

Esther Peterson and the Consumer Movement

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We are meeting today to remember and to honor the life long work of one of our truly great citizens. That is Esther Peterson. Catherine Galbraith and I are especially pleased to be present; Esther has been our beloved friend and neighbor in Vermont for countless years. And more than that: she has also been our instructor on everything from the Utah of her childhood to her great days at the White House, at the United Nations, during a tour in private industry, much else. Thus the life of one of the most diversely useful persons of our time.

She has also, I note, been my special tutor on the consumer movement, on which I venture a word today. I repeat and emphasize the word *ven-ture*: my case is that of a friendly member of the congregation -- a little as though on religion a Catholic or a hardshell Baptist were addressing a solemn assembly of the Church of Latter Day Saints into which Esther so notably was born.

The situation of the consumer into which Esther Peterson ventured a half century back and more was very different from what we know today. That difference, in no small measure, was made by Esther and her co-workers and, on occasion no doubt, her co-conspirators. This early world was one of great and greatly uninhibited producer power to which the consuming public was held hostage by a narrow and pressing living standard. On the one hand, there were the monopolists and the duopolists and the other exercises of producer power; on the other, a population pressed by urgent, even desperate need. If people have little choice as to what they buy -- if they are compelled in their purchases by need -- then there is an evident opportunity for their exploitation, exploitation both as to price and as to quality or reliability of product.

It was this situation -- this maldistribution of power -- which brought the consumer movement into being. Against the economic power of the producer, the organized and informed power of the consumer. This was the initiative of Esther and her colleagues. It extended on to the winning of government action and support -- the enforcement of the earlier classical initiatives, the Sherman Act and the Federal Trade Commission and Clayton Acts. This, to repeat, was the early manifestation of the consumer movement. It won

widespread public and professional support; nothing was once more central to liberal and consumer thought than the effective enforcement of the antitrust laws. To this was added the consumer cooperative -- the obvious design for countering producer power with consumer power. And, further, there was the important, even decisive effort to inform consumers as to their interest and as to the manner in which that interest was invaded, abused. Given such manipulation as a common feature of economic life, there was urgent need for information on, celebration of, all available exceptions to what too often was the rule.

This was the consumer movement as I first knew it. Here was the world that Esther Peterson and her co-workers addressed. Here also are the initiatives that endure. But much has changed.

The most important change, without question, is the increased well being -- the affluence -- of the public or a large part thereof. The counterpart of this is a wider range of goods and services, more alternatives and a greater freedom of choice. Adverse producer power on one product may mean, merely, a freedom to turn to another. There is a less desperate dependence on essentials. One can exploit a poor population; it is much more difficult to exploit an affluent population.

Contributing to the decline in producer power has been the increasing internationalization of economic life. The American producer alone or in tacit agreement with a few others was once a powerful market force. Now such power invites the competition of products from Japan, China, the other Pacific countries, Europe and beyond. This too has had a notable consumer reward.

And with all this has come the institutional change -- especially the rise of the powerful retail firms acting in no small part as a countervailing power to the producer interest. These are not without a tendency to misinform. Consumer attention and education are here still necessary. But their role cannot be doubted. The consumer cooperative in recent times has slipped into the background. There should be no doubt as to why; no co-op can fully expect to compete with Walmart. That these establishments have power against producer interest none can doubt. They need consumer attention, I repeat. But their service to consumer interest is also clear.

I do not suggest that producer power has disappeared. In some products, a significant case being prescription drugs, it is still painfully present. And there are others. Nonetheless the broad trend is recognizable. One evident aspect is the with-drawal of the antitrust laws from the economic scene. Something was owing here to the proproducer instincts of Mr. Reagan and Mr. Bush. More must be attributed to a new world that has given to the consumer both institutional protection and the affluent range of choice.

A central aspect of modern consumer well being is the enormous development of advertising and the advertising industry. People who are compelled by privation in their purchases cannot be told what to buy. That is determined by the hard pressures of need -- need for food, clothing, shelter. Advertising comes when people are released from hard compulsion and allowed freedom of choice. The greater that freedom of choice, the greater the persuasive effort and expenditure that follow.

There comes with this change the important matter of truth in advertising. Some will argue that this now has a diminished role. Once there was need to protect those caught in the vice of harsh necessity. That necessity having given way to persuadable choice, the basic situation of the consumer is less pressing. The natural result of freedom of choice is freedom to be bilked.

I confess that on reading some literature offering consumer guidance I am not greatly moved by the discussion of the relative merits of Cadillacs and Mercedes Benz. Those who can afford these products and quite a few others should be allowed their sovereign right to suffer. Nevertheless there is inherent value in truth. And there are still people of low or moderate income who are in need of guidance.

There are also personally and socially damaging effects to be watched and presented -- from defective toys to defective automobiles to cigarettes to the medicinal drugs I have mentioned. The good society must be alert to such potential for damage and death. There must be organization to ensure information and restraining government action. Nor, a matter of immediate concern, should there be restraint on legal process to protect from producer error or public misinformation.

Also consumer action, if it becomes less important for the affluent, remains of immediate urgency for the poor -- for those who do not enjoy the broad protection from exploitation that income and choice accord. This strongly suggests a new direction which, I now urge, the consumer movement must take. That is to lessen the constraint that poverty now enforces on consumption. Nothing now so restricts consumption as

mass impoverishment. Nothing so defames our body politic. And nothing is now more under attack than the safety nets that protect the poorest of our people -- protect, however modestly, their position as consumers. Let the consumer movement speak strongly and effectively for those who are unable to consume.

So I conclude. The context of the consumer movement has changed in my lifetime and in that of our beloved Esther Peterson. A goodly part of that change -- the heightened awareness of consumers, their greater protection from mistruth and defective and hurtful products -- has resulted from the efforts of Esther and those with whom she has worked and whom she has guided and led. But there has also been change -- the easing of constraints -- because of greater well being and thus a greater range of choice. And because of institutional change that has effectively aided the consumer. There remains the need for the knowledge that allows intelligent and rewarding consumer choice, and not less in an age of mass consumer persuasion. And there is the need for public protection made more urgent by the attack now being launched by special interests against government, great and small. And I repeat once more: there is no consumer problem so important as that of the people in our polity and democracy who do not have the wherewithal to consume.

Endnote

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