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REPRESENTING THE CONSUMER INTEREST IN THE FEDERAL GOVERNMENT

*Esther Peterson**

IN 1964 President Johnson established both the President's Committee on Consumer Interests and the position of Special Assistant to the President for Consumer Affairs. The President declared that he was "taking action to assure that the voice of the consumer will be loud, clear, uncompromising, and effective in the highest councils of the Federal Government." Never before had the consumer been expressly represented on so high a level. The Committee on Consumer Interests was given a unique task. "The value of our society," the President said, "cannot be measured in the mass, but in the condition of each individual." The Committee is not responsible for representing any organized sector of American society, but rather millions of individuals—the wealthy, the poor, the young, the old, the college-educated, and the illiterate—who collectively purchase more than two thirds of all the goods and services produced in the United States.

To understand how the federal government's consumer program operates today, it might be useful to review briefly the Government's role in the field of consumer affairs as it has been evolving since the New Deal days. The first phase of the Government's role in this field began in 1933, when the office of the Consumers' Counsel was established under the Agricultural Adjustment Act. The function of the Consumers' Counsel was to examine marketing agreements and codes, to conduct research in connection with consumer problems that arose under the AAA, and to investigate and publicize information with respect to retail food prices.

The Consumer Advisory Board, which was established under the National Recovery Administration, was the next step along the road of formal representation of the consumer. The Board was charged with the responsibility of reviewing all industry trade agreements to see that nothing was done that would impair the interests of those whose daily living might be affected by such agreements.

A year later, in 1934, a Consumers' Division was created in the National Economic Council. The function of the Consumers' Division was to organize a number of local consumer councils and to act as a coordinating agency to aid the NRA and the Agricultural Adjustment Administration in the handling of consumer problems,

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particularly prices. In 1935 the Consumers' Division became a part of the NRA.

The last step in the 1930's was taken when a Consumers' Counsel of the Bituminous Coal Commission was appointed. The Counsel had far more power than any of his predecessors, since he was empowered to appear before the Coal Commission, to testify, to cross-examine, to have subpoenas issued in his behalf, and to bring complaints before the Commission.

When the NRA was declared unconstitutional, and particularly after the demise of the Bituminous Coal Commission in 1941, phase I, which was marked by the spirited leadership of people like Mary Harriman Rumsey, Rexford Tugwell, and Paul Douglas, came to an end. Despite the lack of strong organized support, these leaders made their points well and established the basis for subsequent action.

Phase II consisted of consumer representation by two wartime agencies. During the Second World War the Consumer Division of the Office of Price Administration was established to deal with the threat of rising retail prices and with the problems of rent control. During the Korean War, a National Consumer Advisory Committee was established by the director of the Office of Price Stabilization. The Committee's function was to inform consumers of OPS policies and regulations and to participate in an advisory capacity in the formulation of OPS policy. The Committee also took some initial action to set up local advisory committees. The end of the Korean War marked the end of phase II.

Phase III began with President Kennedy's historic message to Congress concerning consumer interests and the establishment of the Consumer Advisory Council. Subsequently, in January of 1964, President Johnson took the step that brought us to the point where we are today.

I. THE CONSUMER'S NEED FOR MORE PRODUCT INFORMATION

Of course, the foregoing historical discussion deals with only one aspect of the federal government's activities to further and promote the consumer interest. In fact, a large volume could be written on the history of governmental programs that have been related to consumer activities. The federal government has been active in this field since 1872, when Congress made it a crime to defraud by use of the mails. Today, more than two dozen agencies conduct consumer programs, and it is virtually impossible to point to a single piece of domestic legislation that does not affect Americans as consumers. Nevertheless, despite all these activities, the federal govern-

ment currently stands on the threshold of an entirely new era with respect to its responsibilities to consumers. Neither new governmental agencies nor specific legislation is being contemplated for the immediate future; rather, an entirely new concept of consumer interest is emerging.

The activities of the federal government in the 1960's with respect to consumers rest on four pillars—the four consumer rights articulated by Presidents Kennedy and Johnson. These are the right to be safe, the right to choose freely, the right to be heard, and the right to be informed. These rights are not merely clever phrases thought up by speech writers; they are indispensable if consumers are to be effective partners with producers and other organized interests in moving America forward.

The important aspects of the right to safety and the right to be heard can be discussed briefly. While in no way meaning to ignore their significance, and in full recognition of the fact that definite improvements could be made in both of these areas, it seems clear that the people of this nation have fully accepted the principle of safety and the principle of competition, which encompasses the right to be heard. Similarly, with respect to the right to be heard, the brief history of consumer representation in government that is summarized above indicates a continuing desire on the part of the federal government to arrive at the most effective way to ensure that the voice of the consumer is heard.

The new concept of consumer interest is most intimately related to the right to be informed; the threshold on which we stand is the full acceptance of the principle that American consumers have a right to all the information necessary to perform their economic function as efficient buyers. This concept of full information is the principle underlying the truth-in-lending bill and the truth-in-packaging bill. The consumer's right to have full information is also the basis for the major recommendations flowing from the conferences held by the President's Committee on Consumer Interests, where it was noted that:

Informed assistance to consumers in making their decisions is increasingly scarce. The retail revolution of self-service—where the package has become the silent salesman—has depersonalized the marketplace, imposing upon business a major responsibility for simple, direct, visible and accurate information, and upon consumers an unaccustomed responsibility for self-guidance. Where sales clerk-customer relations continue, a challenge of new dimensions exists to impart more information to sales personnel so they may more adequately serve the public. The need for information is not a need of individual consumers alone.

Throughout our volatile marketplace, the fuller and freer flow of information is a need of all segments.

Currently the concept of full information is not accepted in all segments of our society. There is only one way in which its acceptance will become widespread: the majority of the American public must recognize its validity and be able to express their opinion effectively. Only when the public becomes aware of the full significance of this important right will consumers insist that it be respected.

Although American consumers are the best fed, best housed, and most comfortable in the world, they do have problems in the modern market place. Since World War II, the discoveries of science and technology have been applied to consumer products at an accelerating rate. New materials, new processes, and new products have been introduced so fast that even the publishers of trade journals have found it impossible to discuss and evaluate all the recent developments. However, this revolution in marketing and product distribution techniques has created problems as well as benefits. In other words, the same forces that have helped move our nation forward in most areas of society—and have left problems in their wake—have also affected the market place.

These problems, as they apply to all of us in our role as consumers, are generally associated with the consumer's right and need to be informed. This concern over the lack of information in the market place is what marks the difference between the federal government's current consumer interests program and its efforts in this regard during the 1930's. In the 1930's, the Government was primarily concerned with "consumer protection." Today, although this is still an important concern, the emphasis is on providing the consumer with the information he needs to make wise choices in a complicated market place, and providing a channel through which the consumer's views can be expressed on all matters of public policy.

II. THE FUNCTIONS AND RESPONSIBILITIES OF THE SPECIAL ASSISTANT

With this background, I would like to discuss briefly the way in which I have viewed my particular assignment as the first Special Assistant to the President for Consumer Affairs. I am one of more than a dozen presidential assistants, and like my counterparts I have a "beat" to cover—the consumer affairs activity of the federal gov-

ernment. My job is to keep the President informed of the consumer activities carried on by about twenty-four agencies; to advise the President on congressional activity relating to consumer affairs; to make recommendations in the field of consumer affairs; and to provide a channel through which representatives of consumers, business, and other interested groups can comment on governmental programs and proposals.

I am assisted in this task by the President's Committee on Consumer Interests, of which I am chairman. The Committee is composed of high-ranking officials of the major agencies which have consumer responsibilities and the Consumer Advisory Council, which is a group of distinguished experts on consumer affairs who are not associated with the Government. The Committee has the responsibility of examining existing governmental programs, identifying possible gaps in consumer protection, promoting consumer information and education programs, and helping to identify the consumer interest in all matters that come before us.

My position of Special Assistant to the President for Consumer Affairs does not constitute a new agency of the Government, unless one can consider a few professional employees an "agency." I do not carry out any operational programs, I have no enforcement powers, and I have not been granted authority to impose any restrictions on business or any other segment of the American economy.

It was clear to me from the outset that the consumer could be best served by my new office if it acted as a catalyst to urge the nation's businesses, voluntary organizations, state governments, federal agencies, and virtually all other organized groups to become conscious of the interests of the consumer. We surveyed consumer needs and problems and identified some of them as follows:

1. Many consumers are unable to judge quality, chiefly because of rapid changes in the nature of products and the increased variety of products and services offered for sale.
2. Consumers are frequently unable to evaluate "best buys" because of a lack of information and because of confusing marketing practices.
3. There is a general lack of information about where customers can seek recourse when products or services prove unsatisfactory or when they believe they have been misled or defrauded.
4. There is considerable confusion about how prices are determined in our free-enterprise economy.
5. The public is concerned about the extensive use of food additives and pesticides, and about the side effects of some drugs.

6. Consumers lack knowledge about the many kinds of credit financing, as well as the actual cost to the borrower.

7. The public is unaware of the consumer services and information provided by the federal government.

After these problems were identified, several questions arose:

1. Could the governmental departments and agencies which provide consumer services create a coordinated federal consumer information program?

2. How could consumer education be made an effective weapon in the anti-poverty arsenal?

3. Could the nation's schools be stimulated to prepare our growing numbers of youths better for their responsibilities as consumers in a complex market place?

4. Would the business community be willing to join in the effort to improve consumer information and education?

5. Could the nation's network of voluntary organizations—women's groups, service organizations, senior citizen associations, trade unions, consumer organizations, and others—be encouraged to work for an improved market place?

6. In what manner could the new "creative federalism" advocated by President Johnson be applied to improving the consumer programs of state and local governments?

7. Could a more unified federal consumer program be achieved?

8. Would Congress be more receptive to consumer needs?

Looking back, it is gratifying to see progress in each of the above-listed areas; looking ahead, it is obvious that the road is not at all clear. It can no longer be questioned, however, that the federal government has a responsibility to protect the basic rights of the consumer and that the consumer interest should be considered in the formulation of domestic policy, including farm policy, tax policy, financial policy, labor policy, and broad economic planning.

In 1964 the President noted that "for too long a time the consumer has had too little voice and too little weight in Government." During the past two years, the consumer's voice has become stronger and his weight has been felt in the councils of Government. However, the President also cautioned that "we cannot rest content until he [the consumer] is in the front row, not displacing the interest of the producer, yet gaining equal rank and representation with that interest."

The commitment has been made. It remains only to find the best means of reaching this objective.