

Testing, Informing, Protecting A Short History of Consumers Union and Consumers International

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Thank you for honoring Consumers Union here today. I was privileged to serve as the third Chair of CU's Board from 2001 to 2008 and served a total of 24 years on the board. I also was hired by Rhoda Karpatkin to serve as CU's first registered lobbyist in 1978. In that role, I met and worked with Esther Peterson so I feel truly grateful to accept the Peterson award today.

I didn't set out in life to be a consumer advocate but in my late 20's I found myself graduating from law school and being hired by our late great Senator from Washington state to serve on the staff of the U.S. Senate Commerce Committee.

When I arrived in Washington, D.C. in the summer of 1976, I was assigned to staff the Communications and the Consumer subcommittees. Those issues have been my issues the rest of my professional life! One of the first assignments given to me when I got to the Commerce Committee in 1976 was to write a bill that would create a testing agency within the National Bureau of Standards in the Department of Commerce. This new agency would do what the non-profit Consumer Reports was doing at that time but on a bigger and more economy wide scale. It had no chance of passing. I actually thought it was a goofy concept at the time but dutifully set out to work on the bill. Little did I know that two years later I would interview with CU to take on the job of being its first registered lobbyist before the Congress.

1976 was probably the beginning of the end of the Ralph Nader defined consumer movement era in this country. The great consumer protection bills passed out of the Commerce Committee had already been made law and a reaction to them would begin in the Carter administration. Agencies like the Federal Trade Commission would find themselves under attack and interests occupying all spaces on the political spectrum were beginning to see some utility in deregulation of some of the federal agencies that were protecting producer rather than consumer welfare.

As you all know, the history of consumer protection laws is a long one. You can find biblical references to usury. The Romans regulated weights and measures. Medieval craft guilds attempted self-regulation in order to promote trade and commerce. Napoleonic codes promulgated rules about the content of bread and wine.

The modern American consumer movement can be traced to three earlier historical trends: the muckrakers, consumer boycotts, and the standardization movement. Norman Silber, also a long time member of the Consumers Union board, in his excellent book about Consumers Union, TEST AND PROTEST, points to the 19th century muckrakers like Upton Sinclair, Ida Tarbell, Catherine Beecher and Harriet Beecher Stowe for the journalistic antecedents of Consumers Union. /1/ A few dates: In 1891 the National Consumers League was born, formed to organize shop girls working for retailers who didn't pay them appropriately or treat them properly, their first tool of protest was the consumer boycott. In 1906 the National Bureau of Standards was created to help the federal government standardize and insure the quality of its purchases. The same year saw the publication of The Jungle by Upton Sinclair and passage of the Pure Food and Drug law. And In 1908 the American Home Economics Association was formed.

Silber notes that the advent of mass production was accompanied by mass advertising and the cacophony of the claims for myriad new innovative products ushered in the need for advice to the consumers who were faced with bewildering change in the market place. "consumers had not the time to candle every egg or test the milk..." /2/ Whereas consumers and producers in 19th century America generally knew one another and small town values insured that no one got cheated very frequently, the new advertising realities were without ethical guidelines and all kinds of egregiously harmful products (like patent medicines) as well as the merely frivolous (chewing gum) were flooding the market.

During WWI the exigencies of war time America necessitated the creation of the War Industries Board which, in pursuing its mission to conserve economic resources and to get suppliers to meet government specifications, had the ironic effect of standardizing all kinds of products and reducing the number of styles, sizes, and varieties in the market.

Shoe colors were limited to black, white and one shade of tan...colors of typewriter ribbon shrank from 150 to 5...buggy wheels were reduced from 232 sizes to 4, plows from 326 to 76...and automobile tires from 287 types to 9. /3/

Silber notes that in post WWI era, concepts held by the social Darwinists as well as social utopians were mingling as great strides were made by industrial managers, engineers and scientists in the industrial production process. At this time, industrial inefficiency was often conflated with environmental and economic waste.

Colston Warne, professor of economics at Amherst College and the first chair of Consumers Union, a post he occupied for 44 years and also a founder of ACCI, noted that Herbert Hoover was an important contributor to the early 20th century consumer movement. /4/ Hoover, as Calvin Coolidge's Secretary of Commerce, sponsored a study of waste in industry by the Federated American Engineering Societies, which piloted the way to uniform screw threads, uniform parts for military equipment, and product standards. Hoover set up the American Standards Association in 1922 and hired Frederick J. Schlink and Arthur Kallet as assistant secretaries—both men would be key figures in the creation of Consumers Union.

In 1925, one of the utopians was Stuart Chase, a student of Thorsten Veblen's and a member of the short lived Technocratic movement, who published *The Tragedy of Waste*. This book built upon the work of Hoover and questioned the waste of electricity, paper, newsprint and human energy in marketing and advertising and posited that with standardization, testing and substantiation of advertising claims, Americans could eliminate waste and humanize rapidly industrializing society.

Following the publication of his book, Chase met Schlink and together they published *Your Money's Worth* in 1928. In Warne's words, the book was "veritable national guide to fraud and manipulation touching our food supply, our medicines, our cosmetics, our autos and our household equipment. It named names, with explicit detail." This book became an instant best seller. A closing chapter in the book invited readers to send in a dollar for mimeographed sheets containing more product detail. To the authors' amazement, the dollars flowed in and Consumers' Research was born.

The idea of testing and appraising products by brand name quickly caught on in the context of the roaring 20's. As Warne noted,

Fortunately for the new infant movement, American advertisers did not remain silent in the face of this threat. They launched a barrage of vilification against Consumers Research, Schlink and Chase, measurably aiding in the movement's spread.

Unbelievably, from today's perspective, Chase and Schlink reacted with caution. Fearing libel damages, they required subscribers to declare that their ratings would be kept in confidence! "The rigid rule against disclosure only served to accelerate the expansion of the new effort. Upon joining one could become an elite possessor of the mysteries of the new guild."

Warne also wrote:

It is difficult to reproduce the enthusiasm of this period (1929-1935.) Among the CR fans were those who saw a Utopian dream come true—the establishment of a laboratory where experts would impartially assess all consumer goods. There were those who were moved to establish a consumer party, a consumer political program, there were those who wished to enlist local consumer groups, to launch a cooperative, to sell recommended goods under a consumer brand name and possibly a licensing system. There those who would broaden the testing idea to appraisals of all community services ranging from doctors and nurses to undertakers. /4/

Warne believed that the major mistake Schlink made in this time period was moving the headquarters of CR from Union square in New York to Washington, New Jersey. Suffice it to say a period of great labor strife broke out. A blue ribbon committee headed by Roger Baldwin, Reinhold Neibuhr, and Norman Thomas sought to mediate the strike but to no avail.

In 1936, the strikers formed Consumers Union. It was incorporated under the laws of the state of New York. In May, 1936 the first issue of the magazine, *Consumers Union Reports*, was published. Arthur Kallet was the first director and the first board of directors included people active with the labor and cooperative movements, people such as Heywood Broun, A. Phillip Randolph, and Rose Shneiderman, (newspaper guild, sleeping car porters, women's trade union league.) By June 1939, the membership rose to 85,000. The board was surprised to find out that despite its targeting of union memberships and low income discounts, it was appealing to middle class subscribers. A Gallup poll in 1940 found that the

consumer movement generally was a middle class phenomenon. Only 12% of low income families had even heard of the consumer movement in 1940, contrasted with 48% of upper income groups. /5/

The magazine's subscription base continued to grow and by 1948 the early intentions of the editors to publish articles about the working conditions under which products were produced were largely abandoned. Reflecting this shift, Colston Warne submitted his resignation in 1949. He wrote to the then board that he could not continue to stand by and watch the board take the organization away from its original purposes. He wrote:

More than thirteen years have elapsed since the break between Consumers Union and Consumers Research. At that time I joined C.U. because I felt its objectives vitally differed from those of the parent. It was to be a democratic cooperative undertaking, fearless and unafraid. It was even called radical by those who believe all novel ideas to be radical./6/

It is quite clear that the Board did not accept Colston's resignation. But the tensions inherent in combining the functions of "objective" product testing and strong political advocacy in one organization would recur through CU's history.

Silber notes in his book that the organization largely stuck to its core competency of rating products and downplayed its "protest" traditions. In my experience with CU there has always been a creative, but sometimes destructive, tension among the three parts of the organization, the technical, the editorial and the advocacy staffs. In various stages in its history, the CEO and the board have had to deal with the turf clashes and policy differences which arise within the organization from these distinct professional and cultural affinities.

In 2013, the success of the organization is almost startling. When many newspapers and advertising supported magazines are losing circulation, CU is growing its subscription base. More than 8.3 million subscribe to the various information products, including the largest subscription website in the world. Payroll head count exceeds 590. 1.1 million people consider themselves "e-activists," connected to each other and CU through its advocacy website, www.consumersunion.org. A first rate testing laboratory is located in Yonkers, New York and a sophisticated test track in Connecticut. It has reputation that is gold standard. Perhaps, you can see why I was so proud to be associated with CU and why I stayed on the board so long.

Critics of the organization have a long history as well. Norman Silber in his history demonstrates through case studies how the organization's adherence to its scientific testing traditions led it away from some of its more radical origins. Silber writes:

When the bounds of permissible dissent narrowed after the war, and when the anticommunist hysteria widened during the 1950's the testing method shielded CU from severe criticism. There had been no articles in Consumer Reports about consumers as a class, and few essays directly concerned with corporate rule or capitalist hegemony. Consumer Reports had become a magazine of technological and social criticism, not a radical journal of political economy./7/

But he also noted that the "unique strength of the organization's approach lay in its ability to plant its call for reform in the evidence of practical problems and personal risk." /8//Evidence based testimony and story-telling from people's real life experiences are still hall marks of CU's effectiveness in advocacy as well as journalism.

In the 1940 and 50s, CU was listed as a subversive organization by the infamous House Committee on Un-American activities.(HUAC.) The magazine in 1940 told its readers how Mr. J.B. Matthew of Consumer Research and the Hearst publishing empire (both competitors of the four year old Consumers Union) had worked together to set the charges in motion. It would not be until 1954 that HUAC published a "retraction." I was amazed to see just how much work went into the organization's submission to clear its name with the Committee. But the story continues to circulate. These charges reappeared again and again as late as 1980.

A footnote. While doing this research, I happened onto correspondence between CU and J. Robert Oppenheimer (the great physicist who lead the Manhattan project) who was a member of the West Coast Council for Consumers Union in 1954. Oppenheimer was asked by the Executive Director to look for someone to could test the fat content of milk, for a woman who could be employed as an anonymous shopper in Los Angeles, and what his top of the head opinion was about the latest California fad of wearing dark glasses even indoors! Oppenheimer wrote back with some names and no comment on dark glasses but with a rueful post script about the attention he was getting from HUAC and its possible reflection on CU.

In more recent periods, Consumers Union has been accused of promoting mindless consumption and enabling an unsustainable form of capitalism. For example, as I was beginning to work for CU, Ralph Nader, was quitting the board of directors in a huff. In his 1975 letter of resignation, Nader wrote to Colston Warne:

My principal interests on the board have been to help CU realize more of its potential in the area of consumer investigation, advocacy and organization. There is a division of philosophy on the Board as to how much energy and resources are to be directed toward changing major consumer injustices through consumer action instead of just informing some consumers about some of them.

Shortly thereafter, in the pages of the magazine, Executive Director Rhoda Karpatkin defended the organization's advocacy work and took pains to point out its grants to other consumer organizations which were more at the forefront of protest and lobbying and litigating.

When I became an employee of CU, I was hired to become the first registered lobbyist in the D. C. office. The three lawyers in that office at that time advocated before Congressional committees but only in the formal sense. That is, they submitted testimony and comments to federal agencies and legislative committees and occasionally sued federal agencies but they were not pro-actively seeking Members' votes on specific bills. The fiction employed for failing to register was that the organization's representatives were "invited" to make comments before Congress, but did not lobby a bill through the whole legislative process. As Ralph Nader had done, I quickly found, much to my frustration, that I had some internal obstacles to registering as a lobbyist. Although Rhoda was all for my hiring, the Editor and the Technical Director simply were not so sure. They believed that by registering some taint would attach to our editorial findings. I spent too much time in my first 12 months in my job lobbying those two. I argued that I could lobby with as much integrity and rigor as they and their staff tested and reported on products.

It was gratifying to win the internal battle but it was a difficult time to be a consumer lobbyist. Business was making ferocious attacks on some of the best agencies of government like the Federal Trade Commission. The temper of the times was such that when we saved the FTC's budget from being eviscerated, President Carter had a low key celebration in the Oval Office. No one including the Chairman of the agency, Mike Pertschuk, and Carter's consumer advisor, Esther Peterson, wanted to prod the business lobbies back into action by publicly crowing about our "victory."

It was a time, however, of major systemic change and in my years there, the magazine and the Washington office participated in two major regulatory reform efforts. The first was the reform of the trucking industry regulatory structure at the Interstate Commerce Commission; the household goods moving industry was in real need of reform. The second was the reform of the communications industry through the antitrust suit against AT&T and the concomitant reforms at the Federal Communications Commission and in the Congress. I am still proud of the work we did then. We foresaw the importance of emerging telecommunications technologies for consumer's access to information.

For this academic audience, I think it is important to emphasize that the regulatory reform efforts of the 1970's differed significantly from later deregulation initiatives. The transportation and communications industry reforms were supported by thoughtful academic research and legal and economic analyses. The ICC and the FCC had both refused to recognize that technological and market developments were undermining entrenched monopolies' dominance and that consumers would be better off with competitive alternatives and robust antitrust enforcement. I used to quip to members of Congress when they asked me who was in favor of household good moving industry reform, "Oh a handful of economists from Northeastern Universities."

More recently, Consumers Union devoted substantial resources to advocating for health care reform and financial institution regulatory reform during the Obama administration. Both issue areas have been high on the consumer movement's priority list since the founding of Consumers Union. In 2013, Consumers Union remains the largest and best funded consumer advocacy organization in the world and its current CEO and board are undertaking major campaigns on the major issues of our times. The internet is a significant organizing tool facilitating this work. For all of the issues being covered and the multi-state campaigns, see www.consumersunion.org.

Consumers Union has a long and honorable tradition of paying a "social dividend" by funding other non-profit consumer advocacy groups. Among the many that CU either established or supported in the 60's and 70's are the American Council on Consumer Information (ACCI), the Center for Auto Safety, the Community Nutrition Institute, Consumer Federation of America, Washington Center for the Study of

Services (now Consumer Checkbook published in Seattle as well as other major metropolitan areas), and the most important in my mind, Consumers International.

CU in the late 50's furnished the seed money to help build consumer testing organizations in England and Belgium, now power houses in their own right and in 1960 lead the founding of the International Organization of Consumers Unions in the Hague. IOCU later changed its name to Consumers International and it is now head quartered in London with offices in Malaysia, South Africa, and Chile. Over 240 organizations from 120 countries are now members of CI and their work is truly important to the world's consumers. The founding in 1960 coincided with the election of John F. Kennedy, who as a Presidential candidate, made consumer protection one of the issues he championed. Later as President he enunciated the four basic consumer rights:

The right to safety
The right to be informed
The right to choose
The right to be heard

To these rights the international movement has added the following four:

The right to satisfaction of basic needs
The right to redress
The right to education
The right to a healthy environment

In 1985 the United Nations adopted Guidelines for consumer protection resting on this rights framework. As Kennedy said in 1962, "Consumers by definition include us all. They are the largest economic group, affecting and affected by almost every public and private economic decision. Yet they are the only important group whose views are often not heard."

The Consumers Union business model also travels surprisingly well. Most of the non-government members of CI publish a magazine. Those magazines look remarkably like Consumer Reports. The advocacy models obviously depend very much on law and government of the countries in which the advocates find themselves. See www.consumersinternational.org for the organizations strategic documents and more about what individual organizations around the globe are up to.

Consumers Union, now known formally as Consumer Reports, is now 77 years old and it is in the process of continually reinventing itself for the needs of today's consumers. E-commerce and online delivery of content are today's challenges to both the business side and the advocacy role of CU. While CU is testing new partnerships with for profit business entities in delivering its content in many media,, it also must continue its advocacy on behalf of consumer privacy and autonomy. The board must examine every such proposed transaction with great care and they do. I am confident that CU's testing and investigating arms will continue to produce content that consumers want and are willing to pay for. It is among the most trusted organizations in America. Consumer International is a force for the rule of law and consumer protection in the world. We need our colleagues in academia to help us continue the policy work as well as to provide knowledge and information which inform our magazines, websites and mobile content. Thanks to all of you who contribute to those endeavors.

Footnotes

- Norman I. Silber, Test and Protest, New York, 1983, pp1-16.
- *ibid.* p.5
- *ibid.*
- Colston Warne, The Roots of Consumerism, some reminiscences, Fifth National Seminar for Directors for Consumer Agencies, July, 7,1977, private copy.
- Silber, p.28.
- Letter found in CU archives, private copy.
- Silber, *ibid.* p.123.
- Quoted on CI's website. www.consumersinternational.org.