

The Consumer Interest in the 1990's and Beyond The 1995 ACCI Colston Warne Memorial Lecture

Adam Smith's "consumer interest" parallels Thomas Jefferson's "consent of the governed." Progressive (1887 to 1915), New Deal (1933 to 1937) and post-WWII (1951 to 1980) Americans shaped policy with consumer ideas. Congress kept passing more consumer laws. Kennedy's Consumer Bill of Rights -- safety, choice, information and to be heard -- define consumer policy. The Toffler-described information society parallels consumer values. Small business in the information society acts structurally like consumers. Newt Gingrich misses the point. Post-industrial consumer policy will combine small business and consumer interests.

James S. Turner¹

I first met Colston Warne in the summer of 1970, the year he retired, after forty years, from teaching at Amherst. We were both addressing a Creative Advertising Workshop involving hundreds of ad agency executives. I was new to the consumer movement. My book, The Chemical Feast: The Nader Report on the Food and Drug Administration, had just been published. To me Colston Warne, President of Consumers Union for its first 44 years, was a towering figure of heroic proportions.

My family had subscribed to the Consumer Reports since the mid-1940s. Ralph Nader had insisted that my first task working with him in 1968 be to read the past two years' issues of the magazine. I believed that the consumer voice Colston had done so much to shape, though focused sharply on the marketplace, spoke the broader language of democracy. I knew of Colston as a wide ranging activist with an expansive mind. Yet here he was taking time, at his initiative, to help me with my presentation to the advertising industry.

It bemused him to be invited to speak to people who often had spoken of him as their nemesis. He said they invited him every five years or so probably just to keep an eye on him and find out what new he was up to. In 1970 five years seemed like a long time to me. To him it was the blink of an eye in the long drive of correcting the imbalances, injustices and inequities of an economic system that contained too much exploitation of the weaker and poorer by the stronger and richer. He believed that helping people learn how to get the best quality for the best price actually addressed the fundamental arrangements of society.

I recently found the best summary of the points he made to me that day in 1970 in a quotation from him on the jacket of the book of his lectures entitled The

Consumer Movement, called to my attention and edited by Richard L.D. Morse.²

"The central faith of the consumer movement," Colston wrote, "is that free choice lies at the very core of democracy in an economic system. But free choice depends upon a fair exchange of knowledge--knowledge of price, knowledge of quality, knowledge of quantity, and knowledge of the limitations associated with the product for which we exchange money. If this freedom of choice is to serve as the main-spring of our economic system, it must be informed choice upon which the consumer can rely. No advertiser can justly boast of a consumer vote of confidence in his product when the voter has been denied the knowledge essential to such a rational choice. Uninformed choice is not free choice."

Here Colston connects the informed market and free choice with democracy as essential to effective workings of our society and its economy. It is from this angle that consumers, the consumer interest and the consumer movement play an essential role in shaping and maintaining democratic society in the 1990's and beyond.

I believe, as I have said previously to many consumer groups including ACCI, that "Consumers are to economics what voters are to politics." If that thought did not originate in my 1970 talk with Colston Warne, that conversation certainly reinforced it.

Today I want to look at the past and the future of consumerism through the lens of Colston Warne's insight and then look at how consumer ideas play in the current transition from an industrial to a post-industrial society. I do this, as I have done at previous ACCI meetings, with the purpose of suggesting some areas where consumer research can contribute to the understanding, if not the resolution, of major social problems.

Consumerism's Past

The Warne/Morse book The Consumer Movement should be read by anyone interested in the breadth and scope of consumerism. In it Colston Warne says of Consumer's Union "So far as I can see, we [CU] are the only reform organization of the Great Depression that ever did succeed. Without exception, all the rest -- and they were very numerous -- disappeared."³

That CU was spawned, survived and prospered as the off-spring of a bruising and disheartening strike of the employees of Consumers Research makes the success even more remarkable. From a different angle, however, that success can be seen as evidence of the power and durability of the consumer idea. The fact that Consumer Research also continued to do its consumer work underscores the power of looking at society from the viewpoint of the consumer.

In fact, the central role of consumers to the economy is an idea deeply rooted in the American system. During the American Revolution, Adam Smith wrote in the Wealth of Nations, "Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only in so far as it may be necessary for promoting that of the consumer."⁴

This statement, the economic corollary of Thomas Jefferson's nearly simultaneous 1776 political assertion that all governments derive "their just powers from the consent of the governed,"⁵ underpins the operation of the American economy. The ideas of Smith and Jefferson forged what Max Lerner called in his 1937 forward to Smith's book the new doctrine of "economic liberalism and freedom from governmental interference"⁶ -- the driving force of the most powerful economy in history.

Consumption's primacy, Smith says, is "obvious," attempting to prove it "absurd." But mercantilism sacrifices the consumer interest "to that of the producer;" and considers "production and not consumption" the reason for "all industry and commerce."⁷

I remember the first time I used this quotation in a speech. I was addressing a meeting of state and local drug officials in 1974 in Virginia Beach, Virginia. When I finished reciting the quotation, a drug company official in the audience jumped up and said "Yeah, who else believes that beside you and Adam Smith?" This reaction gave me some personal sense of the power of Smith's insight to unsettle established authority. Smith went on:

"Who contrived this system?" Not, Smith writes, "consumers ...we may believe, whose interest has been entirely neglected; but the pro-

ducers, whose interest has been so carefully attended to" particularly "our merchants and manufacturers."⁸

In the 1790's, twenty years after his and Smith's major writing, when most Americans lived on farms and most of the rest ran small businesses, Jefferson recommended a set of weights and measures standards, kicking off American consumer protection.

Economic dependence destroys political freedom, Jefferson thought. Liberty rested on economically independent small businesses and farms--his day's consumers. Weights and measures rules protect weaker from more powerful buyers and sellers.

"The pursuit of happiness" required this freedom and independence. The intellectual strategy of Smith and Jefferson truly revolutionized institutional thinking. Both challenged a system that until their time saw power flowing from the top down -- from the deity, to the king, to the nobles, to the people -- with a set of ideas that said the power flowed upward from the bottom -- from the people as voters and consumers creating and supporting governments and markets.

Max Lerner points out that "Smith's system of thought took its shape from his intense reaction against the elaborate apparatus of controls which the surviving feudal and mercantilist institutions were still imposing on the individual. The need for removing these controls was Smith's underlying theme."⁹

Smith, according to Lerner, reveals "a strain of partisanship for apprentices and laborers, for farmers, for the lowly and oppressed everywhere, and a hostility to the business corporations, the big-businessmen of the day, the ecclesiasts and the aristocrats ... showing Smith's concern for the common man."¹⁰

"Far more important," however, Lerner continues, "is the doctrine of labor value which is the core of Smith's economics. In enunciating for the first time the doctrine that labor is the sole source of value in commodities, Smith became the forerunner, ... [though] as an originator ...[he] developed this doctrine clumsily," of radical thinkers including Marx.¹¹

In the meantime, Jefferson, according to Gary Wills in Inventing America: Thomas Jefferson's Declaration of Independence, embedded the 18th century Scottish enlightenment notion of "happiness" into American life as close to an inalienable right. The happiness Jefferson wrote of, according to Wills, came from the 1725 writings of Francis Hutcheson which contained the assertion that "the action is best which accomplishes the greatest happiness for the greatest numbers..."¹²

V. S. Naipaul, the highly acclaimed British novelist born of Hindu parents in Trinidad, speaks of

"Our Universal Civilization" (in a speech reprinted in the Nov 5, 1990 New York Times) which is drawing wildly diverse people from all over the world toward it.

Naipaul says, "Because my movement within this civilization has been from Trinidad to England, from the periphery to the center, I may have felt certain of its guiding principles more freshly than people to whom these things were everyday. One such realization -- I suppose I have sensed it all my life, but I have understood it philosophically only during the preparation of this talk -- has been the beauty of the idea of the pursuit of happiness. Familiar words, easy to take for granted; easy to misconstrue.

"This idea of the pursuit of happiness is at the heart of the attractiveness of the civilization to so many outside it or on its periphery. I find it marvelous to contemplate to what an extent, after two centuries, and after the terrible history of the earlier part of this century, the idea has come to a kind of fruition. It is an elastic idea; it fits all men. It implies a certain kind of society, a certain kind of awakened spirit. I don't imagine my father's Hindu parents would have been able to understand the idea. So much is contained in it; the idea of the individual, responsibility, choice, the life of the intellect, the idea of vocation and perfectibility and achievement. It is an immense idea. It cannot be reduced to a fixed system. It cannot generate fanaticism. But it is known to exist, and because of that, other more rigid systems in the end blow away."

The Jeffersonian ideal of a society of small businesses and farms occupying a nation with a small government, in Jefferson's mind the necessary home for "pursuit of happiness," got diverted by industrialism.

Between 1800 and the end of its Civil War in 1865, America developed an industrial corporate sector. Jefferson's embargo of British goods from 1805 to 1809 caused Americans to create their own indigenous manufacturers.

In the 1819 case of *Dartmouth College v. Woodward*¹³ Supreme Court Chief Justice John Marshall applied the clause of the American Constitution protecting contracts¹⁴ to corporate charters. Government could no longer revoke charters it had granted.

Industrial corporations flourished. By 1845 this "industrial revolution," primarily Northern, could not be reversed. The Civil War further concentrated industrial power, which the North used to crush secession of the primarily agrarian South.

After the Civil War, boom and bust economic cycles, robber baron excesses and political corruption upset the public. In 1887 Congress, with consumer

protection rhetoric, passed the Interstate Commerce Act, launching the thirty year Progressive era.

Government protecting railroad consumers -- farmers, miners, business owners -- from abusive routes and rates seemed sound to reformers: government power as an antidote to corporate abuse. But the bill passed only when railroaders saw it helped them.¹⁵

Legislative success with railroads led Progressives to try other regulation. Between 1887 and 1916 Congress passed 56 consumer laws.¹⁶ Still, corporations accumulated more economic power while Americans remained agrarian (60% lived on farms in 1900).

World War I diverted America from its regulatory binge. But in the twenty-two years following WWI, including FDR's New Deal, the nation again turned to consumer protection laws, passing 73 new ones or 3.3 a year compared to 1.9 by the Progressives.

New Dealer Gardner Means called FDR's consumer programs "the peculiar American answer to the economic forces driving the rest of the world to choose between Communism and Fascism."¹⁷ Then WWII led the nation away from its regulatory impulse again.

After WWII (1951 to 1980) regulatory legislation got back on track with 227 new consumer laws passed for an average of 7.6 per year. In the meantime, Sweden's consumer protection government (1930's to 1980's) developed the world's highest standard of living.

In 1962, in a Jeffersonian vein, President Kennedy announced a Consumer Bill of Rights -- choice, safety, to be heard and information -- to Congress. He also ordered use of the Federal weights and measures program to protect consumer rights nationwide.¹⁸

This Kennedy message highlighted modern consumerism. Fewer than 6% of post-WWII Americans worked on farms. Most of the rest worked for wages, many in large corporations or government. Americans expressed their economic stake primarily as consumers.

These ideas may illuminate the world we now see emerging out of industrialism.

Consumerism's Future

In a 1982 presentation to ACCI, I quoted Alvin Toffler saying that, "The Second Wave [industrialism], drove a giant invisible wedge into our economy, our psyches, and even our sexual selves...[splitting apart] production and consumption...that had always, until then, been one."¹⁹

Industrial workers and managers struggled, obscuring the deeper conflict between producer (worker

and manager) demands for higher wages, profits, and benefits and the counter demands of consumers (including the same people) for lower prices.²⁰

Industrialism advanced individuals economically by raising income. Post-WWII consumerism built individual economic power by improving outgo. It tried modestly to narrow the price/quality and production/consumption gaps created by industrialism.

This history establishes the framework for an even more vigorous consumer protection future. Cyclical projection and precursor jurisdiction methodology forecast 350 to 450 new consumer laws for debate and passage between 1989 and 2018²¹.

Early 1990's food label, organic farming, and cable TV rules suggest the soundness of this projection and a future consumerism looking much like its past. Consumer feedback, choice, safety and information create the competition that disciplines markets.

However, current context -- a global economy, the information revolution, an aging, high birthrate population -- underlines Toffler's observation that increasingly knowledge, not force or wealth, defines power²² and magnifies consumer impact.

Focus on government's role, an important secondary topic, may obscure a deeper power shift from organizations toward persons. However, certification, registration, and local regulation all increase rules while ostensibly lessening overt government.

It is these facts and trends that allow John Naisbitt to write Global Paradox based on the premise that "the bigger the world economy grows, the more powerful its smallest players."

Listen to Naisbitt: "The idea that central government--one huge mainframe--is the most important part of government is obsolete, which means the end of politics as we know it, as we shift from representative democracy to free-market democracy.

"The deployment of power is shifting from the state to the individual. From vertical to horizontal. From hierarchy to networking. Power is flowing in all directions -- unpredictable, a little chaotic, certainly messy -- not well ordered like hierarchical top-down arrangements.

"Politically, the world has shifted from left vs. right to local vs. global, or universal vs. tribal. New leadership must help us sort this out as politics begins to reemerge as the engine of individualism.

"It is a global shift from the state to the importance of the individual, and riding on the wave of the telecommunications revolution, the opportunities for individual freedom and enterprise are totally unprecedented."

For example, policing the Internet, finance (S&Ls), trade, safety, quality and price information, protecting privacy, speech, intangibles, are all matters of hot debate even as we observe so-called deregulation. These issues and more wait for one or more of the 350/450 new consumer laws/ rules (state, federal or "voluntary") of the next 25 years. As Toffler says, "Rights of redress, responsibility for error or bias, issues of privacy and fairness will all cascade into executive suites and the courts in the years to come as society tries to adapt to the existence of extra-intelligence."²³

This exploding future of consumer opportunities would not have surprised Colston Warne. In the last of his 1977 lectures on the consumer movement, he said, "There is one idea emerging now that has a real future -- the application of computer technology to consumer interests." Several of the uses he mentioned -- computer ordering of standardized goods, computerized health records on smart cards, computer-compared insurance buying -- resemble uses that Toffler sees in the market in 1990.

The energy market Toffler describes operates in "an economy of small, interacting firms forming themselves into temporary mosaics [which] is more adaptive and ultimately more productive than one built around a few rigid monoliths ...In the new economy the receptionist and the investment banker who assembles the capital, the key punch operator and the sales person, as well as the systems designer and telecommunications specialist all add value. Even more significantly, so does the consumer." [emphasis added]²⁴

"Though he never logged on," Newsweek says, Congress named its Net node "Thomas" for Thomas Jefferson, the "most quoted ... Info Age" sage.²⁵ As knowledge power grows, Jefferson/Smith economic liberalism and freedom from governmental interference expands.

Consumers are to economics what voters are to politics. Using powerful new information tools, consumers increasingly influence markets. In the emerging economy consumers, the consumer interest and the consumer movement stand to play key roles managing this power from knowledge. An alert consumerism faces a robust future.

But who is the consumer, what is the consumer interest? This topic deserves more serious and detailed examination than time allows today. However, I want to focus on one aspect of the topic in the context of the emerging economy -- small business.

In The Road to 2015: Profiles of the Future, John L. Peterson writes about what happens to the economy in the next twenty years. "Big Business Disappears: The era of the large industrial enterprise is

over. ...More affluent and educated consumers are changing the character of markets ...New information technologies, with emphasis on quick product turnover and informal alliances, smash the power of the large firm ...Medium-sized firms using effective partnerships and alliances become the new kings of the hill."²⁶

Compare this to Colston Warne's argument that standards programs validating the comparability of products, such as making public which products meet federal procurement standards, are essential to the development of consumer effectiveness. "This idea cuts two ways," he says in The Consumer Movement lectures. "If consumers buy goods that are fully functional and have no nonsense about them, no wasted material, and last for a maximum period [of] time, then society can economize on resources. At the same moment, the small, efficient producer who is coming into the market with new equipment, and new ingenuity is given a chance to compete in a market that has been previously hogged by the giant companies that brook no competition. Thus, the antitrust laws are reinforced. This is a pro-competition device which involves the element of certification."²⁷

More importantly, small business and consumers have a structural relationship with the economy that is similar. In a 1973 speech to a combined audience of consumer advocates and supermarket executives, sponsored by the Community Nutrition Institute, I argued that "retailers should see themselves as buying agents for consumers rather than selling agents for producers." The food retailers present reacted positively and when they created the Food Marketing Institute a few months later its charter referred to food retailers as buying agents for consumers.

I believe that this recognition has played an important part in causing the entire society to shift from the FDA view of the 1960's -- that claiming a direct relationship between food and health was "quackery" -- to a nation of food producers, consumers and regulators all trying to figure out how best to tell consumers of the health benefits of food. I believe that the shifting structure of the economy allows the same kind of joint action, if not alliance, between consumers and small business.

A preliminary check on this possibility reveals a real opportunity for exploring at least joint activity on a number of issues.²⁸ Various laws define small business. For example, to the US Defense Department "...a business is small if it has no more than 500 employees, regardless what industry they are in."²⁹ USDA small business exemptions from NLEA for meat and poultry are "Annual gross sales... of not more than \$500,000, or gross sales made or business done in sales of food...of not more than \$50,000."³⁰ EPA assistance programs for small businesses complying with the 1990

Clean Air Act apply to businesses with "No more than 100 employees and emitting no more than 50 tons of any one of the pollutants listed in the Clean Air Act or more than 75 tons annually." Financial institutions with assets of \$10 million or less are defined by law as small.³¹ Indeed, every consumer protection act of the past thirty years has had a small business exemption. Even the anti-trust acts exclude small businesses because structurally they do not have the same powerful impact on the economy that large concentrated institutions have.

Consumer and small business have similar impact on the economy. "Small businesses and consumers have similar buying power. They buy goods in similar quantity and for similar prices. Because the small business world is primarily service oriented, the goods used to produce these services must be purchased by a business person acting in a consumer's role and interest. Both have similar spending patterns on consumable and durable goods. Although spending patterns vary according to type of economic activity performed, many small enterprises have expenditures similar to consumers for food, housing (rent), utilities, furniture, insurance, transportation, and recreation. The percent of a consumer's personal disposable income that these expenditures constitute are listed in the Consumer Expenditure Survey".³²

Small business is a principal source of major innovations in the nation when compared with large business, universities and government laboratories.³³ Of the 11 million businesses in the United States, 10.8 million (98 percent) are categorized as small (having fewer than 500 employees).³⁴ Businesses with fewer than 100 workers employ forty percent of the part- and full-time employees in the United States.³⁵ Small businesses employ six out of every ten people, and create a majority of the new jobs available.³⁶

Other similar problems faced by consumers and small business include large tax burdens;³⁷ small businesses and consumers file bankruptcy for similar reasons;³⁸ both have difficulties obtaining affordable credit.³⁹ (In 1984, according to the Federal Reserve Board, interest rates on loans of more than \$1,000,000 averaged 1.67 percent below prime rate, while interest rates on loans less than \$25,000 averaged 3.00 percent above prime).⁴⁰ Small businesses and consumers have trouble obtaining affordable insurance.

The size, scope and impact of small businesses is similar to the size, scope and impact of a middle income consumer household. The shifts in the economy are creating new economic power for medium-sized and smaller institutions. Now is the time for the consumer movement to add the economic mistreatment of small

business to their agenda of consumer abuses to be stamped out.

In October 1994 the Montgomery County, Maryland, Office of Consumer Affairs began a pilot project to help small businesses resolve disputes similar to those they assist in resolving for consumers. "For example, the problems encountered by a consumer in purchasing a computer for home use are the same as those experienced by someone purchasing a computer for his or her business. There is no substantial difference in the advertising, sale, contract, or form of payment."⁴¹ Hopefully, this is the beginning of a larger national effort.

Consumerism and the Transition to Post-Industrial Society

I suggested in that 1982 ACCI presentation that with the discrediting of supply side economics, politicians searching for new political currency would turn to what I called Demand Side Economics. I said that with the theory of Adam Smith, the trends observed by Toffler and the facts underpinning consumer and environmental activism all running in the same direction, "it does not take much to imagine a clever bright political demagogue or patriot stepping forward with a new economic theory called Demand Side Economics.

"Demand Side Economics [grounding economic analysis in the end-user consumer] fits too nicely into the American heritage to be ignored much longer as a theory of political economics put forth by an ambitious politician. ...But put in place as an economic program, this idea and all that it implies had better have a serious economic content provided by serious scholars or it will be merely one more passing economic fad..."⁴²

I believe that in Newt Gingrich we have the demagogue/patriot using the ideas I mentioned. He calls his program "The New Opportunity Society." In fact, in 1982 I was presented a draft of his early new opportunity program as an example of an intelligent congressman's recognition of consumerism. It seemed dangerously empty, shallow, and wide of the mark to me. But it excited many people of good will who thought it had the seeds of a sound program.

Gingrich quotes Toffler, mangles Jefferson and vacillates between reactionary yearning and radical futurism. Toffler says of Gingrich -- on the jacket of Window of Opportunity, Gingrich's 1984 book -- "One may violently differ with many of Congressman Gingrich's views while still admiring his intellect, origi-

nality, and future consciousness. At a time when both the Democrats and the Republicans are parties of nostalgia, this book can help stir an overdue debate about the issues of tomorrow."⁴³ The book itself -- the basis of Gingrich's controversial cassette/C-Span history course, and focus of a house ethics committee complaint for its imaginative financing scheme -- is a mish-mash of pseudo-facts, mangled myths and political nostrums brilliantly stirred into a brew designed to advance Mr. Speaker's towering political ambitions.

Garry Wills says, "Repeatedly Gingrich makes a favorite point, to show how important property is: 'Thomas Jefferson originally wrote life, liberty and the pursuit of property. But they (Congress?) decided happiness is a nicer word.' If his students heard that once they heard it a dozen times. But no one wrote 'the pursuit of property.' Lockeans of all sorts used the triad 'life, liberty and property.' Jefferson did not. His first draft, unaltered by Congress on this point, said 'the pursuit of happiness.'"

Wills continues, "There is not even a mythical antecedent for Gingrich's tale. He makes it up out of botched memories of the pre-Jeffersonian triad's existence. He tells people that Benjamin Franklin was a typical 'tinkering' American because he worked out the lighting rod before he framed a theory to explain it. But Franklin, a genius not 'typical' of anything, was a brilliant speculator who framed his theory of electricity and only performed the practical lightning experiment after others across the Atlantic had tested his views. (In his opening address as speaker, Gingrich told, in touching detail, the story of Franklin's stopping the Constitutional Convention's squabblings with a successful plea that they pray together. They never did so.)"⁴⁴

Gingrich is using the new technologies the way Hitler, Churchill and Roosevelt used radio, as an intellectually neutral tool able to magnify personal presence and power for political purposes. In his freshman orientation for House Republicans Gingrich avidly laid out what he called the Jeffersonian model of a free society in a diagram of four "sectors" and a statement:

- "1: American civilization and culture. The habits and practices of a free society.
- "2: Civic responsibility, personal strength, doing your duty to society.
- "3: Free markets, private property, the rule of law incentives, the pursuit of happiness, and entrepreneurship.
- "4: Limited but effective government."

Gingrich says, "The leader's job is to draw upon each of the four sectors as appropriate and to weave them together into a synergistic whole. Only by seeing yourself as the leader of all four components can you truly draw on all the resources and strengths of a free society. By overemphasizing the role of government the Great Society experiment undermined the other three. Sometimes conservatives so ignore the role of limited government than they weaken the potential synergism. Economic conservatives often overrate the importance of sector three while social conservatives prefer to focus on one and two."

Using this Jeffersonian context, Gingrich couches his revolution in end-user terms. "We must replace the welfare state," he said in his inaugural speech, "with the opportunity society. The balanced budget amendment is the right thing to do. But it does not in my mind have the moral urgency of coming to grips with what is happening to the poorest Americans." The Welfare State is bad because it is bad to those it is intended to help.

Taxpayers are not getting the value they deserve for the money they pay. Therefore taxes must be decreased and services, none of which do what they are supposed to, must be cut back. The Food and Drug Administration is depriving consumers of life saving drugs and harmless, possibly healthful vitamins. These and most of the other arguments of the Gingrich revolution tend to be end-user arguments.

Unfortunately, the detailed research necessary to give the arguments substance has not been done. Frequently the facts cited to support the arguments are partial, distorted or simply untrue. But this pseudo-knowledge fits the emerging world of interactive information technologies, globalized markets and decentralized economics the way the radio allowed mid-century leaders to magnify their personalities, whatever their characters.

Gingrich urges his freshmen colleagues to "Listen to your community. You have in your community people and institutions in all four sectors who are busy inventing the tools of the third wave information revolution, learning to compete in the world market and seeking to replace the failed welfare state with more effective approaches. Listen to them and learn from them. Offer to help them in each of your four roles as community leader. Then recruit them to help you lead by helping you develop the vision, strategies, projects and tactics you need to transform your community from the welfare state into an opportunity society for all your citizens."

Gingrich is playing a dangerous futures game brilliantly. He is poised to be the leader of his crowd whether they propel him to a prosperous future or drag him back to a regressive past. He may well be the

ultimate pragmatist. He has seized hold of forces driving the country but has stepped aside from trying to control, or even strongly influence, their direction.

He does not denounce his gay sister, he proposed that the government give every poor child a computer (in mid-March he retracted this proposal under conservative pressure), and supports large government spending for aviation (in the past) and the space program (now). But the substance of the emerging society is out of his hands. Like the rest of us he is in the grip of the emerging forces, not in control of them; more likely to be shaped by than to shape the emerging world. Here is where a thorough-going consumer analysis can fill the gap.

In summarizing the implications of data collected by electronic check-out systems, Toffler says, "The moral and economic implications of all this have hardly been explored by business or by consumer advocates. (Those interested in organizing consumer power had better start thinking about all this quickly, before the systems have been laid in place.)"⁴⁵ The specific "all this" referred to is "data" on consumers from their purchases, but the need for consumerists to start thinking generally about their role now applies across the entire front of the emerging economy.

Ideas to Research

This history presents three areas that thoughtful, grounded research can explore with the likelihood of making a significant contribution to consumer theory, economic analysis and the workings of democracy.

First, there is much to be learned from detailing American consumer history. "The history of shopping," Colston Warne wrote in 1976 "is a significant field of inquiry. It is important that the origins of giant shopping centers be traced. We need to include in our history the role of sanitary standards, of weights and measures, of additives and preservatives, of advertising and of quality standards. We also need to include the impact of consumer testing organizations here and abroad and the development of governmental agencies for consumer protection."⁴⁶

Second, if, as Naipaul suggests, the primary export of America today is the Hutcheson-Jefferson characterization of happi-ness, then serious effort should be made to understand just what "happiness" in that context means.

Over time, the Hutcheson definition of ethical -- "the action is best which accomplishes the greatest happiness for the greatest numbers..." -- became what Jeremy Bentham called the "greatest good for the greatest number."

This shift from the subjective, personal and relative notion of "happiness" to the more objective,

general and concrete notion of "good" may lie at the heart of some of our current social dislocation.

What Naipaul called "the beauty of the idea of the pursuit of happiness" becomes, if not ugly, then at least less inspiring as the "pursuit of good."

Replace "happiness" with "good" in the Naipaul quote and you lose the "elastic idea; ...[that] fits all men. ...implying a certain kind of society, a certain kind of awakened spirit... [that contains] So much ...in it; the idea of the individual, responsibility, choice, the life of the intellect, the idea of vocation and perfectibility and achievement. It is an immense idea. It cannot be reduced to a fixed system." Replace "happiness" with good and this energy, dynamism, spirit is lost.

A quotation from Gandhi posted outside his ashram in Ahmedabad, Gujarat, India reads, "I do not believe in the doctrine of the greatest good of the greatest number. It means in its nakedness that in order to achieve the supposed good of fifty-one percent, the interest of forty nine percent, may be, or rather should be sacrificed. It is a heartless doctrine and has done harm to humanity. The only real dignified human doctrine is the greatest good of all."

Gandhi, I think, would have more difficulty condemning the concept of happiness set forth by Naipaul that would, Naipaul said, be difficult for his Hindu parents to understand. The harsh solid nature of "good" does not lend itself to the spiritual enlivening of the more sensitive, fluid notion of happiness.

Learning through research how good came to replace happiness as a national goal might aid in helping the consumer interest take up its central position in the coming information society.

Third, exploring Smith's notion of the economic primacy of consumption would bear fruit. Smith's doctrine of labor value received extensive and "polemical," according to Lerner, attention down to the present day. By comparison, his notion that consumption is even more primary to the economy than labor has been overlooked. In part this may be due to the fact that Smith added the consumer ideas to the third edition of the Wealth of Nations in 1784, after he had been appointed to the Commissionership of Customs and also due in part to the fact that while he conceptualized "consumption," in the 1770's and 80's, the notion of "consumers" was not easy to differentiate from the apprentices, laborers, farmers, and others of the "common" class.

It is likely, though only good research can tell for sure, that the "consumer theory of value" suggested by Smith's "consumption" arguments was no less developed than his labor theory of value and that subsequent events, most notably the industrial revolution, caused 19th century analysis to focus on labor and not consumers to launch social reforms. A reexamination of industrial history from Smith's consumption viewpoint might reveal

useful insights about current economic dislocations which until now have gone unnoticed.

For example, the labor/management split so central to the social and economic strife of the past 150 years organizes the world quite differently from the consumer/producer symbiosis which has always been present but rarely analyzed. As the global economy moves into the 21st century, the role of consumption will take on greater visibility. Reexamining industrial history from the consumer point of view beginning with Smith's insistence on the primacy of consumption might enhance our understanding of fundamental economic forces.

This task will be made even richer if the effort seeks to integrate the insights from Smith's first and other great book, The Theory of Moral Sentiments, with those of the Wealth Of Nations. It has been common for American analysts to see a contradiction between Smith's first and second books. However, Smith saw them as an integrated project and other economic thinkers -- most notably German -- have based much of their economic theory on the interconnection of the two books. Together they seem to place the individual, the family and the small enterprise at the heart of personal and social happiness.

Research on this possibility, in the context of a 21st century economy based on smaller enterprises and consumers using the market to shape the social agenda in their pursuit of happiness, might lead to insights that will help clarify some of our more intractable problems.

I believe that Colston Warne's deep belief that consumer rights and democratic society go hand in hand is an idea that needs further exploration. Failure to do the intellectual work now to ensure that the market works for the people will make sure that it works against them. In the name of Colston Warne we should not let that happen.

Endnotes

1. James S. Turner is a Partner in the Washington law firm of Swankin and Turner and author of The Chemical Feast: The Nader Report on The Food and Drug Administration, Grossman 1970. Some of the points in thi printed in the *Journal of Consumer Affairs*, Vol.29, No.2, Winter 1995.s lecture will appear in the upcoming Encyclopedia of the Future, Macmillan 1995. The lecture itself will be printed in the *Journal of Consumer Affairs*, Vol.29, No.2, Winer 1995.
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