



# CO-OP CONSUMERS



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Erik Hansen, Chairman of the Consumer Committee

## A Turning Point

'Aspirations to new life styles will develop, notably as with regard to the allocation of time, participation in decisionmaking processes, work and leisure, the family, culture and ecology, though it is not possible to say whether one dominant life-style will emerge or to what extent it would represent a change in demand or a more radical change in values'.

This is an OECD view of the prospects for the industrialised world in a recently published report. At the same time the report highlights a number of profound economic, social and psychological changes in relations between the industrialised and the developing world.

It is in this context that ICA's Consumer Committee is to operate and handle the task of knitting together the interests of members with widely differing fields of interest. The differences and problems are great – but there is a common interest in arriving at an equitable solution. A working group appointed by the Committee at its meeting in Copenhagen in September 1978 has been ex-

amining how the Consumer Committee best can contribute toward accommodating the future situation. The group was charged with the role and objectives that the ICA Consumer Committee should aim for and to suggest guidelines for future activity – in full accordance with principles formulated by ICA with regard to consumer rights. The group has prepared a recommendation for the Committee's annual meeting in Manchester on September 29 – in many respects it heralds a new dawn for the work of the Committee. The report is described in more detail elsewhere in this issue of *Co-op Consumers*. But I would like to give special mention to the high priority in future work allotted to information on consumer matters between ICA's member organisations. The recommendations of the working group for statement of objectives for the Consumer Committee stress the importance of a greater effort:

(a) To initiate discussion on the crucial problems of c

# CONSUMERS COMMITTEE

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October 1979

A new consumer magazine - the "Co-op Consumers" - has turned up. Four times a year the "Co-op Consumers" will inform and bring news about consumer political initiatives, especially within the co-operative movement.

The "Co-op Consumers" is published by the CONSUMER COMMITTEE of the INTERNATIONAL COOPERATIVE ALLIANCE.

Enclosed you will find a "specimen issue" of the future editions of "Co-op Consumers". We shall inform of the work in the CONSUMER COMMITTEE and its future initiatives, as we do in this edition. The first edition also contains a number of consumer political debate articles, i.a. Why the poor pay more, Toward better food, Seducing the consumer etc.

Both organisations and single persons, inside or outside the co-operative movement, can subscribe to the "Co-op Consumers".

Subscription for one year amounts to £4. You can subscribe to the "Co-op Consumers" by sending the coupon on the last page of the magazine to the address mentioned there.

I enclose 3 magazines and hope you will pass them on to others who take interest in consumer questions.

We hope to see you as subscriber when you have read the "Co-op Consumers" nr. 0.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Poul Dines". The signature is stylized with large loops and a long horizontal stroke at the end.

Poul Dines  
Chiefeditor

operative consumer policy,

(b) to communicate information to both ICA members and to organisations outside the co-operative movement. The Committee must extensively contribute to the spread of information on consumer matters, and advise in connection with establishment of new co-operative consumer organisations,

(c) to collaborate with other appropriate ICA committees,

(d) to represent on behalf of the ICA co-operative consumer interests to other international co-operative or non-co-operative organisations, and to collaborate with governmental and non-governmental agencies for consumer affairs, i.e. dealing with the problems and interests of consumers, particularly with the consumer protection,

(e) to collect information about consumer policy initiatives in the ICA member organisation,

(f) to publish information and the results of work of the Committee via the *Co-op Consumers* or with the use of other efficient means.

Realisation of the ambitious objectives can keep the Consumer Committee busy for many years. But the achievements of the Committee are dependent in part on the amount of resources placed at its disposal. It has thus been necessary to draw up an order of priority for our short-term and long-term efforts:

In reviewing the work of the Consumer Committee the Working Group has concluded that whilst its operations to date have been useful to those individuals and member organisations involved, more could be achieved in the future by pursuing a more limited number of objectives, in a more deliberate manner. Consumer movements form a high proportion of ICA membership, and therefore the potential is considerable. We believe that there is a role for the Consumer Committee in the future, and that efforts should be made to improve communications between member organisations, the Secretariat and the ICA headquarters in London.

One important link in the chain for improved communication relates to efforts to replace the existing newsletter, *Consumer Affairs Bulletin*, with a quarterly magazine, *Co-op*

*Consumers*, which will have something of the size and content of the publication you are reading at the moment.

It will be one of the primary tasks of *Co-op Consumers* to inform and debate all new initiatives in the field of consumer policy of relevance to ICA members. The magazine will moreover seek to inform a wider circle of the activities of the Consumer Committee and will ensure that all shades of opinion in the debate on consumer policy are heard.

The consumer magazine can go a long way emphasising the initiatives taken by the co-operative movement throughout the world on behalf of the consumer. But the Consumer Committee must adopt other channels of communication, too. The report of the working group devotes a special section to the problems of establishing a consumer identity. In addition to the magazine, the Consumer Committee must apply itself to securing a greater degree of understanding for the co-operative movement in its important role as watchdog for the consumer.

In the long term the challenges facing the Consumer Committee are even greater than plans currently being implemented. The years ahead will make fresh demands upon consumer co-operation but can also release new potential, as ICA President Roger Keriniec notes in this issue.

The Consumer Committee can help define some of the opportunities that await. And it is my hope that *Co-op Consumers* can help spread the gospel of consumer interests and at the same time provide the inspiration we all need at national and regional level for responsibility toward members of our co-operative organisations – particularly toward organisations and members of co-operative movements in developing countries.

It is also my hope that through the medium of the magazine we can present the world with a co-operative consumer profile by providing information on the many initiatives and plans afoot in many organisations.

Let's have your support! In the form of material for the magazine and your subscription! *Erik Hansen, Chairman, Consumer Committee.*

# Turning Finnish

By Lars Marcus, director in KF

## Fixed lowprice and no advertising. KF builds new assortment



During 1979 the cooperative stores in Sweden have got a new and marked novelty in the assortment. On the shelves you will find packets, tins, and bottles in white with blue text. At present about 30 articles are included, but more are added during the autumn. Already during KF's first big consumercongress in 1971 members expressed the desire that the cooperative assortment should include the so-called baseproducts. These products should meet essential requirements without being subject to the changing demands of the fashion and without the usual expenses for sales promotion.

The Swedish cooperation has then realized this idea with success also commercially. The assortment of the department stores have for a long time included baseclothes. Lately we have also introduced basefurniture, but the bluewhite assortment is to be found in the shops with the every-day-goods.

### Toothpaste

It began some years ago with a toothpaste, which was called toothpaste, and which was sold without advertising-support simultaneously with

such predominant products as Colgate and Pepsodent. Today this product has more than 50% of the cooperative sale. The success encouraged us to extend the range. Detergents, caviar, müsli, frozen vegetables, canned vegetables, coffee, tea, and many other products have till now been presented as bluewhite variations of our assortment. As a rule the baseproducts have a low fixed price. They are thus exempted from the prices for special offers, which characterizes the marketpolicy concerning many of our everyday-goods. Furthermore they offer a qualitylevel, which makes them an attractive alternative.

Till now our sales-expectations have in all cases been exceeded, and delivery-difficulties have arisen. All Swedish massmedia have reacted positively in presenting the products, and this has exceeded the effects of commercial advertising. To-day the products support each other in the shop. The bluewhite signal constantly indicates a good alternative.

Sweden's flag is blue and yellow, the Finnish is blue and white. Therefore, some maintain that the coop shops are gradually turning Finnish.

# Time to Stop Following in Footsteps of Others!

ICA's Consumer Committee must co-ordinate views on consumer policy. For nearly 30 years the consumer co-operative movement has often followed in the tracks of others. With its democratic and consequently rather slow-moving – process of decision-making the co-operative movement often found it difficult making its mark on the growth-oriented society of the 1960s. In the decade ahead; with the emphasis shifting from economic growth to such values as longer life for consumer goods, improving the quality of life, etc., the consumer movement has a particular obligation and excellent opportunity to show the way.

**ICA President Roger Kerinec, head of the French consumer co-operative movement, underlines the extremely important role ICA's Consumer Committee will play as spokesman for ICA's views on consumer matters.**

*By Poul Dines*

– The ICA has been strongly consumer-oriented since its establishment in 1895, partly because its president has always in the past been a representative of the consumer co-operative movement. But in the vigorous growth period of the 1960s less attention was paid to the need for a consumer-oriented policy. It is therefore important that consumer co-operative movements can now have the opportunity to meet, discuss and co-ordinate their policies and activities. All other co-operatives – for example, insurance, agriculture, etc. – have their own auxiliary committees designed to co-ordinate members' efforts. The Consumer Committee must assume this task in future on behalf of consumer co-operatives. And I think it is an appropriate moment to point out that the consumer co-operative sector has a special duty says President Kerinec.

– We are witnessing the end of a plenty-for-all society. From now on the consumer will have to assume far greater responsibility for future development. Consumers have to formulate their wishes for to-

morrow's world. This will require a working frame – which consumer co-operatives can provide. Within ICA we have therefore more than ever a need for a strong Consumer Committee to help tackle this new situation. It should be done in conjunction, for example, with Inter-Coop, within which the consumer co-operative movements also have mutual links, and with ICA's other auxiliary committees.

## Great significance

*What role does the Consumer Committee play for ICA?*

– We must apply more effort to convincing all consumer co-operatives of the importance of the Committee's work. We have not yet reached the point where everyone in ICA appreciates and understands the work of the Committee. It is therefore very definitely a step in the right direction to publish a quarterly magazine. But no easy task – especially if the magazine is to have some appeal to people outside the co-operative movement.

*What are the chances of developing a joint consumer*



*policy within ICA, whose members' interests often differ markedly?*

– The socialist countries are becoming increasingly interested in consumer matters because they are beginning to feel some of the attendant problems. The difficulties facing developing countries are of quite another nature; their interest in the work of the Consumer Committee rests in the fact that they can gain experience to enable them to avoid the kind of mistakes the industrialised countries have made. And, of course, it is a point of no mean importance that we in the developed countries are in the midst of a transition. The consumer co-operative movement has never really functioned as well as it might in a welfare society. At first we had to struggle against the Industrial Revolution, later it was capitalism and the growth society that set the pace. In these forms of society – a thing of the past – the consumer co-operative never really succeeded in establishing itself as a pressure group. In the society of the future, with a lower rate of growth, greater quality of life, greater consumer influence, etc., the necessity for consumer co-operation will be more fully understood by the consumer. The co-operative movement is well-equipped to handle the new situation because it has the tools: laboratories, adequate labelling of merchandise, direct contact with consumers, etc. So our future is in front of

us – not behind us! If we realise our advantages, we can take steps to improve the consumer's situation. This will encourage the man/woman in the street to understand and support the consumer co-operative movement. And lead to representation as a consumer organisation in official committees, etc.

## More information

*What are the most significant tasks facing ICA's Consumer Committee?*

– Focus on the information problem is one of the vital tasks of the Committee. There is a great need for information on the activities of the consumer co-operative movement. And it is no doubt necessary to persuade the people who hold the purse strings of the consumer co-operative movement that a greater effort in the direction of consumer information is a sound investment. The Consumer Committee must work for a greater understanding of consumer rights.

– Close relations with ICA's other auxiliary committees and Inter-Coop will be essential if the initiatives of the Consumer Committee are to be fully implemented.

– To secure a strong Consumer Committee, we must attract the backing of all consumer co-operatives. We can perhaps achieve this with the launching of *Co-op Consumers*, which can explain something of the work of the Consumer Committee. And with the draft working programme to be submitted at Manchester, there should be a new basis for broader support for the Consumer Committee.

*Does the consumer co-operative movement have a strong enough identity as a consumer organisation?*

– Rather a delicate question! ICA members differ widely in their opinions of how strong an image as a consumer organisation the consumer co-operative movement has. In many countries it has been decided to separate the commercial from the philosophy side of the organisation. This is wrong! We must see ourselves – and have others see us – as one single consumer organisation that functions as a unit. As a consumer co-operative, we have the advantage of being able to test for ourselves

whether our ideas are economically feasible. This gives us added strength in the public image when we lay down our demands. They should never be utopian, always realistic.

### Balanced

*What could be the role of the Consumer Committee in relations, for example, with the United Nations?*

The Consumer Committee can help the ICA express its views on consumer protection in such fora as the United Nations and other international organisations. Perhaps in the short term we can try to influence the UN in this sphere. But ICA's approach will always differ from the contributions of other consumer organisations. We have to make allowance

for the fact that ICA embraces not only consumer co-operative bodies but also co-operative organisations representing agriculture, housing, etc. On the other hand, this can improve our credibility with the UN. We ask for initiatives not only on behalf of consumers. We take other factors into consideration, thereby balancing our recommendations. Making them more acceptable at the UN.

*How can we help the Third and Fourth Worlds?*

— It is entirely up to the representatives of developing countries within ICA to express their needs. Perhaps in the past we have gone a little too far in offering what we considered necessary. So I think it would be altogether a better arrangement if the developing

countries themselves approached the Consumer Committee and state their requirements. It is important that we remember that what we should offer is help for developing countries to help themselves.

### Battle against waste

*The environment and energy problems affect the consumer but should the Consumer Committee devote attention to these?*

— We should try to focus interest on these problems using such means as our magazines. We do this already to some extent. But we should also be aware of opportunities for initiative in the commercial field — to be just that little bit ahead of others. And to de-

monstrate to the consumer that we are conscious of a special responsibility. The Consumer Committee can do much to highlight attention on these problems. And ensure that *Co-op Consumers* carries details of what action is planned and taken by all consumer co-operatives to control such things as the unnecessary waste of packing materials, energy conservation, more durable durables, etc.

— The battle against waste will definitely become more intense in the years ahead. We used to say: "We're moving — but we don't know in which direction." All that will have to change. And the consumer co-operative movement must help by providing a democratic influence, better form of advertising, etc.

# Why the Poor Pay More

The rich, developed nations are affluent societies in which steps are taken to help those who find it hard to manage. People with the lowest incomes, poorest housing, and often broken families. But social measures in themselves are not enough. Not having enough money is only one of the ways the poor suffer; they also get insufficient benefit from the small amount of money they do have, whether they spend it on goods and services, housing, investment, hire purchase, legal assistance, education or health services. The reasons why the poor pay more have been the subject of exhaustive study in the United States, Britain and other places.

The poverty-stricken consumer has a hard time of it. In the first place because his/her income is minimal. But also because what little money there is, is frequently spent inefficiently. The poor man's penny doesn't go as far as the rich man's.

This is the conclusion of many studies conducted in Britain, the United States, Germany and other countries.

Denmark, too, is beginning to examine the problem of why it is more expensive being poor. The idea was mooted by the Commission on Low Incomes, which studies such

issues as how Denmark's low-income population is surviving in an otherwise affluent society.

The Commission's first study confirms that there is a large incomes differential. The study concerned only that section of the population that is gainfully employed. The income studied was the personal gross income stated in the nation's tax returns. The study reveals that the half of the population that earned the lowest incomes in 1976 accounted for only 27% of total income for the country as a whole. If everyone earned an



equal amount, half the population would be responsible for half the nation's income. But the people who earn most take such a big bite at the apple that there is very little left for the others. The 10% of the population with the highest incomes accounted for one-quarter of all earnings. And if the low-income group gets less benefit from its cash than those with high incomes, the poor are even worse off than statistics indicate.

There are strong indications that it is very expensive in Denmark being among the less affluent consumers. Stu-

dies in Denmark will attempt to clarify some of the following suppositions about low-income consumers:

- that they pay more for food and consumer durables.
- that they buy goods of poorer quality, and pay more for repairs and service.
- that they buy food of lower nutritional value.
- that they pay higher rates of interest in hire-purchase transactions.
- that they enjoy less cover in their insurance policies.
- that they make fewer complaints.
- that they use fewer public

# Why the Poor Pay More

Continued from page 5

facilities and services — and pay more for those they do use.

— and that they are hardest hit by inflation.

## Quantity discount

Low-income families are probably also subject to other factors in their purchasing activi-

ties. Compared with more affluent members of the population, it is likely that their economy is less efficiently planned, they fall more often for the persuasive approach of the door-to-door salesman, they are more likely to be impulse buyers, they believe more readily the praises of sales staff for a particular product, and they are less likely to examine

the market before making a purchase.

Whether this actually is the position with the Danish consumer is not likely to be clear for another year or so. But studies of this type — in Britain and the United States—definitely show that the poor usually get less for their money than the rich.

Consumption is more than a question of cash. Many surveys make this plain. Other factors of importance can be the consumer's educational level, health, whether one is married or living alone, how many friends and acquaintances one has contact with, hours worked, how leisure time is spent, etc. In the plane of personal psychological make-up much can depend on such factors as age, intelligence, planning ability, attitude to purchase of large consumer goods, impulsiveness, etc.

## Unto everyone that hath shall be given ...

The American experience is that among the poor or less affluent all the above-mentioned factors have a negative outcome. Inasmuch as rich people, for example, usually also have a better education, better health, more friends, etc., than the poor. British Consumer Researcher Frances Williams suggests that some of the cause of the disadvantages of poor people being greater than need be is that the supply and choice of quality goods and services are smaller for the poor than for the rich and middle-class. For example, areas inhabited by the affluent are served by more doctors than areas occupied by the poor. The poor have fewer opportunities for obtaining credit facilities, less chance of obtaining a lawyer to speak on their behalf, less freedom on deciding where they want to live.

But even where such opportunities exist, Williams has found in studies of the British consumer that they are not exploited to the full. For example, the poor do not bring their legal problems to a solicitor nearly as often as their richer relations; they do not take advantage of economy buying; and they do not make use of the educational and health system to the extent they have at their disposal.

## They pay for their ignorance

German Consumer Researcher Herman Scherl has been examining why it is that the low-income consumer gets so relatively little for his money. Scherl's finding is that the consumer clearly knows too little about purchasing opportunities, product prices and quality. There is thus a greater risk than that of many better-informed when it comes to making uneconomic purchases. One confirmation of this is that this group seldom, if ever, takes advantage of product tests by consumer organizations, which often contain the key necessary to make the most advantageous purchase.

The poorer consumer spends his money least efficiently because he is frequently obliged to buy groceries, etc., in small local stores and usually in very small quantities. The fact that this is detrimental to his economy is usually the result not of lack of knowledge but/lack of opportunity. Large-scale purchasing requires funds and a means of transport. And in both respects the poor consumer is at a disadvantage. When it comes to larger consumer goods, the drawbacks are even more pronounced. The economically weak must often resort to hire purchase, which is one of the most expensive forms of buying.

The poverty-stricken consumer is caught in a wicked circle from which escape is difficult, to say the least. It is not just one group of goods and services that are out of his reach; it is almost all.

## The poor can club together

Several consumer advocates have suggested how to improve the lot of the poor. One of the features of poverty is the obvious fact that the individual has not enough money. It must therefore be made easier for the poor to procure economic means more readily. One aid of this nature, for instance, could be an improvement in the public transport system. If buses and trains were to run more frequently and cover a given area more densely, there would be less need for private motor cars, which are often an economic burden.



If poor consumers can combine their resources with others with the same problem, they can make bulk purchases and obtain the benefits available at present only to the more affluent consumer (in effect, the co-operative idea).

As far as actual cash is concerned, it could perhaps go further if smalltime savers clubbed together and formed their own bank or credit association.

But all of these proposals can only patch up a fairly impossible situation for the badly off consumer. The real villain, according to British and American studies, is: the market mechanism. The free market in which companies, in order to survive, must be primarily interested in satisfying those needs from which they can earn a profit, must by definition lead to imbalance — a situation that will hit the already weak consumer hardest of all. Which is one reason why consumer-oriented solutions to the problem have so far enjoyed limited success. The problems attain such dimensions that they need an entirely, fundamentally different approach. Consumer policy must be given the same priority as social policy, for example, if society is to ensure that its most deprived members get better value for their money. That is the view of Prof. Folke Olander of Århus University, who will lead the study of how expensive it is to be poor in Denmark.

Olander's observation indicates that there is something lopsided about investing heavily in securing citizens a reasonable standard of living by way of a complex social programme when next to no effort is made to ensure that the allocated funds are employed to optimum advantage.

### More (but better) information

A major change in consumer policy cannot be expected from one day to the next. This is one reason why the American and British studies recommend a stricter standard for the type of information the consumer may expect from the retail and other levels of distribution. More information would also be desirable for the weaker consumer. The greater volume of higher quality information would help ensure that the

poorest consumers did not spend their modest incomes on goods that were both inferior and more expensive.

But consumer education and information are only part of the story. Alan Andreassen, US consumer researcher, who has made a number of studies of the least affluent consumers in the United States, has one or two other suggestions. The best solution, he believes, would occur if we could get the economy to function to the benefit of all. And Andreassen's view is that this could be achieved by only minor measures: for example, by making money more readily available through lower interest rates and easier borrowing terms; stipulating that prices be kept low in areas occupied by poor consumers, etc. The problem is that it is apt to be years before the economy can be adjusted to benefit the least well-off who are today the victims of economic mechanisms. If we want to launch a campaign now, this very day, our approach must be more direct. We must make a greater effort to foster desirable social trends. This may, for instance, mean encouraging more consumers to learn of the rights available to them ... ensuring that the poor obtain loans ... setting up purchasing associations, etc., and generally applying pressure upon the Establishment. All of these trends are desirable but they also require that people are sufficiently encouraged to take advantage of the offers.

If it proves impossible, we shall have to resort to undesirable trends, says Alan Andreassen. This may take the form of fines, stricter consumer legislation, and perhaps a boycott of those traders who fail to accommodate the least-affluent consumers.

Regardless what action is taken, all investigations show that those consumers with the least economic power exploit their modest potential in the worst conceivable manner. And that the problem of low-income consumers has been largely overlooked in most of the consumer-oriented proposals put forward hitherto. If we fail to treat the problem with the same urgency as matters of social and health policy, it will still be the most expensive to be among the poor.

# Fresh Initiative for Consumers

The consumer-oriented efforts of ICA's Consumer Committee are currently under review. For nearly a year a working group has been examining the committee's achievements hitherto and the projects to which it should devote its future attention. An eight-page report outlining future policy will be submitted to the Committee's Manchester meeting in late September.



One of the prime aims of the Consumer Committee is to produce a new consumer magazine. The plan is for the new publication to appear four times a year, starting in 1980, to replace Consumer Affairs Bulletin.

The aim of the magazine is not only to present members of the Consumer Committee with details of new initiatives in the field of consumer policy but also for the publication to establish its place as a viable offer to other international and national consumer organisations.

The Committee's second main offensive will concentrate on renewed participation in the work of other international consumer organisations such as ISO, ISCA, COPOLCO, etc., to the extent that their work is of general interest in the field of consumer policy-making. In the long term the Committee will be tackling consumer problems of a wider-ranging nature. One of the primary objectives will be how to create a basis for a consumer identity for commercially active member organisations. Clarification will be sought for the role the co-operative movement can play in the context of consumer policy.

In its new programme the Consumer Committee, according to the latest draft proposals, should be alive to whatever changes a new energy situation can imply for the consumer... whether in industrialised or developing nations.

Finally, the Consumer Committee should maintain and expand its field of work as an international instrument of consumer policy for ICA.



# Fresh Initiative for the Consumer

Continued from page 7

## Role of the Committee

The new eight-page report recommends that the Consumer Committee should concentrate its work on the following three areas:

a) The Committee must as a world-wide ICA organisation for consumer matters live up to the challenge of informing about, and following, international consumer questions, and pay attention to further communication to ICA members.

The Committee has this responsibility for information toward ICA members in all important consumer matters in both developed and developing countries.

b) The Committee shall be representative of co-operative bodies interested in consumer questions related and affiliated, directly or indirectly, to the international Cooperative Alliance. It has the status of an Auxiliary Committee of the ICA.

c) The Committee shall submit reports of its activities to the International Cooperative Alliance; and the President and Director of the Alliance shall be invited to attend Members' Meetings of the Committee.

## Objects of the Committee

The working group has examined the rules for operation of the existing Consumer Committee. In view of the economic and social changes that have occurred in the world since the Committee was first established, the group proposes revision of the objects of the Committee with emphasis for future work on the following principles:

a) to initiate on the crucial problems of co-operative consumer policy.

b) to communicate information to both ICA members and to organisations outside the co-op movement. The Committee must extensively contribute to the spread of information on consumer matters, and advise in connection with establishment of new co-

operative consumer organisations.

c) to collaborate with governmental and nongovernmental agencies for consumer affairs, i.e. dealing with the problems and interests of consumers, particularly with consumer protection.

d) to collaborate with other appropriate ICA committees,

e) to represent on behalf of ICA the co-operative consumer interests to other international co-operatives or non-co-operative organisations,

f) to collect information about consumer policy initiatives in ICA member-organisation,

g) to publish this information and the results of work of the Committee via the *Co-op Consumers* or with the use of other efficient means.

## Work of the Committee

In reviewing the work of the Consumer Committee the Working Group has concluded that whilst its operations to date have been useful to those individuals and member organisations involved, more could be achieved in the future by pursuing a more limited number of objectives, in a more deliberate manner. Consumer movements form a high proportion of ICA membership. There is a role for the Consumer Committee in the future, that it should continue in being, and that efforts should be made to improve communication between member organisations, the Secretariat and ICA headquarters in London.

## The short term

The main priority in the short term is to improve communications between member organisations, and the working group feels that this should be by means of a completely redesigned Consumer Affairs Bulletin. The group proposes therefore that a new bulletin should be introduced and form the centre-point of the committee's efforts for the next 18 months.

## Specific theme

In looking ahead to fulfilling the objectives of the Committee, the working group believes that there is a need to carefully differentiate between the short and the long term. The theme of each annual meeting should

be specific, and the member of papers limited (say, to two). In this way a particular relevant (and topical) issue could be explored, and hopefully it might be possible to come to some conclusions. Efforts should be made at an early date to determine an appropriate theme for the meeting to be held at the Moscow Congress.

## Consumer identity

One particular area which all consumer movements are trying to resolve is that concerned with projecting a consumer identity for a commercially based organisation. The difficulties are highlighted by government action in the consumer protection field, and by the growth of new consumer lobbies which are without practical experience. This is an area in which consumer co-operatives can make a valuable contribution. It is suggested that this should be the second priority in the period up to the next Congress.

## The long-term view

The working group attempted in its report to outline the prospects for the years ahead – and the demands and challenges that face the Consumer Committee.

In recent years, noted the group, we have been very much concerned with alternative forms of consumption. With talk centred at times on the oil crisis and limits for social growth, control of consumption has seemed a desirable end. Otherwise the consequences can be imposed on the next several generations.

Pollution disasters, for example, can ruin our environment to the point where recreation – and many forms of everyday life – are impossible.

It would appear that mankind has reached a crossroads, a point at which decisions on essential economic and environmental problems are crucial. Obstacles in the form of conflict of interests stymie effective political control and thereby the solution to many of these problems.

There are signs that the consumer is generally interested in development of the affluent society – but at the same time there is a sense of helplessness in the face of technology and bureaucracy. Clearly, a society aware of its limited resources is hesitant

about its contribution, if the material conditions of life are affected. It is not too late, however, to demonstrate understanding for the use of resources and raw materials, the procurement of energy, extent of pollution, production and consumption.

As people become increasingly aware of their situation as consumers and their individual powerlessness against technology and bureaucracy, national interests will no doubt be activated, demanding the right of consultation via democratic organisational processes, e.g. in the manner of the co-operative movement.

Consumer-related problems in the developed world differ in many respects from the situation in developing countries.

Some countries have problems due to over-consumption of goods; others (the developing world) suffer from a lack of goods. Initiatives in the field of consumer policy must be adapted to the economic level of the country concerned.

All this suggests that the role of the consumer will gain in importance over the next few years – and that in 20 years the consumer's working hours will be quite different from those of today.

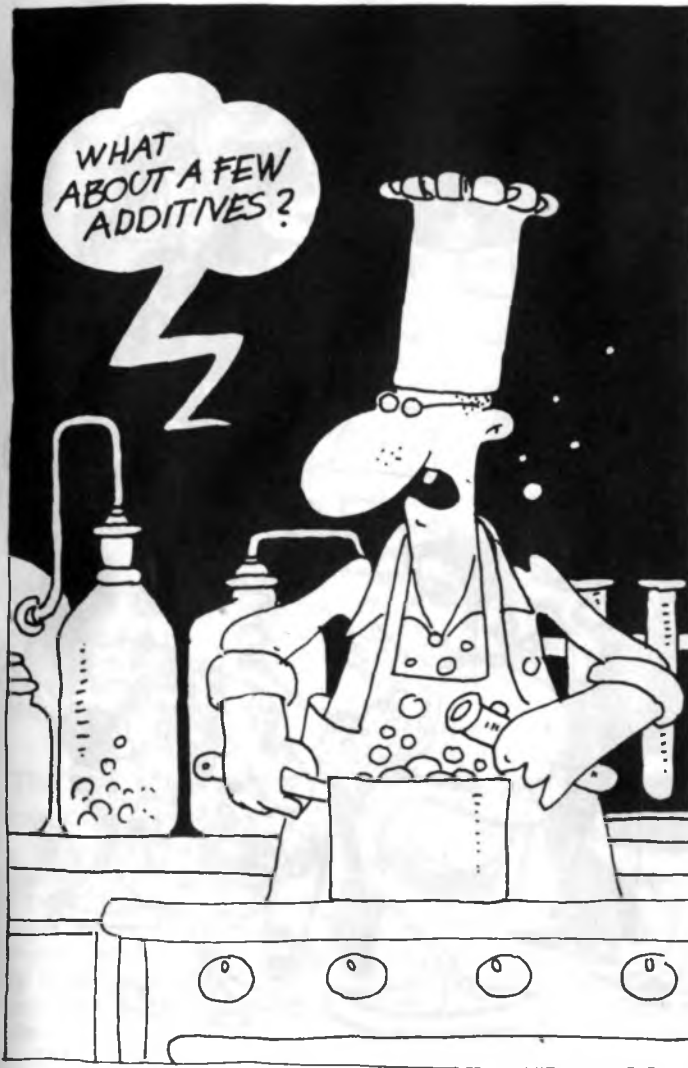
This prospect represents a challenge to the Consumer Committee of ICA.

In the long term the Consumer Committee will probably find itself dealing with a different set of problems from those applying today. They will be more in the nature of product tests, surveys, information and education, greater consumer protection and increased consumer influence.

The working group, which has held three meetings since its appointment in Copenhagen in September 1978, comprised the following representatives:

Mr. Boczar – Central Agricultural Union, Poland  
Mr. Dabrunz – Bund deutscher Konsumgenossenschaften, West Germany  
Mr. Hansen – Fællesforeningen for Danmarks Brugsforeninger, Denmark  
Mr. Marcus – Kooperativa Förbundet, Sweden  
Mr. Marin – Zentralkonsum, Austria  
Mr. Semler-Collery – FNCC, France  
Mr. Wilkinson – Co-operative Union Ltd., England

# Toward Better Food



Alternative products, product specifications, control problems and consumer policy. These were some of the subjects discussed at a meeting of heads of test laboratories within the Intercoop Group in Stockholm in June. Participants also visited a number of Sweden's KF factories, including a meat-packing station and a mill.

A new feature in product development was described by Lars Okholm, laboratory director with FDB, Denmark, who told of experiences with introduction of a number of alternative products containing fewer additives (in some cases, none at all) and with a higher nutritional value.

Children's food generally

was debated. It is all too often nutritionally sub-standard.

In no period of a consumer's life is growth as fast as during the first year of life. A carelessly composed baby food – apart from mother's milk – can very easily result in the wrong *distribution of energy* (whether calories come from fat, protein or carbohydrates), unbalanced content of important *nutritional ingredients* such as iron, calcium and vitamins, and exposure of the baby to *infection, salts, nitrite, and allergens* (wheat flour and milk can be serious culprits).

*Sugar content* should be as low as possible.

These are the factors on which FDB (Co-op Denmark), in conjunction with doctors and

specialists, has based and developed a line of baby foods, 24 items covering the needs of babies in four age groups: around 6 weeks, three months, five months and eight months. Low in added sugar, no wheat flour, no milk components, etc.

All ingredients of the baby food are under strict control either at FDB's Central Laboratory or on the manufacturer's premises, said Okholm.

Vegetables used in the baby food are low in saltpetre and grown not less than 500 m from main traffic roads in order to avoid contamination by lead, etc., from traffic exhaust gases.

Meat is checked bacteriologically on arrival at the factory.

Each day's production is registered on a certificate specifying all chemical and bacteriological date. Hygiene level at the manufacturer's premises is continuously checked by our food inspector.

The product is completely sterilised at a high temperature and placed under pressure. It is then stored for at minimum of 10 days until a thermostatic control at 35° C has cleared it for sale.

The series was introduced on the Danish market in 1977 and within 12 months it had reached a market share of 41%, won from Nestlé and Plumrose. An immense success! Thanks to product development, adequate control and competitive price. A good image has been another factor – plus the backing of doctors, health visitors, and young mothers!

## School lunch

The importance of a decent meal in the middle of the day to a growing school-child is obvious. Yet many children consume a ghastly concoction of potato crisps, chips, chocolate, sweets – usually washed down by soft drinks (containing a 10% sugar solution).

A good meal should be based on *milk, bread, cheese, vegetables, fruit* and a little *low-fat meat*, e.g. a meat-ball.

FDB's contribution to a proper school lunch has been development of a special

wholemeal bun baked with wheat and rye flour with a low-fat content (about 3%) and a total weight of about 70 g.

An increasing number of FDB stores now supply hundreds of these buns from their bakery departments – fresh and still warm – to schools all over Denmark.

## At home

Our third campaign is our general and continuous attempt to alter the eating habits (especially) of the younger generation in the direction of FDB's alternative food product range, featuring:

- Lower fat content
- More vegetable fats
- Less sugar
- Low energy (i.e. calorie content)
- Fewer additives, if any
- Fewer pollutants

We at FDB, said Lars Okholm, hope to secure for the rising generation the better life that comes from better health. This improvement in the lot of the consumer is an integral part of FDB's policy for 1978-81.

## Objectives

The aims of the co-operative laboratories were discussed in two papers, one by C. E. Danielsson of Sweden's KF, the other by T. Salo of SOK, Finland. In both papers the speakers considered a reorganisation of laboratory work to provide for greater co-ordination between the national co-operative movements.

## Labelling

The Italian representative, L. Didero, told the meeting of experience from an experiment in furnishing consumers with adequate and correct information for the purchase of foodstuffs. The Italian co-operative movement has found it important that the product should be accompanied, for instance, by suggestions on how to use it for its best advantage. In the case of foodstuffs, this means recipes.

The aim has been to give the consumer information in a form he/she can understand. The many technical details on calorie content, additives, etc., are frequently difficult to comprehend. The Italian aim is to make it easier for the consumer to find exactly the product to suit his/her needs.

# Consumers Take the Floor

By Rolf B. Torkildsen,  
Chief Consultant,  
NKL, Norway

## The Co-operative Consumer Programme 1974-1977

### How the consumer programme came into being and what it covers

The unanimous decision of NKL's congress in 1974 to adopt 'The Co-operative Consumer Programme 1974-1977' settled a matter that had become more important to some of the co-operators than any matter previously dealt with by the congress.

The idea was originally brought up in NKL's representative committee in 1970 and resulted in a paper entitled 'Suggestions for debate on a consumer programme'. On the basis of this paper, NKL's congress in 1971 decided to start a nationwide debate in which all the members of the congress, shop stewards and employees, were asked to take part. A total of 538 debate groups were set up and were sent material, and 345 of these groups, totalling 2453 participants, replied. 11 conferences for group leaders were then held to work out concrete suggestions for the consumer programme.

In the spring of 1974, NKL's management and representative committee considered the draft of a consumer programme which was sent to all co-op societies and regional organisations for consideration and comment.

The consumer programme comprises two parts. Part one – The fundamental principles – consists of nine points which include the basic idea behind the co-operative movement and, in simplified form, the background to the consumer movement, NKL and co-op societies.

Part two – The practical tasks – consists of 16 points summarising the aims of the consumer co-operative during the three-year period.

### Distribution and information

After the congress, 30,000 copies of 'The Co-operative Con-



sumer Programme 1974-1977' were printed and distributed within and outside the movement. In addition, 210,000 copies of the programme were printed as a supplement to *Vårt Blad*.

In 1975, 62 conferences were held for shop stewards from the co-op societies.

At these conferences, which attracted more than 1,900 participants, the contents and follow-up of the consumer programme were discussed after an introduction by a representative of NKL. The programme was also used in study groups and on different kinds of courses and conferences throughout the entire congress period.

### Report on results

During discussion of the matter at the 1974 congress in Bodø, it was proposed that the 1977 congress should be given a report of the work done on the consumer programme during the congress period.

At the beginning of 1977, all the co-op societies and NKL departments were asked to give a report on what parts of the consumer programme they had carried out.

These reports formed the basis of the report submitted to the 1977 congress. It would take too much space to repeat what had been done with the various points on the programme, and I shall therefore con-

fine myself to the main findings reached in the report given to the congress.

It is difficult to assess the actual importance of the first co-operative consumer programme because a number of the points on the programme are aims that have been held by the consumer co-operative for a long time. All that can with certainty be said on the effect of the consumer programme is:

1) It has no doubt been of value in itself that 2453 co-operators took part in the study groups on the consumer programme, that these activities resulted in 1439 type-written pages giving views on the various aspects of the con-

sumer co-operative's work and, furthermore, that more than 2000 shop stewards took part in meetings of district and national bodies, where the programme was the subject of debate and was given its final form.

2) The distribution of the consumer programme and the publicity given it by the mass media has undoubtedly given both the authorities and the consumers a clearer picture of what the consumer co-operative and its objectives are.

3) The reports received show that considerable efforts have been made to carry out the various points on the programme during the three-year period.

Having said this, however, it should also be pointed out that there is still much that should and can be done to realise the aims of the consumer programme. Virtually all the points on the programme are still topical and there is therefore every possible reason for the movements' managers and shop stewards to continue the work being done to achieve the aims of the programme.

## The need for a more concise form

After the consumer programme had been approved at the 1974 congress, the NKL management kept it under continuous observation. Gradually, it became apparent that the programme should be given a more concise form.

The result of this was that, in 1976, the management appointed a committee of 8 members whose job was to revise the programme, aiming at making it more concise. The committee made its report at the end of December that same year. After the matter had been brought before the representative committee, the management put a great deal of work into the programme's final form.

## Programme for 1977-1980

The proposal for the programme was discussed at NKL's congress in 1977, after having first been considered by the representative committee and the first-rank co-operative organisations, as is normal practice for all congress matters.

The programme, which is

entitled 'Programme for the Consumer Co-operative 1977-1980' was unanimously approved by the congress. In the introductory address to the congress members, it was said that the title was 'more directly to the point and thus more committing'

The new programme is divided up into seven sections and starts with a section on the fundamental principles. The remaining sections are:

- Members and shop stewards - information
- Employees
- Co-op societies and NKL
- Merchandise, procurement of merchandise and own production
- Resources and environment
- National, regional and international co-operation.

These six sections include a short description of the general aims and give a point-by-point description of what the consumer co-operative specifically intends to carry out. There are 41 points in all and the programme bears definite resemblance to a course of action.

Distribution and information regarding the 'Programme for the consumer co-operative 1977-1980' has been similar to that of the consumer programme.

However, as something new, suggestions for study and debate have been prepared for the new programme. These are primarily intended to give members, shop stewards, employees and other interested parties a chance to:

- become well acquainted with the programme
- register and evaluate the efforts that have been made to follow the programme
- decide whether the programme should be revised at the next meeting
- give possible suggestions for changes.

Study groups will commence immediately after the summer holidays this year, and should have completed their work and sent their report in before the end of November 1979. In this way, it is hoped that satisfactory material will be obtained that will act as a basis for a report on the work being done in carrying out the points on the programme. A completed report will be submitted to the 1980 congress.

# Co-op Credit Cards



By Lars Marcus, director in KF

In Sweden credit-cards as a system of payments are now widely spread. In the town-centres the competitors of some cooperative department stores have 50% of the sales to holders of accounts. An examination of buying habits showed that the members of consumer-cooperation avail themselves of this type of credit to the same extent as other consumers.

For a long time the Swedes considered the consumer-credits development in USA as something special for that country. You simply laughed a little at wallets with plastic sections for ten or twenty credit cards. Perhaps some persons are still of this opinion, but this is certainly not shared by Swedish cooperators. Their reality is another to-day, and their alternative was the following:

## Acceptance of credit cards

Credit cards which now are considered an ordinary means of payment due to the technical development (cheque-wages, electronic dataprocessing systems) were accepted by society.

As KF had to choose between acceptance or action they choose - after consultations with the societies - to introduce their own credit card. This choice expressed partly the will to continue our independence both with regard to economy and technology, partly the purpose to reconstruct this new sphere of consumer-credits.

## Broad support

Following Swedish Cooperative tradition the decision was taken after comprehensive studies. The General Assembly was practically unanimous in its support to the required amendment.

A mean reason for the consumer-credits undesirable development in Sweden is that the creditinterest is deductible from the income before tax. Marginal taxes of 50, 60, even up to 70% are not unusual. Add to this a yearly inflation of 7-8%, which is also the normal interest for the person, who prefers to save and buy cash, and the temptation is all the more evident.

Especially as interest on savings are added to the income thus strengthening the marginal taxeffects.

The creditcard is introduced the autumn 1979 in the bigger societies. It will offer the most competitive conditions of the market. At the same time we are contemplating to the consumercredit to add a form of saving thus promoting the cooperative savings bank. And the general assembly furthermore decided to extend the cooperative actionprogramme. During the coming years we will intensify our information to the consumers about economics.

This decision of the consumer cooperation has more than anything else drawn the attention of the political parties to the development.

The last word is never spoken!



# For the Protection of Consumers

By Jean Boniface, Chargé de Mission pour les problèmes consommateurs, FNCC, France

**The State, private companies and consumer organisations protect consumers.**

**It would appear that the French consumer movement has come to a temporary standstill. It is, however, in fact consolidating itself. Legislation must be adapted to the interests of the consumers, dishonest sales methods must be pursued and consumers taught the art of selfdefence. In the current economic crisis, these are big demands to make.**

The consumer movement in France has three main cornerstones. One is the consumer policy carried out by the government – the others, the efforts made by private companies and consumer organisations.

The government's policy, as defined under the leadership of *Raymond Barre*, aims at maintaining a liberalistic attitude. This is demonstrated by the freedom of prices for consumer goods, where previous governments have kept a tight rein on prices to combat inflation.

Effectiveness depends on how great an effort is made by

the government to step in and forbid agreements – and on how much financial support is given to, for instance, the Institut National de la Consommation and the consumer organisations.

Unfortunately, efforts made in these fields are not always sufficient to obtain a good result for the consumers.

## Private companies

The second important cornerstone in French consumer policy is to be found in the private companies. Some of these have found that it pays to be pro-consumer. If a company shows an interest in the con-

sumer's problems, the consumer's interest in the company will increase.

A growing number of companies have opened special consumer offices. These issue information and teaching material, but for many companies, this work is still only a supplement to the normal marketing procedure.

Private companies are not left entirely to their own devices. The French Minister of Consumer Affairs, *Mme. Scrivener*, has had several consumer protection acts passed. Unfortunately, there are still many companies that take no notice of them. This applies for instance to the acts on labelling, price marking, marketing and food additives.

## Consumer organisations

In recent years, new consumer organisations have emerged in France. However, development within these new organisations as well as in the existing consumer organisations, is extremely slow because of a lack of funds and support among consumers.

The organisations are responsible for many local actions. They handle any court cases that defend the rights of the consumer and now and then join forces with consumer groups, sending out joint information to the public or defending specific interests on committees where the large organisations are represented. This applies to *le Comité National de la Consommation* or other working groups where consumer viewpoints are raised. The co-operative movement also plays a prominent role in this respect.

## Consumer magazines

One of the French consumer organisations, *L'Union Fédérale de la Consommation* is responsible for one of the largest consumer magazines, *Que Choisir*, each issue of which carries the results of consumer tests. Another equally important consumer magazine, *50 millions de consommateurs*, is published by *L'Institut National de la Consommation*. The editorial line is very similar to the government's views on consumer policy.

Finally, the co-operative consumer press is of importance to the French consumers. Information is sent out through the press and permanent consumer panels, and the more militant consumer groups are invited to join the movement.

## Young consumers

In particular, education of the youngest consumers is part of the co-operation's programme. Special days for young consumers are arranged, where points of view regarding the needs and desires of the young are expressed through play and debate at exhibitions.

Attempts to make any large consumer policy effort seem to have lost some of their strength during the past two or three years. This is due to the fact that the consumer movement is in the process of consolidation, where adapting legislation, cleaning up dishonest business methods are getting consumers to fight for their cause of their own free will are the issues on hand.

In the present economic crisis, this objective is not easy to reach.

# Consumers Parliament



By Franz Marin, Konsum Österreich

Healthier living – better house-holding was the subject of discussion when 300 consumer-interested people in 1977 met to set up a Consumers' Parliament in Austria.

The following topics were discussed by the panel participants:

'Significance and scope of the own production of the Co-operative Society of Vienna'.

'Ecologically beneficial and consumerfriendly production' (bread with natural leaven, water-tight sausage skin, curing in steam-fumes, doughnuts without benzpuren etc.).

'Own production from the housewives view' (workshop control, test group, test kitchen).

'Special observation of code regulations by laboratory tests'.

The statements of the four lecturers were followed by a lively discussion.

## Own production

Simultaneously with this Consumers Parliament an exhibition of all own production plants of the Cooperative Society of Vienna was shown under the slogan 'Own production before the curtain'. This exhibition was also shown in three other places in the Federal Counties. The exhibition was attended by more than 3000 visitors who also received samples of the various products.

The exhibition was supported by a comprehensive sound slide show. By launching a press information this Consumers' Parliament found a wide echo in the various newspapers as well as in broadcasts and television.

For 1979 a further Consumers Parliament has taken place under the slogan: Hygiene and quality = Cooperative Society (from production to the cooking pot).

The following topics were presented by four experts.

1. 'Hygiene as medical term'.
2. 'Meat hygiene'.
3. 'Hygiene between production and consumption'.
4. 'Food hygiene in the household'.

# Increased Consumer Protection in Finland

By Eero Ollikainen, Co-operative Union, KK

The guiding principles and targets of the consumer policy of the E Co-operative Movement are defined by its programme of principle and programme of consumer policy (1973) and by the programme of work of consumer and housing policy of the Co-operative Union KK (1977).

The programme of principle forms the basis of the consumer policy pursued by the E Movement. It defines the basic values and goals of the Movement.

The programme of consumer policy is divided into two main sections. The first section sets practical aims for the distribution and production ac-

tivities carried on by the E Movement. The real needs of the consumer are regarded as the primary criteria for all economic activity. The Declaration of Rights issued by the International Co-operative Alliance is referred to.

The programme gives instructions for marketing, planning of assortments and product development. It promises the consumer a free right to exchange or return goods and recompense for a defective product and for the loss it has caused him. The programme also promises the consumer free access to information on prices and sets clear rules for the advertising practice of the E Movement.

## The Targets

The second section of the consumer policy programme defines the targets of the E Movement as a pressure group of consumers.

Particular emphasis is laid on the necessity of a consumer protection legislation. The programme was worked out in 1973 and five years later, in 1978, a Consumer Protection Act, which in most essential points coincided with that proposed in the programme, came into force in Finland.

The programme demands a stricter foodstuffs legislation and intensification of foodstuffs control. Furthermore, it is stated in the programme that the terms of hire purchase should be regulated by law so that the dependent position of

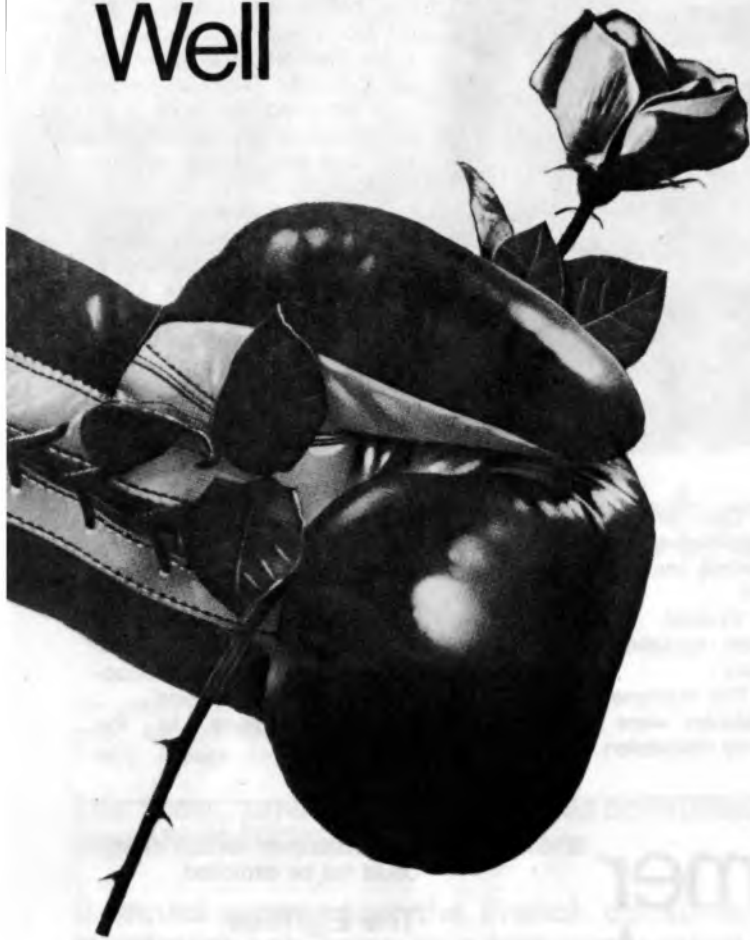
the consumer as a debtor could not be exploited.

## The Eighties

More specified objectives are set by the programme of work of consumer and housing policy of KK to be carried out in the future. Two of these have already been achieved: the Consumer Protection Act is in effect and the Consumer Council subordinated to the Ministry of Commerce and Industry is now appointed in accordance with the balance of power in Parliament.

Efforts are continued to bring about laws on product safety, product liability and consumer credit. Legislative measures are also demanded to set quantitative limits to advertising and to regulate marketing costs. Other objectives for the eighties are increased standardization of products and packagings, establishment of local organisation for municipal consumer policy, development of consumer policy research and unification of the present institutes for consumer research.

# To Serve the Customer Well



**Information campaigns, reliable advertisements and education of the consumer are some of the headlines of the activities going on in the Polish co-operative movement. In this article K. Boczar lines up some considerations on consumption in socialist countries.**

By Kazimierz Boczar, Polish Co-operative Movement

In the socialist societies consumption is the essential aim of economic activity and at the same time a means for attaining the tasks set up for social and economic development.

As an instrument of development consumption has three important functions:

- *reproduction function*, securing the numerical strength and health of the population.
- *social function*, guaranteeing a suitable living standard and possibilities of progress in civilization, education, culture and public life to all the groups of the population
- *stimulating function*, moti-

vation, encouraging people to raise their labor productivity.

The economic sources of satisfaction of needs are as follows: - so-called *natural consumption* e.g. consumption of the own farm output by the farm household.

- *market consumption*, manifested by the demand for consumer goods and services. This form of consumption is determined by considerable regularities connected with the incomes and the prices elasticity. It has its specific features in different social segments.

- *social consumption*, consisting in providing certain

groups of population with basic goods and services free or at very moderate price to even up the living chances of each part of the population. It includes first of all, health protection, education, social welfare, and vast realms of physical culture, recreation and culture.

The structure of consumption is constantly changing as regards its sources. The share of natural consumption is decreasing and social consumption reveals the most dynamic growth.

We distinguish: *individual consumption*, e.g. private owned motor cars, eating at home and *collective consumption*, e.g. public means of transportation, eating in restaurants.

## Factors effecting consumption

The consumption is the effect of both economic and non-economic factors.

Economic factors include:

- the level of the economic development of the country
- the size of the national income, its material structure, its distribution for consumption and accumulation
- the size and nature of social consumption.
- the money income of the population
- the level and relation of prices
- the structure of supplies of goods and services, the level of commercial services, and first of all the market equilibrium.

Non-economic factors include:

- the number and structure of consumers,
- the equipment of the population in durable goods, particularly the size and equipment of flats,
- other factors influencing the likings and preferences of consumers e.g. local traditions, the career of the customer, employment of women, cultural level, fashions, advertisement, education of consumers.

The freedom of choice is the leading principle in the domain of consumption. There are certain limits to this freedom in the field of social consumption, obligatory education, obligatory health examination and prophylactic vaccination.

There can also be certain restrictions in conditions of ex-

optional market difficulties, so-called controlled supplies.

## Managed consumption

Although the state does not directly determine the size and structure of consumption, the policy of the State endeavours to manage the consumption in order to secure the favourable development of individuals and the whole population.

With this aim view consumption patterns are worked out and different means are applied to interest consumers with these patterns. It is a long lasting and complex process, deprived of any traces of compulsion and not dealing with detailed matters.

The directions of consumption management are reflected in social-economic planning, e.g. planning of production and the range of production of certain commodities, money incomes of the population, prices, import and export, home trade and services. The plans cannot be drawn up arbitrarily, but must take the economic and social rules of development into consideration.

## Supply and demand

In particular, the correct proportion between supply and demand of the population should be observed, because if it is neglected this results either in the excessive increase of stocks, pressure consumers market, which reduces the effectiveness of economic activity or on the contrary, there is a shortage of goods on the market causing suction-producer market and this infringes the motivation function of consumption. In order to manage consumption the State sets into motion economic instruments first of all public consumption, incomes of the population, prices, supplies. Alongside economic instruments, the State and also social organizations take advantage of a rich choice of non-economic instruments. The following should be mentioned first:

- information campaigns
- reliable advertisements
- education of the consumer.

The Polish co-operative movement is well aware of this fact and for this reason the slogan: 'To serve the consumer well' is put to the fore of its programmes of activity.

# For the People

**Consumers should turn more attention to problems not directly concerned with purchase of goods. For instance, what guidance to look for in choosing a new doctor.**

By Poul Dines

The informed consumer asks himself which product he should buy. The active consumer questions whatever is for sale. According to American Consumer Champion **Ralph Nader**, the 'actives' are almost in the majority. The number of active consumers is increasing by the day. So the need rises correspondingly for tools with which to accomplish some of the demands made by consumers. It is unlikely that legislation alone can introduce the necessary measures.

Moreover, the consumer – and particularly those organisations that purport to represent the consumer – must turn attention a little more to aspects of life not directly concerned with the purchase of goods.

Ralph Nader is by no means in his belief that a 'social consumer movement' is in the making. His assertion is based partly on the realisation that it is not the purchase of more consumer goods that makes people happy. The Nader view is that we are at our most comfortable when we are to-

gether with other people, trying to express ourselves in some way. But too little is done to develop that kind of quality in our society. The quality of life – or put more simply, the enjoyment we get out of life – must be given greater priority. One result is that we must improve our standard of health; there must be greater understanding for the need to conserve energy; we must produce more wholesome foodstuffs, etc. All of these are challenges we should face now – but which are insufficiently tackled by consumer organisations at present.

## The first step

But how should we go about it? How should we launch our offensive? Many consumers find it difficult taking the first step to get things started... whether you live on 25th Street, New York, or in Vesterbro, Copenhagen. But consumers in American cities have a distinct advantage: a recently published book from one of Ralph Nader's consumer groups, laying down cut-

and-dried rules for 12 specific fields.

It is clear from the areas selected that people want to take a closer look at the public services. This applies, for instance, to the relationship of doctors and dentists to their clients. For example, how should one go about the task of selecting a doctor. Legislation commonly prohibits doctors and dentists from advertising the fields in which they specialise. If you are looking for an ordinary general practitioner there is little option normally but to browse through the telephone directories until you find one whose name seems friendly. Then it is a matter of submitting yourself to probing, drilling, poking and questioning until you find a doctor/dentist who can help handle your problem. There are great differences from doctor to doctor – we have all found this to be true. For example, there are doctors willing to prescribe potent medicine *by telephone* – while others refuse entirely to issue prescriptions for strong medicines. The consumer has no way of knowing which type he has found – until the visit is over.

## List of doctors

Most consumers find it vastly easier to obtain a few solid facts about the motor car they are in the process of buying than to discover anything about the doctor who may one day hold their lives in his hands. This state of affairs has

whipped up the wrath of Nader action groups. In many towns and cities groups have taken the initiative in compiling a consumer directory of doctors in the district. It was done by the simple expedient of circulating a questionnaire to every doctor in the local telephone directory. The information requested was such things as the doctor's name, age, whether a single or joint practice, whether the doctor was affiliated to a hospital or educational establishment, when the doctor had completed his training and where, his consultation hours and telephone number. There were also a number of general questions on the practice: e.g. which vaccinations patients could have, which examinations the doctor could perform in the clinic, etc.

Information was assembled and collated – and the final result was a directory describing most of the doctors in the district. One or two doctors refused to participate in the idea but by and large the initiative was received with frankness by doctors and welcomed with enthusiasm by consumers. It was no longer necessary to select a doctor on the basis of rumour. A corresponding booklet listing attorneys has been drawn up by other consumer groups. In all cases the aim was the same: to ensure that the consumer knows what he/she knows what to expect when in need for a service provided by such professions as dentists, doctors, solicitors, chartered accountants, etc.

## Constant challenge

The American consumer can find in the Nader manual ways and means of cutting energy waste in the home, how to cut one's electricity bill, how to compare prices in a supermarket, how to discover whether date-labelling is respected, how to find the most economical purchases, whether you get what you pay for in buying meat, and how to ensure the press will listen when you have something worth saying. All drawn up in simple guidelines, ready for action.

*For the People, a consumer action handbook, by J. M. Andersen. Introduction by Ralph Nader, Addison-Werley, 1977.*





# Seducing the Consumer

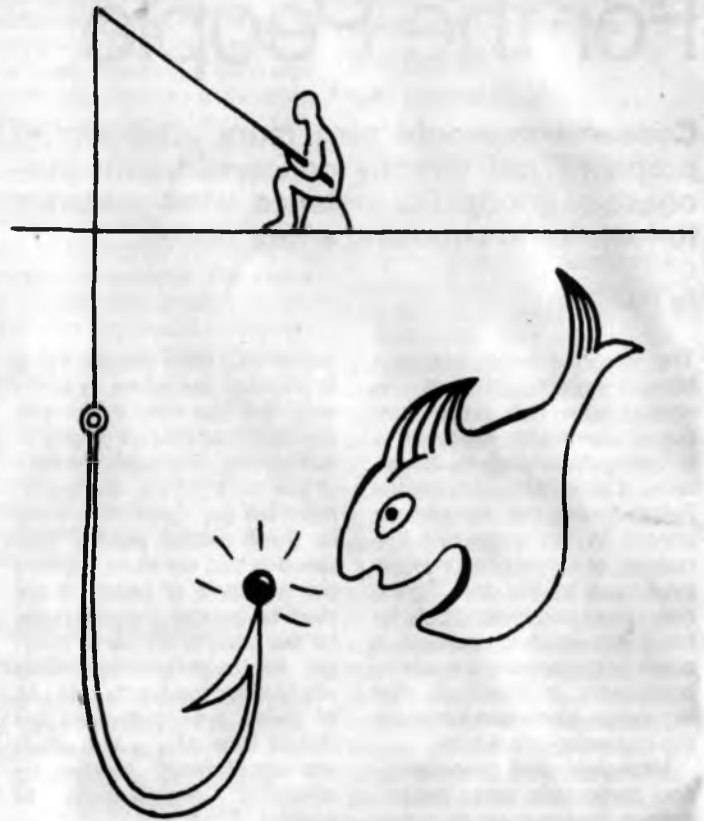
Critics of advertising are forever accusing admen of using devious tricks to sell their products to the consumer. Advertising people for their part hotly deny applying sophisticated psychological methods to move sales. The advertising industry informs the consumer – it never seduces.

If this is so, admen don't seem to use the books they're instructed in. Studies of the most widely used textbooks in marketing technique reveal that they would be vastly more suited to a seducer than a bringer of plain facts.

„My offensive starts gradually as I move closer to her, switching more and more to a direct attack. If I were to describe this change in my military chart of the family, I could say that I have turned my chair so that I now show her my profile. I get bolder in my approach, talk to her, coax an answer from her.“

The words are those of Danish Philosopher Søren Kierkegaard in his book *Diary of a Seducer* published more than 130 years ago.

There are several kinds of seducers. Kierkegaard reject-



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The first issue of *Co-op Consumers* will reach you in the beginning of 1980.

ed the traditional Don Juan figure:

„The seducer must necessarily be in possession of a certain reflection and awareness; once achieved, he can introduce an element of cunning and wile and creeping enticement. Don Juan has no such awareness. So he is no seducer. To claim himself a seducer he needs the time before to lay his plans and the time afterward in which to savour his action. A seducer must thus be in possession of a power – the power of words.“

What Don Juan may have lacked in this respect, the advertising industry positively wallows in – according to a recently published analysis by Swedish Political Economist Ernst Jonsson *The Art of Seducing the Consumer* (Rabén & Sjögren, Stockholm, 1979).

And there are a score or more of books describing how to master the technique. Marketing students at college are lectured on methods that sabotage consumer attempts to buy sensibly and in a reasoned manner, claims Jonsson. The future marketing executive learns how to influence the consumer's judgment and opinion rather than to provide facts about the product up for sale. Shortcomings and weaknesses on the part of the con-

sumer are exploited in order to mislead and seduce him/her, says Jonsson. And the most susceptible victims are those with a minimum education and the worst economic conditions. Jonsson's report is not based on general distaste for the advertising industry but draws its findings from several years' studies of leading textbooks in marketing written by such experts as P. Kotler, J. G. Engel, F. M. Nicosia, etc. Names of little consequence to the layman but familiar to the professional adperson.

Much of marketing as it is proposed in contemporary textbooks is harmful to society, claims Jonsson. He urges that it should be halted. More consumer information and education is needed instead. But Jonsson would prefer seeing legislation introduced to restrict marketing to a statement of all relevant facts about the product. Not that advertising need be superfluous or dull on that account. A code of this type has already been introduced in Sweden and Norway, designed specially for the marketing of tobacco and alcohol. The advertiser is required to confine himself to the basic facts and characteristics of the product (content, quantity, price, quality, application and sales outlets).

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*Mrv-Pau* Jan 27th  
to Gaby

1/1980



# CO-OP CONSUMERS



Many and important differences between consumerpoicity in a developed or a developing country. See article page 4-6.



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# A welcome to new readers



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This issue of Co-op Consumers which you have in your hands in this moment is the first result of the new efforts of the Consumer Committee of the I.C.A. The Consumer Committee tries more actively than earlier to promote the interests of the consumers by telling of the conditions from many sides.

As you can read on page 3, the Consumer Committee has in September 1979 adopted a new working programme and new rules for the committee. This means that the basis of increased consumer efforts has been laid. One of the cornerstones in the future work is information of new initiatives in the consumer field to all members of the I.C.A. and to consumer organisations outside the I.C.A.

The Co-op Consumers is the tool which is going to bring news of consumer initiatives. It can be difficult in such a big international organisation to keep an eye on all new initiatives. This is why we perhaps many times will offend against the request for many-sidedness and international information which is part of our aim.

We will not undertake responsibility alone. All readers of the Co-op Consumers should take part in the work making the 4 annual issues of this magazine more interesting contributing actively to the debate in the magazine.

We will be very open to contributions of any kind from the readers. This applies to both articles and readers' letters.

Economy is a problem for almost all new magazines, this applies also to Co-op Consumers.

The temporarily modest subscription price at D.kr. 40 or £4 gives rise to the demand that we receive many subscription orders. The more the better, of course! Therefore, we would like to ask all readers to turn to the last page where there is a subscription coupon ready to be filled in.

We would like you to show this magazine to others so that all with interest in consumer policy will have a possibility of studying the magazine and make subscription.

In this issue of the Co-op Consumers on the following page you can read an introduction of the future work of the Consumer Committee. This shows that there are many common features with the initiatives that are taken in the UN. Mr. F.K. Lister from the UN-department for consumer affairs tells of this.

The theme for the I.C.A.-Congress 1980 in Moscow is: Co-operatives in the Year 2000. On page 10 you can read about some of the thoughts from the Consumer Committee of the situation of the consumers in about 20 years.

Finally Professor E. Scott Maynes goes through some of the themes that are starting points for the consumer movement today.

That was some of the offers in this issue.

*Erik Hansen,  
 Chairman of Consumer  
 Committee.  
 Poul Dines,  
 Editor of Co-op Consumers*



# Lines for future work

**The adoption of a new working plan and new statutes was the main subject of the Consumer Committee's general meeting held in 1979 in connection with ICA's Central Committee meeting in Manchester. Discussed were also subjects such as the consumers's role in the year 2000, representation in international organizations, contact with the UN, and the meeting's main topic: why the poor pay more.**

The Consumer Committee has been given a new starting point. Now that the working programme has been adopted, ends and means are marked out for the next few years. In the first instance efforts will be concentrated on increasing the amount of information and on ensuring that the various consumer projects being developed by the committee members are made public. Exchange of information will for instance take place through the publishing of a quarterly magazine, *Co-op Consumers*. At the meeting in Manchester a specimen issue of *Co-op Consumers* was presented giving an idea of how the magazine might look of the contents it should have. This specimen issue also contains a detailed report of the Consumer Committee's future fields of activity.

Another important initiative is aimed at working out a general consumer programme for

co-operatives. The idea is to draw up a model which can be used by co-operatives in industrialized countries as well as in developing countries. The consumer programme will point out some of the important areas where it is necessary to show special consideration for the consumers. And the programme will also try to state some means by which to increase consumer protection.

In accordance with the adoption of the new working plan the statutes were changed so that they would not hinder the starting of new initiatives.

Participation in a reference group set up by ICA in connection with the coming congress in Moscow has been time consuming for the Committee in 1979. A draft dealing with the conditions which can be expected to influence the situation in the year 2000 has been prepared. This report is mentioned on page 10 in this issue.

Contacts to the UN have been improved during the past year. The secretary of the Consumer Committee has e.g. participated in a meeting arranged by the UN in Geneva. The aim was to discuss consumer political measures which could be considered relevant to developing countries. The Consumer Committee as well as representatives from ILO, ISO, ILO, and other UN relief organization participated in the meeting.

The main subject for the Consumer Committee meeting was a debate about why the poor pay more. The first speaker was Mr. Michael Young, who is chairman and founder of The Mutual Aid Center, and founder of Consumers Association And Advisory Center of Education. Mr. Young devoted his time to the various kinds of inconveniences which affect especially poor consumers, for instance that their incomes are comparatively low and that they have less to show for their money than their rich colleagues. The poor consumers often pay more than one third for their goods compared with better-off consumers.

Mr. Michael Young also referred to the article, *Why the poor pay more*, in the specimen issue of the *Co-op Consumers* as a good introduction to this subject.

Mr. Young doubted whether

co-operatives did enough to improve the conditions of the poor. He expressed his disappointment with what he had seen until now and the efforts of the co-operative movement. Mr. Per Holmberg, Sweden, former chairman of the Swedish Low Income Commission, had kindly accepted an invitation to join the meeting. He commented on Michael Young's speech in this way:

There are plenty of investigations and data to illustrate the situation of the poor. What lacks is a strategy to change their conditions.

The efforts of co-operatives are limited, and the only thing to be done is to form a connecting link between the poor and the organizations which should help them. The problem is not only related to the consumer role, but also to many other situations where the poor are involved.

At the Consumer Committee meeting new members were elected to the Executive Committee so that it now consists of the following: E. Hansen, FDB, Denmark (chairman), P. Dines FDB, Denmark (secretary), E. Rüefli, Coop Svejts, K. Aaltonen, KK, Finland, K. Boczar, Central Agricultural Union, Poland, M. Dabrunz, BdK, West Germany, J. Gallacher, Parliament Committee, United Kingdom, K. Janssen, FNCC, Belgium, J. Semler-Collery, FNCC, France, G. Fornari, Associazione Nazionale, Italy, and L. Marcus, KF, Sweden.

# UN-initiatives on Consumer



**What to do about consumer-problems in the Third World. Problems are quite new and nobody knows how to start consumer protection the right way. In this article Frederick K. Lister, Chief of Interorganizational Co-operation Section of United Nations (and also dealing with consumerproblems) presents an approach to the problem.**

*by Frederick K. Lister*

There are two schools of thought regarding consumer protection in developing countries. One school holds that the measures that have worked well in the United States and other Western countries can be applied more or less without change in developing countries. The other school insists that protecting consumers in these countries requires quite a different approach. We are not yet in a position to say which of these schools comes closer to the truth. Consumer protection in the Third World is still too new, and we need to learn more about which measures work well in those countries and which do not. But we can already say that in all likelihood neither school is completely right or completely wrong.

## Similarities

Let us begin with the similarities. *Firstly*, consumers in developing countries need protective measures just as badly as those in other countries. They are at least equally vulnerable to fraud and equally apt to succumb to wily advertising. Indeed – and this is, in fact, a kind of difference – the widespread lack of education in many of these countries makes it easier to victimize their consumers. And the poverty of most of these consumers ensures that the losses they suffer will be harmful to their families and to social well-being in general.

*Secondly*, in developing countries, the main consumer protection issues remain the same. They include establishing and enforcing safety, health and quality standards for goods and services; educating consu-

mers and providing them with information; setting-up effective machinery for consumer redress; and finally creating sound institutional mechanisms to do all these things.

*Thirdly*, the needs of the relatively well-educated, middle-class consumers of the Third World, who buy roughly the same spectrum of goods and services as their counterparts in developed countries, may be served by the same protective measures with relatively little adaptation.

## Differences

On the other hand, the differences are many and important, particularly for lower income consumers. *In the first place*, Mr. and Mrs. Average Developing Country Consumer may have an annual income of only \$200 or \$300 to spend in the marketplace compared to the \$15,000 or \$20,000 of the average couple in the United States or in Western Europe. Where the latter couple spends only 20-25% of its income on food, the former couple may be spending 70-80% on it. Moreover, food adulteration – no longer in the forefront of consumer protection problems in developed countries – remains a major preoccupation in the Third World. Thus their consumer protection requirements and priorities are quite different from those of developed countries.

*Secondly*, consumer protection measures are closely related to the nature of a country's production, distribution and marketing facilities. This chain which is supposed to ensure that goods and services are in fact available and plentiful in

# Protection

places where they are needed, may operate efficiently or unreliably. In developed countries, its relatively efficient operation provides a secure foundation on which consumer protection can be built. On the other hand in many Third-World countries, the chain is no stronger than its weakest link, and protecting consumers against abuses may jeopardize the flow of goods. In many rural areas, the total absence of a number of essential goods in some places, and their excessive cost in others, constitutes the overriding problem faced by consumers.

Still a *third major difference* is the scarcity of resources and trained personnel for consumer protection activities in many developing countries. Consumer protection is still regarded in many quarters as a kind of luxury that only the richer countries can afford. At the same time, as has been pointed out above, the social costs of abuses against consumers in developing countries are very high indeed, and economic development in these countries may be promoted rather than retarded by allocating modest resources to it. Yet in many of them, it is still very difficult to mobilize the financial and human resources that an effective consumer protection policy requires.

A *fourth difference* should also be mentioned. While imported goods present special problems for consumer protection everywhere, in developing countries these problems loom larger.

This is because, typically, a higher proportion of goods will be imported, and a higher proportion of these will have to be imported because of the absence of any local production. This often means greater market power for the suppliers in developed countries, and perhaps a tendency in some cases to channel to developing country markets less desirable goods, sometimes even goods that are unsalable at home.

Moreover, some firms may take advantage of the lower level of standards prevailing in some of those countries to dispose of goods that would not meet health and safety standards in developed countries. Multinational corporations, in their movement of goods from country to country, have a special temptation — which in fairness it should be added that many of them firmly resist — to engage in such operations. Nevertheless, this poses consumer protection problems of a rather special kind in many developing countries.

## Adaptation necessary

The foregoing differences would seem to justify the development of a somewhat different approach or approaches to consumer protection in developing countries. Many consumer protection measures that have worked well in developed countries may need to be carefully reviewed and adapted to Third-World conditions. The priorities for such measures are almost sure to be different. In some cases, new measures may need to be designed for the special needs and circumstances of these countries.

It is essential, in weighing these needs and circumstances, to distinguish between the small fraction of well-to-do and middle-class consumers, and the multitudes who live in the shantytowns and rural villages. The first group with roughly the same purchasing power as their counterparts in developed countries need, as already indicated, more or less the same types of protection. On the other hand, the urban and rural masses who spend most of what they earn on bare essentials such as food have limited but urgent needs that call for some consumer measures more than others. For example, accurate labels may not be of much use to an illiterate population, or the labels will have to use signs rather than words.

Nevertheless, the approach to consumer issues, as it is beginning to emerge in less developed countries, tends to be a transplant of the approach prevailing in the western world and directed more towards middle-class consumers. This is perhaps inevitable. Indeed, measures that will protect middle-class consumers will most likely benefit other consumers too. But institutions and measures can seldom be transferred from one society to another without adaptation to the specific circumstances of that society. And sound adaptation requires not only knowledge of how this or that institution or measure works in a developed country, but also knowledge of the specific conditions in a developing country to which it must be adapted.

In the third world, economic and social development is a major preoccupation. Increasing

production is usually given high priority and problems on the consumption front a much lower one.

Increasing production for export is often given the highest priority of all, while restricting imports and particularly imports of consumer goods is usually an essential feature of development policy. It follows that as part of the campaign for industrial development and self-sufficiency, consumers depend mainly on local manufacturers, which are sometimes inferior and sometimes more expensive than their imported equivalents would be. Often consumers must even forego certain goods entirely in a trade-off to achieve, hopefully, a much higher standard of living in years to come. All industrial countries, except the first ones, have come through this stage in their development, and seldom without consumer deprivation and grumbling.

Yet all this does not mean that consumer concerns should be ignored. Within the constraints of the development process, consumers continue to need protection, and public awareness of the measures that can be taken will often serve to stimulate rather than retard that process. For example, if consumers complain effectively about dangerous and shoddy goods, local factories are more likely to adopt better safety and quality controls than if they are meekly accepted. And this will hasten the day when these goods will become competitive with imports.

## UN-initiatives

The present brief article may conclude with a brief account of what the United Nations and its specialized agencies are doing, jointly and individually, to help developing countries deal more effectively with consumer protection problems of the kind just indicated. While many of their long-standing activities have contributed to consumer protection without that goal always being specifically indicated, it was only decided in January 1977 — just three years ago — to treat this area as a subject of policy concern on a system-wide basis. In a brief decision, the Economic and Social Council called for the preparation of a report on



# UN-initiatives on Consumer Protection

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the activities of the United Nations system on consumer protection.

The various organizations were canvassed, and it was discovered that no less than fourteen organizations were carrying out such activities. Just six months later, in July 1977, the Council with the report in hand pointed out that standards of living and the quality of life would be improved if development measures were accompanied by 'adequate measures for the protection of individual consumers, particularly those of the developing countries, which do not have the capabilities required for such protection.'

In order to make further progress, the Council asked the Secretary-General to prepare a survey of the range of institutional and legal arrangements in countries. The purpose of this survey was to identify needs for co-operation and assistance that might be provided at their request, to developing country governments.

This time, governments were canvassed and furnished a large amount of information though there still remain a large number of gaps in that information, and indeed most governments did not reply to the questionnaire at all.

It was apparent from the replies received that all of the issues that have received attention in developed countries also arise in Third World countries. However, this report tackled only in rather general terms the far more difficult question of what developing country governments should actually do to help their consumers.

In August 1978, the Council therefore asked the Secretary-General to prepare a further report which would indicate the options for action open to these governments, and to the international community too, in order to provide consumers in developing countries with the greater protection they need.

It should come as no surprise that this request proved much more difficult to respond to than the previous ones. The international organizations are struggling to find the best answers

to problems which are very complex and lie deep within the fragile economies of the various developing countries. In the final analysis, economic development and consumer protection are so closely inter-related in so many ways that they must evolve conjointly. Nevertheless, the meeting of essential consumer needs contributes to worker morale and productivity as well as social well-being, since most consumers are also workers. Well-chosen consumer protection measures may thus accelerate economic development.

## List of options

The Secretary-General submitted an interim report to the Council last summer, which contains a tentative list of options for action by developing country governments. These measures dealt with such subjects as governmental machinery for consumer protection, adoption of standards, testing safety, quality and performance, accurate description of goods, business practices and education and information programmes for consumers. In addition, they dealt with the distribution facilities for essential goods and services, a question that, as has been seen, lies at the heart of many consumer problems in the Third World.

The Secretary-General's interim report was addressed equally to what more the world community and particularly the United Nations and its specialized agencies could do to help. Advice on establishing minimum standards, drawing up model laws, studies of particular consumer protection problems, seminars and workshops, training courses, fellowships and study tours, these are some of the measures that international organizations could take to help enlarge the possibilities for action that are open to developing country governments.

## UN-bodies

It may be well to draw attention briefly to some of the United Nations system's main ongoing activities in this field, even

though it is not possible in the space available to do justice to them.

The Food and Agriculture Organization (FAO) has a Food Control and Consumer Protection Group which assists governments in modernizing food laws and regulations and helps train food inspectors, chemists and microbiologists. They work closely with the World Health Organization (WHO) in the Codex Alimentarius Commission, in which 115 governments collaborate in setting international food standards and codes of practice.

The WHO has prepared a list of drugs essential to meet basic health needs for use in developing countries to save consumers money. They are promoting drug control services in health ministries to deal with some of the problems mentioned above, and they are also involved in setting minimum standards for drinking water, another big problem for consumers in most parts of the Third World.

For other goods, the United Nations Industrial Development Organization (UNIDO) advises on the setting up of quality control procedures and, perhaps even more important of national quality certification marketing schemes, which guarantee the conformity of specific goods to the relevant quality standards.

The International Labour Organisation (ILO), through its technical advisory services, assists countries in setting up consumer co-operatives. Such co-operatives help to provide access to goods in remote rural areas, as well as to ensure that they meet standards of quality and safety at a reasonable price.

To help ensure that the consumers of developing countries do not fall victim to unneeded or unsafe or unduly expensive imports from developed countries, three United Nations organizations, the United Nations Conference on Trade and Development (UNCTAD), the Commission on Transnational Corporations (CTNC), and the World Intellectual Property Organization (WIPO) are carrying out a number of important activities. UNCTAD is tackling the problem on two fronts: by

actions against restrictive business practices and by facilitating the transfer of technology. It is developing a set of internationally-agreed principles and rules for the control of restrictive business practices directed *inter alia* towards national trade cartels and international cartels. It is also elaborating model laws on this subject and providing technical assistance to developing-country governments in dealing with it. In the other area, it is promoting an internationally-agreed code of conduct on the transfer of technology, again with the needs of developing countries particularly in mind.

WIPO has a special responsibility, under its term of reference, for trademark legislation, which is largely addressed to consumer needs and protection. Trademarks and the protection of industrial property are controlled under various international agreements concluded under WIPO's auspices. WIPO is also preparing model laws on trademarks for developing countries, and its Working Group on Industrial Property Aspects of Consumer Protection met early in January 1980.

The United Nations Commission on Transnational Corporations has been particularly involved in working out a code of conduct for such corporations, many provisions of which affect consumers in developing countries. Adequate labelling and advertising stimulating unnecessary purchases of imported goods are two of the many issues being dealt with by the Commission.

One could continue, if space permitted, to describe what other United Nations organizations are doing, but perhaps the foregoing examples will suffice. Certainly, much more could be done by the international organizations if additional resources were available for that purpose. In the 1980's as awareness of the importance of consumer problems grows in the Third World, we may expect to see some substantial increase in the scope of these activities, accompanied by a keener perception of the economic as well as the social importance for those countries of meeting essential consumer needs and giving consumers increasing protection against malpractices in the market-place.

# Stop for 'Offer of the Week'

The race for offers has been criticized for many years for favouring consumers with plenty of time, energy, and enough money to make use of the money offers.

This problem was also discussed in the Danish co-operative Consumer Policy Programme from June 1978. It was here recommended that the intervention in the consumers free choice is as little as possible but that there ought to be a restriction of the competitive articles.

Some co-operative shops have complied with these requests. It has been possible for consumers in Copenhagen and Northern Zealand since January 1980 to profit by a reduction of all meat prices of 8 per cent, instead of offers for only certain meat articles.

The rise of sales shows that the consumers have accepted the idea, as they choose articles from the wide range with low prices.

The total turnover of the co-operative shops in this area was in 1979 300,000,000 Danish kr., and about half of this amount derives from offers. It was earlier typical to find 5-6



weekly offers for meat amounting to a total discount on about 500,000 Danish kr. This amount has now been used to the overall reduction of the meat prices for all about 100 different meat carvings.

The 'Consumers' Council' comments on this experiment and emphasizes that: 'These New Year resolutions of Co-op

Denmark —stop for 'Offer of the Week' — is a very welcome initiative. The race for offers has lately had an enormous extent. The shops decide the dinner of the family to a considerable degree, as it can be difficult for price-minded consumers to avoid the offers. The drawbacks are, however, that the campaigns for 'Offer of the

Week' increase the costs of the articles. Consumers lose their possibilities of getting information of the prices, and they risk to lose their price-mindedness because offers have gone too far. It is necessary to stem this development and that is why the 'Consumers' Council' approves of the initiative of Co-op Denmark'.

## Consumer Policy on the EEC Level



The main aim of EURO CO-OP's consumer-political activity on the Community level is to contribute to assuring that, during the course of the harmonization of the national legal prescriptions, the protection of the consumer which has been achieved up to the present time is not lost or lessened. It is, much more, to endeavour to have the highest level of protection already attained in the individual countries extended to the whole Community by means of European legislation. Here, the health and economic interests of the consumer are most concerned, as well as better information.

The most suitable place for this is the Consumer Consultative Committee (CCC) of the

EEC Commission which is, indeed, the motor of integration and which works on legal propositions which are submitted to the Council for decision.

### Influence

It is therefore of the greatest importance for the representation of the consumers' interests that the consumer organisations, such as EURO CO-OP, take their chances and use their influence already when the common legal prescriptions are, shall we say, in status nascendi, as the Consumer Consultative Committee is asked to formulate an opinion on all Commission proposals which directly concern the interests of the consumer.



## CONSUMER POLICY ON THE EEC LEVEL

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Additionally, this Committee is also the suitable organ to promote consumer interests as, in its capacity of sole Consultative Committee at the Commission, it also possesses the right of initiative. For this reason, it has also taken over the charge of a series of directives and proposals such as, for example, the harmonization of legislation concerning consumer credit, advertising of pharmaceutical specialities, unfair contract clauses, misleading advertising, and the indication of price per unit, etc.

It is, moreover, important for the consumer to observe and judge the Community's policy in different sectors, especially in the agricultural sector, where a strongly protectionist policy against consumer interests is carried on. Here, the consumer representatives express their criticism in the framework of almost 20 Advisory Committees for agricultural market organisation products. EURO COOP participates in a total of almost 50 committees and sub-committees.

### New programme

With the support of the consumer organisations, the "First Programme of the European Economic Community for a Consumer Protection and Information Policy" was decided upon by the Council in 1975. This should be accomplished by the end of 1979.

The Consumer Committee also collaborated on the draft of the second Programme for the period 1980/85. This draft is expected to be approved by the Council this year. Its aims and objectives include not only passive measures of protection, but also steps towards a more active promotion of consumer interests.

For the consumer cooperatives who serve the interests of the consumer by concrete actions in the course of their daily work, the abovementioned active collaboration on the Community level is an important part of the fulfilment of their promotion mandate vis-à-vis their members, the consumers.



## Consumer Relations in SE Asia

Consumer problems in the developing world are worlds apart from those of the developed nations. While the latter are preoccupied with what they should avoid eating, developing countries face the problem of getting anything to eat at all. So consumer-oriented activities must be directed at other spheres entirely.

This was how ICA Regional Director R. B. Rajaguru expressed the situation at the second meeting of SE Asian consumer groups in Bangkok at the end of 1978.

Mr. Rajaguru said he had pointed out in Copenhagen that the issue for the developing countries was not *what* to eat but rather *how much* you can find to eat and whether you can get all you need.

Another matter debated was the setting up of a committee on consumer co-operation for SE Asia. The background to the committee's likely activities was explained, and it was suggested that in time the committee could apply to become a sub-committee of the main consumer committee (OCCP), whose chairman, Mr. Erik Hansen, had promised to make available all assistance possible.

The debate on necessary consumer-oriented activities was sparked by a paper from Mr. Puri, specialist in consumer co-operation and secretary of the consumer committee.

Mr. Puri stressed among other things that in the context of the socio-economic conditions obtaining in most of the developing countries in the region, the following appeared to be the three most important reasons why there was a need to establish strong consumer co-operative movements:

- to ensure equitable distribution of essential and scarce consumer goods at fair prices,
- to have some kind of countervailing power against private trade so as to keep a check against its malpractices, and
- to protect consumer rights and to promote their interests.

Mr. Puri said that in order to achieve these three main objectives each country would have to work out its own strategy for the promotion and development of strong consumer co-operative movements – but the following considerations had to be borne in mind:

Retail units at local level and primary retail societies should be strong and economically viable.

Wherever consumer co-operative movements had succeeded, whether in Europe or in Scandinavia, the basic reason for their success had been the vigour and strength of their wholesale societies. It was vitally important that consumer co-operatives had a

strong wholesale organisation to guide and serve them. There had to be close links and integrated activities between the wholesale and retail sectors of the movement, otherwise no primary society – however strong – could withstand the competition of private trade beyond a certain point.

Consumer co-operative societies, said Mr. Puri, should have professional and competent management to run their affairs.

In order to face increasing competition, a lesson should be taken from the Japanese movement, which had adopted various measures to win genuine support from housewives. It was very important to have effective involvement and participation of members on a continuous, day-to-day basis in operations of consumer co-operative societies.

To consolidate itself as a mass movement, the consumer co-operative movement should develop close links with the general consumer movement in each country. By enhancing the status of a general consumer movement, consumer co-operatives would gain popular support in a local community.

Retailing has become a capital-intensive enterprise today, requiring substantial capital resources. Herein lies a challenge for co-operative organisations in support of the consumer co-operative.

# Need-oriented marketing

By Kaj Ilmonen, Co-operative Union KK:

In the 1960's Finnish society got into a profound structural change, which still continues. The change was also reflected in retail trade. Small shops were closed down at the same time as more large supermarkets were built, and retailers joined increasingly into chains. In this process the E Co-operative Movement lost something of its consumer-oriented image and the lead over the other retail groups was shortening further owing to the consumer protection laws enacted in 1978.

The E Movement envisaged a challenge resulting from these developments: how to recover the lost position in the field of consumer policy? Traditional activity as an advocate of consumers' interests, e.g. in questions of consumer protection, seemed not to be enough. Something had to be done that would be more out of the ordinary. It was rather natural that attention was directed to marketing. It offered a sufficiently visible field for the improvement of the E Movement's

image. Besides, there was reason to pay more attention, in general, to the consumer's point of view in marketing.

The next step was to consider what essential improvements could be made in marketing that would meet with favourable response among consumers. No self-evident 'open sesame!' solution was at hand. Only the target was clear: marketing should be steered in a more need-oriented direction. The basic marketing aspect had to be turned upside down. In traditional marketing the consumer is the object, in need-oriented marketing he is always the subject. Or if we put it more concretely: the purpose is not to procure goods first and then make the consumer buy them but first to discover the existing needs and then to supply commodities to satisfy the needs.

Need-oriented marketing is frequently referred to in modern marketing literature but in a sense that does not stand up to critical examination. Therefore literature was not of very much

help in creating a model of need-oriented marketing. We had to build it up ourselves.

First we outlined a rough framework within which the idea was to be further developed. After that we decided to start experimentation in practice and to work up the model on the basis of coming experiences. The method was the same as in action research, in which action is adapted to the results achieved.

The marketing experiment was launched in 1979. In the beginning only one E society was involved but later on four others joined in. All the societies represent different types, their operation areas are different. In this way it is possible to gain many-sided experience. The shops in which the new marketing is applied were also selected on the grounds of their differing characteristics. To ensure the commitment of the shop staff, the project has been discussed with them and its purpose explained.

The experiment has enriched



and improved the marketing model outlined in the beginning. However, it is too early to comment on the results. In any case, the project has brought a number of valuable ideas, which will be made use of in the activities of the E Movement. The shop staff have found the experiment useful and members have also shown growing interest in it. Even though this experimentation would not promote the E Movement's image in consumer policy to a considerable degree, its indirect effects have been so encouraging that it deserves to be continued.

## Co-op Consumer Council

### A merger of housewives' leagues, consumer committees, and consumer advisors

By Manfred Dabrunz, BdK

The Co-op Verbraucherrat was established March 16th 1979 as a linear successor organization of the housewives' leagues within Bund deutscher Konsumgenossenschaften, aiming at carrying on with the effective work begun in 1948 by the housewives' leagues.

The Verbraucherrat comprises the co-op housewives' leagues, the co-op consumers committees, and the co-op consumer advisors operating in the Federal Republic of Germany with the objectives of coordinating and supporting regional activities of these organizations. The council (Verbraucherrat) is on own initiative likewise taking up activities (issues) of consumer political interest.

The formation of the Verbraucherrat should be considered on the following back-

ground:

During the nineteen seventies a number of co-operative societies – however, always conditional on legal discrimination – have among others on account of own-capital structure of the co-operatives adopted the legal status of joint-stock companies.

To join all consumer political activities and efforts, consumers committees were appointed and consumer consultants engaged by the consumer companies. As previously, chiefly women are concerning themselves with these tasks, but even men interested in consumer political issues are now taking part in the development of consumers insitutions.

Today the Co-op Verbraucherrat is in charge of the co-ordinating functions of all regional groups, representing abt. 8-

10.000 active co-operative consumers, and is thus indirectly promoting the consumer political consciousness and involvement of almost 1,3 million members and consumer shareholders of the co-operative movement.

The council (Verbraucherrat) represents consumer interests in public towards similar organizations in the capacity of being e.g. a member of the Arbeitsgemeinschaft der Verbraucher (Consumer Community) founded in 1953 under the principal influence of the consumers organization of the Federal Republic of Germany, and working in close collaboration with the consumer centres and their subsidiaries in the member states.

Co-op Verbraucherrat is a non-registered association, holding usually bi-annual general meetings, and being under the direction of a board assembling 4 to 6 times each year.

The chairman of the Co-op

Verbraucherrat is Mrs. Elisabeth Staiger, who was formerly business manager of the housewives' leagues of B.d.K.

The board has a period of office of three successive years.

To the Co-op Verbraucherrat consumer policy is an inseparable part of social policy, being mainly financed today via public funds (i.e. federations, states and – partly – municipalities).

The principal objectives of the co-op group altogether and the Co-op Verbraucherrat in particular aim – within the authority of their articles of association – to back-up the endeavours of the consumer community to formulate and advocate in general a responsible consumer policy, and in particular to pursue the pioneering work of the consumer community, inspiring a dialogue between general business and consumers, in that only in the co-operative spirit consumer political progress can be formulated and achieved.

# Co-operatives in the Year 2000

The theme of the I.C.A.-Congress in Moscow, October 1980 has been determined to deal with co-operatives in the year 2000. On this occasion a working group has been established, and it acts as support for the preparation of a draft to the congress.

The final report is prepared by Dr. F. Laidlaw, Canada.

The Consumer Committee has participated in the considerations of the working group i.a. in the preparation of what the consumer can expect from the year 2000.

Below are extracts from this report:

To place the role of the co-operatives the next 20 years till the year 2000 we must choose some general surveys of the development of society as our starting point.

Below there is a short review of some of the outward conditions and tendencies that may influence the reality in which the co-operatives must work; and especially a review of the circumstances that may influence the consumer initiatives.

The outward conditions till the year 2000 will presumably differ substantially from the conditions which were prevailing during the 1950-ties and the 1960-ties. The development of the consumption society has in this period created a society with very big and varied offers of goods in the industrialized countries, but at the same time it has not been able to solve the very great problems with lack of food which are typical for the developing countries.

In Western Europe the development will be characterized by the common frame of reference which has been delimited by the OECD, the EEC, and other international organisations that work out recommendations and nominations in many economic-political questions. These initiatives will probably set off the rest of the world, at first the industrialized countries.

The future way of life will be characterized by the violent technological development which very likely will happen during the next 20 years and

which will change conditions fundamentally for life for most consumers.

## Egoism

Some of the youngsters will develop in a way towards an increasing egoism, where life solely will involve a continuous procurement of material goods, and where the solidarity with worse situated groups in society will not reflect in their attitude. There is, however, reason to suppose that even if this group of youngsters at the beginning of the 1980-ties will be a majority, there will later in this decade be a change towards an attitude more sympathetic to society. You can already today see some attempts to get penetration with greater solidarity. This applies for instance for some projects started by youngsters as a protest against the way of life which is most widespread in the industrialized countries. Some of these projects have also been organized under the co-operative idea, but have often difficulties in gaining foothold inside the frames of the traditional co-operation.

In the next decades it will be a challenge for the co-operative movements to work out models and policies so that the co-operative idea is spread in the best possible way; and also how to secure that many of the new initiatives are not excluded from the existing movements.

Some of these models will also could be used of the developing countries to avoid the mistakes to which the industrialized countries and co-operatives in these countries have lend their names.

Consumption society seems to have reached or is about to reach its height in the industrialized countries. A number of outward restrictions such as lack of resources and an increasing destruction of the surroundings limit the future growth of the industrialized society. The energy crises in the mid-seventies has given the first signals of what the consumers can expect of the next 20 years.

At the same time as the conditions of growth in the industrialized countries cannot be expected to increase as quickly as before the developing countries will lay claims to an increasing part of the total growth potential. It may be the occasion of a growing number of conflicts where the industrialized countries in many situations can be threatened with a stop of supplies of raw materials for production of durables.

These changes of conditions for the production in the industrialized countries will increasingly influence the values and attitudes that will characterize the consumers for the next 20 years.

## Radical changes

Suggestions that people in the industrialized countries will start to live in another way are expressed in the scenario from the OECD:

'Aspirations to new life styles will develop, notably as with regard to the allocation of time, participation in decision-making processes, work and leisure, the family, culture and ecology, thought it is not possible to say whether one dominant life style will emerge or to what extent it would represent a change in demands or a more radical change in values.'

It is uncertain how such a new attitude will penetrate. But it is already today possible to see tendencies in different fields that point in certain directions. This applies for instance to the development in the production which till now has stressed increased specializing and centralization. The claim has been greater efficiency often to the detriment of the freedom of the worker to decide himself, or to have influence on his own working conditions.

The development can be said to be the opposite when it concerns the private consumption. Through i.a. advertising the freedom of the individual has been stressed to use his time by making use of house, car, and other durables. These are

all examples which have favoured decentralized or individual consumption. The value of advertising to consumers in general is impossible to assess, but the power and cost of advertising constitute a threat to consumption which even codes of conduct may not be able to control. It is questionable if the cost of advertising should be entirely allowable as a business expense for tax purposes. Co-operatives ought to be able at least to save the cost of advertising in order to sell to themselves.

A new attitude may result in a greater weight on pleasure taken in one's work which i.a. could be effected by a decentralization of the production, and that, on the consumer side, there is a tendency towards a more common i.e. more decentralized acquisition of material durables.

The following are values that will decrease in importance: materialism will be replaced by material satiety, hierarchy by equality, competition by collaboration, production by keeping of goods, control of nature by harmony of nature, narrow-mindedness by general view, reason by feelings, worldly development by spiritual development etc.

There are today everywhere in the industrialized world alternative cultures or ways of being together. They are groups who have chosen a simple way of life regarding material conditions. They live for instance in the USA where they carry out an attitude not stressing the outward material goods but in favour of a richer, inward personal development. This group is called the quickest growing market sector in the USA today.

It has been estimated that 5 million Americans employ this simple way of life today, and that 60 million people will do this in the year 2000. They will all be characterized by the fact that they do not want to buy as much as consumers of today do.

There are also other movements, such as 'Les Vertes' in France and the Federal Re-



petit-roulet

publik of Germany, nation-wide movements on New Zealand, non-party-political movements in Denmark, etc.

These new initiatives have this in common that they are in contact with the ideas which were brought forward at the beginning of the appearance of co-operatives.

Many of them are organized as co-operatives but have often problems when they want to collaborate with the more established co-operative movements which regard them as competitors or threats against their established system. They

may also be unable to hold these new initiatives in their present organisation.

### Conclusions

1. The co-operative structure which consists of a membership section and a business section cannot be expected to change fundamentally till the year 2000.
2. The co-operative movement must have courage to support new co-operative experiments which try to show new ways.

3. The co-operative movement must place itself on the frontline to promote consumer political initiatives.

4. The co-operative movement must create models which can be used by for instance the developing countries to promote certain consumer political initiatives.

5. The co-operative movement must aim at keeping its independence which i.a. can be done by a priority of eco-

nomie consolidation. Only this can ensure consumer political initiatives of considerable size.

6. The co-operative movement must more actively participate in the general debate of society with the purpose of underlining the role of co-operatives as an alternative to private enterprise.

7. The consumer co-operative must consider the impact the trend to worker participation may have in the next twenty years.

# Consumer Protection

The basic factors that have given rise to the demand for consumer protection are: (a) the monopoly problem at both industry and retail levels; (b) informationally imperfect markets in which consumers are unable or unwilling to obtain and act upon the information that would enable them to make effective choices; (c) the consumer grievance problem, meaning the dissatisfaction that consumers often encounter in consumer purchases; (d) the underrepresentation of consumers and the consumer interests; (e) the desire to shelter vulnerable consumers – the poor, the aged, etc.

## The concept of consumer protection

Consumer protection consists of policies and actions, usually involving intervention by governments, designed to insure that all consumers obtain what they would really want (were they fully informed), subject to the limitations of their income. Consumer protection embraces all goods and services, public or private. Protection against whom or what? Against unscrupulous sellers or uncaring civil servants; against the consequences of markets that are defective in some way – too few sellers and hence too little competition; against informa-

tion regarding price and quality that may be false, biased, or incomplete; from laws, regulations, and regulatory agencies that favor producers as compared with consumers. The examples below convey the human problems that lead to the clamor for consumer protection.

### 1. Safety and bicycles.

In rain the caliper brakes on a leading 3-speed bicycle retain only 10 percent of their dry braking ability. An inexperienced cyclist, caught in a rain, applies his brakes to no avail and is hit by an automobile and killed. When his relatives complain to the bicycle dealer, they are told:

»He should have known better!«.

### 2. The faithful pharmacist.

A 70-year-old man lives on a limited income provided by social insurance and his veteran's pension. To maintain his health, he purchases prescription drugs (selected by his doctor) to the tune of \$600 per year. He purchases these from a neighborhood pharmacist whom he has known for 25 years. The pharmacist knows – but the old man does not – that chemically equivalent generic drugs on his shelf cost only one-third as much. He also knows that substitution of generic drugs is legal in his local area. But he still charges the \$600.

### 3. Fraud.

A department store advertises a vacuum cleaner at an 'impossibly' low price. When a would-be customer tries to purchase it, the salesman tells him that it is not of good quality and that he should buy a 'decent' vacuum cleaner at twice the price. The device is called 'bait-and-switch'.

### 4. A market in bad working order.

For a standard life insurance policy – the same insured person, identical coverage, 'reliable' companies – the higher price asked and charged is

twice as high as the lowest price! What is worse, the companies charging high prices have very large market shares.

### 5. Choice and monopoly.

By long tradition (agreement?), all the real estate agents in the same community charge the same fee for selling a home, a constant 7 percent of the sales price. As far as price goes, there is no choice in this market.

### 6. An unresponsive bureaucracy.

Even after nine months of letter-writing to the appropriate government agency, a 66-year-old widow has yet to receive the first pension check to which she is clearly entitled by law.

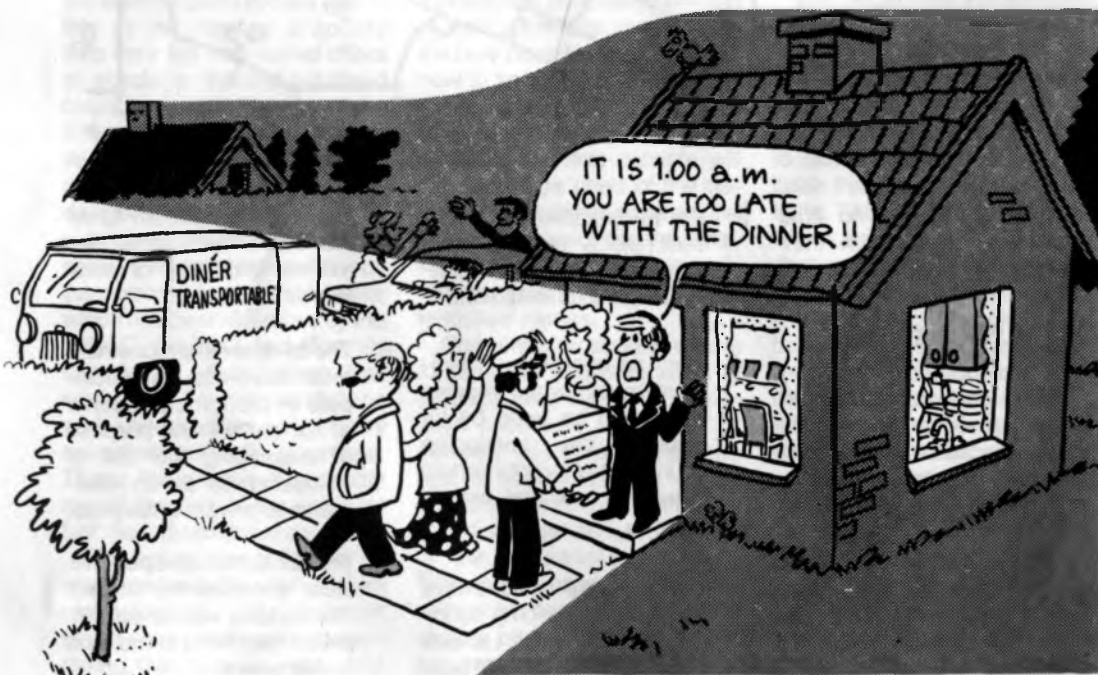
### 7. The underrepresentation of consumers

A conference on No-Fault Automobile Insurance is attended by 85 insurance company executives, 75 trial lawyers, 15 professors, and 10 consumer representatives. The insurance executives and the trial lawyers stay in the best hotels and patronize the best restaurants, their costs covered by their firms and ultimately recovered from their customers (consumers). The professors stay in modest hotels with their expenses mostly covered by their institutions. The part not paid by their universities is deductible from their income taxes ('professional expenses'). The consumer representatives stay with friends/acquaintances or in very modest hotels, pay most of their own expenses and cannot deduct these payments from their income taxes.

## The moral and political foundations of consumer protection

It is undoubtedly the economic losses suffered by consumers as a result of market failure that provide the basic economic rationale for consumer protection. But it is the widespread feelings that these injuries were wrongly and unjustly inflicted that have provided the emotional steam behind the consumer movement and the drive for consumer protection. These feelings have been converted into assertions of basic consumer rights by consumer and political leaders and constitute the moral foundations of consumer protection.

The four consumer rights that



achieved almost universal acceptance in the 1960-s hazardous to health or life:

1. The right to safety – to be protected against the marketing of goods that are hazardous to health or life;

2. The right to be informed – to be protected against fraudulent, deceitful, or grossly misleading information, advertising, labeling, or other practices, and to be given the facts needed to make an informed choice;

3. The right to choose – to be assured, wherever possible, of access to a variety of products and services at competitive prices; and in those industries in which competition is not workable and government regulation is substituted, and assurance of satisfactory quality and service at a fair price;

4. The right to be heard to be assured that consumer interests will receive full and sympathetic consideration in the formulation of government policy, and fair and expeditious treatment in its administrative tribunals (United States Congressional Quarterly, 1962).

We will follow the ILO 'Study Guide on Consumer Protection' (International Labor Organization, 1975) in expanding the fourth consumer right into a fifth:

5. The right to representation and participation – to be assured that consumers will be represented and/or participate in policymaking bodies.

Most would add to this list a sixth:

6. The right to recourse and redress – to be entitled to a correction of consumer grievances.

These consumer rights have been repeatedly and widely invoked as justifications for various consumer protection measures.

Consumer protection can also claim political support on the basis of democratic ideals. An effective market provides representation and participation for consumers through the dollar vote (peso, franc, etc), assuming that a country has used its system of government taxes and transfers to work for or preserve a desirable distribution of income and wealth. When the market is not completely effective, then democratic ideals call for representation of consumers through effective advocacy before legislatures, courts regulatory and administrative agencies.

Should this effort be ineffective, the next escalation – one already espoused by some in the consumer movement – calls for direct consumer participation in the governance of enterprises, legislatures, regulatory and administrative agencies.

### The economic rationale for consumer protection – the problems of consumers and their origins

The failure of contemporary to give consumers what they really want manifests itself in a set of 'consumer problems' and it is these problems that give rise to a demand for consumer protection.

One of the major problems can be summarized in the following ways:

*The matter of consumer grievances.*

A recent survey of urban consumers in a developed country showed them to be dissatisfied, in one way or another, with 31 percent of their purchases (Andreasen & Best, 1977)! So consumer dissatisfaction affords yet another impetus to consumer protection.

A comprehensive catalogue of the sources of consumer dissatisfaction would include the following:

1. Delivery failures. The food (service) is delivered (per-

formed) tardily, not at all, or not as specified.

2. Performance failure. The performance of the good or service fails to meet reasonable standards, or worse, fails to work at all ('a lemon'). Types of performance failures: (a) design failure; (b) production failure; (c) service failure.

3. (Innocent) failures in communication. Seller and buyer have different understandings of what was promised in attributes or performance of the good, ancillary services, prices, or other purchase terms.

4. Misrepresentation, deception, fraud – denoting intentional failures on the part of the seller.

5. Product is unsafe. An extreme form of class 2 or 4.

6. The initial grievance (delivery failure, performance failure, etc.) remains uncorrected.

Unsafe products and misrepresentation-deception-fraud are the concerns that gave rise to the initial consumer protection laws in the first decade of this century. They continue to be major preoccupations of consumers. But it is probably the other grievances that propel the drive for further protection.

### Vulnerable consumers

The analysis until now has focused on market defects giving rise to a demand for consumer protection. But in most modern societies there exist groups of

consumers whom many view as particularly 'vulnerable' – the poor, the less educated, the aged, the children. It is widely assumed that they lack the understanding of markets, the minimal level of information regarding products and their properties, the maturity required to make effective consumer decisions. The sheltering of these vulnerable consumers from the outward consequences of their weaknesses constitutes a major motivation for consumer protection.

But there are some products that render many 'normal' consumers 'vulnerable'. They fall into two classes: (1) products that are undesirable and addictive, e.g., alcoholic beverages, cigarettes, opium, even coffee; (2) products that are hazardous and particularly those whose danger is underestimated or even unknown, e.g., power lawnmowers and thalidomide. Again the desire to shelter any consumer from these 'hazardous' products has provided a strong impetus for consumer protection.

*E. Scott Maynes is Professor and Chairman, Department of Consumer Economics and Housing, Cornell University;*

*The original article written in Journal of Consumer Policy dealt in detail with two other factors giving rise to the demand for consumer protection, namely, imperfect markets and the underrepresentation of consumers.*



# Credit cards – a temptation for over-consumption?

**In Denmark banks are preparing a new credit card which will be introduced in a few years time. Neither consumers nor retailers have welcomed this information. On the contrary they have strongly opposed the introduction of a nationwide credit card covering all consumer goods when the consequences have not been thoroughly investigated. The debate in Denmark reflects some of the aspects which the co-operatives must consider before they issue credit cards.**

The days when wagers could be decided by asking who adorned a bank note will soon be gone. Notes and cash will soon be replaced by cheques and plastic cards indicating that we are heading for the moneyless society.

But in Denmark the 'Dan-card' will not appear in the consumers' wallets without a blow being struck. The Danish Consumer Council (DCC) and 90% of the retail trade including Co-op Denmark has openly doubted the carrying capacity of the banks' plans. The debate ranges from disagreement as to who is to pay the costs incidental to the Dan-card to a fear of the credit card initiating the moneyless society, thus bringing consequences to the ordinary consumer which no one can grasp. Criticism is concentrated on the following i.e. that before the Dan-card is offered to consumers a review must be carried out of the advantages and disadvantages for various groups in society. For instance critics have referred to the investigation in Norway which resulted in the idea of the credit card being abandoned. And in Sweden where the number of credit cards is increasing enormously (according to the Swedish Konsumentverk the figure is now about 2 million cards), more and more people are expressing a wish for an investigation of the consequences

of the credit card and the necessity for severer legislation in this field. The introduction of a similar demand for cash down payment as is used in hire-purchase is being considered. Finally, the native country of credit cards, the USA, does not seem to be too pleased about the 600 million cards in circulation among the country's 200 million consumers.

## A new credit system

The banks and savings banks have on several occasions pointed out the motives behind introducing a national credit card system. The credit card should in fact be seen as a further development of the ordinary payment arrangements offered by the banks. But it is not only a question of offering the consumers something new. The interest which the credit card evokes is also due to a fear that others might grab this market. The banks themselves feel that foreign banks and corporations not operating in banking fields are ready to jump. Some are already setting up credit account chains, credit accounts restricted to local areas etc. The banks claim that if a uniform nationwide system is not made, the number of credit cards will be enormous thus inconveniencing the consumer. Their aim is to replace the so-called 'exclusive' credit cards

(cards valid only in one department store) and 'selective' credit cards (cards valid in several shops e.g. credit accounts restricted to local areas) with a 'general' credit card valid everywhere.

Exactly how the Dan-card will work remains to be seen. But from models drawn up by the banks the credit card should cover ¼% of the total loans for consumers or 4% of the cheque transactions taking place today.

A buying maximum of about 600 d.kr. and a credit ceiling of about 2000 d.kr. is envisaged. After 6-8 years it should amount to 10-11 million payments p.a. By way of comparison the number of payments by cheque is at present 250 million p.a. In terms of credit card this corresponds to almost a half million cards or assessed in money credit facilities of 1 billion d.kr. annually.

A major portion of the new credit cards are supposed to substitute the already existing cards. The latest figures show that about 13% of all 2.2 million households in Denmark have one or several of the half million credit cards issued. 300,000 of the credit cards are for department stores, shopping centres, accounts restricted to local areas, and so on and the rest are petrol cards.

One credit card per 10 inhabitants is way under the spread seen in other countries. In the USA every inhabitant has on an average three credit cards. In Canada the figure is 1.5 per inhabitant, and in Sweden every fourth inhabitant has a credit card.

## Advantages

The credit card's function can be divided in two – one a method of paying, the other a way of granting credit. The first function is that the credit card will replace or supplement cheques, cash, giro etc. whereas the

other function will be an extension of means for getting credit for consumption financed. Seen from a consumer's point of view the most important arguments for introducing a credit card system can be summed up in the following points:

## Cheaper credit

The promoters of the Dan-card emphasize that the credit card system of the banks will be able to run at lower administration costs and lower interest costs than the existing credit card systems. However, it is not likely that credit via the credit card will be cheaper than ordinary credit granted by banks today.

Emphasized also as an advantage is that credit offers will be standardized through credit cards. It makes it easier for the consumer to get a general idea of credit possibilities.

## Convenient Mode of Payment

The Dan-card is presented as an easy way of attending to everyday payments without having to carry cash. The card should be valid everywhere thus complying with the requests put forward by consumers. The request can, however, only be met if the whole of the retail trade joins. Today more than 90% of the retailers are doubtful of the idea and have in fact agreed to the DCC proposal of investigating the credit card system and its consequences.

## Keeping small shops

A nationwide credit card system could do its share to keep the small shops going, because they will be able to offer credit on the same terms as the big department stores. It will especially be small sole traders and shops situated outside actual shopping centres who are thus given a chance of joining the technological developments of modes of payment, and at a cost which is moderate compared to what it would cost them to administer their own cards. Finally, it has been stressed in the debate about credit cards that if the banks demand a fee of 2.5% which retailers are to pay out their credit sales, they will only be able to carry special goods with quite a large profit.

## Increased competition

The bank anticipate that the same credit conditions for all consumers will mean that competition will only be centered on the price and quality of the article. And that will be an obvious advantage to the consumers.

## Disadvantages

The criticism of the Dan-card is very concrete and so far first and foremost expressed by the DCC, however, supported by the majority of the retail trade's organizations and Co-op Denmark. Some of the most important arguments may be summarized under the following headings:

### 1. Cheques are better

The credit card will comprise paying and credit granting functions. The greatest incentive for the consumers will lie in the possibility of extending their credit. But the question is whether this could not be managed more easily and cheaply in other ways.

The DCC feels that there would be a greater advantage if the credit possibility was connected with a wages or cheque account. Cheques are preferable from several points of view. They are more flexible for the consumer, because they can be cashed everywhere, and also be used to settle accounts between two private persons, and to pay postal matters. Finally, there seems to be fewer

costs connected with the cheque system. One reason is that receipts are not sent for every purchase as is the case with credit cards. It has also been emphasized that the use of credit cards in e.g. supermarkets could prolong shopping, because the cashier would have to make out a receipt whereas with cheques, it is the customer who states the amount. Because of the extensive use of identity cards safety is another point in favour of cheques.

### 2. Goods will become more expensive

If retailers have to pay a fee for joining the nationwide Dan-card system, part of this cost will be thrust on to the consumers. And since it is impossible to operate with one price for cash payment and another for credit card payment all the consumers will have to pay more for the goods. The rise in prices on consumer goods could have an adverse influence on the Danish rate of inflation.

### 3. Expensive to administer

In Norway comprehensive investigations of credit cards have recently been completed. The result is that many feel that credit cards should not be introduced. One of the many reasons is that 'credit cards as they appear today are a work and time consuming element in effecting payment'.

## 4. Increasing Number of Debt Recoveries Through the Courts

The credit card system is still new in Denmark. There is therefore no clear information on the number of consumers tempted to buy more by credit card than they in fact can afford. But Swedish courts have some figures. It seems that there is a tendency for credit card cases to increase at the same rate as hire-purchase trade declines. For instance in one district in Stockholm the percentage of debt recoveries in connection with credit cards was in 1977: 2.4% of all debt recovery cases, in 1978: 8.2%, and in 1979: 8.7%. The cases are often ones where the consumer owes 30-40,000 d.kr. to 4 or 5 different department stores with credit card facilities.

## 5. Credit for the better-off

An income over a fixed lower limit is usually required in order to obtain a credit card. In Sweden the limit is in some cases so high that pensioners are unable to get a credit card. Other factors come into play when assessing a consumer's credit-worthiness e.g. whether he is a house-owner, has a job etc. In Sweden every fourth applicant meets a refusal when applying for a credit card.

Finally, the highest income

groups also have the advantage of proportionally profiting more from being able to deduct the credit interest from their incomes, because they have a higher income tax rate. Therefore, it is not surprising that as incomes rise the number of credit cards also rises.

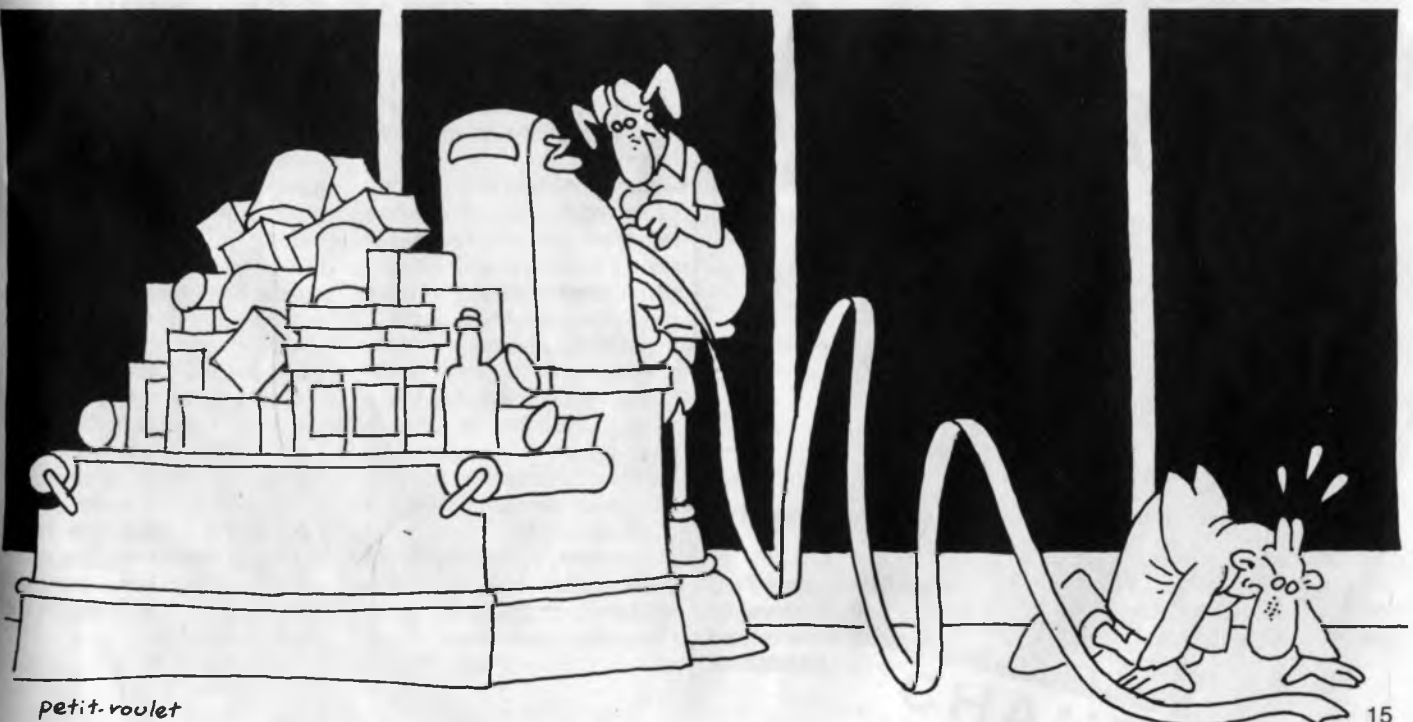
## 6. Concentration of Credit Data

A person wishing to obtain a credit card must as mentioned before give some information about his financial and personal situation. Apart from this the bank acquires further information in order to assess the consumer's credit-worthiness.

There has previously been some criticism of the fact that too much information about individuals is gathered in very few institutions. But with a nationwide credit card the banks and savings banks will not only keep money but also personal information about their customers.

## 7. Against a Moneyless Society

Some of the criticism of credit cards is also due to the fact that they are just the first step towards a moneyless society. And it cannot be right that banks and savings banks should decide whether society must move in one direction or aim at other values. That is for the Danish Parliament to decide.







# Easy lip service

## Subscription for Co-op Consumers

Name of organisation: \_\_\_\_\_

Name of subscriber: \_\_\_\_\_

Member of the Consumer Committee:

yes  no

We want to become member of the Consumer Committee:

yes  no

Number of copies: \_\_\_\_\_

Address: \_\_\_\_\_

Language:

Spanish  English  German

Subscription (£4) to be forwarded by cheque or banker's order:

Subscription will be paid with members' fee for Consumers Committee

Co-op Consumers will reach you four times a year at a price of £4 per year.

All you have to do is complete the subscription coupon and send it to:

**Co-op Consumers FDB**  
Roskildevej 65  
DK-2620 Albertslund  
DENMARK

### Letter:

I would like to express my concern and regret at the choice of the illustration for the front cover of the October '79 issue of »Co-op Consumer«.

Such a gross caricature portrays to the reader a disparaging image of women co-operative consumers and, furthermore, it seems that the magazine is the product of an all-male consumer committee and is written exclusively by male contributors. Whether intended, or not, the magazine appears to effectively denigrate the role that women play in the consumer movement.

I find it difficult to reconcile the issuance of this publication with resolutions, passed by I.C.A. congresses which promote greater participation by women and a recognition of their potential contribution at all levels of the co-operative system.

I am confident that responsible competent women co-operators are available to serve on both Consumer and Housing committees and that they would provide constructive input to these areas of specific concern to women.

If we are serious about resolutions pertaining to women's involvement in co-operatives, we must do more than pay easy lip service to their passage at I.C.A. meetings.

I sincerely hope that this personal protest on my part will be brought to the attention of the Consumer Committee.

Peggy Prowse

### Answer:

Dear Mrs. Prowse,

Your letter of 6th November 1979 does not surprise us as we, as you probably know, from different sides have had criticism of the front cover of the specimen issue of »Co-op Consumers«. As a matter of form we can add that not awful many have given expression to criticism to us directly.

The criticism has to some extent surprised us because this picture of the supermarket lady has been used as illustration of articles by other consumer organisations. It is definitely a mistake that there was no information on page 2 in the magazine saying that the front cover was a picture of a sculpture made by the well-known sculptor Duane Hansen and that the sculpture is or has been exhibited at the Museum of Modern Art in New York.

As far as I know the sculptor meant it to be an attack on the male society from the outlook that the women have been left in the lurch and have been reduced to persons who, as a substantially function without critical capability, just fill up the shopper trolley.

It is because of these things we have found it both proper and defensible to show the sculpture on the front cover.

Regarding the male contributors of the magazine I can only take note of this and actually regret. I do hope there will be a balance in this field in the future issues.

E.H.

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2/1980



# CO-OP CONSUMERS



Should we ban  
the use of all human models  
in advertisements? See page 6-8.



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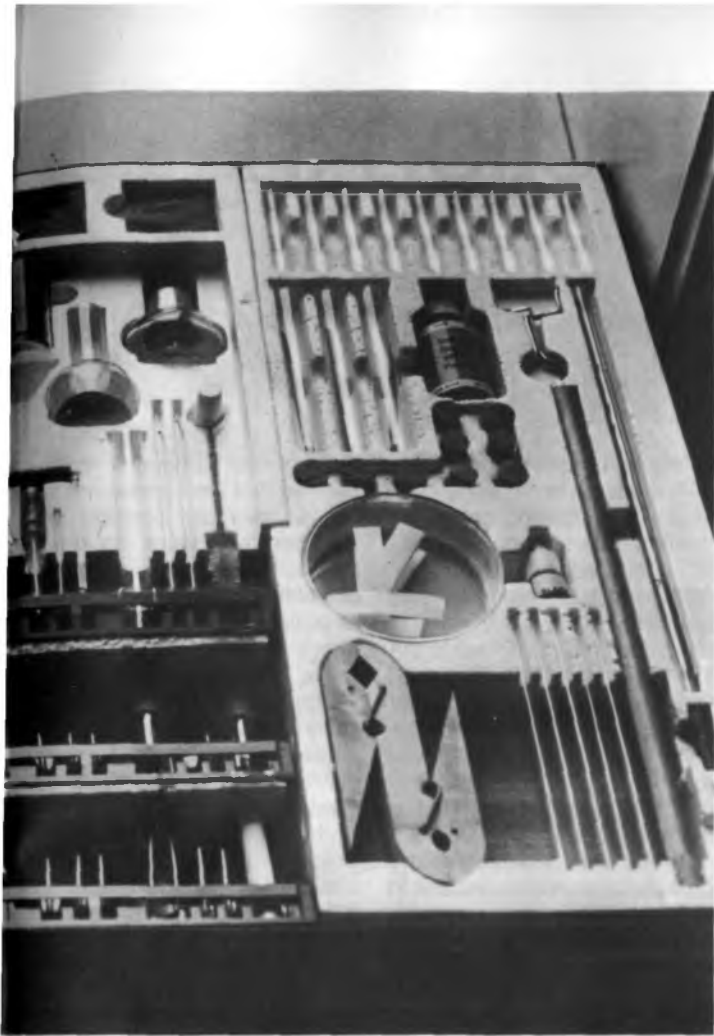
Dangerous chemistry set?

# Consumer complaints

Consumer protection in developing countries has similarities with initiatives taken in more developed countries. But often very simple consumer problems create a lot of problems. Some of the examples mentioned below provide useful insights for evaluating essential consumer problems and their relation to developmental aspects of consumer protection. The extract compiled by IOCU (International Organization of Consumer Unions) reflects the growing recognition of the concept of consumer redress and consumer organization's judgement of it.

## Baby food with weevils

A consumer, not a member of the Visakha Consumers' Council in India, complained to the Council about 'Farex' – infant food marketed by GLAXO. The product is marketed both in tins and in cardboard cartons. 'Farex' sold in cartons was found to contain weevils and was unfit for feeding children. The complainant wanted withdrawal of the stocks from shops. The Consumers' Council issued a press statement on 10 February 1979 to be followed by further press releases of 15



## Colour TV used normally

A consumer, not a member of the Consumers' Association of Singapore (CASE), complained to CASE about an advertising claim made by Philips. The advertisement for Philips K12 Colour TV claimed that 'used normally, the Philips K12 works on about two-thirds less power'. A reader looking at the advertisement would most probably be led to believe that the set consumes less power compared to other brands. Then, on second thoughts, it might occur to him that the comparison is being made with Philips' own previous sets. Consumers' Association wrote to Philips advertising agency and asked them whether they were comparing Philips K12 with other brands or with their own brands. They also asked the agency to substantiate their claims. The agency confirmed that they were comparing Philips K12 to their own previous colour TV sets.

At the moment there are no means of legal redress for this kind of complaint. Consumers' Association of Singapore feels that a stricter control on the publication of advertisements is necessary. Advertising agencies need to be educated on their responsibilities to the public.

## Nationalization of public transport

A consumer, not a member of the Visakha Consumers' Council in India, approached the Council after he had contacted the press and government authorities with his complaint concerning the poor quality of the public transport services which were being operated by private bus operators. Speeding, accidents, overcrowding, etc., were the complaints. Complainants wanted nationalization of the public transport services. Since transport is an important public utility service, the Consumers' Council called a citizens meeting to discuss the issues. Proceedings of the meeting were sent to the government in the form of resolutions. The meeting was reported in the press. The government decided to nationalize the public transport services.

At the moment only the affected consumer can file a suit, but

organizations such as the Consumers' Council should also be able to seek legal remedies. The Consumers' Council advocates the cancellation of licences by the government's regulating agencies.

## Safety standards for toys

A consumer, not a member of the National Consumer Institute, complained to the Institute about a children's chemistry set. When her two children were preparing one of the mixtures described in the instructions, an explosion occurred. Fortunately the children were not hurt. The instructions for use were considered inadequate and the legend on the chemistry set package was not sufficiently clear so as to inform the parents that the chemistry set could under certain circumstances be dangerous for it contained toxic substances such as chlorhydric acid and ammonia.

The National Consumer Institute formed a permanent working group whose task is to investigate different products but which began its work by investigating toys. As a result toy manufacturers were asked to modify and improve the information given on the toy package. As from December 1972, instructions for use must be more accurate, legends are compulsory and the age group of the child must be mentioned. Toys containing toxic substances must have a warning on the package 'Supervision by parents is recommended'.

The consumer could have taken her complaint to the Federal Attorney's Office for Consumers, or could have filed a suit against the toy manufacturers. In both cases it would have been difficult to get redress because the possible damage to the consumer could have been difficult to establish. The best thing under the present circumstances is to approach the National Institute so that the matter can be investigated not as a sole case but together with other complaints so as to help to prevent future accidents from happening. The National Institute would like to set safety standards for consumer products, and toys in particular. It advocates simplified legal procedures. ●

February and March 1979, exposing the negligence of the manufacturer in allowing baby food containing weevils to be stocked and sold by the retailers. The Company on seeing the Press Statement ordered an immediate recall of stocks on the market. The Consumers' Council has also written to the Director Vigilance (Food and Drugs) of Andhra Pradesh Government, which is the local State Government Authority to invoke the provisions under the Prevention of Food Adulteration Act against the manufacturer. No action has so far resulted.

There are no means of legal redress currently available to the consumer. The Visakha Consumer should have a right to sue the retailer and/or the manufacturer. At the present time, only the Government can start legal proceedings. The Consumers' Council advocates compulsory labelling of expiry dates on foodstuffs and infant food. The manufacturers should

be under an obligation to withdraw aged stocks from the market.

## Rum with centipede

A consumer, not a member of the National Consumers' Council, in Mauritius, bought a sealed bottle of rum, manufactured locally by Gilbeys & Co. Floating in the rum was a centipede! The consumer asked for his money to be refunded but this was refused. He contacted the manufacturer and the daily newspaper 'Le Mauricien' before approaching the National Consumers' Council with his complaint. The Council sent the bottle to the Ministry of Health and asked for a formal record to be made.

At the time of writing there was no response from the Ministry. There are no means of settling the dispute between the buyer and seller on the spot. The existing legislation is not properly enforced.

# Consumer protection in the 1980s

By Dr. S.K. Saxena, Director of ICA.

The 1970s have seen an expansion of the consumer co-operative movement as well as an increase in consumer protection legislation in many countries. It is vitally important that this trend should continue through the 1980s for formidable problems lie ahead. The sharp increases in oil prices in the 1970s have contributed to the high rates of inflation in many countries and oil and other prices are likely to rise further in the eighties. The population explosion seems likely to outstrip food production in many countries and this will have a serious effect upon the living standards of consumers. The eighties opened with an increase in international tension and may be marked by increased spending on arms for which ultimately consumers will have to pay. All in all, it seems that the consumer will need protection against some formidable odds.

The consumers' co-operative movement has pioneered consumer protection over the last hundred years. It has shown how consumers can organise themselves into strong consumers' co-operatives and obtain for themselves the supplies they need of a consistently high quality and free from adulteration precisely because protection has been organised by and on behalf of consumers themselves. Over the last twenty-five years or so it has, however, come to be recognised that this pioneering work by the consumers' co-operative movement needs to be supplemented by consumer protection legislation of various kinds.

## Consumer Protection Legislation

Such legislation has been introduced in many countries as consumer consciousness and concerted pressures have risen in extent and effectiveness. It

would be very important for consumer protection legislation to be supplemented by consumer organisational action as in co-operatives supplying consumers with the articles they need through their own shops. At the same time it would be essential for consumer co-operative activities to be underpinned by consumer protection legislation. The clearest illustration of this may be in the maintenance of standards of quality and value for money about which the consumer test organisations are so very much concerned. A consumers' co-operative may be very conscientious in supplying its members only with goods of the very highest quality at the lowest possible price; but it will not always be easy to identify such goods unless a co-operative undertakes its own production, as many have in fact done.

Consumers' co-operatives have to compete in the market place and consumers may sometimes have difficulty in distinguishing between the highest quality product and something that is not quite so good. But if standards organisations lay down minimum standards and if consumer test organisations are putting on continuous pressure by testing different products, consumer interest will be served more effectively.

## Quality Standards Control

It is, therefore, in the area of the purity of products, of durability and reliability, guarantees and warranties and informative labelling that the co-operative movement needs to give primary attention in its work on co-operative consumer policy. Technical standards of manufacture, seals or labels of certification, standards, product

safety and manufacturer's liability are also very much its concern. Other related consumer matters such as consumer credit, misleading advertising, consumer representation and participation in policy making are also of direct interest to the international co-operative movement. All these are highly technical tasks and require the consumer co-operative movement to increase the sophistication of its response to these complex problems.

There are, however, many broader consumer questions in which many co-operators take a keen personal interest which are perhaps of less direct concern to the co-operative movement. For example, the whole question of the pollution of the environment and the conservation of natural resources is a matter of great public interest and the co-operative movement rightly contributes to the debate on such matters. Indeed co-operatives may be actively engaged in conserving resources by recycling waste and in seeking to control pollution. Nevertheless, the questions are so broad, many and complex that not all sectors of the co-operative movement may view the problem in the same way, as, for instance, the use of insecticides and pesticides as seen by the consumer and agricultural co-operative movements.

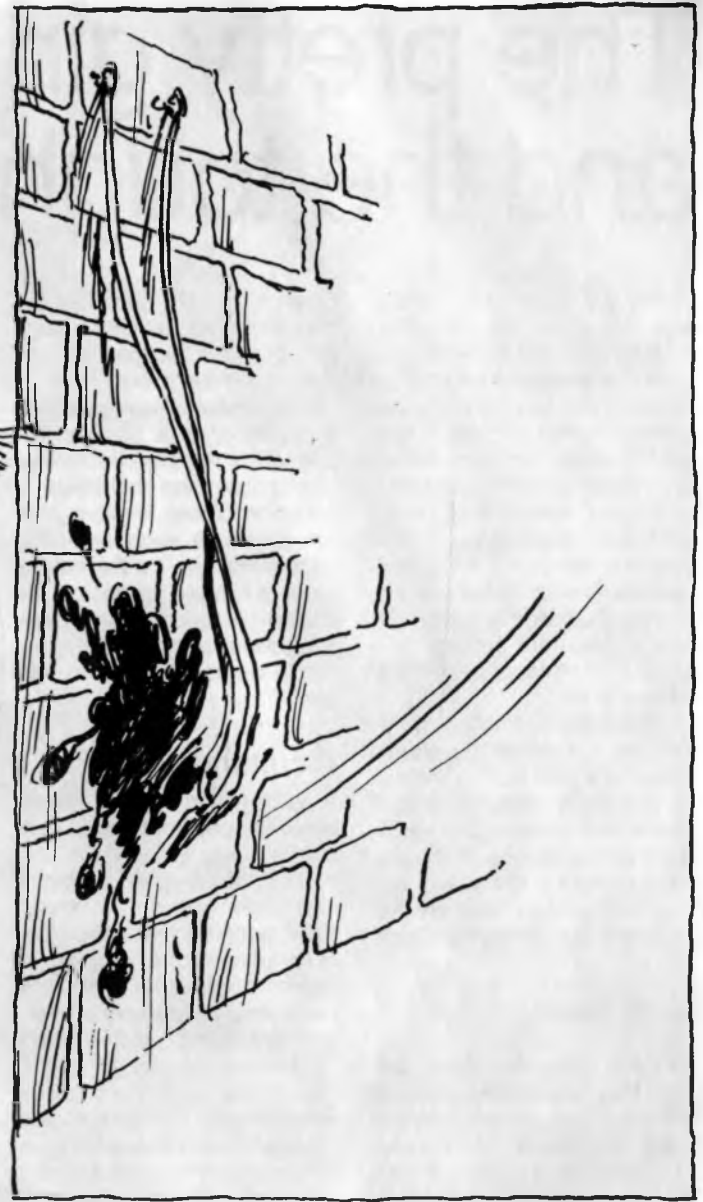
## Prices

The problem about which consumers have naturally been most directly concerned has been one of continually rising prices. The causes for this are many and complex and often stem from forces over which the co-operatives have no control. Here co-operatives can do no more than give due publicity to the fact that consumer co-operatives are run in the inte-

rests of their consumer members so that their prices are as low as they can possibly be. Co-operatives must do what they can to keep them as low as possible through economies of scale and by improving their operating efficiency in various ways; but competition in the 1980s, as in the 1970s, seems likely to be so keen that the surpluses which co-operatives can distribute to their members as dividend on purchases can only be minimal. Co-operative practice with regard to the distribution of surplus differs in different countries. Some movements, as in Switzerland, have abandoned the dividend on purchases altogether and pass on all savings to their members by pursuing an active price policy. In Britain most retail societies distribute »dividend stamps« to their customers but the co-operative movement is probably the only major retailer to issue stamps of any kind to its customers. The cost of distributing stamps is significant and many consumers seem to prefer an »instant dividend« or a lower price.

It is because the distribution of the traditional dividend on purchases is likely to become more and more difficult for consumers' co-operatives in the 1980s that it becomes increasingly important for consumers' co-operatives to strengthen their links with their members by actively campaigning for the consumer interest. It is to be hoped that there will during the 1980s be increasingly active collaboration between consumers' co-operatives and other consumer organisations, and between the ICA and the International Organisation of Consumer Unions in serving the interests of consumers.

Between 1962 and 1972 the contribution of the international co-operative movement to consumer policy was made prin-



cipally through the ICA Consumer Working Party which produced in 1969 the International Declaration of Consumer Rights which was approved by the ICA Congress in Hamburg and which set out the policies of the international co-operative movement on the promotion of consumer protection. The Declaration identified five basic consumer rights: the right to a reasonable standard of nutrition, clothing and housing; to adequate standards of safety and a healthy environment free from pollution; access to unadulterated merchandise at fair prices and with reasonable variety and choice; access to relevant information on goods and services and to education on consumer topics; and the right to influence in economic

life and democratic participation in its control. It went on to summarise co-operative consumer policy and its implementation by national co-operative movements and the world co-operative movement.

### The Consumer Committee

In 1973 the ICA Consumer Working Party was replaced by the ICA Consumer Committee with the status of an ICA Auxiliary Committee. During the last ten years the ICA Consumer Committee has co-ordinated the efforts of the international co-operative movement to make an important contribution to serving the interests of consumers and promoting the consumer interest. During the

seventies one of the more significant co-operative contributions to consumer protection was the further development of co-operative laboratories and co-operative testing to guarantee the continued high quality of co-operative products. The Swedish and French co-operative movements have some important achievements to their credit. Perhaps the time has come to re-activate formal collaboration between such laboratories as used to be the case some years ago. One particularly significant development followed from the first big Consumer Conference held in Stockholm in 1971. This Conference persuaded the Swedish consumers' co-operative movement to develop on a large scale lines of high quality utility

clothing at the lowest possible price, an initiative that met with an immediate response and has been one of the successes of the seventies.

During the 1980s the international co-operative movement will take new initiatives in serving the consumer interests not only by offering consumers high quality goods at the lowest possible prices but also by initiating and supporting legislative and other action further to protect the consumer. However, trading conditions are not going to be easy and the consumer co-operative movement will have to do its utmost to achieve the maximum efficiency for which international collaboration under the auspices of ICA's Consumer Committee is an essential requisite. ●

# The pretty girl and the tough guy

When the traditional, stereotype sex roles are presented as the ideal way of life, the results are disastrous for equality between men and women. Advertisers are among the primary culprits in this respect. Women are relegated to the kitchen – or the secretary's desk. A recent study of more than 4,500 advertisements in Danish magazines has revealed, for example, that women over the age of 35 years are non-persons: they never appear in advertisements.

Should discrimination of this kind be forbidden? Or should there be a total ban on the use of people in advertisements? These are some of the questions raised by one of the authors of the Danish study, Lise Skanting, who is also a member of the Danish Consumer Council.

By Lise Skanting

Talk of discrimination and equality between the sexes is still – for many people – something to smile at. The general reaction indeed is that there are more important things to worry about. As a problem, it is something of a luxury – to be postponed till some future date when we have more time to look, into it. Famine, malnutrition, energy crises and the constant threat of war are seen as more material problems – and are undoubtedly problems that can and should be dealt with as effectively as possible.

In the meantime the problem of sex discrimination and equal rights is pushed into the world of comics and cartoons. Especially cartoons... where Mother-in-Law Battleaxe and Young Miss Blue Eyes have their regular places along with the other examples of the female's lack of logic and ability to handle the real world. She is always denting the car and overdrawing her cheque account. But cartoons are funny! Not meant to be taken seriously!

Or aren't they? It is rather sobering that we must first laugh before the reflections of cold reason register in our minds.

It is probably unreasonable to try to open a serious discussion of the sex-discrimination problem on the basis of cartoons. There is more stuff for debate in such sweeping statements as: 'It's the natural order of things – just look at the animal kingdom. And why should men be physically superior to women if it has no purpose?'

## A cultural problem

As explanations go, the animal-kingdom chestnut is a non-starter. Our way of life, our manner of living, is so special and dependent on the inventions people have developed over generations. Today we can conquer nature by keeping our homes warm/cool and dry throughout the year. And the food we eat is no longer a function of where we live or of the season. And nowadays most cultures have developed a social system that ensures that even the most vulnerable members are protected. Admittedly, it is only in the highly industrialised countries that this 'luxury' life has been established; there are many areas of the world in which finding one square meal a day is a problem or having clothing and housing to protect people against heat and cold is seemingly impossible. This is what people refer to when the problem of sex discrimination crops up.

International efforts aim at creating a world community in which people can live in harmony and safety. But it is also worthwhile looking at the problems that have arisen in the most affluent countries. We find little doubt that the problem of stereotype sex roles and sex discrimination are natural consequences of the social development through which industrialised nations have passed.

It is of particular significance that industrialisation over the past 100 years has changed our living conditions radically. In the older, physically harder community, men and women had learned to share work and responsibility. Each depended on the other partner rising with the sun and working till dusk.

## Woman's load

There is a sharp difference between real life and the life we think we lead. We see this illustrated by the much heavier load of work borne by the woman who also holds a job outside the home. She retains her role as housewife, with responsibility for caring for the rest of the family. The result is a much longer, tiring working day for many women.

A Danish study of gainful employment in typical female trades showed recently that 70% of women bear sole responsibility for cooking, 53% bear sole responsibility for cleaning, 54% for shopping, and 75% for washing. Studies have also shown that working wives with children in 1975 spent more than 2½ hours daily on housework and shopping, while men spent 20-36 minutes on the same chores.

It is and can be no easy task shifting the distribution of responsibility and work in the home. The sexes can arrive at equality only by discussing these traditions and attempting to alter them. One attempt to start a public debate has been initiated by the Danish Equal Opportunities Board in a recent brochure entitled: *Why is it always me?* One of the traditions the Board suggests we take a long, hard look at is the way we bring up our children. It is through them we pass on our experience to the next generation, and it is at this stage we build the foundation for the lopsided view of how we think real life should be. From infancy we instil in our children an odd but

consistent picture of stereotype sex roles. Girls are dressed in pink, boys in blue; the pretty girl and the tough guy.

As children grow up, the trend is consolidated in choice of toys. The boy will have to apply skill and inventiveness to look after the family – so he needs toys that can be assembled and dismantled, and used in different ways to expand his imagination and enable him to develop new ideas. The girl's main toy is inevitable: a doll. Again and again she clothes and undresses it, tending to its needs and illnesses. The most imaginative game girls can play is Mummies and Daddies, where she has an opportunity to deal with the family's problems. She practises to become the perfect housewife.

## Into the kitchen

The whole debate on stereotype sex roles, sex discrimination and the status of women on the labour market carries strong undertones of the woman's supposed desire to be 'the perfect housewife'. In the Scandinavian countries, where it is possible only to work part of a week, if the individual wishes, it is almost exclusively women who take advantage of the offer. The reason is that it is impossible to handle all the traditional tasks like shopping, cooking, cleaning and laundry after a full working day. Clearly, women still bear responsibility for looking after husband and children.

What we need instead is a general reduction in working hours so that men, women and children can roll their sleeves up together and do the family's household chores. If it were possible to give the male part of the responsibility, we would soon see a change in our rigid traditions. The men want to – because in contemporary society they find themselves excluded from many of the important aspects of day-to-day living; instead of shouldering indepen-



dent responsibility, they must work under the supervision of women. The woman is the employer, and he can have his say only on major decisions, major repairs, etc.

It is a pity for both men and women that the family is unable to develop a life-style more in keeping with the 20th century. It is doubly disastrous when we see the old, traditional sex roles presented as the ideal way of living – for example, in the advertising columns.

The greatest problem is that discriminatory attitudes tie down those women who want genuine equality of opportunity. They become the unwilling victims of the double work-load and extra responsibility im-

posed on them by society's leaders. Several studies have shown, for example, that the social system insidiously keeps women out of certain sections of the labour market by imposing demands upon them they cannot reasonably be expected to honour. If, for instance, a woman has sole responsibility for her young children, it is only natural that she should accept the role of housewife for a year or two. But when she does, she is penalised twice because her chances of re-entering the job market have in the meantime diminished. In Denmark, for example, it has been legislated that unemployed women with children can be given jobs only if they

can provide evidence that they can have their children looked after. And this is coupled with a dire shortage of day-care places!

The Scandinavian countries have a form of equal-opportunity legislation. And the United Nations has adopted a number of conventions. But all this is theoretical, a matter of principle. In practice, equality is an elusive quarry. A Swedish law which becomes effective this year prohibits discrimination in employment on grounds of the applicant's sex. In practice this means that women must continue to see themselves passed over in favour of men, if the latter have the same qualifications. The new

law also requires an employer to work consciously for equal opportunity within the individual company. But this only applies if the employer's circumstances and resources allow. This assessment will undoubtedly be made on frequent occasions to the disadvantage of women.

### The advertiser's woman

While children are slowly but surely modelled into specific sex roles, adult life has also its sharply defined limits. This is especially clear in the world of advertising. With this in mind, the Danish Consumer Ombudsman appointed a working



# The pretty girl and the tough guy

Continued from page 7

group in 1977 to examine discriminatory advertisements.

The group completed its work in 1979, when it was able to present a study of almost 4,500 advertisements from the daily and weekly press. On the basis of 508 questions, each advertisement was analysed for any tendencies toward sex discrimination. The main conclusion was that discrimination is not blatant in the individual advertisement – but there was a clear trend that advertising as a whole discriminates against women.

The typical age group for women appearing in advertisements was 20-34 years. In other words, women over the age of 35 were non-persons – they scarcely exist. At the same time, most of the women were shown in domestic situations: looking after children, cooking, washing up, cleaning. This figure is twice that of reality and serves to stress that advertisers are not appealing to the general consumer but to the old style of housewife.

The emphasis placed on this role was all the heavier when the study examined how women were taught in advertisements. They were given guidance and explanations by an expert (male) on how something should be done or how it worked.

In approx. one-third of the material studied this tendency was so clear that the advertisements should have been banned – but as they express one aspect of the real world, they cannot be rejected as totally false.

## Compulsory/voluntary

The Ombudsman's report concluded that there would be legislative grounds for action only in cases where (1) advertisements directly reduced women to an object, (2) advertisements suggested that women were inferior to men, or (3) adver-

tisements claimed that women as a sex have special personality features or qualities.

The group found that the most desirable step would be legislation banning discriminatory advertising. But as the study had shown that discrimination took a general form and could seldom be pinpointed, it was not found that this would be a workable solution. Another possibility was to ban the use of all human models in advertisements. This would certainly have solved the problems identified in the study. And the third possibility was to let the advertising industry handle the problem by voluntary means.

During the period after publication of the report it has become clear that the latter possibility is no solution. The advertising industry did not consider the study scientific enough, and it refused to enter into a discussion with consumer groups and representatives of the Equal Opportunities Board with a view to making changes.

Which simply left the country with a wry smile on its lips – and a hopeless shrug of the shoulders at 'the housewives' and their latest revolt.

But change must come. More and more men and women recognise their mutual consumer problems. The old housewife role will die out – and the sooner employers realise this the better. No company will be able to survive in the long run by appealing to an antiquated consumer pattern. But why not take the lead? Why not discriminate positively against the old housewife role and depict the family as a consumer unit? It is a much more accurate reflection of the real world and would be in line with the stated policies of our democratic assemblies.

The stereotype sex role debate may trigger off a wry smile – but let's not make consumerism and the consumer's role a bad joke. ●



Une femme Quartz fait ce qu'elle a envie de faire, dit ce qu'elle a envie de dire. Elle attend de son eau de parfum qu'elle lui tienne ce même langage, frais, incisif, humoristique, sans complexe.

Quartz de Molyneux  
l'eau de parfum sans complexe.

# Value for money — by standardization

Consumer information was on the programme when the ISO (International Organization for Standardization) opened a consumer-workshop at the beginning of May in Israel with participants from more than 20 nations.

The starting point was that more and more of the ISO technical work is of direct concern to the individual consumer. New ISO committees deal with such matters as sizing of clothes and shoes, furniture, washing instructions, ski bindings, sewing machines, contraceptives, ergonomics and cycles — just to mention a few of the committees of immediate interest to the consumer.

In this situation, it is essential that the consumer is informed about the standards and that the information on the products is unified, so that the consumer can make correct comparisons between products from different manufactures and different countries.

In order to open a discussion on these aspects of the standardization work, ISO was organizing an international workshop, particularly intended for those who are engaged in consumer questions and consumer policy all around the world. The international audience included consumer organizations, public authorities, journalists, product information organizations, manufacturing and retail interests, and standards bodies from many countries.

The workshop was organized in the framework of COPOLCO, the ISO Council committee on consumer policy, with the cooperation of IEC, the International Electrotechnical Commission. The workshop was followed by the plenary session of COPOLCO.

'More and untraditional consumer information is necessary' it went from one of the contributions of the workshop, Mr. Peers from the Israeli television. He emphasized the demand that consumer programmes

should be more vivid and relevant to the consumers.

The consumer broadcasts were second highest in number of listeners in Israel. The target audience were the weak consumers and the starting point was to obtain value for money, and not to call on further purchases through the consumer programmes; that was why the motto: 'Think twice before you spend once', was used.

Mr. Peers let in several of his broadcasts his consumer editorial staff test some of the articles and services offered on the Israeli market. These were for instance gasoline stations where the counting train was cut out and more customers paid for the same petrol. Or restaurants where food that was served for guests and not eaten, was used again and again; the same applied to wine which was poured into new bottles.

The firms that were pounced on were average companies. Mr. Peers would not deal with 'marginal companies' that appeared suddenly and disappeared the next day.

## Copolco

The third meeting in the ISO-consumer group, COPOLCO, dealt with for instance the preparations for an information leaflet which concisely should tell consumers and consumer organizations about the importance of carrying through a

standardization for several products.

The purpose of the publication was to give guidance to those who represent consumer interests in the technical committees of ISO and IEC, and to serve as a guide for the corresponding work at the national level.

The increased consumer interest in standardization goes further than just the standards-making process. Consumer and consumer organizations can play a crucial role in helping the standard bodies to make sure that the standards are actually used and that the general public is aware of their existence and demands products made up to these standards.

As an example of how the guide can be used the following quotation might serve:

'International Standards can be implemented at national level through national standards or directly. They should therefore be prepared in such a way that they can be readily adopted as national standards and, where applicable, be referred to in governmental regulations, certification rules or other documents.'

Consumer representatives have a most important role to play in ensuring that the standards, in the preparation of which they have been involved are used and implemented. They can achieve this by encouraging the buying of products made to the standards, and by work-

ing through consumer organizations, governments, product information and comparative testing organizations, certification bodies etc..

Governments, in their desire to remove barriers to trade, to ensure protection of health, safety and the environment (and thereby the consumer), or to encourage energy saving can also play an important role in ensuring that International Standards are used in the interest of consumers by making reference to particular International Standards in relevant regulations.

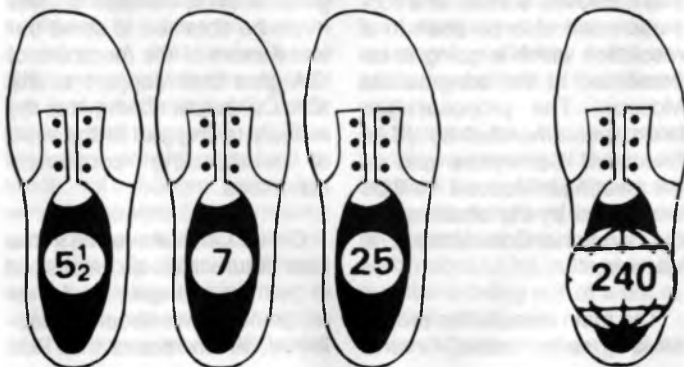
As regards the future initiatives of COPOLCO a final decision could not be reached. But some of the elements discussed were the following:

1. The establishment of lists of documents, publications, audiovisual material etc. concerning standards related to consumers in the countries of the COPOLCO members with a view of making these lists available to ISO members together with a list relating to similar material and publications prepared by ISO. The listed material shall be originated by Standards bodies.
2. The publication and circulation, twice a year, of a newsletter based on information received from member bodies on their current activities of interest to the consumers and that available at ISO central secretariat.
3. Listing of existing international (ISO/IEC) standards and draft standards dealing with consumer products, services and test methods and updating every two years.
4. The study of the degree of implementation by the ISO member bodies of standards of special interest to consumers.
5. The initiation of in-depth case studies of problems concerned with implementation by different countries of standards dealing with products of interest to consumers.

## Resolutions

At the end of the two day conference 11 resolutions were presented dealing with mutual exchange of information, publishing of a consumer document on standards, revising guides on comparative testing etc..

Three different sizes — or the ISO standard all over.



# Time for a new consumer programme



Consumer information today and in the year 2000 will be the main theme to be discussed at the next meeting of ICAs Consumer Committee. The Committee shall meet on the 10th and 11th October in Moscow in connection with the ICA congress. Some month ago the Consumer Committee has prepared a draft concerning Consumers' situation and their demands in the year 2000. It is in relation to this paper that the Committee has found it fruitful to extend the views on the pro-

blems concerning consumer information. The need for more and improved consumer information can also be seen in a resolution which is going to be presented at the congress in Moscow. The proposal has been recommended by ICAs Executive Committee and at the meeting in Moscow it will be introduced by the chairman of the Consumer Committee, Erik Hansen.

The main ideas of the proposal is a request to all ICA mem-

bers to promote the protection of consumers and improve their general living conditions. This might be obtained to some extent if more of the members of ICA give their support to the ICA Consumer Committee by actively taking part in the work of ameliorating consumers conditions.

Co-op Consumers will in the near future also be published in German and Spanish. An arrangement has been established, which means that Bdk

in Hamburg takes care of translation from English into German and that the consumer co-operative in Argentina takes the responsibility of publishing a Spanish issue. In Argentina not only the articles will be translated, but Co-op Consumers as a whole will be issued in a Spanish version.

It still remains to find ways of issuing a French edition.

At the meeting in Warsaw in the Executive Committee of the Consumer Committee it was decided to set up a working group dealing with the further steps to take following suggestions from the working programme for the Consumer Committee. Some of the elements of the programme already has been implemented by publishing of the Co-op Consumers. Plans indicate the working-out of a general consumer programme for developed and developing countries. Such a programme should be finished to the congress meeting in October this year.

## Resolution

The following draft to a resolution will be presented in Moscow:

Measures on Consumer Protection. The 27th congress of the International Co-operative Alliance.

*Recalls*, the declaration of consumer rights adopted at the 24th congress of the ICA in 1969;

*Welcomes* all reports on initiatives that have since been taken by ICA-members to implement this declaration;

*Finds* that consumers' situation still remains critical;

*Regrets* that a reasonable standard of nutrition, clothing and housing is not available for the majority of consumers and that adequate standards of safety and healthy environment free from pollution are not a fact for all consumers;

*Regrets* that access to unadulterated merchandise at fair

# The co-operative distinction

By Bjarne Møgelhøj,  
Researchworker at the  
University centre of  
South-Jutland, Denmark

The discussion of the future prospects of the co-operative movement has of late years become a known phenomenon, and in particular whether the co-operative form of organization can find application in different new fields, and how far the existing co-operative operations in reality live up to the distinction they actually possess compared to other forms of operations.

Slightly simplified the co-operative operation could be considered as an alternative to privately owned as well as public owned establishments. There will in practice be a great number of marginal cases, where it would be intricate to enlist an operation in one of the three categories of enterprises. It would be possible for instance to consider employee owned concerns, which could not be numbered among co-operative but otherwise among privately owned operations. To analyse the difference between the different types of operations the said simplification will, however, appear appropriate.

The analysis will principally aim at the co-operatives within Western World market economy, as the above categorization will not amply cover socialist economies.

A definition of the co-operative distinction is often made by an exposition of the co-operative principles, but this is not sufficient to allow an understanding of the fundamental differences between co-operative and private or public companies and corporations. Behind the principles looms a mode of thought requiring weighty reasons to understand prior to an evaluation of the co-operative principles in present and future communities.

The co-operative ideology has for more than 125 years

ago under the social conditions then given manifested itself in concrete co-operative principles concerning the organization of co-operative collaboration. The social conditions are changing continuously, and it must therefore be obvious continuously to update the co-operative principles, which also includes the formulation of new ones.

To undertake such an updating it must as mentioned be requisite to understand the inherent nature of the co-operative movement.

The starting point will in the following be the co-operative principles with a subsequent systematization of their background.

## The Rochdale pioneers

The origin of the co-operative principles is generally traced back to England, where a small group of people – mainly weavers – on August 15th 1844 founded the Rochdale Equitable Pioneers Society.

The objects of the pioneers were wide-embracing:

1. Establishment of a commodity store for sale of provisions, clothes and others.
2. The building, purchase or occupation of a number of houses, in which members desirous of helping each other to improve their living quarters and social position could reside.
3. The initiation of manufacture of products determined by the society to procure work for unemployed members, or members suffering from repeated reductions of the offered wages.
4. Further for the common good and security of the members of the society it was intended to purchase or rent one or several landed properties, which should be cultivated by members being out of work or in poorly paid jobs.
5. In order to further general

sobriety a temperance hotel should be opened in one of the houses of the society at first possible opportunity.

6. The society should as soon as possible endeavour to regulate procurement, distribution, education and direction, or in other words establish a self-helping home colony of joint interests, and assist other societies in establishing such colonies.

The programme was called The extensive programme and indicates that the aim of the pioneers was a fundamental change of the existing community – a co-operative community.

The programme should be seen in context with the inhumane conditions prevailing in England hand in hand with the reckless growth of industrialism and capitalism, in which new technical inventions were introduced in total disregard of the human sufferings they invariably brought about.

For a beginning the Rochdale pioneers set out starting a co-operative retail outlet, which in compliance with the 1st objects clause was to ensure the members an acceptable price and quality of a number of vital goods.

In the mid-fifties it was attempted to follow up the 3rd objects clause by starting up a factory by way of two weaving – and spinning mills, but the experiment was never a success.

The co-operative store, however, became a success, spreading soon all over England and further to other countries.

## The co-operative principles

The co-operative principles were as mentioned first formulated by the Rochdale pioneers in 1844. The International Co-operative Alliance (ICA), being an international association of national co-operative move-

prices and with a reasonable variety still is a vague hope for many consumers;

*Regrets* that access to relevant information on goods and services and to education on consumer topics is more of an exception than a rule;

*Regrets* that influence on economic life and democratic participation is not given to consumers to a reasonable degree; *Emphasizes* the need for a closer collaboration for expansion and development of an increased consumer protection in developed as well as developing countries by promoting contacts through exchange visits, improved communications, greater exchange of publications, greater collaboration on general initiatives to increase the role of the consumer and thus contributing to a greater world-wide social and economic justice;

*Recommends* ICA member organisations to aim for an increased consumer protection in the field of the right to reasonable standard and quality of life, the right to safety, the right to be informed, the right to choose, the right to be heard, the right to representation and participation, and the right to recourse and redress;

*Welcomes* the intention of ICA Consumer Committee to formulate an ICA programme on consumer protection as a step further forward from the declaration from 1969;

*Requests* the ICA Consumer Committee to continue, to extend and to deepen its work based on guidelines of its recently adopted working programme and a new set of rules;

*Calls* on all member organisations of the ICA to promote the protection of consumers and improve living conditions for consumers by a strengthened support for the Consumer Committee in its world-wide work for an increased quality of life for consumers in developed and especially in developing countries. ●

# The co-operative distinction

Continued from page 11

ments, has at a congress in Paris in 1937 agreed upon the essence of the principles, contemplating a determination of which organizations should be entitled to membership of ICA:

1. Open membership
2. Democratic control
3. Surplus sharing proportionally to commercial intercourse between member and society
4. Payment of limited interest on invested capital.

Further three additional principles were recorded, which have found application in some countries by co-operatives, without, however, intimating that the application of these principles being a condition of membership of ICA:

5. Political and religious neutrality
6. Trade in cash
7. Education.

These principles offer only a vague picture of a co-operative operation. The principles should be considered as a kind of guide-lines to the practical policy of the co-operative functions, and behind the principles rest the desires of accomplishing certain different objectives.

## Open membership (and voluntary)

This does not mean that everybody can participate in the business, but only that everybody having an economical interest in the sales – and purchasing activities of the co-operative operation must be registered as a member. It is an expression of a view of equality of ethic character which may be at variance with the economical interest of the concern, involving that the concern must do business with members with e.g. a minor production or residing in thinly populated areas, which in either case may be tantamount to excessive costs of transport. There is

nothing in the principle after all to prevent that the additional costs brought about by the cumbersome transport be debited such members. (A problem which has often been a cause for debate). By the word 'open' is likewise indirectly to be understood that the membership is voluntary.

## Democratic control

The object of the co-operative operation is to meet the members' need of goods and services. To ensure this aim it is important to build up a system of decision-making through which the members/owners are secured an influence on and control of the activities of the operation.

This is achieved in that the members via a democratic system can elect representatives for the directing organs i.e. board of directors, executive committee and board of representatives. The individual private members have usually equal voting influence to the effect that each member is allowed one vote.

This equality voting is based on the similar principle of open membership which is basic equality.

The decisive thing about democratic control is, however, to safely guarantee that the principal objective of the operation is to meet the members' need of goods and services. This may possibly be achieved via an electoral method other than 'each man one vote', and it might even be asserted that the importance of this election principle has been deflated through the introduction of the representative indirect democracy, which of necessity has been adopted in major operations.

'Each man one vote' is accordingly not an absolute prerequisite to obtain membership control of the concern.

Nor is 'each man one vote' otherwise sufficient to ensure

the control. There is in major co-operative operations an obvious risk that the members are left without real influence on the policy of the concern, and that the earnings shall not benefit the members.

## Maximum profit

The aim of the co-operative operation is to secure for its members the best possible economic result. This may be effected through high selling prices/high remuneration of production/work, or through low purchase prices of the goods and services being requisite to the production of the member or form part of the household of the latter.

The price/wage policy determines the surplus made up at the end of a fiscal year. Due to the natural relation price/wage policy towards members and surplus result, it may be impossible to make up the surplus of co-operative business in a realistic manner.

This predicament will often give rise to the misunderstanding that the co-operative operation is non-profit-seeking. This is not correct, as the members through the founding of the co-operative operation expect their share of the profit obtained in the production/trading division concerned.

The co-operative operation strives in the existing community system to attain a maximum profit, but part of this profit can during the year be refunded to the members via the adopted price policy and shall not purport to return interest on the paid-up capital.

The profit-maximizing policy is another reason why e.g. co-operative employees will hardly find their employment noticeably different from that of private firms or public institutions.

The share of the profit not apportioned during the year will be distributed at the end of the fiscal year proportionally to the registered business intercourse

between members and corporation. This must be a natural procedure considering the correlation between price policy and surplus.

## A corrective

The introduction of co-operative business must be seen as a corrective to the development of the capitalistic concerns, who through the formation of cartels and monopolies could bring home an increased share of the production result.

The founding of co-operative operations thus demonstrated a certain protest against the domineering influence of capital, whereas a desire of dethroning the capitalistic system as such was rarely advocated.

It was therefore natural to insert a clause to the effect that the capital deposits of the members should only yield a minor interest.

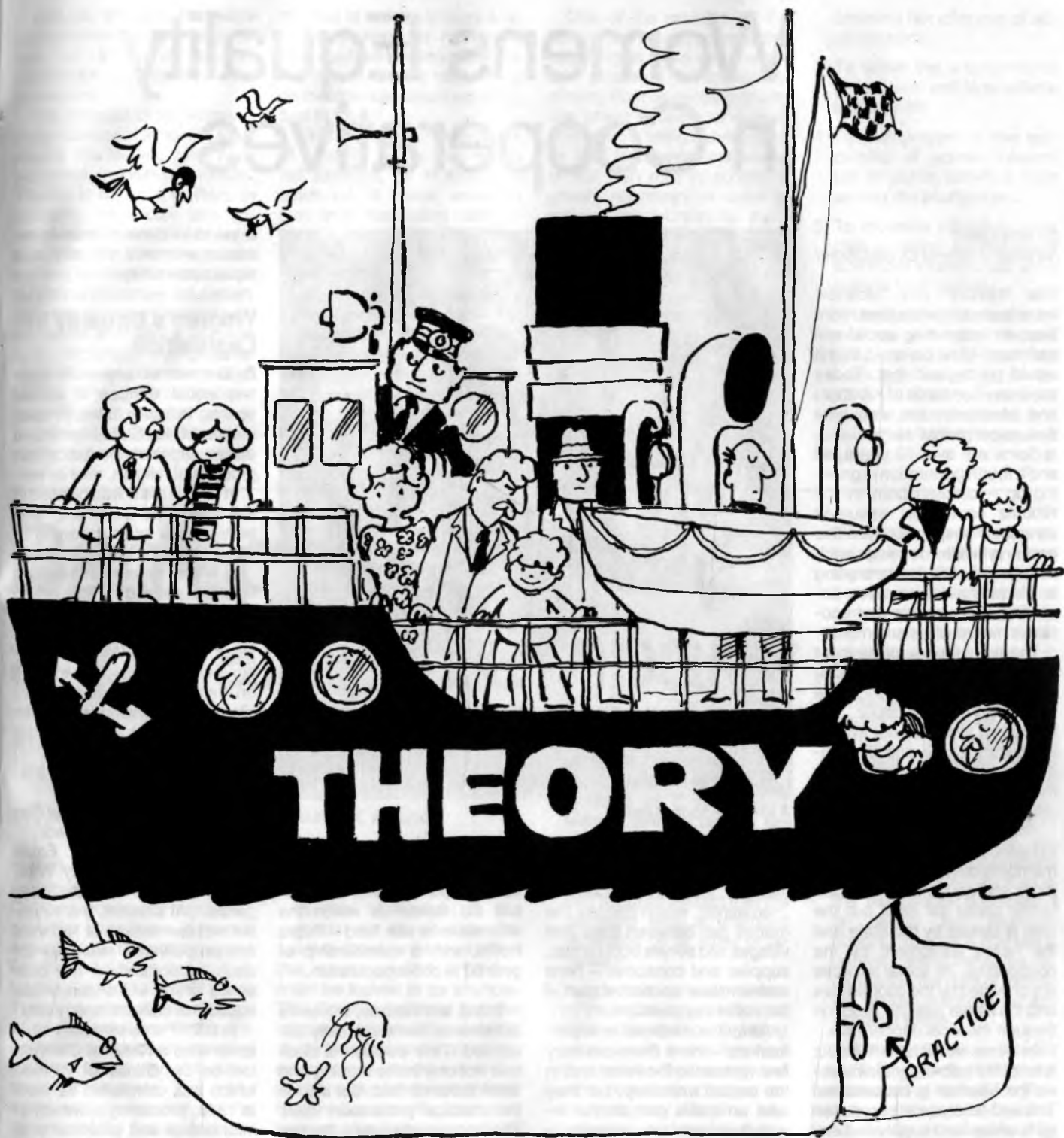
Provided the co-operative sector has secured a certain market strength compared to the private sector, the co-operative movement has in reality achieved the intended counter-power.

## Political and religious neutrality

The members will meet with no requirements regarding their political and religious standing. The co-operative operations take no political stand (apart from the workers' co-operatives backing up the Social Democratic Party), but the choice of the co-operative form of operation indicates a political preference, and it is probably this different political concept that remains decisive of to which extent people decide in favour of a co-operative combat of the capitalistic concerns.

## Trade in cash

This claim dates back to a period when a great number of the population were so poor that



they by way of credit systems could end up in a state of dependence of the moneyed capitalists. In the present Danish community this problem is no longer predominant, and the credit system may now even be considered a presupposition that people of the lower income groups can afford a number of lasting consumer goods.

### Education

To safeguard the popular control a versatile offer of education of elected member representatives must be inevitable. The understanding of the structure, function, and a number of controlling systems is required to enable the elected member re-

presentatives to control employed executive management.

There are many indications that in connection with the formation of ever growing co-operative units the authority has shifted from the elected member representatives to employed executive officers.

This could mean a risk of a development towards a self-

owned institution, the economical result of which would not become of benefit to the members. The said development can be counter-acted in that the education of elected member representatives as well as of executive employees is reinforced by extensive knowledge concerning the co-operative distinction. ●

# Womens Equality in Cooperatives

By Ada Gillan  
Na'amat – Hevrat Ovdim Israel

The 'Kibbutz' and 'Moshav' were once considered not more than an interesting social experiment – few believed that it would go beyond that. Today the many hundreds of Kibbutzim and Moshavim are well past their experimental stage.

Some are over 70 years old and a fourth generation is growing up – children born in the Kibbutz have now assumed complete responsibility. The basic principle is that each member contributes according to his ability and receives according to his needs and economic means of his community.

Thanks to the use of the most modern and advanced agricultural technology and increase in production per capita, the Kibbutzim today do not live on agriculture alone and their industrial enterprises are among the most successful in the country.

The Moshav is a more individualistic form of life. Here the members own their home, livestock and equipment and each family cooks for itself but the land is owned by the state and the heavy equipment by the cooperative. All social services are provided by the cooperative and the settler sells his produce through the local cooperative.

In other words, the Kibbutz form of life is communal, whereas the Moshav is cooperative. This self-labor society produces 80% of the food supply and enjoys a key position in Israeli economy, political and social life.

Here women enjoy complete equality both on paper as well as in reality. Though, in the last decade, due to the more sophisticated technological progress, women have penetrated into the economic field of activities, their main contribution is more substantial in the social, educational and cultural fields and less in economy leadership and management.



A kibbutz – north of Haifa

In the cooperative marketing concerns – 'TNUVA', which markets the farm produce – 'Hamashbir' which bridges the market gap between town and villages and serves both farmer, supplier and consumer – here women take an active part – but not in key positions.

As for the cooperative supermarkets – Here there are very few women at the head and in the central executive, but they take an active part on the regional and local level, especially in the advising committees on goods and products for home and family. They are also an active link in cooperating with the consumer associations in the Local Labour Councils, in organizing various consumer activities such as holiday sales, discounts, comparative tests, purchase counselling, etc..

In the Workers' Bank – 'Bank Hapoalim' many women are in key positions as savings advisors, pre-retirement schemes, housing, etc.

One of the most important of the Histadrut (General Federation of Labor in Israel) is its mutual aid system of which the ultimate is its sick fund – Kupat Holim, with a membership of over 80% of the population.

In the last decade, women's achievements have greatly advanced. Their position is decisive not only in the nursing and administrative field, but also in the medical profession itself. The number of women doctors has enormously increased, especially in pediatrics, gerontology, Roentgen – in the hospitals and ambulatory centres etc.

In the Histadrut – Hevrat Ovdim (Workers' Society) heavy industry, economic enterprises which consist of about 25% of the Israeli economy – the number of women workers is steadily increasing, but are only slightly represented in Executive key positions; and much

is yet to be done in order to increase women's equality and equal opportunity.

## Women's Equality in Legislation

By law, women enjoy full rights and equal liberties in all respects. In 1948, in the Proclamation of the State, there is a clause against prejudice on grounds of religion, race or sex.

In 1951 – a law was passed in the Knesset (Parliament) elaborating the exact meaning of equal rights for women.

A series of women's labour laws was passed in 1954, which among other rights, gave women a birth bonus and twelve week salary. Women employees were forbidden to work on the night shifts and all heavy physical labor injurious to health were forbidden. Many other laws concerning motherhood and child care hours were also passed.

In 1965 the Law of Equal Pay for Equal work was passed.

In 1972 the law of Equal Rights to Family Property, Wills, Family life, divorce etc. was passed. At present, the Knesset representatives of Na'amat are preparing a new law for equal opportunities for both sexes which will ensure more equality in daily life and reality.

In 1977 Prime Minister Rabin nominated a National Committee on the Status of Women which has completed its work in 1978, producing a wealth of information and practical proposals on the subject.

The assurance of equal rights for women was not only an expression of democratic principle which characterized the Jewish freedom movement but also as an expression of respect and appreciation to the contribution of the women's movement from its first pioneer stage, who were true partners in the great deeds of achievements through hardships and struggle which laid down the very foundations of the State of Israel.

And so, the laws that were passed were merely an expression of women's constant endeavour for constant improvement.

The struggle of the women's organizations of which Na'amat played the leading role, have produced positive results. Thanks to Na'amat's efforts in providing infant care and kindergarten facilities, the increasing of public awareness, the training facilities for new trades for girls and women, education, lectures, courses together with legislation and advice, all these have increased the percentage of women at work from 31% to 37% of the working population, and now the goal of reaching 40% seems to be a reality rather than a dream. The

number of women in most academic professions has more than doubled in a short time, the number of female students is on the increase almost equalling that of men.

Yet the women's movement of workers and volunteers is not satisfied, for in representation on all levels, women's part is far from being satisfactory.

Though we have had the honour of having one of our own active members and founders of our movement – the unforgettable Golda Meir as Prime Minister – there is no women in the Cabinet today and in the Knesset we have less than 10% of the seats – most of which are from the Labor Alignment.

One of the reasons for the delay in the process of reaching equal rights were the absorption problems of immigrants coming from developing countries where equality for women was far from being materialized, so that increasing awareness of her own role in society is greatly necessary in order to activate the woman for more public involvement.

In order to make more progress in this direction, the following are the immediate targets of the women's movement:

- 1) To increase awareness for more involvement in political life.
- 2) To assist woman in being successful at her job and in-

creasing her chances of advancement.

- 3) To widen the arrangements of technical and legal advice in family life.
- 4) To help prepare a new leadership of women interested in public activities from among the younger set.
- 5) To increase efforts in child care facilities so that more and more mothers can work outside their homes.

In conclusion – the achievements are very great indeed and we are proud of them, yet the struggle must go on for much is yet to be done in order to widen woman's horizons and achieve her rightful place in Israeli society. ●

# Ban against a 'pyramid' company

## An important decision in the Finnish market court

By Kauko Aaltonen, Co-operative Union, KK, Finland

The Finnish Market Court has prohibited Bestline Products Oy from continuing marketing activities based on a 'pyramid' organisation. The action against Bestline had been brought up by the Central Union of Retail Trade, an interest organization of private retailers. Bestline is an American company carrying on direct distribution of techno-chemical products. The company was prosecuted on the grounds of the Act against Unfair Conduct in Trading. The purpose of this Act is to secure the position of the trader in marketing or other economic activities against another trader's conduct that is contrary to accepted business practice or otherwise unfair. The Market Court consists of nine members, part of whom are appointed from among the interest groups concerned, i.e. wage-earners – consumers and the business world. It is a specialized court of law and appeals

cannot be made against its judgements.

In the statement of the grounds for its decision the Market Court pointed out that the means applied in trading must be looked at as a whole. The Court considered that the company accused has acted in a way that is contrary to accepted business practice and unfair from the standpoint of other traders because the company has used the following methods in marketing its products and the rights to resell them:

1. In recruiting people to participate in the business operations of the company, Bestline has, in order to ensure successful recruitment efforts, appealed to their personal economic hopes. However, the candidates have had no possibility to find out if they have any real chances to fulfil these hopes through the activities offered by Bestline.

2. As potential earnings, the company has mentioned to the candidates certain amounts of Finnish marks without giving a reliable explanation as to how such earnings could be reached in practice, specially taking into account the fact that the company aims at unlimited extension of its sales organisation.

3. In order to become a member of the sales organisation or to have the chance of getting promoted in it one has had to pay fees for training and other one-time charges to the company. Bestline has however, not specified the training or other service to be given in return. The fees concerned have also had to be paid irrespective of whether the payer would avail himself of the service.

4. In marketing rights of resale the company has promised to pay or paid members of its sales organization premiums or other economic benefits on the basis of how many new resellers they have recruited. The company has

also made it a condition for being promoted and preserving one's position in the sales organization that the person concerned keeps on recruiting new members for the organization.

5. The company has recruited persons who have not previously been engaged in trading to participate in its business operations. These persons have had to buy a parcel of products called basic stock for which they have paid in cash. However, the company has not given them any reliable explanation as to the reasonable possibilities of selling the products bought. Nor has it granted a person joining the sales organisation the right of returning unsold products on acceptable terms.

The Market Court considered it justified, under the threat of a fine amounting to 1 million Finnish marks, to prohibit Bestline Products Oy from continuing, either itself or through members of its sales organisation, to apply any practices described above (items 1-5) or corresponding to them.

Formally, the decision concerns traders only, but it is also of great importance from the point of view of consumer protection. Persons recruited to participate in this kind of activities are mostly ordinary consumers who are persuaded to engage in trading by means of ungrounded promises. ●





# Multinational Monitor

The imbalance of both power and information in favor of domestic corporations over consumers and workers is widely acknowledged. A far greater imbalance prevails in favor of international companies able to escape national laws, to juggle transfer prices, to concentrate wealth, to corrupt politicians, to export jobs and pollution, and to manage dozens of other types of manipulations or evasions that diminish or destroy accountability to the people they adversely affect. The democratic response to these pressures requires an exchange of information among citizens throughout the world who are committed to reducing present injustice and forestalling future abuses that flow from the intensifying concentration of capital, technology and labor in fewer and fewer corporate hands.

These are the words of US-consumerlawyer Ralph Nader. They can be read in a new monthly magazine called *Multinational Monitor*. In the first issue the wide-ranging impact of multinational corporations is revealed in articles on the aluminum giant (Kaiser) in Ghana's midst which reaps high profits, while contributing little to the development of this financially-trouble country and in an article on how a U.S. corporation's record of overseas bribery undercuts the arguments of those seeking a rollback of the U.S. Antibribery statute.

Ralph Nader continues in the following way on multinationals:

These private governments, operating beyond, above or in spite of any rule of law or tradition of restraint, result in occupational diseases the political use of corporate power at the United Nations, damage to the indigenous peoples of the Amazon, bribery as a way of selling, as well as iron grips on specific developing countries by international corporations.

Similar private governments, of course, exist within countries, from company towns to monopolies. But large corporations operating in the international arena bring different contexts to the historic questions of control secrecy and immunity from deterrence or sanction. The fast-paced dynamic of these everexpanding global corporations, with their expedient exploitation of political tides and their vast deployment of chemical, nuclear, drug and other technologies over people and nature, are leaving public awareness further and further behind.

It is time to catch up. Westinghouse, General Motors, Exxon, Unilever, ITT, Nestle, Mitsubishi are each larger in gross revenues than the gross national product of dozens of nations. They are shaping the world and deciding national options, without adequate competitive or regulatory restraints. The forces they unleash daily can be openly deliberate or they can be subtly secretive or they can be unintentional. Whatever they are, they invite understanding, evaluation and, where necessary, correction. Their aggregate effect on world distribution and use of resources and on world conflicts merits continual assessment if the anticipatory quality of human beings is to be part of their trust for the welfare of future generations.

And Nader ends his survey with a recommendation to subscribe to *Monitor*:

Information is the currency of democracy and the bacon for enlightenment. It illuminates the pathways to economic, political and social justice. The *Monitor* is dedicated to serving those principles for the people of the world.

*Multinational Monitor*; P.O. Box 19312, Washington D.C. 20036, USA.

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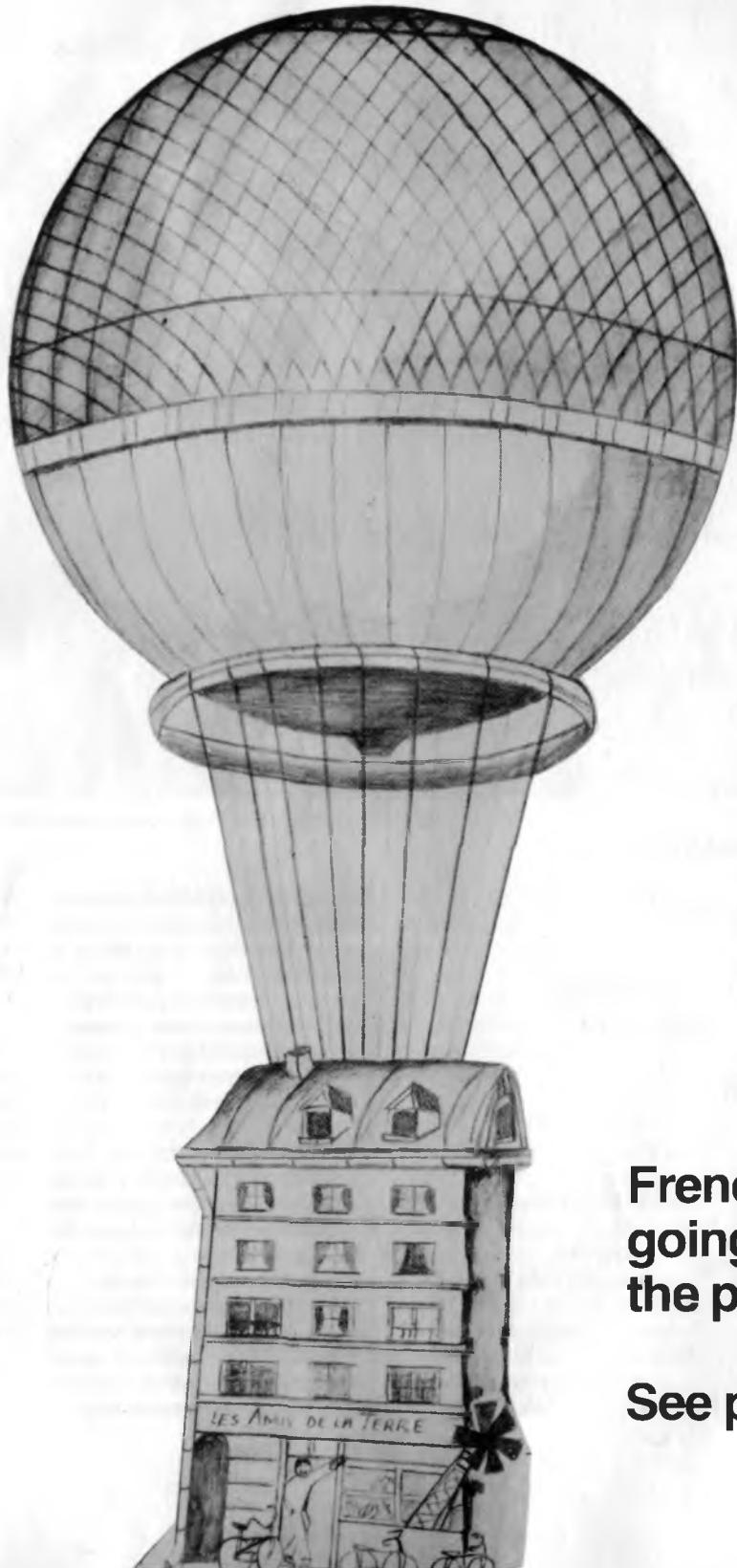
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# CO-OP CONSUMERS



**French ecologists  
going after  
the presidency!**

**See page 6-7**



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400 copies of Co-op Consumers are printed in spanish.

*EL HOGAR OBRERO (Workers Home)* celebrated its 75th anniversary on 30th July 1980 and manifested the vitality of the idea of cooperatives in Argentina, together with an extensive programme, with participants from member organizations in 12 countries and representative from the ICA, Director S.K. Saxena, and the ILO Mr. Raymond Luis. The chairman of the ICA Consumer Committee was also invited to participate in the festiveness.

The anniversary was characterized by lectures, information of the size and activities of the co-operative movement, opening of a supermarket, and ceremonial arrangements.

The magazine Co-op Consumers was presented in the Spanish edition by President Mr. Oscar Diaz Perez from the Argentine Consumer Co-operative Federation (FACC) which – with Argentine greatness – has undertaken all costs in connection with translation of the Co-op Consumers into Spanish, together with distribution of the magazine to all Latin-America.

There are about 4.684 co-operatives with 7.7 million members (1978) in Argentina, and the turnover amounts to 4.258 thousand million pesos (\$1 = 1865 pesos), covering agricultural co-operatives, consumer co-operatives, workers' co-

# Co-op Consumers in spanish

By Erik Hansen



El Hogar Obrero celebrates its 75th anniversary.

operatives, insurance, credit holding, housing, electricity etc.

EL HOGAR OBRERO is the largest primary co-operative in Latin-America covering about 750,000 members. The organization deals with consumer co-operatives, housing and credit activities.

All consumer co-operatives are members of the FACC which is represented in the ICA.

## A prominent position

It was a great experience to meet the Argentine co-operators who very enthusiastically and with faith in the survival of the idea of co-operatives work-

ed to spread the knowledge of the movement, but who were also aware of the necessity for efficiency to be able to get a prominent position in the Argentine society, and to be a factor in the Argentine economy, but obviously always with the interests of the members in mind.

In this connection the co-operative education (spreading of information and training) is focused, and a new legal provision saying that 5 per cent of the annual surplus has to be used for education is expected to result in important changes in the near future.

EL HOGAR OBRERO follows very closely the consumer poli-

tical development especially in Scandinavia, and is very engaged in making experience to benefit the members and the profit of the movement in an advanced and modern member organization.

## A strong ideology

The President of EL HOGAR OBRERO Dr. A. Vainstok explained at meetings the necessity of a strong co-operative ideology and philosophy, but always with realistic plans and programmes as foundation, and with the highest output of efficiency in all branches of the movement as a condition.

The Latin-American anchor-

man for the Consumer Committee is Dr. L.A. Carello who was an inspired organizer of the arranged festiveness, but he also took his time to describe thoughts and ideas of future ways, goals, and means of development of the co-operative movement in Argentina.

The will and wish to develop the movement in a democratic based organization are evident, and also to strengthen co-operative solidarity in international connection and to help and support the co-operative efforts in Latin-America. The co-operative movement in Argentina is a movement marching forward, and we will hear much of it in the future. ●

# Reaching the poor through broadcasting

By Alma Williams

'The overwhelming fact of the development world is the number of people in it and the staggering rate at which numbers are increasing'.

This is a quotation from the FAO Indicative Plan for Agricultural Development, which points to the reasons for poverty. Some of the people it describes are concentrated in a small modern sector containing the capital city and some urban areas, but the greater part are rural and likely to remain so. They live at bare subsistence level, illiterate or very poorly educated, with around 50% of the total population under 20. Their agricultural activity is generally a form of subsistence farming: this means that people produce things for their own use or for simple exchange transactions, but that they do not participate to any real extent in the money economy. When they need money, they most often obtain it by credit from money lenders at extremely high rates of interest.

These are the poor consumers who were a priority target in a unique consumer broadcasting experiment which started in January 1979.

## Background to the experiment

The New Zealand Government, through its High Commission in Malaysia, provided funds for the International Organisation of Consumers' Unions to carry out a unique project on consumer education through broadcasting. Bearing in mind the technical nature of the project, it was essential for IOCU (working through its Regional Office for Asia & the Pacific) to include the Asia/Pacific Institute for Broadcasting Development in Kuala Lumpur. The major aims were:

– to develop understanding, mutual trust, two-way communication and exchange of ideas between professional broadcasters and the officials

of consumer organisations. – to demonstrate the viability of consumer education for people in developing countries through the electronic media, with special emphasis on radio.

18 participants – 9 broadcasters and 9 representatives of consumer organisations – from 5 ASEAN countries (Indonesia, Malaysia, Philippines, Singapore and Thailand) worked and trained together at a month-long course in Kuala Lumpur inaugurated by the Malaysian Minister of Information. They produced actual programmes as part of their field work which emphasised the basic nature of the consumption patterns of their target audiences. When they went back to their own countries, they began to develop networks of contacts and to make programmes about health and hygiene, food, nutrition, breast feeding, pure water, child care, safety. The hope is that people with a new access to accurate information can learn to cope with excessively rapid social and technological change; to survive crises caused by bad harvests, unemployment, inflation, energy shortfalls; to make the world a better and healthier place for their children by learning about nutrition – it is ignorance of this which causes the very young to suffer a Vitamin C deficiency when papaya is cheap, plentiful or even growing free, or a protein deficiency when three eggs laid by the family hen are bartered for a can of cola drink.

## The role of radio broadcasting in development

Successful broadcasting depends in the first instance on finance and technology. It relies on state funds to set up a network of national and local stations, and on the availability at a low (possibly subsidised) price of transistor radios. These are

the means of transmitting instant, urgent messages to all people, literate or illiterate, in cities or in villages. Much of Asia still has no access to mains electricity, and therefore battery-powered radios provide the extensive communication that television cannot yet give. Television is often a visible governmental status symbol, whilst investment in colour television is a present anomaly for many, since it can divert resources from radio which could provide a much higher return in developing standards of public information. In the second instance, successful broadcasting depends on people – and principles. The five principles of consumer education:

- critical awareness
- action and involvement
- social responsibility
- ecological responsibility
- solidarity

provide a wide-reaching code of practice for consumers. This 'Pancacara' points the way to self-fulfillment and personal development, and it can accelerate public progress: the state and its citizens can together generate pressure to stop exploitation by other countries and multi-national corporations; they can monitor overseas investment to make sure that it does not damage the environment or traditional ways of life; they can demand greater safety and better quality control of goods, both for the home market and for export. But such action demands a generally well-informed and educated public who are free from the pains of hunger and the apathy of starvation. So what can be done? Consumer organisations can as a first step approach village development committees, or influence key people in rural communities such as the mullah, or even the midwife. By this means, it is possible to encourage and develop feedback from 'grassroots' consumers – from the padi cultivators, the cocoanut or rubber smallhol-

ders, estate workers and fishermen. But in the long term, information, action and consequent participation lie in the hands of the broadcasting media, especially local radio which can communicate in the language – in the dialect if necessary – of the people it serves. How then can these three goals – information, action and participation – be achieved? They are closely tied in with the three basic aims of broadcasting which sets out to entertain, to inform and to educate.

## Entertainment, information and education

In city centres and in urban developments the media of entertainment and information are often by tradition quite separately and independently organised. The better-off and the better-educated go to theatres, cinemas, concert halls and sports centres if they are looking for outside entertainment. They read newspapers and journals, go to lectures, schools, colleges, libraries, and seek out various sources if they want information. But radio has welded entertainment and information into one – for the benefit of the poor and illiterate as well as for the rich and well-educated. Radio is theatre and newspaper in one. And this is what we must never lose sight of when we are producing consumer broadcasts: radio is a medium for fun and relaxation as well as the chief means of conveying effective communications. Entertainment can create the right atmosphere for imparting information; with luck, information can lead on to education. This involves the transmission of a body of knowledge and useful consumer skills, and the application or adaptation of facts to fit personal circumstances. It means that action results, relating ideally not just to self but to family and a wider community.



Radio broadcasting can be a useful tool.

## A 10 point check list

1. The target audience must be clearly defined and its special needs and problems identified.
2. The programme must arouse interest, attracting and retaining attention.
3. Producers and broadcasters must be realistic and bear in mind that attention spans are very limited, that memories are short and need frequent reminders and repetitions.
4. Magazine-type programmes must be varied in approach, in style and in content.
5. Content must relate to the needs of the target audience (and in the case of the poor consumer subjects include specific examples drawn from family welfare, nutrition, credit etc.).
6. The producer should accept that in the first instance people are only interested in themselves and in their immediate family.
7. Programmes must develop a reputation for accuracy, reliability and impartiality.
8. A great deal depends on the personality and skill of the presenter who must reject the sins of patrony and pomposity, and inspire trust and confidence in himself and his programme.
9. There must be effective programme support, and the means of encouraging two-way exchanges. (Phone-ins are not always possible, but there is the need to deal with letters, telephone calls and personal callers).
10. An effective programme can provide the means of social reform by initiating campaigns and exposing evils (eg. junk foods, baby milks, colourings and additives, pirate brands). ●

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# A green President on the way?

By Poul Dines



Co-operatives have often been inspired by the environment- and consumer-movements. Especially their methods to obtain a broad, popular support are envied by many co-operative movements facing a decline or stagnation in membership. Once again the French consumer- and environment-movement (also called Les Verts) has given cause to surprise. At the coming Presidential-Election in 1981 in France the environment-group will produce a common candidate to succeed Giscard d'Estaing. Brice Lalonde, who is the central figure of the movement, tells in this dialogue about some of the items of the programme destined to attract votes.

The consumer- and environment-movements make many demands and use as many methods to have them accepted. The French environment-movement is the best example as it has obtained approval to present a common candidate to the French Presidential Election in 1981. The man, who shall compete with Giscard d'Estaing, is the 35 years old Brice Lalonde from the environment-group *Les Amis de la Terre*. Officially he is supported by a number of well-known names, e.g. the TV-Star *Coasteau*, who through his programmes from the ship *Calypsoe* has also

drawn the attention to the exploitation of the resources of the world.

Brice Lalonde has a very modest office with *Les Amis de la Terre* (Friends of the Earth) in the middle of the Saint-Michel quarter in Paris. His candidature is not meant as a joke, but as a challenge to the established politicians and their old-fashioned behaviour. And the optimism to obtain many votes is based upon the fact that at the last municipal-election in Paris the environment-group obtained 10-15% of the votes. At the election to the European Parliament in 1979 they obtained approx. 1 million votes.

## Radio-Libre

Brice Lalonde is acquainted with the medias and will be able to find new paths to attract votes. Perhaps so many that the environment-list will be in a position to upset the balance of power between the top-candidates. Lalonde's consciousness of the medias has given bizarre results. During the municipal-elections in 1977 he was responsible for a poster showing the Latin-Quarter in Paris changed according to ecological principles, i.e. with solar collectors on the Parisian roofs, a lot of cyclists, and a single person demonstrating against solar-energy!

Later on during a debate in French TV Lalonde surprised in the middle of the statement by producing a transistor radio and tune into the first programme from the illegal radio-transmitter "Radio-Libre".

Brice Lalonde is a former rebel from the students' days in May 1968, now speaking in favour of a more ecological way of living.

## Programme

The main items in the consumer- and environment-groups' programme concerning the Presidential Election can be summarized in slogans for and

From left:  
Brice Lalonde,  
Francois Cousteau and  
René Dumont



against various initiatives of society. They are against:

- the waste of nature's resources
- the exploitation of the third world
- the concentration of power with the technocrats
- the damage caused by private motoring
- the rearmament
- the additional consumption in the rich countries at the expense of the poor
- nuclear power plants

Their endeavours to fight for another kind of civilization are expressed in the following manifesto:

- a reduction of the blind economic development
- a decentralized society
- access to abortion and contraceptive measures
- a more equal distribution of the capital of society
- a reduction of working hours inter alia to reduce the number of unemployed
- protection of nature and the rural territories
- more collective transport
- admit the justice of the rights of minority groups
- a decentralized technique based upon nonpolluting resources fit for recycling.

However, no one expects that these items will be carried through from one day to the next. But the environmentgroup has also other reasons to provide a candidate for the Presidential Election.

- We will use the participation in the election as a means of

spreading the knowledge of the environmentmovement all over France, says *Brice Lalonde*.

- In the hundreds of meetings in radio and TV, to which we will be invited, we have the possibility to present the ideas behind our programme and put question marks at some of the themes, which the traditional politicians bring up during the electoral campaign.

- Another main point in our strategy is to use the electoral campaign to strengthen the movement. There are still thousands of persons willing to cooperate with us, but who find it difficult to make the first move. Finally we hope that the campaign will strengthen the movement, so that we are better prepared for the municipal elections in 1983. The Presidential round will give us some experiences for later use.

### **Demand for acceptance**

- Our third motive for participating in the election is to fight to be accepted on equal terms with other organizations. It is soon more than hundred years ago that the trade unions began to fight for the right to strike, local committees on the places of work etc. To-day the trade movement is accepted as a natural part of society. The environment-movement has the same wish. We are also of the opinion that there is a demand for a new liberty allowing the citizens more influence upon

the processes of decision. That will also demand a freer admittance to radio and TV. It will be to the advantage to all in the society to get an easier admittance to these channels, and not only for the consumer- and environment-movement. It could be the starting signal to a renewal of democracy, emphasizes *Lalonde*.

The progress of the ecologists has begun with a variety of actions, all aiming at a preservation of the original values and in a fight against the big unities, where they gain ground at the expense of the smaller ones. One of the first actions of the movement took place in the Alsace-district in the 1960'ies. The purpose was to protect the natural environment, the wild fauna and to fight against pollution and the destruction of the old town-quarters.

Later actions against nuclear power etc. have been added. By the way for the first time right back to the beginning of the 1970. However, a few years earlier in May 1968 the movement experienced a tremendous expansion, mostly from the students, under the motto: "You don't change society without changing your life, but the life cannot be changed without changing society". Demonstrations by cyclists and the establishment of the free radio have been other steps in the development. To-day the public can listen to the forbidden Radio Libre once a week in different regions of France. With the

transmitting equipment on the nape of the neck and the tapes ready for transmitting the radio stations have survived several intensive police-hunts.

### **Collaboration**

The consumer- and environment-movements in France to a certain extent fight for the same cause. Naturally they collaborate intensively, as when they e.g. sent out a common request to boycott Shell's products in connection with the tanker Amoco Cadiz' grounding in Bretagne a few years ago. The co-operative illness insurance companies has also a close collaboration with the green environment-group, e.g. by financing experiments. The deterioration of the foodstuffs in the form of additives etc. is also one of the major items. In this sphere the French environment-movement has had considerable support from the manager of the co-operative laboratory, *Francois Custot*, who has fought with untiring energy to improve the nutritive value of the foodstuffs.

However, in the political fight the environment-group is rather isolated. They call themselves a new opposition, which both nationally and regionally will find collaborators for the causes they fight for. Thus they strongly oppose the communist party's support to projects like the Concorde, nuclear power plants etc. Neither do they find much similarity to their programme among the other parties. ●



# A New Consumer Policy

**A working group set up by the Consumer Committee of the ICA has prepared a draft for a Consumer Programme for the co-operative movement.**

**Choosing ICA's Declaration of Consumer Rights from 1969 as a starting point, a 20-pages catalogue has been made. This can be the basis of consumer-political initiatives in developing- and developed countries. The draft will be presented for the members of the Consumer Committee at the Congress of the ICA in Moscow in October. The final adoption is expected in autumn 1981.**

Five consumer rights are the cornerstones of the draft for the consumer programme. For each right is shown some possibilities for action for the developing- and developed countries. The programme concludes with a short survey of international organs, working for a promotion of the concern of the consumers.

The introduction of the programme stresses the important placing of consumer questions which can be expected within the next few years. Examples of this:

"Consumer protection has a very important bearing on economic and social development as well as on the health, safety, welfare, and quality of life of people of all countries. This makes a very extensive co-operation in the field of consumer protection important in promoting economic and social development of developing as well as developed countries. The situation also calls upon the need for a closer collaboration for expansion and development of an increased consumer protection in promoting contacts between countries through exchange visits, improved communications, greater exchange of publications, greater collaboration on general initiatives to increase the role of the consumer and thus contributing to a greater world-wide social and economic welfare.

The difficulty by making a common programme for countries in different levels of development are also reflected, for instance:

– There seems to be big differences between the need for consumer protection of current interest for the developing countries and consumer protection in the developed countries. Because of differences in the consumer composition the problems for the consumers in these two stages of development are of extremely different character. The basic wishes for protective arrangements against fraud, dangerous products, misleading advertising etc. seem to be identical. The need for a development of consumer rights in this field are even urgent in both sectors. The differences in for instance the conditions of the consumers could perhaps give rise to a start of different actions. This means that the results and experiences from developed countries cannot directly be transferred to the developing countries, but they must be adopted locally or on regionally conditions.

In many of the developing countries a great part of the problems of the consumers arise because of missing deliveries of goods. The quantity of consumer goods is so low that it is difficult also to give minimum demands for the goods that can be bought and which are sold at very high prices. It can often be seen that it is consumer goods that have earlier been refused in the developed countries, perhaps because of a more strict consumer legislation. Multinational companies have made use of this practice to the detriment of

the quality of consumer goods in the developing countries."

## **Co-op's responsibility**

Great revolutions of social and economic character within the next decade will intensify the interest for the problems of the consumer. The economic necessity can perhaps be expected to force the consumers to a life form which more corresponds to ecological principles of saving resources. In this connection the co-operatives have a special commitment which is formulated as follows:

"The co-operatives must in the future realize a certain responsibility to improve conditions of consumers. This means that co-operatives should work for re-educating consumers in direction of a new personal value system consisting of elements like a replacement of the tendency to "to have" with the tendency to "to be", to underline the need for a satisfaction of intellectual, cultural, and social needs. The basic needs should be satisfied in all groups of society and especially in low income groups. Co-operatives should also stress and take the responsibility for the need for education of consumers on how to save energy in consumption. In the work of obtaining an improved situation for consumers, co-operatives should collaborate with other consumer organisations, with governments and with United Nations and similar organisations.

## **Safety and Protection of Health**

The consumers have a claim to healthy goods and safe services. If troubles arise because of disagreement between the expectations of the consumers from the article, and the actual quality of the article, it indicates that a consumer political action is required. The differences between the developing and developed countries are sharp.

In the developing countries the situation is often charac-

terized by the fact that goods and services are offered to consumers on conditions of relative scarcity, and choice of products is sometimes very limited. The lack of industries and the privileged conditions enjoyed by foreign enterprises over certain markets in developing countries, limit in many cases the source of supply and the choice of product. This in turn may affect negatively prices of products and the ability of the authorities to enforce standards and carry out the necessary verifications".

The programme mentions several examples of concrete initiatives that can be expected to be carried out to increase the protection of the consumers. Examples from this catalogue:

- to ensure minimum degree of product safety (products must not be dangerous to consumers even if they are without certain preconditions or handicapped, elderly or children),
  - to define conditions for the use of products (products must be labelled with warnings and instructions if they – used in a wrong way – can be dangerous to consumers),
  - to specify conditions of minimum durability of products (products, especially food-products must be labelled with information of durability).
- Of interest for particularly the developing countries the following initiatives are stressed:
- to inform in a very simple way about the use of products (e.g. drawings, pictures etc. must be used to reach illiterates etc.),
  - to promote education of consumers to help them to compose e.g. meals of a nutritionally sufficient content, to understand instructions of use on products, to be aware of warning signs on dangerous products etc.).

## **Right to be informed**

Co-operatives in developed countries are in many ways informationally not efficient enough. Not that information is not given to consumers, but in the sense that it is not the rele-



vant data consumers are provided with. The affluence of information is difficult for consumers to perceive to make it possible to make a rational choice. In developing countries the situation is in a way opposite. Consumers are suffering from a lack of information and often have to rely fully on information given by sellers.

Some of the options for actions is e.g.:

To ensure necessary information of the following categories:

– existence information e.g. existence of products, brands, models, retailers etc.,

– product information e.g. information on what is good and what is bad about a product.

### A Rational Choice

A rational consumer is fully aware of all goods supplied to the market. He knows prices and qualities and the way to make a rational choice. The average consumer differs a lot from this ideal. Normally he/she has not any chance of getting all the necessary information to protect himself/herself against e.g. delivery failures, performance failure, unsafe products etc. Particularly a big

group of vulnerable consumers, the poor, the less educated, the aged, children, etc is very exposed to dissatisfaction from its buys.

In developing countries consumers are asking for sufficient supply and a variety of products and services at competitive prices. In a no-market economy consumers must demand a satisfactory quality and service at fair prices.

To secure a rational choice means providing sufficient information about consumer goods and securing a variety of products and services e.g.:

– to secure a sufficient supply

of goods without too many varieties substituting each other,

- to secure a variety of products and services e.g. products using less energy and resources,
- to draft contracts so they are not misleading to consumers,
- to protect consumers against abuse of door-to-door sales, mail order sales, etc.

### Representation

Representation of consumer interest in official boards etc. influencing policy making is not very extensive. There seems to be a very strong tradition of focusing on producers' interest. This is caused by many different reasons which seem to be very strong obstacles, especially in developing countries, for an equal consumer participation in political decisions.

The consumer interest must be presented in all bodies concerned with consumer problems. This can be done in different ways. Some possibilities are mentioned in the programme e.g.:

- to set up bodies to elaborate, coordinate and implement consumer policies (e.g. offices in ministries, departments, councils, consumer divisions in consumer co-operatives, etc.),
- to authorize certain bodies to represent the interests of the consumer vis-à-vis public authorities (e.g. consumer council, consumer co-operatives, consumer ombudsman, etc.).

### Recourse and redress

Consumers often end up in a situation where they are dissatisfied with their purchases. This can be caused by failures of different kinds, e.g. delivery failures, performance failures, etc. In all these cases consumers often suffer from the lack of an official complaint board to investigate the purchase and the failure and to make a judgement. It must be underlined that the right to recourse and redress is very essential demands of consumers. Consumer dissa-

tisfaction can only be amended if consumers are offered help to claim their rights. Consumers often find themselves as amateurs when complaining due to lack of financial and personal resources. Particularly the poor consumers are more vulnerable to demand redress of failures. A lot of barriers have to be overcome before all consumers can be said to have the same access to redress and recourse. Geographical, economical, and social differences make it very difficult to see that all consumers will profit from e.g. a complaint board, even when it is possible. To widen the access it is necessary to bridge the gap between the vulnerable consumers and the well-to-do consumers. This demands very simple rules for consumer complaints and a financial support to secure that legal costs do not exceed gains from the correction of a complaint.

From the options for actions can be mentioned:

- to establish boards of complaints (e.g. co-operatives must offer consumers advice, and supply an institutional frame to deal with consumer complaints),
- to secure a fast and correct discussion of consumers' complaints (e.g. it is very important that a solution to a complaint is found within a short period of time so that consumers should not devote much of their time to follow the treatment of their complaint,
- to implement measures to diminish barriers for consumers who wish to complain (e.g. demands of written complaints, demands of payment of a fee, etc. can create difficulties for consumers to obtain their rights).

The drafted consumer programme has been discussed at the meeting of the Executive group in September. The procedure is proposed to be a period of 6 months open for discussions, remarks etc. Then 3 months to work out the final programme which will be sent out 3 months before the annual meeting in 1981 in the Consumer Committee. di-

# Consumers reaction to price scanners

By Frederick W. Langrehr and Richard K. Robinson\*

**This article deals with shopper reactions to and behavior resulting from using universal product code scanning checkouts. Since the studied supermarket chain that used the scanners did not item price, consumer reactions to self-price marking are also presented. The basic findings are that consumers did find the scanning systems to their advantage, but found self-price marking to their disadvantage.**

Since 1974 a number of retailers have been investigating the use of universal product code (UPC) scanner checkout devices. In fact, one grocery chain appears to be moving beyond the experimental stage and is installing scanning devices in one-half of its stores in USA.

The UPC scanning devices eliminate manual recording of prices by a retail clerk. The UPC represented by the bar code is 'read' by passing the code over a window installed in the checkout counter. A laser beam reads this code, which is then transmitted to a computer. Finally, the price recorded in the computer is relayed back to the electronic cash register and is recorded on the receipt and displayed on two visual readouts, one for the customer and one for the clerk's use.

Retailers maintain that a consumer directly benefits when stores have scanner-equipped checkouts. The consumer benefits include faster checkout, more accurate bills, and more informative and useful computer generated sales

receipts. However, there has been little published research to indicate whether consumers share these beliefs.

Another visible change for the shopper would be the possible removal of item prices. A number of grocery retailers believe that one of the significant cost savings for the merchant and perhaps the shopper is the elimination of marking each item in a store. In those stores where prices have been removed, retailers report that some consumers do not notice the price removal. Of those consumers who do notice, few raise serious objections. However, there are some consumers and consumer groups who are very concerned with this trend toward item price removal.

A study by Harrell found that shoppers at a store that removed item prices had a lower short-term price awareness than shoppers at a store with marked item prices. At the end of 1977, seven states and a number of cities required varying types of item pricing.

Shoppers self-marking their own item prices may be one

way to maintain consumer price awareness and still allow retailers to stop marking individual items. However, there has been no published research on patrons' reactions to their self-marking of item prices. This research was designed to determine the attitudes and behavior of customers of a supermarket. The supermarket is equipped with UPC scanner checkouts and removes most item prices and encourages shoppers to self-mark prices. Specifically, the study had two purposes: to determine shoppers' perceived advantages of scanner checkouts and self-marking of item prices, and to investigate changes in shopping behavior associated with checking out at scanner-equipped stores and self-marking of item prices.

## Findings

Almost 70 percent of the respondents indicated there was a consumer-oriented advantage to the scanner checkout. When given a free choice to state what the primary advantage of scanner checkouts was, the majority of shoppers indicated faster checkout time. The other main advantages were almost equally divided between improved accuracy of the receipt and a more informative receipt.

These initial responses were supported by a set of forced-choice questions. Over two-thirds of the respondents believed the scanner checkouts were much or somewhat faster than conventional checkouts.



while an additional 17 percent saw no difference. When asked about the accuracy of the scanner checkout versus the conventional system, over one-half of the shoppers believed the scanner to be more accurate and about 25 percent of the shoppers believed the system to be no more accurate; 8 percent stated that the scanning system was somewhat less accurate than conventional checkouts. The opinion of the shoppers who found the scanner no more accurate or less accurate than conventional methods is amplified when considering customers' views on the disadvantages of the scanner.

### Disadvantages of the Scanner Checkout

Approximately one-third of the sample thought that scanner equipped checkouts presented disadvantages to the consumer. When asked to give the main disadvantages of the system, almost two-thirds of the shoppers reported inconsistencies between computer-generated receipt prices and self or shelf marked item prices.

In order to determine changes in shopper behavior, respondents were asked if they more closely watched prices being recorded at the scanner checkout than at a conventional checkout. About one-fourth of the shoppers indicated they watched more closely. However, a few of the shoppers stated they could not watch because they had to bag their

own groceries. While one-half of the shoppers did not observe price recording more closely at the checkout, they may have checked their receipt at a later time.

As a further check on this possibility, the respondents were asked if they used their scanner-generated receipts differently from conventional receipts. About 25 percent indicated they did. Within this group, two-thirds of the shoppers saved the receipts to compare receipt prices to self-marked prices or the prices of previous purchases. Also, when asked if the self-marking of prices was not encouraged by the store, over 40 percent of the shoppers said they would continue to price mark. The main reason given for this was to compare item prices to computer prices.

### Shopper Marked Item Prices

One-half of the shoppers said there were no advantages to self-marking item prices. However, one-fourth of the total sample thought they remembered prices better when they marked them. It is also interesting to note that nearly 20 percent of all shoppers believed that self-marking reduced prices charged by the supermarket.

Nearly two-thirds of the total sample mentioned specific disadvantages to self-marking item prices. Taking more time to shop was the major complaint of one-third of these shoppers.

Perhaps this problem of additional time is reflected in the number of shoppers who do not self-mark prices. Also, when asked if they would continue to price mark if they were not encouraged by the store to do so, nearly one-half of the shoppers said they would stop price marking.

### Scanner-Generated Grocery Receipt

A number of retailers have anticipated that consumers would find the scanner-generated receipt more informative and useful. The scanner receipt gives an entry such as 'Cheerios - 15 oz. - 97'. To an extent, respondents in this study agreed that the main advantage of scanner-equipped stores was a more informative receipt.

When specifically asked about the informative value of the scanner receipt versus the conventional receipt, almost two-thirds of the sample found the receipt more informative. However, one-half of the respondents said they found it no more useful than conventional receipts. Also, when asked if they used the new receipts any differently, three-fourths of the sample said they used them no differently than old style receipts.

### Speedy and accurate

A majority of the shoppers at supermarkets offering scanner-equipped checkouts found advantages to the scanning system. The main advantage was

speed of checkout. Also, a majority of the shoppers believed the system was more accurate than conventional checkouts. However, a sizable minority found the scanner-equipped checkouts to be no more, or less accurate than conventional checkouts. In fact, for the sizable minority who found disadvantages to the scanner, the main disadvantage was inconsistency between shelf- or self-marked item prices and prices recorded on the checkout receipt.

This concern on the part of shoppers was supported by the fact that, of the minority of shoppers who used their receipts in new ways, the way they used the receipt was to compare receipt prices to item prices or previous purchases. Also, of those who would continue to voluntarily record prices, the chief reason given to compare item prices to the receipt.

Although a majority of the shoppers found the scanner-generated receipt more informative, a majority of the sample did not have new uses for the receipt.

Finally, more customers found shopper item pricing to their disadvantage than to their advantage. The biggest complaint was the additional shopping required when item pricing. On the other hand, there was a minority that believed shopper item pricing helped them to remember prices.

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# Direct – Charge co-operatives

By Peggy Prowse

Canadian Direct Charge co-operatives were first established fifteen years ago. At that time, consumers were challenging the merchandising practices and advertising gimmicks of the supermarket chains by organizing protest meetings, picketing the stores and airing their complaints about unethical selling techniques on radio and television programmes.

One constructive outcrop of

this flurry of consumer discontent, was some grouping together of people determined to do something positive about supplying their consumer needs in a more acceptable way. The original Direct Charge co-op was organized in Ottawa. The concept was quickly adopted by consumers in the Atlantic region and in British Columbia.

Although these early developments originated largely outside the mainstream of the co-operative movement and faced

some initial opposition from conventional co-ops, the concept was soon accepted as a legitimate form of co-operative enterprise. In fact, some conventional co-ops changed their mode of operation to direct charge and were able to stabilize and expand their organizations.

Conversely, in recent years, a few D/C co-ops have chosen to revert to the conventional way of doing business. It is important to recognise that a

switch to D/C is not an infallible method of salvaging a failing retail co-operative.

Our experience in Atlantic Canada has largely been one of trial and experimentation and adaption to particular areas and situations in the marketplace.

## Only members

So, what is a Direct Charge co-operative? As described in a booklet published by the regional wholesale co-operative, "Co-op Atlantic", a Direct Charge co-op is:

"A co-operative retail function, owned and controlled by its members. It is designed to satisfy their consumer needs in a practical, straightforward manner, providing limited selection, service and facilities. It sells goods to its members at cost and collects a weekly service fee to meet such operating costs as rent, heat, lights and wages.

"It supplies a full range of products but savings are realized by limitations in service and facilities and brands and sizes of goods offered for sale. Unlike major supermarkets and conventional co-ops, D/C members create further savings by doing things for themselves – they pack and carry-out their own purchases and often assist in the taking of inventory. The goal of a D/C store is maximum efficiency for maximum savings.

"Shopping at Direct Charge co-ops is *limited to members only*. A member is usually a single family or household unit. A signed membership agreement obligates the member to pay their weekly service fee and purchase shares on a prescribed basis and to purchase goods only for their own household or family.

"Goods are sold at cost to the nearest cent. That is, the price marked on an item is the price paid by the co-op to the supplier, rounded off to the nearest cent. The store's price book is kept up to date and members can check the book



whenever they wish. A small upcharge, usually 2%, is added to meat and produce to cover shrinkage and spoilage.

### Instant dividends

"Operating expenses are covered by the weekly service fee paid by each member. Since facilities and services must be provided for all members on a regular basis, members must pay the weekly service fee every week, whether they shop during a given week or not.

"There are two ways of assessing the service fee. It may be a flat rate paid equally by all members, or it can be a combination of a set fee plus a percentage of purchases – for example, \$1.50 per week plus 4% of purchases. In either case, the service fee structure must be geared to raise the money required to pay store operating expenses.

"Capital investment money is required to pay for store fixtures and inventory. If the members decide that they should own their own land and buildings, this money will be applied against any mortgages. Members raise this investment money by agreeing to purchase co-op shares on a regular basis,

according to the needs and financial arrangements made by the association. For example, they may have to purchase one \$5 share every month or a \$10 share every three months to an investment ceiling based on the capital requirement of the co-op.

"There is no point in a Direct Charge paying interest on share capital as the money would have to come from the operating budget and be added to the service fee. As the co-operative seeks to operate on a break-even basis, there are no surpluses to distribute in the form of patronage rebates at year's end – D/C members get 'instant' dividends as they shop each week!

"For the most part, D/C co-ops work best for family groups. Singles and couples with no children may find that their weekly purchases do not justify the service fee. In other words, the service fee may be greater than the average mark-up on their regular order purchased at a conventional supermarket."

The Direct Charge co-operative encourages total commitment from its membership and, because of the weekly service fee requirement, members tend to buy their total grocery order

from their co-op. One thousand D/C members means one thousand customers shopping weekly for their entire grocery needs. Most stores also carry small hardware items and a Co-op Atlantic catalogue is available to members for the ordering of larger items, which can be purchased at cost plus a small handling charge.

Some Canadian co-ops have developed a program of consumer education to encourage their members to become discerning and informed shoppers. But, North American supermarket shelves are crammed with a bewildering assortment of heavily advertised, highly processed and expensively packaged products which often contain very little real nutritional value for the consumer.

### 50 »new« products a week

Food shoppers are offered about fifty "new" products a week. More than half of them fail and few are new in anything but name. Of the thousands of new products introduced in North America over a twenty year period, studies have shown that only twenty were really new – the rest were modifications of existing products.

Real price competition is virtually non-existent and competition concentrates instead on gimmicks, giveaways, advertising and promotions. Price fiddling keeps customers off balance by switching prices back and forth so that no one can remember whether this week's "specials" cost more or less than they did last week.

These high pressure and deceptive techniques make it extremely difficult for the average consumer to shop wisely. Government regulations have produced a degree of standardisation in package sizes and have helped eliminate some of the more blatantly deceptive practices of the processing, distributing and retailing industries, but much remains to be done.

Co-operatives undoubtedly have a role to play in consumer protection, but it will require the combined efforts of concerned citizens, consumer associations and government consumer-affairs departments to successfully regulate unethical merchandising practices and to reinforce consumer resistance to the blandishments of our powerful advertising industry.

Peggy Prowse is vice-president, Co-op Atlantic, Canada. ●

# No ascetic man

By Kazimierz Boczar

The Polish cooperatives are currently accounting for more than two thirds of the retail market turnover. A similarly large share of the cooperatives in supplying town and rural dwellers with consumer goods is to be maintained. As can be seen the co-operatives have a crucial influence on the quality of consumption in this country and by this token also on society's way of life.

Their task, then, is to help produce a model of socialist consumption and so of a socialist way of life. The premises of the model and patterns of socialist consumption will be determined by the advancement of science and technique, the development and popularization of a high material living standard and by the principles and the value system flowing from the ideology of socialism.

The first and foremost premise of the shaping of consumption in our political system is the best possible satisfaction of the needs of all the members of society. This premise contains primarily the postulate for promoting a high living standard, i.e. an equitable distribution of material goods; socialism does not presuppose an ascetic personality as a desirable pattern. To the contrary, it aims at a comprehensive development of man through meeting his needs: biological, cultural and social.

Another premise of the socialist consumption model is that of man's comprehensive advancement assuring him a greater participation in the pursuit of the objectives of all society and releasing more of his energy to that end. Still another premise is rationa-

lity of consumption. This stands for a consumption guided exclusively by considerations of a conscientious development of the personality of every member of society and the socio-economic development of that society as a whole. There will, then, be no room in that model for detrimental, prestige or »conspicuous« consumption – in the phrase of Veblen – nor for wasteful economy.

Such a consumption, then will be qualitatively different from the current mass consumption patterns of the most highly industrialized states. One of the best Polish experts on that question, prof. Jan Szczepański wrote: "Contemporary mass consumption societies treating the possessing of things and material means for satisfying their needs as the objective and sense of human

life were formed under the influence of the middle class as a pattern-making group deciding consumptional behaviours which make money the yardstick of all human values. But in a socialist society we have the opportunity of viewing the structure of the needs-meeting means more broadly, and treat the cultural, aesthetic, intellectual and moral needs on a par with the material ones and link them with the hierarchies of values in which the object and material elements are subordinated to the social and cultural values".

It is to those broad premises that the Polish cooperative movement of the year 2000 both in town and country is going to adapt its commodity-and-service-range, network and promotional policies and its socio-educational activities.

# Consumerism... A rich man's movement?



By Ruth Simoons-Vermeer

Do Third World countries, where the majority of the people is poor and the middleclass not very prominent, need consumer organisations?

It is often maintained that they don't. The consumer movement is seen by many as a narrowly-based, middle class, western movement, with selfish and bourgeois aims. It is felt that where large groups of people are primarily struggling to survive, consumer groups and consumer action are irrelevant, or even worse, a sick joke.

This viewpoint rests – to my mind – on a misunderstanding. It is true that the organised consumer movement started in the West and had – and still has – its base in the middle class. But the fact that the movement has its roots in the Western middle class does not imply that it has no relevance for the Third World or for its poor.

As the position of the consumer is extremely weak in Third World countries for a number of reasons, consumer action is not an unnecessary and foreign luxury, but on the contrary, is of crucial and possibly even more

importance to the developing countries and its citizens than it is to the developed countries.

## Imitation

In Third World countries a consumption pattern is emerging which is imitating the Western consumption pattern. Heavy and often unlimited and unchecked sales promotional techniques and advertising hasten the process of 'westernisation'. Its effects are disastrous in a society where for the rich the consumption pattern is comparatively new and not yet well integrated in the value system,

and where for the poor the wish to consume is feed all the time but the money is simply not there. The poor consumer is, in such a situation, an easy prey for aggressive advertisement campaigns, unscrupulous hire purchase schemes and enticing but unfair credit facilities.

In many Third World countries even more consumer protection is needed than in the West, as the socio-political position of consumers as citizens is not quite so strong. This is so partly because of the absence of good protective legislation

and the weak enforcement where it exists; also, the poor are used to an attitude of submissiveness, which makes – given their situation and circumstances – a lot of sense. But the result of their powerless position is that they do not dare to question or speak up.

In Third World countries, even more than in the West, consumer information and education is needed where the clash of values – the traditional ones and the new, westernised ones spread via the mass media and the educational system – leaves people extremely vulnerable and confused. If there is very little money to spend, it is even more important that it is spent wisely and no mistakes are made. If more than half of the income is spent on food, it is even more important that it is spent on nutritious food instead of on junk food which is so heavily advertised. It is, in short, even more important to be a well informed and educated consumer.

If the origins of the consumer movement are middle class, its aims are in no way limited to sectional advantages. The consumer movement has acquired a social conscience. It is only too aware that it is the more disadvantaged consumer that needs its help most.

The growing move among the well-established consumer organisations into broader subject areas, into matters relating to consumer legislation and education, into health care, public services, into the ecological and macro-economic implications of consumption patterns, just to mention a few areas, indicates that there is an increasing awareness of the further reaching issues involved in consumerism.

### New positions?

These general issues of consumer protection are of paramount importance to the poor consumers in the Third World.

The picture of the consumer movement as the champion of the common man in a drastically changing world does lead of course to a further question.

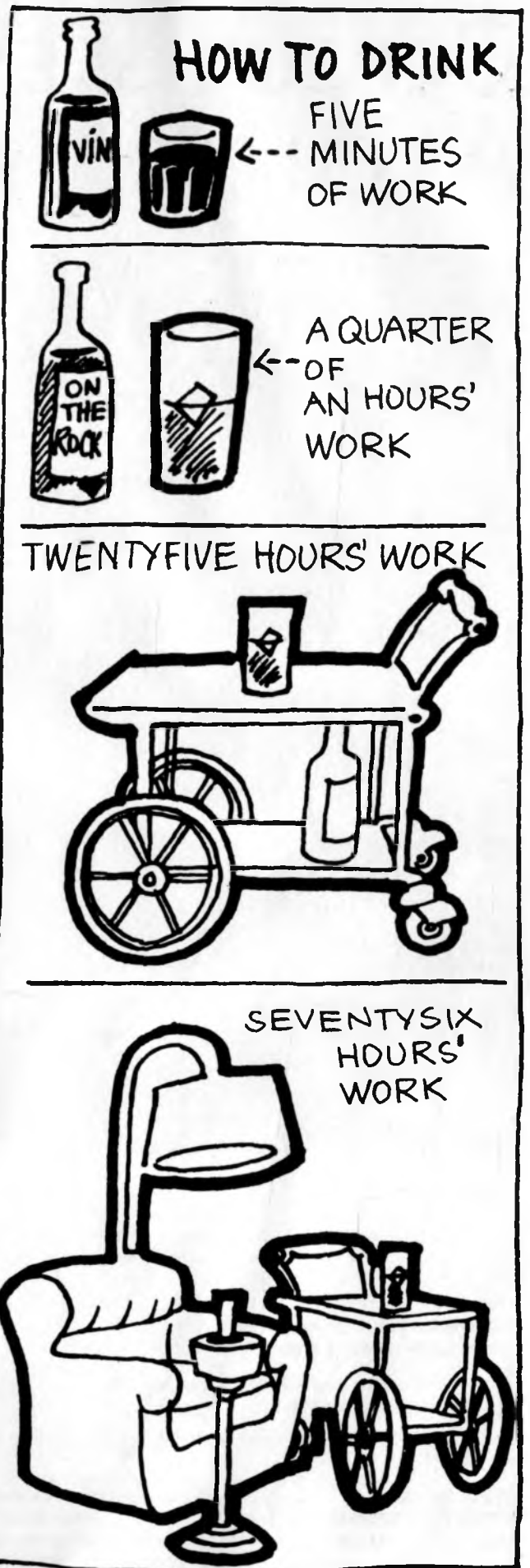
Given that consumer groups are needed in the Third World partly as a result of the westernisation of socio-economic structures, and that this change brings about a tremendous

amount of problems, confusion and suffering, what should our position be towards this change? Do we accept this general trend, trying to ease the transition, maybe avoiding some of the mistakes made elsewhere? Or do we not accept this general trend, trying to maintain the traditional structures and/or to bring about completely new ones?

It is obvious that we cannot answer this general question in a wholesale manner. Not only because it is doubtful that any solutions to these problems could be proposed outside of a concrete, particular situation, but also because “consumers must always be practical in their solutions: they cannot set the world right by talking.” (Christopher Zeally). Consumer groups and actions are by their nature committed to what has been called piece-meal engineering. It seems likely that within such an approach representatives from both above mentioned ‘ideologies’ can very well co-operate, will, in fact, quite often choose for the same short term policies.

Consumer organisations were created precisely for the purpose of fighting economic imbalances. The essence of the consumer viewpoint is that the economic system should be better oriented towards the satisfaction of essential consumer needs. This basic principle stresses the importance of international consumer solidarity which must assure that the basic needs of consumers all over the world are reasonably satisfied. The consumer movement, nationally and internationally, desires and demands fundamental economic and social reform. And one of the most glaring consumer problems of all is poverty. Before the consumer groups, especially before those in the Third World, lies a tremendous task. What they are doing can be described as an attempt to initiate development. The work that still has to be done is overwhelming in scope and depth. But the phenomenal growth of the consumer movement in the Third World speaks of a growing conviction that through consumer action a better quality of life for all can be achieved. ●

Ruth Simoons-Veermeer is a IOCU Development officer.







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# CO-OP CONSUMERS



Will there be  
any growth in  
Consumerprotection  
in the future?



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A report by Dr. A.F. Laidlaw

After final editing of this issue of Co-op consumers we learned that our co-operative friend Dr. A. E. Laidlaw had passed away on the 30th November. To his homage we have decided to print his essential point of views on consumer problems as he presented them to us in Moscow at the ICA Congress.



A debate in the Consumer Committee on a consumer programme for the consumer co-operative members of the ICA dealt with the most essential problems of the years to come.

This debate took place at the annual meeting of the committee held in Moscow in mid-October in advance of the 27th Congress of the ICA.

A preliminary draft for a consumer programme was presented by a Working Group in the Consumer Committee. It was strongly stressed that the forwarded draft was meant as a basis for a discussion going on till the next annual meeting in Helsinki 1981. According to the time schedule the draft (mentioned in Co-op Consumers No. 3) will be forwarded to all members of the committee for comments. Particularly the developing countries are request-

ed to give comments as their needs shall be given a high priority in the final programme. The time limit for comments is 1st March 1981, then the Working Group meet to frame a final draft for approval in Helsinki.

### The Idea

The idea of the consumer programme is not to present ready-made solutions but to show some possibilities that can be adapted to local needs. The proposed possibilities in the programme serve primarily as an inspiration for members of the ICA so that they can frame their consumer programmes with basis in the model. The rough character of the draft relates mainly to the situation in the developing countries whose problems must be integrated in the programme to a still larger extent.

# Report from the Consumer Committee



A wish for another systematism was expressed during the debate on the draft for a consumer programme. The present draft has been divided according to the consumer rights in conformity with the four consumer rights from the sixties by John F. Kennedy.

In the light of the Declaration of Consumer Rights of the ICA it was stated that these rights should be part of the debate on the future programme. Also experiences from the Japanese co-operation regarding higher participation of members were mentioned (article pp. 10-11).

## Wider Contact

In connection with the Chairman's report on the activities in the Consumer Committee during the past year he emphasized that it would be tried to

extend the contact to the committee in South-East Asia and initiatives in South America. At the meeting in Moscow it appeared from the fact that Mr. L. Carello from Argentina and Mr. S. Nakabayashi from Japan participated as observers at the meeting of the Executive. It was the intention also to extend the relations to the UN in connection with UN-projects in the consumer field aiming at the developing countries in particular. The UN had taken great interest in efforts of the consumer co-operation in the developing countries.

The General Secretary stressed in his report that he as a representative from the Consumer Committee had participated at a meeting for chiefs of central laboratories from most of Europe's consumer co-operatives. There had also been

Hotel Cosmos in Moscow – the Congress center.

close contact to the ISO and particularly to COPOLCO who in Israel held a seminar on consumer information.

The General Secretary also emphasized the need for a rise of the number of subscribers to the Co-op Consumers in order to balance the accounts. Another important matter was that more of the members of the Consumer Committee had to contribute articles to the magazine if the information obligation of the magazine was to be fulfilled. Most important are reports from the developing countries.

## Reports

At the meeting of the Consumer Committee reports regarding

consumer questions from a number of member-countries were presented. Several views in these reports have earlier been rendered in Co-op Consumers. For instance Mr. K. Boczar's summary regarding the development in the socialistic countries.

Mrs. T. Ström from KF in Sweden informed of the development in Scandinavia, and mentioned that the tight economic situation in many cases lead to reduction in particularly consumer initiatives. This made the obligations of the consumer co-operation very important. Mr. S. Nakabayashi reported from South-East Asia about the efforts in this region, and Mr. A. Schöne summed up the main features of the situation in the EEC.

## Elections

According to the rules for the Consumer Committee all posts come up for election every four year. Because of uncertainty on the future structure in connection with the retirement of the Chairman in autumn 1981, the Executive had proposed to postpone all elections till the meeting of the Consumer Committee in Helsinki, September 1981. Till then the Executive will try to find a satisfactory solution that can increase the interest for the Consumer Committee.

The Executive consists now of the following persons, after some moving out of practical reasons:

Chairman Erik Hansen  
General Secretary Poul Dines  
Kauko Aaltonen  
Kazimierz Boczar  
Manfred Dabrunz  
Giancarlo Fornari  
Edith Rüeßli  
Jacques Semler-Collery  
Turid Ström  
L.D. Wilkinson.

# Consumer information to day

By A. F. Laidlaw

required just to make telephone connections?  
– are we willing to forgo the advances of modern medicine and surgery, e.g. blood transfusions.

The answer is to accept what is socially good and beneficial to people, and reject what is harmful, undesirable and damaging to the environment.

The addition, we must recognize that every technological advance is a double-edged instrument... it can cut both ways, either *for* or *against* the consumer. Every invention or new piece of technology in the past had both plus and minus features from a social standpoint. For example, even the printed word... people who have been taught to read become slaves of the printed word... often easier to deceive them with print... note the dangerous results of advertising directed at the poor in developing regions, e.g. selling baby foods and discouraging breast-feeding.

In the field of communications technology:

- note the uses of information:
  1. as a carrier of freedom, as a liberating influence;
  2. as a carrier of power, as a means of dominating or controlling people (consumers).
- also note the danger inherent in paying too much attention to the machine (the hardware) and too little to the content of the educational program.

## 6. The Third World and the New World Order

The poor of the Third World face a double handicap in getting food and other consumer goods: the gap between the rich and poor nations, and the gap between the rich and poor people in their own countries.

The present world economic order is geared to satisfying the wants of the few, not the needs of the many. The rich countries now consume 70 per cent of the world's food grains and 86 per cent of the world's energy. The increase in consumption in the rich countries is greater than in the Third World; for example, the rich consume twice as much energy as twenty years ago.

What should well-informed consumers in the richer countries be doing in order to help correct the present imbalance in the world economic order? What, in particular, can mem-

## Notes and questions for discussion

### 1. The Wider View of Consumerism

We are inclined to think of consumerism mainly in terms of the retail shop, but consumer influence must go far beyond that, e.g.

- credit, interest rates, mortgages, financial matters;
- insurance, especially life insurance, the language and terms of insurance policies;
- medical services, all aspects of health and medical care;
- housing, all aspects of the residential environment, the great possibilities of housing co-operatives;

We are all consumers in a great variety of ways. Horace M. Kallen in his book *Consumerism, Cooperatism and the Idea of the Consumer* goes so far as to include death and dying as consumer experiences. He says: "Cooperative provision for a good death is a vital, too long deferred consumer undertaking."

In many fields of co-operative activity, we are concerned about protection from outside powers and forces, but in consumer co-operation we must also think of protection from ourselves, our vanities, gullibility and wasteful ways. There is none so deaf as those who will not hear.

"The co-operative movement frees its members not only from usurers and profiteers, but also from themselves and their bad habits."

Maurice Colombain,  
*Co-operatives and Fundamental Education*  
UNESCO, 1950.

### 2. Consumers' Co-operatives and Consumer Information

A basic question: Is the conventional consumers' co-operative an appropriate and effective sponsor of consumer information? If not, do we need an additional organization, perhaps a consumers' union? Are consumers' co-ops widely regarded

as spokesmen for the consumer?

If we subscribe to the theory of the dual nature of co-operatives, i.e., that they have both an economic function and a social purpose, then clearly consumer information and education is a responsibility of co-operatives.

But beyond that, the co-op provides the means whereby members as consumers can organize as initiators of information and advice. It is not enough that consumers be organized to receive information; they must also be mobilized to give advice, so as to influence purchasing and production.

This still leaves the question of the effectiveness of the conventional consumers' co-op. What of the judgement of Buber (*Paths in Utopia*), that "the Consumer Cooperative Society is least suited in itself to act as a cell of social reconstruction?"

Another question: should consumers' co-ops resort to or depend on conventional advertising? If yes, what guidelines should be followed?

### 3. Government as Protector of the Consumer

We tend to forget the ongoing role and responsibility of government in protection of the consumer.

- certain responsibilities originally carried out by co-operatives now transferred to the State, e.g., adulteration of foods, weights and measures, fertilizer formulas, control of interest rates, etc.
- in certain fields the authority and power of the State are necessary, e.g. recall of automobiles, safety standards.
- prohibition of advertising directed at children.
- what about the use of tobacco as a health hazard?

Other questions:

- In what fields can co-operatives safely leave responsibility for consumer protection to government? And are there other fields which can-

not be left entirely to government?

- Are there some fields in which the two can work in close collaboration?

### 4. Producers and Consumers

The pendulum is now swinging away from consumer to producer domination of the market. Is the concept of "the primacy of the consumer" valid in modern times?

Balancing the interests of producers and consumers, e.g. – tea from a plantation in Asia sold in a consumers' co-op in Europe.

- handicrafts and artifacts produced in poor countries and sold to wealthy tourists and affluent consumers.

In former days, consumers were concerned only about *quality* and price. Now they must be concerned about other things as well, especially the conditions of production. This raises the questions of

- boycott of certain goods and products
- union labels on clothing
- banning of products from certain countries, e.g. where there is racial discrimination and denial of human rights.

The information program of consumers' co-ops in the future will be vastly more complicated and difficult than in the past.

### 5. Technology and the Consumer

There is a tendency nowadays to condemn modern technology because of (a) the domination of human beings by machine, (b) damage to the environment, and (c) control of political and social affairs by multinational corporations. But let us not condemn all technological progress and dismiss science and technology as wholly bad.

- how many of us are willing to wait for airline reservations as we did only 20 years ago?
- who wants to return to the age before the dial telephone, without which the entire female labour force would be



The responsibility of adulteration of foods is now transferred from co-ops to the State, says A.F. Laidlaw.

bers of consumers' co-operatives be doing?

### 7. The Question of Food

Few people seem to realize the enormity of the food crisis facing humanity... conditions of famine in some countries... land for agriculture disappearing all the time... surplus of food in some regions and severe shortages in others... the rising cost of food everywhere... the great difficulties faced by farmers engaged in mechanized farming because of rising costs... the need for land reform in many countries of the world... in many waters of the world, stocks of fish are being depleted... agricultural land in the Third World being used to grow non-food products for the rich countries... these are some of the questions on which co-operative education should concentrate and supply information to members.

In the industrialized countries where there is presently an

ample supply of food and sometimes even a surplus, members of consumers' co-operatives should organize their educational programs around such questions and topics as these:

- the price spread between farmers and consumers.
- unnecessary and extravagant packaging.
- destruction of food values through processing.
- the use of food additives.
- the link between health and nutrition.
- recent findings of the importance of food in preventing illness.
- advertising codes in the food industry.
- the use of computerized codes in food pricing.
- agricultural chemicals and organic farming.
- joint councils of farmers and consumers to develop policies for food industries.

Note that in the ICA report on *Co-operatives in the Year 2000*, it is recommended that Priority Number One be: "Co-operati-

ves for Feeding a Hungry World".

Another long-term question to be studied: the need for people in most parts of the world to turn to a vegetarian diet.

"I have no doubt that it is part of the destiny of the human race, in its gradual improvement, to leave off eating animals, as surely as the savage tribes have left off eating each other."

*Thoreau, Walden*

### 8. What are the dominant characteristics of the next few decades, to the year 2000 and beyond?

- the change-over from a world of plenty to a world of dwindling resources... the need for a conserving society... the world cannot stand greater and ever greater consumption... enough is enough...
- greatly increased technology, especially in communications.
- the drive for a new world order.
- changing relations between

the sexes... male dominance on the decline.

- the relative decline in the power of the printed word compared to the electronic message.
- closer examination of the value of technological change... the consumer becoming more discriminating.
- should there be greater control over advertising?
- closer questioning of all forms of authority and professional control.
- we must be prepared for many U-turns in social change... society moving in the opposite direction from what we are accustomed to...

What are the implications of these for those who are involved in consumer education and information?

A. F. Laidlaw a Canadian co-operator asked by ICA to prepare a report on "Co-operatives in the year 2000" to the ICA Congress in Moscow in October 1980.

# Collaboration between co-ops

By M.G. Ali Asgar, NCCF, India

The ICA Commission on Co-operative Principles recommended that "Collaboration between Cooperatives" be incorporated as one of its basic principles. The 23rd ICA Congress of Vienna held in 1966, approved the proposal and "Collaboration between Cooperatives" become the sixth principle of the ICA. It reads, "All cooperative organisations, in order to best serve the interests of their members and their communities, should actively cooperate in every practical way with other cooperatives at local, national and international levels."

## Some Recent Developments

Since 1976, the year the XXVI ICA Congress passed its resolution on "Collaboration between Cooperatives", a number of developments have taken place in the Indian consumer cooperative movement. These developments are expected to bring about significant changes in the structure of the cooperative distributive network and consequently result in improving the level of its overall performance.

Inaugurating the 7th Indian Cooperative Congress in February 1976 the Prime Minister of India observed:

"Our country today has 300,000 cooperative institutions. Most are small and inadequately manned and not viable. Existing institutions must now be re-organised and strengthened, so as to eliminate unnecessary levels, and develop a small and consistent competent system, which is capable of satisfying the economic needs of small producers, workers and consumers."

In the All India Conference of consumer cooperatives held in September 1976, proposals were placed to the effect that "in place of the existing 4-tier

structure of urban consumer cooperatives, a 2-tier structure may be developed consisting of (i) a wholesaling tier and (ii) retailing tier, in order to develop a strong and efficient network for distribution of essential consumer articles in urban and rural areas."

## Demarcation in Supply of Goods

Because of the nature and width of merchandise assortment dealt at the retail level, the national organisation or the state federations alone may not be in a position to cover the entire supply-range of goods handled by retail outlets. In order to provide effective support to the retail societies, a demarcation in supply of goods by the National and State Federations is gradually being developed. This arrangement would help in providing timely and effective supply of goods to the retail outlets on economic terms.

The NCCF is now a position to procure higher rate of discounts for a number of commodities, that is helping its constituents to market these commodities at rates and terms that are competitive with the private distributive trade. Such goods being procured and distributed by the NCCF include a wide range of textiles, woollens, handlooms, tea, pulses, dry battery cells, match-boxes, paper and paper products.

The National Cooperative Consumers Federation handles at present about 10% of the total retail trade by the urban and rural cooperatives. With the promotion and development of Regional Distribution Centres (RDC) and as a result of closer collaboration in the RDCs by the primary, wholesale and marketing societies, the NCCF is expected to increase this trade-share of 10% to 15% by the terminal year of the Sixth Five Year Plan. (1980-85).

## Regional Distribution Centres

Recently the concept of regional distribution centres, conducive to the Indian working conditions, has been developed by the National Cooperative Consumers Federation. On the basis of this concept, regional distribution centres are being developed in the cooperatively developed State of Tamil Nadu with financial assistance from the Central Government, and with technical assistance from the NCCF.

The development of these Regional Distribution Centres, would lead to centralisation of goods procurement with the help and advice of the affiliated primary, wholesale and marketing societies. This arrangement will be a long step in fostering closer collaboration between the retailing units, urban and rural, and the wholesale societies. This marketing approach will allow economies to the retail societies and give growing strength and competitive power to the entire cooperative network involved in the distribution of consumer goods and essential commodities.

## Retailing by Agricultural Cooperatives

An attempt has recently been made with a fair degree of success by agricultural cooperatives in India in the distribution of essential consumer goods in the countryside. Earlier, the cooperatives had, by and large, confined their consumer activities to the urban segments of the country's population. With the help of the National Cooperative Development Corporation (NCDC), a scheme was launched in 1976 whereby agricultural cooperatives engaged in credit administration, distribution of agricultural inputs and marketing of produce were encouraged to retail consumer goods to the villagers. This mar-

ket intervention by rural cooperatives in the area of consumer goods retailing has helped the rural people. This would also bring about intersectoral collaboration between the agricultural and the consumer cooperatives.

The distributive infra-structure of the cooperative sector prevailing in our country is not strong enough to compete with the scale of operations of multinational corporations. Because of lack of experience, marketing skills and resources the cooperative wholesaling sector is taking time to develop to a degree that it could provide support to the cooperative retailing network and competently match its performance with the multinational corporations. The National Cooperative Consumers' Federation, with the help of international expertise, has developed techniques and skills, that would help the movement in upgrading its level of performance. This way, an effort is being made to develop a well-knit, integrated, distribution network.

## Processing and Manufacturing

To minimise their dependence on the monopolies and the multi-nationals, for procurement of consumer goods supplies for distribution through the cooperative network, production and processing of a few items of consumer goods has been started by the consumer cooperatives. These items have received popular consumer acceptance. The National Industrial Cooperative Federation is also helping in the development of cooperative industries for consumer goods. The cooperative sugar industry is highly developed. However, a collaboration between the sugar producers and the marketing net-work is yet to develop. One of the most successful ventures



in the field of consumer goods production by cooperatives is processing of dairy-products by Gujarat cooperatives. The operations of these cooperatives compete with any large-sized private sector enterprise in the country. In recent years, an attempt has been made to bring the marketing of these dairy products into the cooperative marketing fold. NAFED, in recent years, has undertaken processing of fruit juices and other canned goods. These products are gradually getting popular amongst the consumer. NCCF has set up processing and manufacturing units for pulses, spices and paper stationery. It is also formulating plans to set up a number of other industrial units, to meet demands from cooperatives at all levels in the country for the NCCF to go into manufacturing activities on a much larger scale. Such industrial units would include tea blending, tea packag-

ing, and shoddy wool processing plants.

### **Cooperatives and the Government**

The Indian Cooperative movement has received full government support in the past. The National and State Governments have promoted a number of schemes to provide financial and physical assistance to different sector of the cooperative movement. Under such schemes the Government has made sizeable investment in the consumer cooperative societies by way of share capital, and has provided assistance in the form of loan guarantees, managerial and other subsidies.

Consumer cooperatives have been identified as one of the agencies that would help in achieving the nation's overall socio-economic objectives. The cooperative distributive

network has helped provide necessities of life to the weaker sections and the middle income group. It has helped in reaching the competitively-priced quality consumer goods to the urban and the rural people. Consumer cooperatives in the urban areas and agricultural cooperatives in the rural areas, have been indicated as a suitable network of retail outlets, that is expected to play an important role in the government sponsored public distribution schemes.

### **A Growing Realisation**

Along with the public and private sectors, cooperatives have grown into the third biggest sector of our developing economy. The cooperatives encompass all walks of life of all sections. Their activities mainly relate to the welfare of the eco-

nomically weaker sections and the middle classes. Large-scale, expanded activities of consumer cooperatives are comparatively a recent development in our country. Our consumer movement is in the process of growing to a level where it can effectively influence the monopolies and the multinationals, and bring about desired benefits to its members and to the common men.

The development of consumer movement is linked with the development of other sectors of the cooperative movement. There is a growing realisation that consumer cooperatives will have to develop by inter-sectoral collaboration. The fact that the agricultural cooperatives in India are coming out in a big way in the distribution of consumer goods, will help achieve multi-faceted collaboration among various disciplines of our cooperative movement.



# We have been trying for 25 years!

**The demands made on food have grown during the last decades. This is mainly due to persistent efforts from the co-operative laboratories who have fought – in more ways – for an increase of consumer protection and improvement of information and available educational possibilities. These matters are illustrated by the leader of the French co-operative laboratory, Mr. Francois Custot in this interview.**

Since 1955 the French "Le Laboratoire Cooperatif" has tested goods for the consumers, and the laboratory has often participated in the consumer political debate in France. The institute

has a unique position in the fight for better foodstuffs partly because of its legal independence of the co-operative movement. These 25 years have been used to exert influence on the legis-

lation, the consumers, and the producers: both co-operative and private. A series of magazines has flowed from the laboratory to the consumers guiding the consumers how to get the best foodstuffs.

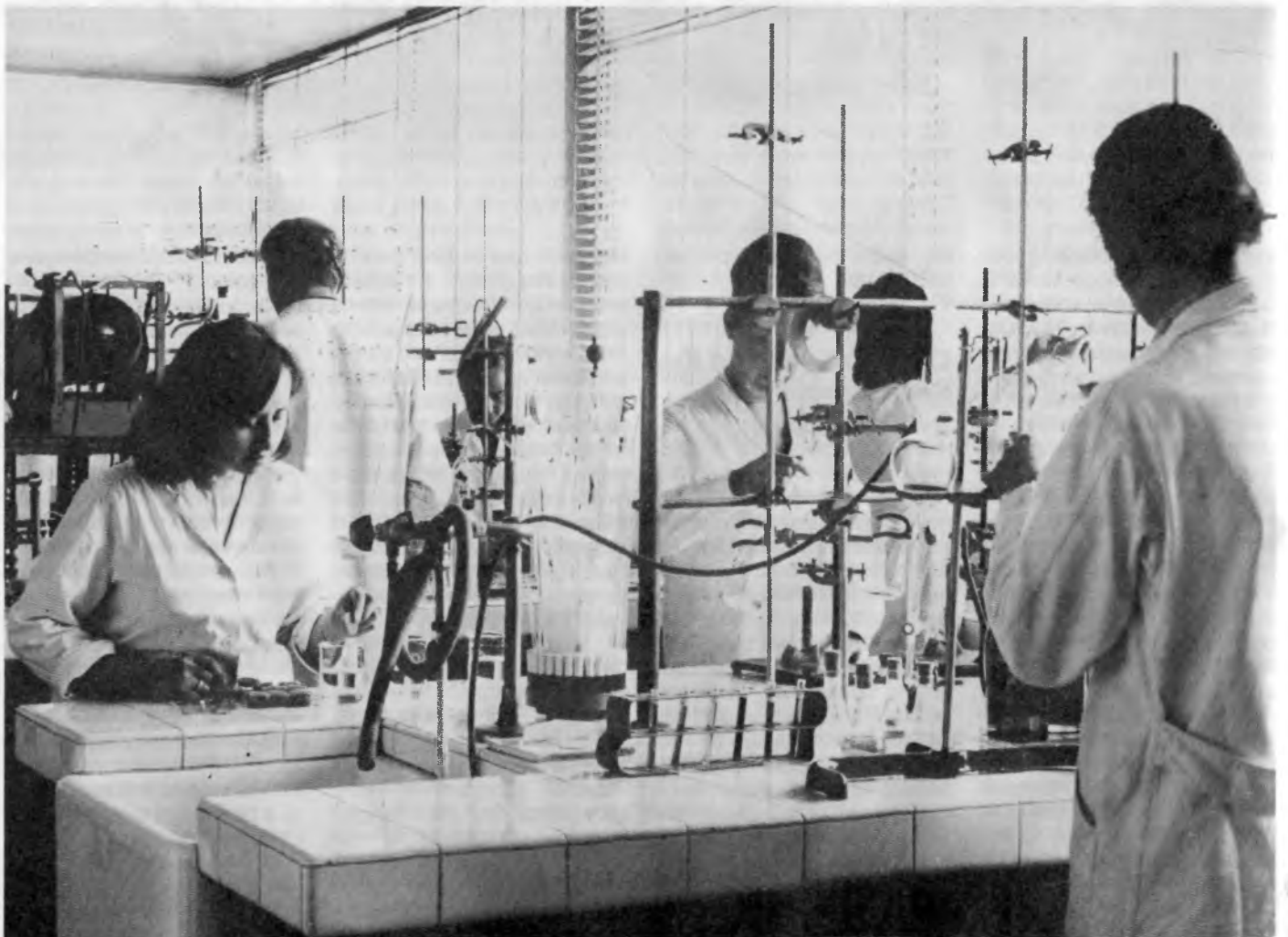
The leader of the laboratory is the 59 years old Mr. Francois Custot who – together with 40 colleagues – takes charge of the efforts for the consumers. Mr. Custot is also – through his effort in the laboratory – representative in several national and international committees which all have in common that they try to achieve better foodstuffs to the consumers.

The basis in 1955 was a de-

sire from the French consumer cooperation (FNCC) that there should be established a laboratory to work for defending the health of the consumers against the threats made by a possible uncontrolled growth of the technical progress. The interest was particularly concentrated on the responsibility that lies with producers and distributors, and on the obligation which rests with the co-operation.

The following aims were formulated:

- the laboratory must make analyses, research and investigations that serve to protect the consumers, especially in areas regarding health and hygiene,
- the laboratory must help the French Co-operatives to maintain the highest possible standard of quality on food products bearing the Co-op brand.
- the laboratory must inform its members and other consumers of the results of the in-



vestigations, and give advice and guidance so that the consumer can protect their interest in a better way,

- the laboratory must ensure education and protection of the members of the cooperation and other consumers.
- the laboratory must ensure representation of the interests of the members and other consumers towards public institutions, private enterprise, regional, national, and international organs aiming at promoting the protection of the consumers, increase the quantity of information and the size of education offered.

## Independence

The consumer cooperation is the most important payer to the laboratory. Beyond this, means are procured by selling books, magazines, etc., support from public organizations (about 4 per cent of the budget), and regarding particular projects means from foundations, public money boxes, etc.

The leader of the French laboratory, Mr. Francois Custot, stresses that the independence of the cooperation serves to underline that the laboratory works on behalf of all consumers. This means in practice that the laboratory is represented in several public organs side by side with representatives from the cooperation.

Regarding tasks the laboratory occupies itself much with technical investigations of the quality of foodstuffs. "We examine thoroughly how the food can be a threat against the health of the consumers, and how we can do something to improve these conditions", Custot says, "In this connection we must admit that it is not always enough to make new rules for the contents of the foodstuffs. If we want changes we often have to appeal to the consumers, and ask them to support our proposals for a modified legislation".

"The laboratory works primarily in the field of foodstuffs, Francois Custot emphasizes.

This is due to the importance of the foodstuffs for the health of the consumers, the role the food plays in a family's budget, particularly regarding the weakest consumers and their places in the activities of the consumer cooperation.

## Misleading advertising

The laboratory has contributed to moving many boundary posts in French legislation for the benefit of the consumers.

At the beginning of the sixties the laboratory contributes i.a. to formulating rules for the kind of information that the producers may give their advertisements.

"The French consumers had few possibilities of getting information of the goods they buy" Custot says, "there were declarations on certain goods; otherwise the only information was the advertisement, and it had been allowed to put forward all possible claims. The advertisements are not regarded as a channel with information to the consumers, but a kind of artistic expression. Our demands have been that the information given in the advertisements must be able to stand up to a scientific proof.

That was why we at the beginning of the sixties conducted a campaign with the theme: "We want to know what we buy". About 100,000 consumers participated actively in the campaign which resulted in an application to the then secretary for economy Mr. Giscard d'Estaing. Shortly after, he put forward a law regarding advertisements. This law has later on been completed in 1970 but the principles from the first law are still valid: misleading advertisement is prohibited".

## How do you make sure that the information reach the consumers?

- "We often profit by the fact that children are more interested in consumer questions than their parents. In this way we can use the children to educate their parents who have not occupied themselves much with consumer matters in their

schools. Children of today are very interested in the development of the situation for consumers. We can see this through the interest for the material that is made for use in schools, and through the magazines we edit for youngsters".

"By publishing our results we will try to find a form for having contact with the consumers. For instance in the laboratory's magazine "Bulletin d'Information", about 10,000 copies. This contributes to making the laboratory a tie between the consumers and science.

## Do you examine goods from the cooperative shops?

- "The goods marked co-op are examined regularly in the laboratory. But we are only able to examine other goods if they are unusual. We generally buy an article in an ordinary shop and then examine it. If it is a cooperation article that does not live up to reasonable demands of quality we contact the consumer cooperation and attract its attention to this matter. The independent status of the laboratory does also mean that the consumer cooperation is not obliged to follow our instructions. Our efforts are highly build upon the preventive effect we think we have on the goods of the cooperation and the private enterprise," Custot emphasizes.

## Representation

**Does the laboratory aim at promoting the interest of the consumers through representation?**

- "Definitely. The laboratory is now member of many committees and commissions in both France and internationally.

We are i.a. through Euro-Coop very close to the decisions in the Common Market, and through participation at the meetings for European Chief Laboratories we have the possibility of profiting by the experiences made by our colleagues".

"The national representation is used to formulate view on the situation of the consumers towards the general public. We often take part in debates in radio and television, just as we have some influence on certain programmes in tv about the problems of the consumers".



# Co-operative movement and Han activities

**The term "Han" means the small unit of the organization and is used to indicate the certain form of members' gathering in the cooperative movement.**

## Japanese Experiences For Members Participation

It is true that the movement has a history of more than sixty years, but it is only 15-16 years since the policy of organizing Hans over the nation was officially formulated. In fostering Han as a basic unit for members' activities in our cooperative societies, Tsuruoka Coop, Yamagata Prefecture, was the first cooperative in Japan to set its hand to this pioneering work. It was in 1956. Since then, the Han activities have spread to every part of this country, and today, more than 190,000 Hans are actively promoting cooperative movement all over the country.

This basic unit was not brought into existence by a mere casual idea, but it was a necessary result of the efforts made by members to protect their living and health. It would imply that members must depend on themselves in promoting Han activities further, availing themselves of the valuable experiences of predecessors, but not relying on helps from other people.

At present, over 1,400,000 members out of 6,375,000 members are involved in Hans, of which 1,050,000 are women.

## Cooperation among members

Han is at a national level defined as follows:

"Han is a basic unit for promoting cooperative movement, where the idea of "member's mastership" is brought into a reality."

To put it more definitely, Han meeting deals with any com-

plaints, opinions and demands from members. Up-to-date information on the activities, policy and other matters of cooperative societies is conveyed to Han members at the meeting. In other words, Han is a place to assure democratic management of cooperative society. At the same time, it is a place used by members for joint purchase. Han is where members make best use of the cooperative societies through mutual collaboration, while trying to live a planned life centered on commodities of daily necessities.

Han also serves as a center of activities, such as recruiting membership, increasing additional share capitals, thus consolidating cooperative movement, collecting signatures and fund-raising for campaigns for "protection of living and health", participating in meetings and assemblies for consumer protection and peace.

## How to start Han

Each Han is constituted by 5-10 members living in close proximity. The size of Han varies from one to the other according to coop's policy and members' density. In some coops, esp. most joint purchase coops, the involvement in Han is the prerequisite for coop membership as coops supply members with merchandise only through Han. In other co-ops with store operation, the affiliation with Han is not obligatory to be a coop member and is subject to individual choice, although coops from time to time persuade new and existing members to join in the neighbouring Han or form a new Han.

In case a new Han is formed, its first meeting is to be attended by member relation officer or member activists to give neces-

sary guidance with the aid of rules and other instructive brochures. "Start is the key" is the important maxim when orientating new Han. If the necessary informations on the structure of Han, share capital, joint purchase, etc. is given in detail, comparatively smooth operation will be obtained in assignment of work and election of Han leaders and so on, but inauguration without such effectivation can cause future troubles. Mutual confirmation on distribution of works and work routines will be an important basis for ultimate fulfilment of commitment by Han members.

Thus, major emphasis is placed on the first Han meeting because the occasion is when the members are most eager to create their own Han. Many coops prepare the descriptive

instruction such as "Members Guide", "Manual for Members Activities", etc. to facilitate smooth orientation. Since too many things at a time are less effective, coops may arrange the contents, as limited to minimum essentials or according to the motives of creating Han, in a proper manner to suit each Han. The existing Hans usually hold their meetings once every two or three months, but new Hans are to convene the second meeting one month after the first. The members put a greater number of more practical questions at the second meetings, as they have tried a lot of things by themselves during the month and their understanding seems to deepen more.

When the new member join in the existing Han, the explanation should be given by the other Han members.



## How to encourage Han meeting

It is important for the coop staff to consult members' convenience in determining the date on and time at which the Han meeting is opened. The meeting will have to be held on Sundays or at night with Hans which are partly composed of such members as work in double harness. The coop staff must make every effort to adjust his/her time to be present at the Han meeting. In the course of such efforts on the part of coop staff, Han members will understand his/her conditions and find the best way to mutual satisfaction.

There is another important thing to be borne in mind for holding Han meeting on a regular basis. Apparently, those societies which have clearly presented their approximate schedule and agenda to the members seem to have enjoyed a higher rate of sitting in general. For instance, Shizuoka Coop has fixed its major annual timetable as follows:

June: Decisions and Resolutions in General Assembly

September: Policy for Coop Campaign Months

January: Problems left unsolv-

ed of the annual policy targets March: Preliminary discussion of the proposed policy before General Assembly.

In this way, more than half of the Hans in Shizuoka Coop have now come to hold their meetings at least quarterly. It is of vital importance for coops to prepare and distribute necessary materials such as coop news, Han meeting document, merchandise information etc. to facilitate their regular sitting as a practical aid.

Where things are nearly arranged for holding a Han meeting, a choice of the place to hold it raises some problem. Sometimes, a town assembly-hall can be a good selection, as is not infrequently the case, but the coop Han is a place of good neighborhood for mutual assistance; so, a house of any Han members would preferably be selected.

At Han meetings of consumer cooperatives, coop merchandises brought there will play an essential role in inviting Han members and providing a good opportunity for them to see, touch or eat by themselves. Around the merchandises, they can mutually study what are really good products from the

standpoint of consumers and reconsider stores and coop merchandises for increased patronage. This is also to be emphasized for reinforcement of the contents of Han meetings in promoting the cooperative movement. Shizuoka Coop makes several items of merchandises available at each of the Han meetings, the items including those selected by the co-op, some determined by the district committee and others brought in with due consideration to the particular conditions of each Han.

## How to run joint purchase

For the joint purchase coops, Han is the basic instrument through which they do the business with members. There are many store-oriented coops which undertake joint purchase activities by members as well.

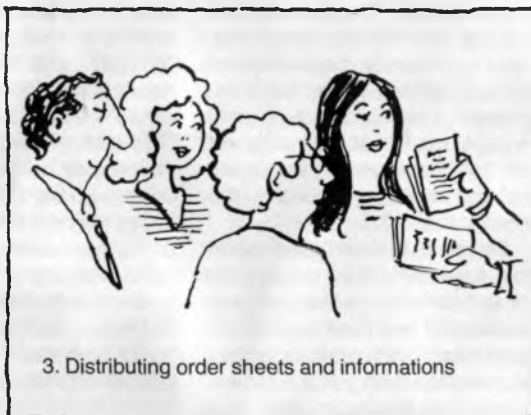
The joint purchase is a very popular system in Japan and the U.S.A. where it is called "buying club" or "pre-order coop". This system was developed by coops to avoid heavy capital investment involved in construction of new stores in major cities where land and

building cost is extremely high. This system is also applicable to the coops equipped with stores to serve members who live in the remote area from stores. Even members living in the proximity of stores can have the coops deliver the heavy and bulky goods while co-ops can enlarge assortment beyond capacity of stores.

In the joint buying system, coops deal with not only groceries but also rice, fruits and vegetables, meat, fish, milk, egg, frozen food with the aid of cold storage facilities. Kerosene oil is also a popular item esp. in the northern part of the country. The frequency of ordering-delivery varies with merchandise groups, e.g. monthly for rice, weekly for groceries and egg every three days for milk etc.

The process involved in joint purchase is very simple as illustrated below:

1. Forming Han group is the precondition of this system. Han functions as the interface between members and the coop.
2. Han members assign works among them and decide duty person either on location basis or dividing works.
3. Duty person receives blank order sheets as well as other informations such as co-op news and distribute them among Han members.
4. Ordering is done by filling out a blank order sheets which list the items available and their price. The order sheets are collected and tallied by duty person. Then a Han order is placed with coop by phone or by handing over to coop staff. If a prepayment system is used the goods are paid for at this time.
5. One week later the ordered goods are brought to the house of duty person or other depo by coop. There, the various group orders are broken down into individual orders and carefully stored, esp. for fresh foods. Han members come to pick up their goods. In case post-payment system the goods are paid for at this time or one week later.
6. As ordering, distributing, collecting money are done by members themselves, 2% of purchase amount is paid back as dividend.



# In store Consumer advice bureau

By David Lazell

**In store consumer advice is the shape of Consumer education to come in big stores. In smaller shops, consumer literature, video-taped instruction and computerized consumer advice will appear, claims David Lazell in this overview of consumer education.**

The 1980s will certainly be a growth decade for consumer education – with plenty of opportunities for community initiatives. However, co-op management, hard pressed in tough times, may perhaps hesitate to take on staff specifically employed in this area. In consumer education, 'opportunities go round disguised as hard work'. In Britain, and probably in other western nations, home economics is assuming greater importance in schools and technical colleges, etc., as young people need greater instruction and counselling as they face the task of managing their own affairs – and eventually, of creating a home of their own. Although the domestic arts (cooking, needlework, etc.) have traditionally been seen as a major area of home economics activity, teachers and lecturers are taking up consumer education issues, especially as they relate to inflation and the difficulties of consumer choice. If home economics lecturers achieve their objectives, young people leaving colleges in the 1980s will demand more objective information, as they make their buying decisions. And this would seem to point towards more effective in-store consumer advice.

## Data revolution

Another factor making for in-store consumer advice, provided, say, at a central consumer information bureau or desk, is the ever-growing complexity of consumer durables, and household appliances. The increasing use of technology in the home, and the needs to use energy in the most efficient manner, emphasise this need for consu-

mer education – at the point of sale. Surprisingly, many co-ops have yet to realize the full implications of this 'data revolution', though some co-ops have achieved a great deal through use of professional home economists 'in the store'. Going back to co-op origins, the researcher finds that, originally, objective consumer education (that is, to assist members to play a major role in their society, and thus the welfare of the shopper) was closely tied to everyday co-op activity. The Rochdale Pioneers symbolized this approach by devoting part of their modest premises to educational activity, even if this was necessitated by pressure of events and limited resources. And right up to the explosive decade of the 1950s, there remained a strong sense of unity – being part of the local co-op family – between the educational and trading personnel of the co-op society.

So much happened in retailing, from the 1950s on, by way of self-service techniques, supermarket and then superstore operation, with rapid changes in merchandising and relationships with the consumer, that it was hardly surprising that a traditional, though diligent, co-op educational approach proved ineffective. When I worked in co-op consumer education in the early 1960s, the topic of 'consumer education' was often considered as a sort of optional extra – 'something that the guilds could do – if they were interested'. Certainly, guilds were involved to considerable benefit for members, but this was very marginal, given the possibilities of consumer education activity. Another attitude, given must seem surprising

now, was that management could absorb the consumer education tide within its everyday life, and that no special facilities were needed. Thus, whilst the Co-op Union, in the later 1950s and earlier 1960s, produced a range of useful consumer education tools, from study guides on modern textiles to booklets on 'managing the home' and consumer legislation most co-op members were unaware of them. Sales were usually through a local co-op education committee able to organize one or two study groups, but little more. The idea of selling co-op consumer education material through stores was dismissed as 'impractical' (though consumer magazines like 'Living' and 'Family Circle' are sold in very many co-ops today).

This marginal note is given, not in any attempt to criticize past attitudes, for we are all imprisoned by attitudes of the day. Few of us could have realized the kind of impact that 'Which?' and the Consumers Association, launched in 1957, would have on British shopping. However, whilst consumer education may have been seen as optional in the 1950s and 1960s it has gained a momentum all of its own during the last decade. Returning to a full-time position with the Co-op Union in 1976, I was amazed to discover how many teachers and educationalists were now keen on consumer affairs. In the interim period, I had been involved in advertising, marketing and retailing, getting another side of the consumer education picture.

In-store consumer advice – competently given by a specialist consumer adviser – is very much the shape of consumer education to come, in stores, etc. large enough to develop this service. Elsewhere, i.e. in smaller stores, consumer literature, video-taped instruction and, later in the 1980s computerized consumer advice, will be available. This in no way di-

minishes the role of the specialist sales personnel, or of store management. Having spent nearly three years selling complex consumer durables, I know that often the sales staff must be involved in explanation, instruction and demonstration, if the shopper is to be satisfied (sales staff are often recruited to attend specialist courses on merchandise, and given instruction by home economists employed by manufacturers, e.g. of washing machines). Problems here, however, have to do with the pressure of time on the sales staff – to give the consumer as much time as he/she requires. Furthermore, the information given by sales staff is often appraised by the consumer as 'biased' (after all, the salesman wants to sell the product). With the increasing complexity of merchandise, rapid changes in product innovation, and government legislation, the sales personnel are called to be specialists, with innate teaching abilities. Unfortunately, in many areas of retailing, the trade is considered to be 'a young person's job', perhaps because of the stresses involved, and sometimes, because of modest wage scales. The middle-aged applicant for a job in consumer durables retailing can be told that 'he is too old' whilst consumers, at the same time, regret the absence of more mature personnel to answer enquiries linked to family use of merchandise.

## Value for money

Because co-ops in the U.S.A. were created in an environment of 'consumers rights', i.e. the right to information especially and the right to *real* value for money, they often showed remarkable flair in using media in this area. This use of media was often (and is often) allied to in-store consumer advice. A typical approach, in a large co-op super-market, would be that having a staff home economist or consumer adviser at a central consumer information bu-



you, or desk. Here, all kinds of information can be obtained, from independent consumers' organizations appraisal of products (which are the Best Buys); government and other institutional literature on safety, durability, and other standards for merchandise; nutritional literature — menus for low-cost meals, etc.; food values in chart form and so on, together with a variety of basic co-op literature, designed to help shoppers. Some of this local co-op literature is often 'homely' in appearance, looking as though an artistic housewife drew the pictures and then typed up the food purchase advice, etc. In the face of increasing tough times in Britain, as in other western countries, this kind of approach will be increasingly important. Incidentally, it does seem that in-store consumer advice can be used to stimulate member involvement.

Volunteers can be encouraged and trained to assist the running of the in-store consumer advice desk — tracing basic information from files of consu-

mer test reports, and offering a range of prepurchase information. This extension of traditional consumer education activity (within the small group) can be extended to service within the store — where consumers handle everyday shopping decisions. British experience in this area confirms a steady growth of management support for this initiative. In what has become a source case study for consumer educators, the Leicestershire Co-operative Society, in the prosperous east Midlands, developed an in-store consumer advice centre in a busy department store, in Leicester. In addition, the Society stimulated consumer initiative through test panels within super-stores (in which shoppers elected panels of volunteers to appraise a range of merchandise) as well as other innovations in consumer information. A series of handy consumer information leaflets detailed 'what to look for', i.e. interpretation of specifications and manufacturer's sales points, etc. in purchasing consumer durables and house-

hold appliances. This kind of literature would seem to be basic to in-store consumer advice, but it is not always widely available, even in co-ops, though the high cost of printing may well be one reason for lack of a co-op initiative here.

The Leicestershire Co-operative Society's work in demonstrating that in-store consumer advice was helpful to management, too, deserves the gratitude of the British Movement. The staffing of the advice bureau by an experienced home economist (who was herself a housewife, with experience of shopping in the U.S.A. as well as in Britain) must have seemed a somewhat startling initiative, along with the original siting of the bureau in the centre of the ground floor, a prime site for trade. By handling all kinds of consumer enquiries, and occasional complaints and uncertainties, the adviser took a load from management. Also, the small, friendly office within the bureau enabled careful counselling, the telephoning of manufacturers or service person-

nel to handle enquiries, and very many other tasks innate in good co-operative relationships. The consumer adviser was able to offer not merely expertise — but *time*. Inevitably, retail store management was converted to the idea, and the consumer advice bureau was later incorporated into a larger customer service area on the first floor of the Leicester store.

### Care and counselling

Because the Leicestershire Co-op's work, pioneered by the Society's General Manager, in association with directors, was so successful other co-op societies have developed their own bureaux. One society has worked with home economics students from a nearby college, thus offering students valuable experience of retail operation. An interesting example is seen at the Derby and Burton Co-operative Society, also in the east Midlands, where in-store consumer advice bureaux have been established at Derby, a major shopping centre and a

## In store consumer advice bureau

Continued from page 13

Burton-on-Trent, a busy town nearby. The visitor to these bureaux, as to others, is bound to see them as the heart of a network of consumer communication within the society – where management show continuing interest in consumer attitudes, suggestions and (occasionally) complaints. At Derby, for example, a careful register of every consumer encounter is kept, and complaints especially followed up with great care. As anyone who has worked in retailing, or community activities, knows, some people are 'quick to complain' and not every complaint is really justified. Often consumers use merchandise

unwisely, ignore instructions or expect consumer durables to work beyond their specified performance limits. However, even the irrational complaints represent an opportunity to show that the co-op 'really cares'. One consumer adviser told me that she received evidence of shoppers' increasing concern with the impact of inflation – a growth area for consumer care and counselling, as well as of practical examples of selfhelp initiatives (e.g. in offering advice on nutritious low cost meals, and of establishing local small groups of resource and energy sharing consumers). As one researches the kind of en-

quiries received by in-store advisers, the possibilities of co-op activity become more evident. This must be a great growth area in the 1980s, not only because of the hard times ahead, but because government policy, in Britain at least, is that of making consumers aware. The development of the government-sponsored Office of Fair Trading is very much in the area of giving the shopper attractively-presented, full advice on rights, merchandise, guarantees, and so on. Perhaps, before the end of this decade, every supermarket and superstore, for example, will be expected to adhere to a national code of Consumer Rights Practice, in which literature produced by the Office of Fair Trading, etc. will play a major part.

As part of its identity as a

consumers' movement, the British Co-op has adopted the theme, 'your caring, sharing Co-op' in publicity. This is a valid theme, since British societies are often involved in local community projects, and raise funds for charities, etc. With less than two hundred separate retail societies – compared with some nine hundred in the late 1950s – the British Movement also has a Co-op Code of Trading Practice, reflecting the ideal of the Crosland Commission of the mid 1950s, 'that nothing is too good for the consumer'.

Yet, strangely, relatively few societies have developed in-store consumer advice bureaux, yet. Analysis might well show that societies that have been most vigorous in this field of consumer education relevant to the 1980s, have generally been well-staffed in terms of public relations (as is the case in Leicestershire Co-op, for example, with a competent and highly professional public relations staff). For reasons largely based on misunderstanding and, perhaps, a little prejudice, some co-op education workers have tended to denounce public relations as little more than high powered advertising (which misleads the consumer). However, in its modern context, co-op public relations really fulfils essential tasks of reaching members, and the wider public. Furthermore, by having to prove 'value for money' to management, in respect of the public relations budget, management here cannot be content with the establishment of a small number of formal study groups (as, say, co-op member education workers may be). The British Movement – as an overdue exercise, perhaps – has to see modern consumer education as an arm of good management 'bridging the gap between the trading and educational areas of the society'.

By 1990, when co-op management comes to in-store consumer advice, the question will probably be, »How did we manage without it?« In the next decade, these practical techniques of educating the consumer in the store will be part of our every-day witness and experience.

David Lazell (Consumer Education Officer, Co-operative Union, Britain, from 1959 to 1962 and 1976 to 1978).



# Co-ops in the future

Ralph Nader states that the establishment of a communication system is one of the future tasks for co-ops.

Co-ops are a very important alternative form of private enterprise that is much more consistent with American democratic values.

The American consumer Mr. Ralph Nader says this in an interview in the *America Co-op News*, edited by the greatest co-op in the U.S., Berkeley in California.

In the interview Mr. R. Nader is asked about the connection between the co-ops and the consumer movement, and he replies:

The consumer movement is the co-operative movement, and the co-operative movement is the consumer movement. But co-ops are not where it starts. It starts with developing a consumer perspective that is very rigorous in a most theoretical and empirical sense.

The consumer movement is the foundation – it helps people get more information, more legal rights, more representation in government. It is followed up by a much more command-oriented consumer power system, namely housing co-ops, food co-ops, auto repair co-ops, insurance co-ops, banking co-ops, and other co-ops all over the country controlled by the people who pay all the bills in this country – the consumers.

Co-ops are a very important alternative form of private enterprise that is much more consistent with American democratic values of community power, of information, of responsibility for present and future generations.

We have been taught again and again to look things through a corporate perspective. The consumer perspective is the beginning of critical thinking and it moves us a step further toward creating a consumer co-op economy, R. Nader stresses.

A completely co-operative economy is desirable. The time

is ripe. More and more co-ops will be beneficiaries of people's growing awareness of the inability of the giant corporations to deliver adequate employment, restrain inflation and alleviate poverty.

It is time for a dramatic restructuring of the consumer economy so consumers can begin to disconnect from big business and develop an economy based on co-ops, which will provide for their needs.

The co-op movement has to grasp the bigger issues; otherwise it's not going to attract talented people.

The micro approach is making sure co-ops are properly managed and making sure members are properly involved. This should never be dismissed as trivial. It means efficiency, responsiveness, and the constant extension of co-op networks into the community.

The macro approach is to say, look, what is the ultimate purpose of an economic system? The purposes should be health, safety, the economic well-being of consumers, and the development of economic activity in a way that doesn't jeopardize future generations' rights to enjoy our natural resources.

The consumer co-op movement must be much broader and more intense and with a more diverse vision than it has exhibited so far. We need to attract young people and we don't

attract young people with cheap prices.

There has to be a broader design and a broader vision. It is the co-op philosophy that motivates people to go into co-ops. The movement has been defensive in the past, overly sensitive. Co-ops need to enter into major political arenas.

Co-ops will never be a dynamic

force unless they can attract the young. Co-ops have to show how they can deal with the problems of retired people living on fixed incomes, show how they can develop new communications systems, show how they can reasonably solve energy problems.

The co-op have not yet dealt with these problems, R. Nader ends.



## Review

By Børge Dahl, lecturer of law at the University of Copenhagen.

Ronald Irving: *An Outline of Product Liability and Consumer Protection*, SBN 0 85992 166 2, Published by Barry Rose (Publishers) Ltd., Chichester, 1980.

Consumer law constitutes the most significant recent legislative development in most European countries. The subject has attracted the interest of a number of university people; courses in consumer law have been established at most law faculties; university textbooks as well as more popular books on consumer law have been published.

This book is not a textbook for lawyers and law-students. The approach is not theoretical

or scientific but practical. It is a book written by a practising lawyer (solicitor) for those acting in the consumer market, primarily the consumer and the retailer. It may, however, also be useful for their legal advisers. It is – despite the «outline»-reservation in the title – the most comprehensive book on the subject written in a way enabling those who are not lawyers to assimilate the law. In fact, it states precisely and in detail the answers of the law of England and Wales to all everyday, common consumer problems. It should be recommended to anyone in a need of detailed knowledge of English consumer law.





# Co-operatives in the year 2000

The Canadian co-operator Dr. A.F. Laidlaw has gathered some views on the role of the co-operative movement in the 80-ties and 90-ties under this headline.

The purpose of his study has not been to give concrete predictions of the business of the co-operative movement in the year 2000, on the contrary he wants to intimate some trends which can be seen already now, and can accordingly be changed or strengthened during the next couple of decades.

Dr. A.F. Laidlaw's report can be regarded as a working paper that can stimulate the discussion when trying to find the most reasonable solutions.

The direct cause of the preparation of the report was the 27th Congress of the ICA, held in Moscow, and it aims at – according to its preface – reaching leaders inside the co-operative movement.

The systematism in the report can be divided into six chapters which all deal with important matters inside the co-operative movement. This applies for instance regarding 1) Looking both backwards and forwards from 1980, 2) The world we live in; general conditions at present, 3) What are co-operatives?, 4) The problems co-operatives have and weakness from which they suffer, 5) What choices do co-operatives have?, 6) Major questions facing co-operators.

The analyses and the reading of the different co-operative initiatives with examples from all over world form a clear and inspired picture of the co-operative movement. The report reveals some weakness which Dr. A.F. Laidlaw also points out. The most difficult part of such an analysis is perhaps the synthesis in some superior goals for the co-operative movement. And, as in many of this types of analyses, Dr. A.F. Laidlaw appears to be stronger in his

analysis and criticism in detail than in his conclusion and indication of what can be done. He has, however, made a list with priorities for the future: Priority number one: Co-operatives for feeding a hungry world, two: Co-operatives for productive labour, three: Co-operatives for the consumer society, and four: Building Co-operative Committees.

To put it more precisely the four fields that have been given priority are: 1) In the years ahead, co-operatives everywhere should concentrate especially on the world problem of food, all the way from farming to consumer. It is an area of great human need in which the co-operative movement is in a position to give world leadership, 2) Workers' productive and industrial co-operatives are the best means to create a new relationship between workers and the workplace, and to bring about another industrial revolution, 3) The traditional consumers' co-operative should be oriented in such a way that it will be doing something more than merely trying to compete with a capitalist business. It will be known as a unique and different kind of business and will serve only members, 4) To serve the urban population, there should be a cluster of many different kinds of co-operatives that have the effect of creating villages within the city.

When making his conclusions Dr. A.F. Laidlaw touches on many of the problems of the co-operative movement. His analysis is in some connections extremely critical and asks if some of the well-known co-operative principles can survive in their present form.

In the next issue of Co-op Consumers we will deal with the report: Co-operation of the socialist countries in the year 2000.

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