschuk. Congressional leaders increasingly began to realize that, when consumer advocates pursued goals not strongly supported by the public, they were paper tigers. Without public outrage, or at least widespread irritation, and related press criticism, senators and representatives had little to fear from the threats of advocates. It was this growing realization that led to diminishing Congressional support for a consumer protection agency. Despite a Democratic administration and Congress, there were even fewer major consumer bills passed than during the previous eight years of Republican Presidencies.

Beyond its lack of enthusiasm for a consumer protection agency, the public was growing increasingly preoccupied with financial and job security and more accepting of the conservative and corporate arguments that consumer regulations carried unacceptable price tags. Without strong public support, consumer advocates were unable to counter the great influence of a business community that had united against the consumer protection agency bill. After defeating this proposal, the same coalition mobilized against the aggressive advocacy of the Pertschuk-led Federal Trade Commission and persuaded Congress to severely curb its activism.

Nader's nadir was probably in 1986, when the Supreme Court restricted his check-off mechanism and he experienced several personal crises. Nevertheless, in this period, national groups were strengthening themselves institutionally and finding greater support in Congress. One indication of Congressional receptivity was the increasing number of times committees asked consumer advocates to give testimony. Even clearer evidence was Congressional passage of consumer initiatives such as consumer banking reforms, appliance efficiency standards, and prohibitions against physician self-dealing. More widely reported by the press was the passage in 1988 of radical insurance reforms by California voters. Their approval of Proposition 103, fiercely opposed by the insurance industry, signified that consumers still looked to Nader for leadership when their welfare was threatened.

Even if press coverage of the consumer movement was not much more extensive than earlier in the decade, stories were more likely to recognize Nader's influence and that of the movement. In 1989, Business Week, Fortune, and the New York Times all ran laudatory stories on Nader and other advocates. These articles were titled, respectively, "The Second Coming of Ralph Nader," "The Resurrection of Ralph Nader," and "Nader, After

Eight Years, Is Back on the Inside." The same year, Changing Times printed a feature article on the consumer movement that answered the question, whatever happened to the consumer movement? with a report on the movement's growing strength and advocacy.

The condition of the consumer movement and certain external conditions explain most of the movement's resurgence. Forced to focus more attention on management and fundraising than on advocacy, in the early 1980s national consumer leaders cut costs within their organizations and developed new revenue sources. Consumers Union sold their fulfillment division, which housed nearly one-third of the organization's employees, laid off other staffers, and reduced the paper quality and length of Consumer Reports. They also organized highly successful campaigns to raise funds for their advocacy offices and for a new building. CFA moved up 14th Street to a low-rent neighborhood and began to generate tens of thousands of dollars from the sale of publications and conference registrations. Public Citizen turned its direct mail operation over to professional fundraisers and enjoyed increased success selling publications.

The financial reports of the three organizations reflected these cost-cutting and income-producing measures. In the 1980s, Consumers Union's annual revenues increased nearly 100% in current dollars. More importantly, it began generating multi-million dollar surpluses, a portion of which it used to fund state and local groups, through the Consumer Federation, and Third World consumerism. CFA's budget increased from $200,000 to more than $800,000 in current dollars, and its reserve fund from nothing to over $300,000. Although Public Citizen experienced growing pains in 1986 and 87, in 1988 and 89 the sale of a new book on pills netted the organization over $2 million. In the same period, single-issue organizations such as Center for Science in the Public Interest and Center for Auto Safety were also growing stronger financially.

More effective management and entrepreneurship than in the 1970s were not the only reasons, however, for the improving financial condition of most consumer groups. Slow but steady economic growth after 1982, which benefitted mainly the financial supporters of the movement, contributed substantially to increasing Consumer Reports subscriptions, Public Citizen contributions, and sales of books and other products by many organizations.

Economic improvement, particularly the decline of the unemployment rate, heightened consumer interest in consumption-related issues. Consumer advocates were responsive to these growing concerns. Rather than try to serve consumers reheated policy proposals from the 1970s, advocates presented them with a new menu of reforms. Several entrees appealed to reawakened consumer appetites. Most popular were proposals for auto insurance rate reductions. Also appealing were measures to provide consumers with additional information about a whole array of products. Encouraged by advocates, Congress passed legislation requiring additional disclosures from banking institutions about the terms of credit card and home equity loans and is soon likely to approve new truth in savings requirements.

Also, advocates have found that the Bush administration is more willing to consider intervening in private markets than were Reagan regulators. Recently the secretary of Health and Human Services announced that the Food and Drug Administration would be developing rules for nutritional claims made by food advertisers; the head of the National Highway Traffic Safety Administration declared his intention to seek side-impact crash standards; and the chairperson of the Federal Trade Commission indicated her agency would investigate products making environmental claims.

The deregulation of several industries also increased the influence of advocates in these areas. Although activists complain about growing consumer confusion and discrimination against the poor resulting from deregulation of banking and telephone industries, this deregulation has not only presented them with new issues, but has also given them more political leverage. By increasing competition within the financial services and telecommunications areas, deregulation has provided advocates with opportunities to bargain with competing industries who wish to increase the credibility of their policy proposals. In 1988, consumer lobbyists persuaded bankers to accept consumer protections in Senate legislation in return for support of expanded bank powers, which were opposed by insurers and investment firms. At present, the Consumer Federation and the American Association of Retired Persons are allied with cable companies, newspaper publishers, and long distance carriers to try to block expanded powers for Bell companies. Yet, CFA is also leading consumer efforts to reregulate the cable industry.

While the consumer movement is stronger institutionally, more powerful in Congress, and more credible with the public than it was a decade ago, it still does not have the public and policymaker support that it enjoyed two decades ago. But this is the fate of nearly all social movements, especially those that have been successful. The initial enthusiasm of activists and the public cannot be sustained. As a compensation, however, consumers are better able to protect themselves today than in 1970. Most importantly, they are more aware of themselves as consumers with interests that are separate from those of sellers and with rights that are enforceable in their dealings with these vendors.

To summarize, the influence of the consumer movement has reflected both its own condition, particularly funding levels and its willingness to address specific consumer concerns, and external conditions such as the condition of the economy and support or opposition from policymakers, business, and the public. I would argue that it is principally these factors that will shape the development of the consumer movement in the coming decade.

I had originally intended to discuss consumer issues of the 1990s. Although predictions about these are also speculative, I could have at least informed you what issues CFA and other national consumer groups plan to work on in the next couple years. I would have identified three dynamic forces in our society -- technology, deregulation, and the environment. I would have associated increasing concerns about privacy, product safety, and rising health care costs with the implementation of new technologies; consumer confusion, discrimination against the least affluent, and increasing concerns about physical and financial safety and soundness with economic deregulation; and domestic resource depletion, pollution, and global warming with the environment. Unfortunately, this discussion takes time, so I can only refer you to my article, published in the fall 1989 issue of Mobius, that examines many of these issues.

Let me conclude by discussing some implications of my earlier analysis for research on the consumer movement. This interpretation is generally consistent with explanation of the rise and fall of consumerism in terms of underlying social conditions and political entrepreneurship. However, unlike other analyses, it stresses the influence of economic conditions on political and financial support for the movement. Like Mayer's superb study of the consumer movement, my analysis suggests that the failure of national groups in the 1970s reflected in part their "radical" emphasis on redistribution of power, a goal that Nader pursued throughout the 1980s, and parenthetically, can be linked historically to both the cooperative and New Left movements. I would suggest, however, that Mayer's reformists are a diverse group that includes both conservatives and liberals. Conservative reformists stress improvements in the efficiency of markets through increased information. They are most comfortable advocating improved consumer education, expanded product-testing and evaluation of consumer services, and required disclosures. Liberal reformists, on the other hand, are more concerned about exploitation and discrimination, especially against the poor, that invariably are found in capitalist economies. Accordingly, they emphasize government interventions to prevent and redress fraud, and to ameliorate structural discrimination in free markets. Specifically, they address pricing of insurance, banking, telephone, and energy services where the poor are often forced to pay higher prices (or costs) than are other consumers. Their solutions involve government subsidies or government interventions where there is minimal disruption of markets. While many advocacy groups support both conservative and liberal consumer reforms, there is a continuum here on which organizations can be placed -- perhaps with Washington Checkbook at one end and the National Consumer Law Center at the other.

My analysis also argues, unlike earlier research, that the consumer movement has experienced a revival recently. Public and political support for movement goals has increased, though not to earlier levels, and national groups have never been better funded or more stable. This is not to say that all groups are strong -- some are not. Yet, as I have argued elsewhere, one of the great strengths of the movement is its institutional diversity, entrepreneurial orientation, friendly internal competition, and willingness to cooperate to achieve common objectives.

Lastly, my analysis has reported data that has not been cited in earlier research. Information on the financial condition, politics, and press coverage of the consumer movement may be useful to future studies of the subject. Most sources of this information will be listed with annotations in a bibliography I am completing that is to be published by G.K. Hall this fall.

Given this deadline and others, I have not had time to refine this analysis as much as I would have liked. But I hope that its data and hypotheses are helpful to those of you researching the consumer movement.

In closing, I would challenge you to build on the solid foundation of research on the movement laid by Mayer, Herrmann, Friedman, and others. I see two especially important research needs. To elaborate and test the generalizations of earlier research, we need more empirical studies -- monographs on individual organizations, biographies of consumers leaders such as Esther Peterson and Rhoda Karpatkin, and case studies of the making of consumer policies, which focus on both national and grassroots organizations. We also need additional research on the social and economic impacts of these policies. Even taken together, the biased analyses of advocates and their opponents at the American Enterprise Institute and Heritage Foundation rarely reveal the actual effects of consumer regulations. We need more studies like those of Dardis and her Maryland colleagues on the costs and benefits of product safety regulations. As importantly, we need good research on the impacts of consumer regulations related to new technologies, deregulation, and the environment. And like Mayer, we must consider the distributional impacts of these interventions. This is an ambitious research agenda. But it is one that you are well-qualified to undertake. I wish you well and promise to help in any way I can.