

## CONSUMERISM: WHY, WHENCE AND WHERE

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DEFINING CONSUMERISM IS LIKE TRYING TO STUFF SOME GREAT AMORPHOUS MASS INTO THE CONFINES OF A SMALL SQUARE BOX. THE CONSUMER MOVEMENT CAN BE DESCRIBED IN A GENERAL WAY AS "THE ORGANIZATIONS, ACTIVITIES, AND ATTITUDES OF CONSUMERS IN THEIR RELATION TO THE PRODUCTION AND DISTRIBUTION OF GOODS AND SERVICES." THAT DOESN'T TELL US MUCH, BUT IT MAY BE AS SPECIFIC A DEFINITION AS WE CAN GET. FOR WHAT STANDS OUT ABOUT CONSUMERISM ABOVE ALL ELSE IS ITS DIVERSITY: THE CONSUMER MOVEMENT CONSISTS OF FORMAL ORGANIZATIONS BUT ALSO OF INDIVIDUALS BROUGHT TOGETHER FOR A SHORT TIME BY THEIR CONCERN OR FRUSTRATION OVER A PARTICULAR ISSUE - E.G., THEIR OWNERSHIP OF PROBLEM-RIDDEN FIRENZAS; THE MOVEMENT ENCOMPASSES AN INFORMATION SERVICE, BUT ALSO ACTIVIST GROUPS LOBBYING FOR CHANGES IN BUSINESS PRACTICE AND GOVERNMENT POLICY; THE ACTIVITIES OF THE MOVEMENT HAVE BEEN AT TIMES IDEOLOGICALLY INSPIRED

BUT ALSO MOTIVATED BY GRIEVANCES OVER SPECIFIC PRODUCTS AND MARKET PRACTICES; THE FOCUS FOR CONSUMERISM HAS BEEN THE PRICE AND QUALITY OF GOODS AND SERVICES BUT ALSO MORE GENERAL CONSIDERATIONS, AND SUCH UNLIKELY BEDFELLOWS AS RALPH NADER AND RICHARD NIXON HAVE IDENTIFIED THE MOVEMENT WITH THE SEARCH FOR MORE MEANINGFUL PURSUITS AND AN IMPROVED QUALITY OF LIFE.

WHILE IT IS DIFFICULT TO FIND A COMMON DENOMINATOR FOR ALL THE ACTIVITIES THAT HAVE SPRUNG UP UNDER THE BANNER OF CONSUMERISM, THE MORE IMPORTANT INITIATIVES SEEM TO HAVE HAD A SIMILAR PREOCCUPATION WITH AUGMENTING THE RIGHTS AND POWERS OF BUYERS IN RELATION TO THE SELLERS OF GOODS AND SERVICES. AND UNDERLYING THESE INITIATIVES HAS BEEN THE GENERAL NOTION THAT CONSUMERS ARE ILL-EQUIPPED FOR THEIR TASK AND AT A DISADVANTAGE IN THE MARKETPLACE. THE PROBLEM WAS COGENTLY DESCRIBED BY WESLEY MITCHELL OVER 50 YEARS AGO IN HIS CLASSIC PAPER ON "THE BACKWARD ART OF SPENDING MONEY": "COMMON SENSE FORBIDS US TO WASTE DOLLARS EARNED BY IRKSOME EFFORTS," NOTED MITCHELL; "AND YET WE ARE NOTORIOUSLY EXTRAVAGANT. IGNORANCE OF QUALITIES, UNCERTAINTY OF TASTE, LACK OF ACCOUNTING, CARELESSNESS ABOUT PRICES - FAULTS WHICH WOULD RUIN A MERCHANT - PREVAIL IN OUR HOUSEKEEPING." MITCHELL REGARDED SPENDING AS ONE OF THE MOST DIFFICULT OF FUNCTIONS AND SAW IT BEING

CARRIED OUT WITHIN AN ORGANIZATIONAL STRUCTURE, THE FAMILY UNIT, LEAST SUITED TO ITS NEEDS. MORE RECENTLY KENNETH ARROW HAS POINTED TO THE GREAT INEQUALITY OF INFORMATION BETWEEN BUYERS AND SELLERS, AND HAS DRAWN AN ANALOGY BETWEEN THIS AND THE INFORMATIONAL SUPERIORITY OF THE PHYSICIAN OVER HIS PATIENT. IN THE LATTER CASE THE PATIENT IS PROTECTED BY A RESTRAINING CODE OF ETHICS; IN THE MARKETPLACE WHERE THE ETHICAL CODE IS MORE TENUOUS THE DISPARITY IN KNOWLEDGE CAN RESULT IN BOTH INEFFICIENCY AND INJUSTICE.

IN THIS SENSE CONSUMERISM IS A REFLECTION OF FRUSTRATION OVER THE FAILURE OF THE MARKET TO PERFORM AS CONSUMERS FEEL THEY HAVE A RIGHT TO EXPECT IT TO PERFORM. IT IS A REACTION TO FRAUD; MISREPRESENTATION; THE ABUSE OF POWER; AND TO THE CONDITIONS WHICH HAVE GIVEN RISE TO THESE PRACTICES. AND IT IS AN ATTEMPT TO REDRESS THE BALANCE OF POWER IN THE MARKET BY PERSUADING THE GOVERNMENT TO CHANGE THE RULES OF THE GAME, AND BY PROVIDING INDIVIDUALS WITH INFORMATION THEY REQUIRE TO BECOME MORE DISCERNING AND MORE EFFECTIVE CONSUMERS.

I THINK IT WOULD CONTRIBUTE TO OUR UNDERSTANDING TO LOOK BRIEFLY AT THE DEVELOPMENT AND GROWTH OF THE CONSUMER MOVEMENT. CONCERN FOR THE WELFARE OF CONSUMERS IS NOT A NEW PHENOMENON. THE BIBLE CONDEMNED USURY AND ROMAN

LAW SOUGHT TO PROTECT BUYERS AGAINST UNDISCLOSED DEFECTS IN GOODS. THE DERIVATION OF THE WORD SINCERE IS REVEALING IN THIS RESPECT. ROMAN MERCHANTS WERE REQUIRED TO STATE WHETHER STATUARY CONTAINED WAX INSIDE THE STONE FACING: SINE CERE MEANS, OF COUSE, WITHOUT WAX. I DOUBT THAT OUR NEW LAW CAN EMULATE THE ELEGANCE OF LATIN LABELLING.

THE CONSUMER MOVEMENT, AS IT IS KNOWN TODAY, TOOK ROOT IN THE U.S. AT THE TURN OF THE CENTURY MIDST A SET OF NEW AND UNFAMILIAR PROBLEMS BROUGHT ON BY INDUSTRIALIZATION AND RAPID URBAN GROWTH. PUBLIC CONCERN AT THE TIME WAS AROUSED BY MUCKRAKING EXPOSÉS OF CORRUPTION IN BUSINESS AND GOVERNMENT, AND BY PUBLICATION OF UPTON SINCLAIR'S THE JUNGLE, A LURID DESCRIPTION OF THE UNSANITARY CONDITIONS IN CHICAGO PACKING HOUSES. THIS EARLY PERIOD WAS WITNESS TO THE BIRTH OF THE NATIONAL CONSUMERS LEAGUE, THE FIRST NATIONAL CONSUMERS ORGANIZATION, AND TO PASSAGE OF THE U.S. PURE FOOD AND DRUG ACT AND MEAT INSPECTION ACT OF 1906. AS ONE OBSERVER HAS NOTED, THE LEGISLATIVE BATTLES OF THIS PERIOD DID MUCH TO DISSOLVE THE 19TH CENTURY AMERICAN HABIT OF VIEWING POLITICAL ISSUES SOLELY FROM THE STANDPOINT OF THE PRODUCER.

WAR AND POSTWAR READJUSTMENT TEMPORARILY DIVERTED ATTENTION FROM CONSUMER PROBLEMS. THE TEMPO OF ACTIVITY

PICKED UP AGAIN IN THE PERIOD FROM THE LATE 1920'S TO THE END OF 1930'S. YOUR MONEY'S WORTH PUBLISHED BY CHASE AND SCHLINK IN 1927 GAVE EXPRESSION TO WHAT HAD BECOME A WIDELY FELT CONCERN OF THE TIME ABOUT THE NEED FOR TECHNICAL INFORMATION TO ASSIST IN MAKING PURCHASE DECISIONS. THE BOOK PICTURED THE CONSUMER AS ALICE, IN A WONDERLAND "OF CONFLICTING CLAIMS, BRIGHT PROMISES, FANCY PACKAGES, SOARING WORDS AND ALMOST IMPENETRABLE IGNORANCE." CONSUMER DISCONTENT ALSO FOCUSED ON THE HIGH PRICES, THE SHODDY MERCHANDISE, AND ON THE BUSINESS EXCESSES WHICH IT WAS FELT HAD CONTRIBUTED TO THE DEPRESSION. THE ROLE OF ADVERTISING CAME IN FOR SHARP CRITICISM AND BOOKS SUCH AS 100,000,000 GUINEA PIGS AND SKIN DEEP BECAME HIGHLY POPULAR. THE 1930'S SAW THE SULFANILAMIDE DRUG SCANDAL AND AN EVENTUAL STRENGTHENING OF THE U.S. PURE FOOD AND DRUG ACT; AND IT ALSO SAW THE FOUNDING OF CONSUMERS UNION, A BROADLY BASED ORGANIZATION THAT ATTEMPTED TO FILL THE NEED FOR TECHNICAL INFORMATION DEMONSTRATED BY CHASE AND SCHLINK.

WE ARE NOW IN THE MIDST OF WHAT IS GENERALLY REGARDED AS THE THIRD WAVE OF CONSUMERISM. IN THIS PERIOD CONSUMER ORGANIZATIONS HAVE BECOME ESTABLISHED IN A NUMBER OF COUNTRIES AND IN 1960 THE INTERNATIONAL ORGANIZATION OF CONSUMERS UNIONS WAS FOUNDED TO STIMULATE THE INTERCHANGE OF INFORMATION BETWEEN VARIOUS NATIONAL CONSUMER BODIES. DEVELOPMENTS IN THE U.S., HOWEVER, HAVE CONTINUED TO HAVE A STRONG INFLUENCE ON

THE OVERALL MOVEMENT. AMONG THESE DEVELOPMENTS WAS THE PUBLICATION IN THE EARLY '60'S OF A NUMBER OF CRITICAL EXAMINATIONS OF SOCIAL AND ECONOMIC CONDITIONS IN THE U.S. - E.G. PACKARD'S THE HIDDEN PERSUADERS, HARRINGTON'S THE OTHER AMERICA, CARSON'S THE SILENT SPRING AND CAPLOVITZ'S THE POOR PAY MORE. CONSUMERISM WAS GIVEN A BOOST IN THE '60'S BY KENNEDY'S "CONSUMER BILL OF RIGHTS," BY JOHNSON'S "CONSUMER INTEREST MESSAGE" AND BY THE DESIGNATION OF A SPECIAL ASSISTANT TO THE PRESIDENT FOR CONSUMER AFFAIRS. AND INDIVIDUALS WERE JOLTED INTO AWARENESS OF CONSUMER PROBLEMS BY THE WIDESPREAD AND SPONTANEOUS SUPERMARKET BOYCOTTS OF HOUSEWIVES, BY ANOTHER DRUG SCANDAL - THIS ONE OVER THALIDOMIDE, AND BY RALPH NADER'S REVELATIONS OF THE ROLE OF AUTOMOBILE CONSTRUCTION AND DESIGN IN TRAFFIC ACCIDENTS. NADER, "THE LONE RANGER OF THE CONSUMER MOVEMENT" AS HE HAS COME TO BE KNOWN, HAS HAD A TREMENDOUS INFLUENCE ON DEVELOPMENTS IN RECENT YEARS BOTH THROUGH HIS OWN ACTIVITIES, AND HIS ROLE AS A MODEL AND CATALYST TO GROUPS CONCERNED OVER CONSUMER PROBLEMS. NADER'S IMPRINT CAN BE DETECTED IN MANY OF THE CONSUMER-ORIENTED RESEARCH ORGANIZATIONS WHICH HAVE SPRUNG UP IN RECENT YEARS. THE LATTER, WHICH IS TYPIFIED BY THE PUBLIC INTEREST RESEARCH GROUPS FORMED AT A NUMBER OF CAMPUSES THROUGHOUT CANADA AND THE U.S., HAVE IN TURN MADE A SIGNIFICANT CONTRIBUTION THROUGH THEIR CAREFULLY DOCUMENTED STUDIES OF VARIOUS CONSUMER PROBLEMS.

NADER'S INFLUENCE IS ALSO REFLECTED IN THE NEW EMPHASIS ON CONSUMER ADVOCACY - THE USE OF HIGHLY TRAINED SPECIALISTS IN LAW AND ECONOMICS TO PRESENT THE CONSUMER CASE BEFORE THE COURTS AND REGULATORY AGENCIES, ROYAL COMMISSIONS, PARLIAMENTARY COMMITTEES AND OTHER QUASI-JUDICIAL BODIES. CONSUMER ADVOCACY IS BECOMING AN EXTREMELY IMPORTANT FOCUS FOR THE ACTIVITIES OF THE MOVEMENT. IN THE U.S., LEGISLATION IS CURRENTLY BEING CONSIDERED WHICH WOULD ESTABLISH AN INDEPENDANT GOVERNMENT FUNDED CONSUMER PROTECTION AGENCY TO CARRY ON THE ADVOCACY ROLE ON BEHALF OF CONSUMERS. IN THIS COUNTRY, THE CONSUMERS ASSOCIATION OF CANADA HAS ASSUMED AN ACTIVE ADVOCACY FUNCTION OVER THE PAST YEAR AND A HALF WITH THE HELP OF SPECIAL GRANTS FROM THE DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS.

THE ORIGINS OF CONSUMERISM AS AN ORGANIZED FORCE IN CANADA CAN BE TRACED TO 1941 WHEN THE FEDERAL GOVERNMENT REQUESTED WOMEN'S ORGANIZATIONS THROUGHOUT THE COUNTRY TO ASSIST IN MAINTAINING WARTIME PRICE CEILINGS. THESE EFFORTS BROUGHT ABOUT AN INCREASING CONSCIOUSNESS OF THE NEED FOR A PERMANENT ORGANIZATION TO EDUCATE THE CONSUMER AND EXPRESS HIS INTEREST ON VARIOUS ISSUES; THE CANADIAN ASSOCIATION OF CONSUMERS - LATER TO BECOME THE CONSUMERS ASSOCIATION OF CANADA - WAS ESTABLISHED TO FILL THIS ROLE IN 1947. OTHER LANDMARKS IN THE DEVELOPMENT OF

THE CANADIAN CONSUMER MOVEMENT INCLUDE THE WIDESPREAD CONSUMER PROTEST AGAINST RISING PRICES WHICH OCCURED IN BOTH CANADA AND THE U.S. IN 1966, AND THE CROSS-COUNTRY HEARINGS OF THE THE JOINT HOUSE-SENATE COMMITTEE ON CONSUMER CREDIT. THE LATTER HAS BEEN DESCRIBED BY ONE OBSERVER AS "AN EXERCISE IN GROUP AND SELF-ANALYSIS, WHICH SHATTERED ONCE AND FOR ALL THE FEELING BY SOME THAT CONSUMER CONCERN WAS A U.S. IMPORT LARGELY OUT OF PLACE IN THE CANADIAN MARKET." THE DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS WAS FORMED IN 1967 TO RESPOND TO THESE CONCERNS. IT WAS THE FIRST TIME IN ANY COUNTRY THAT A GOVERNMENT DEPARTMENT HAD BEEN CREATED WITH THE EXPLICIT MANDATE OF PROMOTING CONSUMER INTERESTS.

THE CONSUMERS ASSOCIATION OF CANADA NOW HAS A MEMBERSHIP OF OVER 100,000 AND IT HAS COME TO HAVE AN IMPORTANT ROLE IN PROVIDING TECHNICAL AND OTHER INFORMATION TO ITS MEMBERS, AND IN CARRYING ON A REPRESENTATIVE AND ADVOCACY FUNCTION FOR CONSUMERS. MEANWHILE A NUMBER OF SMALLER GROUPS WITH MORE SPECIALIZED CONCERNS AND A STRONGLY ACTIVIST APPROACH HAVE COME ON THE SCENE. THESE ORGANIZATIONS ATTEMPT TO RESPOND TO CONCERNS OVER CERTAIN PRODUCTS, SUCH AS AUTOMOBILES AND FOOD, AND TO THE GENERAL CONCERNS OF PARTICULAR INDIVIDUALS, SUCH AS THE LOW-INCOME CONSUMER. IN ADDITION THERE ARE A WIDE VARIETY OF LOCAL, COMMUNITY-ORIENTED GROUPS WHICH OFFER COUNSELLING AND INFORMATION SERVICES OF BENEFIT

TO THE CONSUMER.

ALL IN ALL CONSUMERISM HAS BECOME AN IDEA OF SOME FORCE. IT HAS ITS DETRACTORS TO BE SURE: THE CANADIAN SENATOR, FOR EXAMPLE, WHO IN THE COURSE OF A DEBATE ON THE HAZARDOUS PRODUCTS ACT CONTRIBUTED THE OPINION THE CONSUMERISM WAS AN EPHEMERAL AND INSIGNIFICANT PHENOMENON LARGELY AND ARTIFICIALLY CONTRIVED BY FRUSTRATED WOMEN WHO HAVE DIFFICULTIES KEEPING THEIR HUSBANDS UNDER CONTROL. IN GENERAL, HOWEVER, THE CONSUMER MOVEMENT HAS COME TO BE RECOGNIZED AS FILLING A LEGITIMATE AND INDEED A NECESSARY FUNCTION. THE FOUR RIGHTS ENUNCIATED BY KENNEDY IN HIS 1962 ADDRESS - THE RIGHT TO SAFETY, THE RIGHT TO BE INFORMED, THE RIGHT TO CHOOSE AND THE RIGHT TO BE HEARD - HAVE BEEN WIDELY ACKNOWLEDGED. AND IT HAS BECOME QUITE GENERALLY ACCEPTED - ALBEIT BEGRUDGINGLY BY SOME - THAT GOVERNMENT HAS A ROLE IN PROMOTING THESE RIGHTS AND PROTECTING THE INTERESTS OF CONSUMERS.

DESPITE THIS APPARENT RECOGNITION AND ACCEPTANCE OF CONSUMERISM CONSUMER GROUPS CONTINUE TO FACE SOME VERY SIGNIFICANT DIFFICULTIES IN THEIR ATTEMPTS TO ORGANIZE AND GAIN THE ACTIVE SUPPORT OF CONSUMERS. THE RESPONSE TO THE INFORMATION SERVICES PROVIDED BY CONSUMER ORGANIZATIONS HAS BEEN HIGHLY FAVOURABLE - CANADIAN CONSUMER, THE PUBLICATION OF CAC, HAS OVER 100,000 SUBSCRIBERS WHILE CONSUMER REPORTS, THE MORE ESTABLISHED PUBLICATION OF CONSUMERS UNION IN THE

U.S. HAS AN IMPRESSIVE MONTHLY CIRCULATION OF ABOUT 2 MILLION COPIES; BUT IN ATTEMPTING TO RAISE FUNDS AND HARNESS SUPPORT ON PARTICULAR ISSUES CONSUMER GROUPS FACE SOME RATHER SEVERE DIFFICULTIES. THESE DIFFICULTIES HAVE BEEN REFLECTED IN THE DISPARITY BETWEEN THE REPRESENTATION BY CONSUMER GROUPS AND THAT BY PRODUCER GROUPS ON A NUMBER OF IMPORTANT ISSUES FROM TAX REFORM AND TARIFF NEGOTIATION TO COMPETITION POLICY; AND THEY HAVE BEEN REFLECTED AT VARIOUS POINTS IN THE HISTORY OF THE MOVEMENT WHEN IT HAS TAKEN VIRTUALLY A FULL-FLEDGED SCANDAL TO PRECIPITATE THE INTRODUCTION OF MAJOR NEW LEGISLATION.

THE GIST OF THE PROBLEM IS THAT THE CONSUMER INTEREST IS WIDELY DISPERSED. THE CONSUMER IS INVOLVED WITH LITERALLY THOUSANDS OF ITEMS, AND HIS INTEREST IN ANY ONE PARTICULAR ITEM OR ANY PARTICULAR CONSUMER CAUSE, IS TYPICALLY NEGLIGIBLE. THIS HAS SEVERAL IMPLICATIONS. ON THE ONE HAND IT CREATES ENORMOUS LOGISTICAL PROBLEMS OF ORGANIZING A GREAT NUMBER OF CONSUMERS SPREAD OVER A WIDE GEOGRAPHICAL AREA. THE ORGANIZATIONAL TASK IS MOREOVER COMPLICATED BY THE FACT THAT SINCE EACH INDIVIDUAL TENDS TO HAVE A RELATIVELY SMALL STAKE IN THE OUTCOME OF A PARTICULAR POLICY ISSUE, HE HAS LITTLE INDUCEMENT TO LEND SUPPORT, FINANCIALLY OR OTHERWISE, TO THE EFFORTS OF A CONSUMER LOBBY. IT'S EASY ENOUGH TO GET A "FREE RIDE" AS LONG AS SOME MEMBERS OF THE GROUP WILL DO THE WORK.

THESE PROBLEMS ARE A FACT OF LIFE NOT ONLY FOR CONSUMER GROUPS, BUT FOR ALL SOCIAL MOVEMENTS WITH A WIDELY DIFFUSED INTEREST. THEIR POSITION CONTRASTS MARKEDLY WITH THAT OF PRODUCER GROUPS, WHERE THE AFFECTED INDIVIDUALS ARE RELATIVELY SMALL IN NUMBER, WHERE EACH INDIVIDUAL HAS AN INTENSE INTEREST IN ISSUES RELATED TO THE ECONOMICS OF HIS PURSUIT, AND "FREE-RIDERS" CAN BE COOPTED OR EXCLUDED FROM THE BENEFITS SECURED. NOT SURPRISINGLY CONSUMERS HAVE HAD CONSIDERABLE DIFFICULTY MOUNTING A STRONG OPPOSITION ON ISSUES BACKED BY A CONCERTED PRODUCER LOBBY. HOWEVER, THE SITUATION SHOULD NOT BE OVERDRAMATIZED. THOUGH CONSUMERISM IS NOT THE FORCE MANY WOULD LIKE IT TO BE, THE CONSUMER'S VOICE IS BEING HEARD; HIS GRUMBLINGS OF DISCONTENT HAVE BEEN ARTICULATED AND AMPLIFIED BY THE MEDIA, BY MODERN DAY MUCKRAKERS, AND BY CONSUMER GROUPS BACKED BY INDIVIDUALS WITH A PERSONAL COMMITMENT TO CONSUMERISM AND WHAT IT STANDS FOR. CONSIDERABLE CONSUMER LEGISLATION HAS BEEN PASSED OVER THE PAST DECADE AND CONSUMERISM HAS BECOME A POLITICAL ISSUE OF SOME IMPORTANCE.

WHILE THE CONSUMER MOVEMENT HAS MET WITH A GOOD DEAL OF ACCEPTANCE, THERE ARE SOME TO WHOM THE NOTION OF CONSUMERISM AND THE CONCEPT OF A GOVERNMENT DEPARTMENT OF CONSUMER AFFAIRS IS ABSURD. CRITICS OF THE MOVEMENT HAVE KEENLY EMBRACED ADAM SMITH'S DICTUM THAT "CONSUMPTION"

IS THE SOLE END AND PURPOSE OF ALL PRODUCTION." "SURELY THE CONSUMER IS SOVEREIGN AND HIS INTERESTS ARE BEST SERVED BY LEAVING THE ECONOMY TO THE FREE PLAY OF MARKET FORCES," THEY ARGUE. A U.S. BUSINESSMEN RECENTLY PRESENTED THE CASE AS FOLLOWS:

NO GOVERNMENT AGENCY, NO DO-GOODERS IN PRIVATE LIFE CAN POSSIBLY HAVE AS MUCH INTEREST IN PLEASING THE CONSUMING PUBLIC AS DO --- SUCCESSFUL COMPANIES. FOR IN OUR ECONOMY, THEIR LIVES LITERALLY DEPEND ON KEEPING THEIR CUSTOMERS HAPPY.

THE PRECEDING ARGUMENT IN ITS VARIOUS PERMUTATIONS AND COMBINATIONS STEMS ESSENTIALLY FROM THE VIEW THAT THE ECONOMY IS PERFECTLY COMPETITIVE AND THE CONSUMER PERFECTLY RATIONAL AND INFORMED. IT SEEMS SCARCELY NECESSARY TO SAY -- AND YET IT EVIDENTLY IS -- THAT NO ECONOMIC SYSTEM TODAY APPROXIMATES THE TEXTBOOK MODEL IN WHICH PERFECTLY RATIONAL CONSUMERS ARE ATTEMPTING TO MAXIMIZE THEIR SATISFACTION WITHIN A SYSTEM OF PURE COMPETITION.

LEAVING ASIDE THE QUESTION OF HOW COMPETITIVE IS THE CANADIAN ECONOMY (WHICH IS THE SUBJECT OF ANOTHER TALK!) LET'S LOOK AT THE NOTION OF A "PERFECTLY RATIONAL CONSUMER". IF HE EXISTED SUCH AN INDIVIDUAL WOULD BE AN IMPRESSIVE CREATURE INDEED; HE WOULD POSSESS COMPLETE KNOWLEDGE OF THE PRICE AND QUALITY OF ALL GOODS AND SERVICES ON THE MARKET, AND A SYSTEM OF PREFERENCES WHICH WOULD READILY DICTATE HIS CHOICE FROM THE VARIETY OF COMMODITIES BEFORE HIM. BUT THE

DEFICIENCY AND UNRELIABILITY OF PRODUCT INFORMATION HAS BEEN ONE OF THE BASIC PROBLEMS TO WHICH THE CONSUMER MOVEMENT HAS ADDRESSED ITSELF. THE OBVIOUS FACT IS THAT INDIVIDUALS DO NOT HAVE ANYWHERE NEAR COMPLETE INFORMATION ON EVEN A VERY SELECT RANGE OF GOODS. THE QUESTION OF CONSUMER PREFERENCE IS MORE DIFFICULT TO COME TO TERMS WITH. GALBRAITH, AS YOU KNOW, HAS ARGUED THAT PRODUCERS CONTROL MARKET BEHAVIOUR AND ACT IN MANY WAYS TO SHAPE THE SOCIAL ATTITUDES OF THOSE WHOM THEY OSTENSIBLY SERVE. GALBRAITH'S THESIS CAN BE CHALLENGED ON A NUMBER OF POINTS; CERTAINLY THOSE WHO ARE FAMILIAR WITH THE DATA ON BUSINESS FAILURES WOULD NOT SO GLIBLY DISCOUNT THE ELEMENT OF RISK IN BUSINESS PLANNING. BUT THERE SEEMS LITTLE DOUBT THAT PRODUCERS ATTEMPT TO CREATE WANTS AND INFLUENCE THE PROCESS OF PREFERENCE FORMATION.

THERE IS ANOTHER IMPORTANT AND HIGHLY QUESTIONABLE ASSUMPTION WHICH UNDERLIES THE TEXTBOOK MODEL OF PERFECT COMPETITION: IT IS THAT THERE DOES NOT EXIST ANY DIVERGENCE BETWEEN PRIVATE AND SOCIAL COSTS. BUT WE KNOW THAT ALL COSTS (OR INDEED BENEFITS) OF A GIVEN FORM OF ECONOMIC ACTIVITY DO NOT NECESSARILY ENTER INTO THE BALANCE SHEET OF THE FIRM. AS KENNETH BOULDING HAS SAID, PEOPLE ARE PAID FOR THE GOODS THEY PRODUCE BUT NO ONE IS MADE TO PAY FOR THE BADS HE PRODUCES. FURTHER, EVEN IF THE PRODUCER IS ANXIOUS TO PRODUCE AS MANY GOODS AND AS FEW BADS AS POSSIBLE,

HE HAS NO GUIDELINE AS TO THE CORRECT COURSE OF ACTION TO UNDERTAKE -- SINCE HE HAS NO INFORMATION AS TO THE COSTS OR PRICES OF THE BADS HE PRODUCES -- AND NO INCENTIVE TO ACT TO PREVENT OR REDUCE THEIR PRODUCTION.

THE NOTORIOUS EXAMPLE OF A 'BAD', IS POLLUTION: THE USE OF THE ENVIRONMENT AS A DISPOSAL UNIT MAY BE COSTLESS IN TERMS OF ITS IMPLICATION FOR THE BALANCE SHEET OF A PARTICULAR FIRM, BUT IT IS LIKELY TO ENTAIL FAIRLY SIGNIFICANT COSTS IN TERMS OF ITS IMPLICATIONS FOR THE HEALTH AND RECREATIONAL ENJOYMENT OF SOCIETY AS A WHOLE. THE NEGATIVE BY-PRODUCTS OF THE PRODUCTION PROCESS AND OF GOODS THEMSELVES HAVE BECOME OF INCREASING CONCERN TO MANY INDIVIDUALS, AND AN IMPORTANT FOCUS FOR THE ACTIVITIES OF CONSUMER GROUPS.

THE FACT IS, THEN, THAT THERE ARE SERIOUS GAPS IN THE SYSTEM AND THAT CONSUMERS' INTERESTS ARE NOT BEING FULLY SATISFIED. COMPLAINTS TO THE DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS - WE RECORDED ABOUT 30,000 OF THEM LAST YEAR - AND TO VARIOUS PROVINCIAL CONSUMER PROTECTION BUREAUX ATTEST TO THE DISSATISFACTION. AT THE SAME TIME, HOWEVER, THERE HAVE BEEN ENCOURAGING EXAMPLES OF INDIVIDUAL AND COLLECTIVE SELF-POLICING BY SEGMENTS OF THE BUSINESS COMMUNITY. AND MANY FIRMS HAVE UNDERTAKEN POSITIVE PROGRAMS TO ENABLE THEM TO BECOME MORE RESPONSIVE TO CONSUMER NEEDS. BUT ATTITUDES OF INDIFFERENCE OR EVEN HOSTILITY TO CONSUMER CONCERNS WITHIN THE BUSINESS COMMUNITY HAVE NOT DISAPPEARED.

A RECENT STUDY IN THE U.S. EXAMINED THE RESPONSE BY BUSINESS TO COMPLAINTS ABOUT THE OPERATION OF A GROUP OF HOUSEHOLD APPLIANCES: APPROXIMATELY 18% OF THE SAMPLE OF CONSUMERS HADN'T RECEIVED ANY SATISFACTION AFTER WAITING AN EXTENDED PERIOD OF TIME, AND ABOUT 30% RECEIVED SATISFACTION ONLY AFTER MAKING 3 COMPLAINTS TO THE FIRM INVOLVED. ANOTHER STUDY ATTEMPTED TO FIND OUT WHAT THE LARGEST U.S. CORPORATIONS ARE DOING TO RESPOND TO CONSUMER NEEDS AND WANTS. THE STUDY FOUND THAT A NUMBER OF COMPANIES HAD CONTRIVED "DEFENSIVE ISOLATED RESPONSES TO SPECIFIC PROBLEMS" BUT ONLY A VERY SMALL MINORITY - LESS THAN A DOZEN OF THE 157 COMPANIES SURVEYED - HAD DEVELOPED "A WELL THOUGHT-OUT, PLANNED AND INTEGRATED PROGRAM WORKING TOWARD A COMMON OBJECTIVE OF IMPROVED SERVICE TO THE CONSUMER". THE STUDY FOUND THAT THE BASIC PROBLEM WAS NOT ONE OF ECONOMICS BUT OF ATTITUDE, AND THAT TO A DISTURBING DEGREE THE FIRMS TENDED TO REGARD CONSUMERISM AS A CASE OF US VERSUS THEM.

PETER DRUCKER HAS DEFINED CONSUMERISM AS A FAILURE OF THE TOTAL MARKETING CONCEPT. MARKETING MEANS "TO LOOK AT THE BUSINESS FROM THE BUYER'S END". "AND SO", SAYS DRUCKER, "THE FACT THAT CONSUMERISM TODAY IS AN ISSUE, AND A LIVE ONE, AND ONE THAT ISN'T GOING TO GO AWAY, IS IN A WAY A VERY REAL INDICTMENT". IT IS INDEED AN INDICTMENT, BUT AN INDICTMENT NOT SO MUCH OF MARKETING AS OF THE FAILURE OF MARKET FORCES.

THE BASIC PROBLEM IS NOT THAT THE MARKETING APPROACH FAILED, BUT THAT THE BALANCE OF POWER IN THE MARKET IS SUCH THAT IT COULD FAIL - THAT FIRMS COULD PROSPER WITHOUT BEING IMPELLED TO "LOOK AT THE BUSINESS FROM THE BUYER'S END."

I FIND THIS MARKETING FAILURE AND THE CONSUMER MALAISE WHICH IS RELATED TO IT, MOREOVER, INDICATIVE OF THE EXTENT OF THE TASK STILL FACED BY THOSE WHO ARE SEEKING TO REDRESS THE BALANCE OF POWER IN THE MARKET.

WHAT DOES ALL THIS IMPLY FOR THE FUTURE OF CONSUMERISM? CLEARLY THE PROBLEMS PROPELLING THE MOVEMENT HAVE NOT DISAPPEARED. NOR IS THIS LIKELY. LET'S LOOK AT THE QUESTION OF CONSUMERS' INFORMATION NEEDS, FOR EXAMPLE, THE DEVELOPMENT OF INCREASINGLY COMPLEX TECHNOLOGIES IS CREATING NEW HAZARDS AND MORE DIFFICULT CHOICES FOR THE CONSUMER. MORE RAPID TECHNOLOGICAL CHANGE MEANS INFORMATION IS BECOMING OBSOLETE MORE QUICKLY, MOREOVER PRODUCTS ARE SO COMPLEX THAT THE CONSUMER OFTEN CANNOT RELY ON HIS OWN OBSERVATIONS REGARDING PRODUCT QUALITY. BUT WHILE THESE CHANGES AND THE CONTINUOUS EXPANSION IN THE NUMBER OF ALTERNATIVES AVAILABLE IN THE MARKET ARE MAKING INFORMATION MORE IMPORTANT, THERE ARE STRONG ECONOMIC PRESSURES FOR THE CONSUMER TO REDUCE THE AMOUNT OF TIME HE SPENDS IN GATHERING PRODUCT INFORMATION. IN AN INCREASINGLY AFFLUENT SOCIETY, THE OLD ADAGE "TIME MEANS MONEY" TAKES ON NEW MEANING. THESE CHANGES HAVE THE EFFECT OF ADDING INCREASED URGENCY TO THE CONSUMER'S

NEED FOR MECHANISMS WHICH CAN MAKE THE COMPARITIVE PRODUCT INFORMATION REQUIRED FOR PURCHASE DECISIONS READILY ACCESSIBLE. CONSIDERABLE EFFORT BY BOTH THE GOVERNMENT AND CONSUMER GROUPS IS GOING INTO DEVELOPING JUST SUCH MECHANISMS. PRODUCT TESTING AND INFORMATION COUNSELLING SERVICES OF THE TYPE OFFERED BY CAC AND CONSUMERS UNION IN EFFECT MAKE IT POSSIBLE FOR INDIVIDUALS TO REDUCE THE TIME SPENT IN GATHERING INFORMATION AND MAKING PURCHASE DECISIONS WITHOUT REDUCING THE QUALITY OF THESE DECISIONS. INCREASING PRODUCT COMPLEXITY AND THE CONTINUING PRESSURES FOR INDIVIDUALS TO ECONOMISE ON THEIR TIME SUGGEST AN INCREASING DEMAND FOR THE MOVEMENT'S AND THE GOVERNMENT'S INFORMATION ACTIVITIES.

THE CONSUMER MOVEMENT HAS CHANGED SIGNIFICANTLY OVER TIME. FROM ITS EARLY PREOCCUPATION WITH HARMFUL FOOD AND DRUGS THE MOVEMENT HAS GROWN TO ENCOMPASS A WIDE RANGE OF CONCERNS FROM THE PRICE AND QUALITY OF GOODS AND SERVICES TO POLLUTION AND DISCRIMINATORY HIRING PRACTICES. THE CHARACTER OF THE MOVEMENT HAS ALSO UNDERGONE SOMETHING OF A TRANSFORMATION. WHILE MANY OF THE EARLY LEADERS TENDED TO LOOK AT THE ISSUES IN BROAD GENERAL TERMS AND TO VIEW CONSUMERISM ALMOST AS A CLASS STRUGGLE, THE PRESENT MOVEMENT IS ATTRACTING HIGHLY TRAINED PROFESSIONALS PREPARED TO DELVE INTO THE INTRICACIES OF PARTICULAR QUESTIONS AND CONCERNED ABOUT THE SOCIAL COSTS OF PRODUCTION PROCESSES AND THE PROBLEMS OF GOVERNMENT REGULATION. THE RECENT INITIATIVES

AT CONSUMER ADVOCACY REFLECT THIS NEWER EMPHASIS. CONSUMERISM WILL CONTINUE TO CHANGE IN WHAT IS PROBABLY AN ONGOING ATTEMPT TO FIND THAT COMBINATION OF ISSUES, STRATEGIES AND SPOKESMAN WHICH WILL ENABLE THE MOVEMENT TO MORE ADEQUATELY REFLECT CONSUMER CONCERNS AND TO BECOME A MORE INFLUENTIAL FORCE IN THE COMMUNITY. IN THE COMING PERIOD THE MOVEMENT FACES A MAJOR CHALLENGE TO MORE EFFECTIVELY REPRESENT LOW-INCOME CONSUMERS. BUT WHILE THE MOVEMENT WILL CONTINUE TO EVOLVE AND MATURE IT IS A LONG WAY FROM SENILITY. THOSE WHO THINK OTHERWISE WOULD DO WELL TO HEAR OUT SENATOR WARREN MAGNUSON:

YOU CAN CALL IT CONSUMERISM OR ENVIRONMENTALISM. IF YOU ARE ALLERGIC TO IT YOU CAN DENOUNCE IT AS A SINISTER FOREIGN "ISM"; IF YOU ARE PART OF IT OR PARTIAL TO IT YOU'LL HAIL IT AS A 20TH CENTURY CITIZEN'S REVOLT AGAINST THE UNRESPONSIVENESS OF BOTH PUBLIC AND PRIVATE INSTITUTIONS TO HUMAN NEEDS. BUT REGARDLESS OF WHAT YOU CALL IT, YOU CAN NO LONGER EVADE OR IGNORE ITS DEPTH AND FORCE.