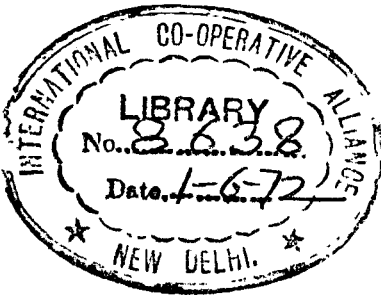
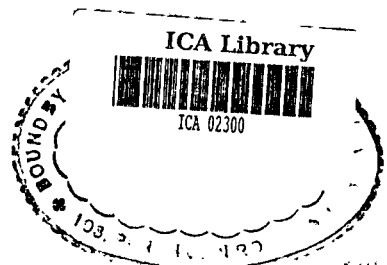


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consumer affairs

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W-1

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A cheese wholesaler, Paul Piot, in Lyons, France has been accused of scooping holes in inferior Gruyère cheeses to make them look exceptional. The holes in the best Gruyère cheese normally take months to form properly. The prosecutor told the court that Piot bought the cheese in bulk from farmers in the Jura mountains. He would then prepare them for sale at the Lyons warehouse. "But, as everybody knows", said the prosecutor, "the nice, large cherrysized holes in a good Gruyère are not accidental. It takes at least one year for the cheese to ferment sufficiently to produce them." M. Piot, on the other hand, had selected a few cheeses with holes no bigger than orange pips and told his employees to enlarge them. The court found M. Piot guilty and fined him £440, the maximum penalty.

COOPERATIVES AND THE CONSUMER

SWITZERLAND

LONG-LIFE MILK AND COOPERATIVES

The advantages of long-life milk have been stressed in an article in *le Coopérateur Suisse* which describes the impact on cooperatives; they include elimination of the need for daily delivery thus permitting distribution according to a rational rhythm; economies with respect to refrigerated storage space in warehouses; and ability to serve remote regions which formerly had to rely on condensed milk.

The ACV dairy in Basle has installed equipment for completely automatic sterilisation and packaging of the milk.

Le Coopérateur Suisse, 30th September, 1967

NORWAY

PRICES COUNCIL UPHOLDS COOPERATIVES

A private department store in Norway has been trying to obtain cooperative coffee and other branded cooperative products from a cooperative warehouse.

It appealed to the Prices Council to intervene to compel NKL to sell cooperative products to private traders who asked for them. But the appeal was rejected. The Council argued that NKL and its member societies were a chain which, like many private retailers, had achieved goodwill for its special brands through competition. Since consumers were free to become members of societies and since societies were, in turn, free to affiliate to NKL, the Council held that there could be no question of it discriminating against consumers by refusing to make its brands available to private traders.

AUSTRIA

COOPERATIVE DEPARTMENT STORES

A new cooperative department store in Villach is the latest addition to the cooperative chain of "forum" department stores. Each consists of a normal department store managed by the GOC central cooperative department store organisation in Vienna and a supermarket run by the regional society for the district. The "forum" stores are similar to the CO-OP Markets in Germany and the smaller type of Domus department stores in Sweden.

CWC Information Exchange Service, 5th December, 1967

AUSTRIA

CO-OP DISCOUNT STORES

Discount shops are gaining popularity within the Austrian cooperative movement. Co-op Discount Stores can best be described as extended supermarkets housed in inexpensive buildings with simple fittings and a minimum of staff with prices below the normal market level including that of other cooperative shops. The non-food assortments lean heavily towards large durable consumer goods.

CWC Information Exchange Service, 5th December, 1967

Some brewers in Britain are producing a new "Drivers' Ale" with a very low alcoholic content - less than 3 % proof, following the introduction of the "breathalyser". Demand is exceeding supply.

P R I C E S A N D T H E C O N S U M E R

UNITED KINGDOM

DETERGENTS

A survey for the Times has shown that about 25 percent of housewives buy the new cheap brands of detergent, about the same proportion that bought them before the price was reduced. The regular buyers of the cheap brands are spread over all social classes. The manufacturers say that the research and development effort in the cheaper brands is not as great as that in the more expensive ones.

Times, 31st October, 1967

GERMANY

RESALE PRICE MAINTENANCE

The Consumer Assembly of 1967 issued a forthright statement on RPM. "It is well known that extremely dynamic competition in retailing results in price cutting of various brand articles by more efficient dealers. This breaching of RPM is evidence that fixed prices are not justified by the market and are excessively high. The removal of fixed prices in a number of cases has confirmed this suspicion that RPM results in higher prices. Thus the position of the Government on RPM has become increasingly skeptical; it now hopes for a dampening influence on the price level as a result of a general prohibition of RPM. Moreover this would restore the necessary flexibility to retailers who can only exercise their balancing role between producer and customer if they are permitted to base their prices on costs and demands exclusively. Elimination of RPM, which would certainly revive price competition, would not however mean the end of brands which play an important role in quality competition. Nor would removal of RPM mean the elimination of the small retailer."

Verbraucher Zeitung, 23rd November, 1967

UNITED STATES

PRICES

In spite of an £18 million subsidy, farmers selling eggs through the Egg Marketing Board in 1967 received an average price of only 2s. 11d. a dozen. More than half Britain's farmers by-pass the Board and sell direct to the public; they receive 4s. or 4s. 6d. a dozen for fresh farm eggs.

The Cooperative movement, which is Britain's biggest retailer of eggs marketed through the Egg Marketing Board, has given its support to the campaign for the abolition of the Board.

Sunday Telegraph, 5th November, 1967

Times, 3rd November, 1967

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Messrs Beecham have been claiming that their black currant drink "Ribena" is a drug or medicine and should therefore be exempt as a vitamin from 15 percent purchase tax.

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MARKETING AND THE CONSUMER

UNITED KINGDOM

"INSTANT HIRE PURCHASE"

By quietly revamping its credit card, Barclays Bank has transformed it into a source of "instant HP". Under the new arrangements the holder of a Barclaycard ceases to be obliged to settle indebtedness arising from each month's use of the card within 25 days of the statement date. From now on he is required to pay over only a tenth of the sum outstanding within the settlement period subject to a minimum payment of £5. The balance left over can be carried forward at an interest rate equivalent to 18 percent per annum. Moreover it can be added to again before the next settlement date comes round.

The result is that the bank is making credit available on tap, so to speak, on a scale that will be sufficient in the case of the great majority of Barclaycard users to finance the purchase of most types of consumer durable outside the motor-vehicle category. Since sums paid over to the bank in respect of a previous month's transactions can be promptly re-borrowed, money taken to finance the purchase of, say, a washing machine or a refrigerator, need never be repaid. But even if no new borrowings take place, the repayment of the loan can be spread over a period of as much as 16 months.

C. Gordon Tether, Financial Times, 15th November, 1967

SPAIN

RISING STANDARD OF LIVING

In 1960, only one percent of Spanish families had television sets; four percent had a car and refrigerator, and 19 percent had a washing machine. In 1967, the proportion of households with television had risen to 40 percent, those with a refrigerator to 39 percent, and those with a car to 16 percent.

ES, the Week in Spain, 27th November, 1967

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In her book "Consumers and the Market", published by the Institute of Economic Affairs, Mrs. Christina Fulop suggests that the Consumers' Association should turn to manufacturers for advice on how to test their products.

* * * * *

C O N S U M E R . I N F O R M A T I O N

FRANCE

NEW GOVERNMENT CONSUMER PAPER

A consumer journal is to be published by a new government consumer research institute early in the new year. Consumer bodies will have only a subordinate position in the administrative body of the Institute. The journal which, will not carry advertisements, will initially publish the results of less expensive goods tests (for example, fruit juices, mineral waters, shirts, irons, etc.) but later on tests will be undertaken on such items as washing machines and dishwashing machines.

Schweiz. Konsum-Verein, 11th November, 1967

The Canadian Broadcasting League, representing the views of the Consumers' Association of Canada, the Cooperative Union of Canada, the Canadian Labour Congress, the Canadian Federation of Agriculture, Federated Women's Institutes and 19 other major organisations, has characterised the recently introduced Broadcasting Act as having "obviously been written with the public interest and the rights of consumers foremost in mind." The president of the League commended the following provisions of the Act:

- the re-affirmation that the broadcasting frequencies are public property and there is one system comprising public and private elements, with the public system taking precedence;

- the creation of the Canadian Radio Commission to establish standards of programme quality and Canadian content, along with the power to cancel the licences of broadcasters who fail to live up to their commitments;

- the shifting of responsibility for issuing licences from the Cabinet to the Radio Commission;

- The insistence that the CBC must be predominantly Canadian in content and character and will take precedence over private stations in cases of conflict.

Co-op Commentary, CUC, November 2nd, 1967

UNITED STATES

PACKAGING

A tasteless, colourless fat developed from cottonseed oil will be used for packaging food. When it is sprayed on as a thin film, food keeps longer. The new packaging material is edible.

Canadian Consumer, September-October 1967

UNITED KINGDOM

LABELLING

The Ministry of Agriculture Fisheries and Food is proposing new regulations on the description of food which will prevent low calorie foods being called slimming food or aids to slimming unless such claims can be justified and require packages of such foods to state clearly on the label that they cannot aid slimming except as part of a diet in which the total intake of calories is controlled, and calorific values clearly stated.

It is also proposed that the packages of food containing vitamins or minerals should state the quantities on the label; and that foods should not be described as home made or home baked unless this is true.

Times, 7th November, 1967

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A Somerset housewife, finding an unusual ingredient in her baked beans, wrote to the manufacturers: "Usually your beans are very good and economically priced, but diamonds play havoc with dentistry, have no special flavour and are not easily digested."

* * * * *

CONSUMER PROTECTION

UNITED KINGDOM

ROAD SAFETY

The Parliamentary Secretary to the Ministry of Technology has said that Germany, France, Japan and Sweden are to have legislation of standards of safety in cars similar to that in US; but that there were legal and constitutional obstacles to such legislation in Britain.

Electrical and Electronic Trader,
10th November, 1967

UNITED STATES

UNINVITED CREDIT

The Attorney General of New York has announced his plans to clamp down on two bank and retail practices which he describes as "reprehensible". In January, he will introduce bills aimed at outlawing the growing practice of posting unsolicited credit cards to potential clients of stores and banks. The Attorney General said that, in addition to providing the poor with dangerous temptations, unsolicited credit card mailings were often sent to the wrong address. This gave the recipient the opportunity to charge purchases that would be billed to the true owner, who in turn would be liable for payment although he neither asked for nor received the original card.

Daily Consumer News Sheet, Consumers Association,
24th November, 1967

EUROPE

COMMON MARKET MARGARINE

A draft Common Market regulation requires that in future margarine sold in the Community should be in 50 and 100 gram packages. The proposed regulation has been criticised both by butter manufacturers and margarine producers. The former fear that the smaller packages will mislead the consumers. The latter object to requirements that the packages and labels should bear the word Margarine in letters twice as large as other lettering; that addition of Karotin must be indicated on the label; and that vitamins may be added only to the extent to which they occur naturally in butter.

Schweiz. Konsum-Verein, 2nd December, 1967

UNITED KINGDOM

FOOD ADDITIVES

Cyclamates have been permitted as artificial sweeteners in soft drinks in the U.K., since August 1965 and as tea and coffee sweeteners since August 1967. Under regulations due to come into force in December 1967 their use as food additives will be allowed.

A cooperative M.P., and the Consumer Council have been pressing for the regulations to be annulled; and the British Sugar Bureau has been collecting scientific evidence on the dangers of cyclamates which are much cheaper than sugar. Experiments with pregnant mice in Japan have shown that cyclamates in the diet affect the foetus; and other experiments have shown that they may lead to the formation of carcinogens and cancer.

The Consumer Council has recommended that the presence of cyclamates should be indicated by name instead of their being described as "permitted sweeteners" and that their use should be restricted to dietary foods labelled as such.

Financial Times, 9th November, 1967
Times, 8th November, 1967

UNITED STATES

ROAD SAFETY

The Ford Motor Company have recalled 447,000 Mustangs and 298,000 other cars to comply with the new safety laws. Some will have their steering wheels replaced.

Times, 2nd November, 1967

UNITED KINGDOM

ROAD SAFETY

An investigation of 4,000 motor cars by the Automobile Association has shown that 3,200 had lighting faults which made the vehicles potentially dangerous.

Sunday Telegraph, 29th October, 1967

UNITED STATES

ROAD SAFETY

Since the National Traffic and Motor Vehicle Safety Act was amended in the autumn of 1966 more than 1,600,000 vehicles from 11 American and 11 foreign manufacturers have been recalled for safety checks. All but 100,000 of the vehicles were of US manufacture. Some 37 percent of the defects involved brakes, 17 percent involved steering, 14 percent throttle linkages and 9 percent wheels and tyres.

Cooperative News Service, October 24th, 1967

UNITED KINGDOM

ROAD SAFETY

A survey by the Association of Optical Practitioners of 1,715 drivers has shown that 26 percent had visual defects which would interfere with their driving abilities. Two per cent could not pass the Ministry of Transport number plate test.

Guardian, 1st November, 1967

UNITED STATES

CIGARETTES

The US Surgeon General has announced that the US Government has set up a task force to try to find ways and means of discouraging smoking. It includes representatives of medicine, education and business.

Times, 6th November, 1967

UNITED KINGDOM

OIL HEATERS

Last winter London Fire Brigade dealt with 762 fires caused by oil heaters. They resulted in 21 deaths, 11 of them children, and in 106 injuries of which 35 were to children. The Chief Officer of the Brigade said they were due to heaters being badly maintained or being filled or moved when lit or left in a draught.

Daily Telegraph, 31st October, 1967

From Miscellany: 'On the circular's envelope, dropped gratuitously through letter box, it proclaims: "Special offer inside - FREE money-saving reports from 'Which?' magazine". True enough: the bump within boasts that "every year we give more than sixty eye-opening reports on over 300 brands of products and services. An instant thirty bob subscription brings you - absolutely free with your first 'Which?' - extra reports on bank charges, floor mops, UHT milk and other whizz-bang items". Buy now, save later; hock scheming commerce in the eye; and what on earth, you wonder bemusedly, has happened to the Consumers' Association's old Reithian image? Well, say the CA, we've saturated the "Guardian-reader" market, "so now we're after 'Mirror-style' readers, people who really need our help in the squeeze and freeze".' Guardian, 24.11.67.

STANDARDS AND THE CONSUMER

EUROPE

PATENTS

A new international system for classifying patents has been devised by the Council of Europe and accepted by fifteen European countries. The new classification has 40,000 headings grouped in 115 categories and the convention is to come into force in July 1968.

Financial Times, 10th November, 1967

UNITED KINGDOM

STANDARDS

When summer time is introduced in Britain in February 1968 it will apply all the year round and will be officially described as British Standard Time. The President of the Institute of Navigation, the Royal Geographical Society and the Royal Astronomical Society have all said that the name will be ambiguous, confusing and inconsistent with the system of standard time zones.

Daily Telegraph, 8th November, 1967

According to an article in the Journal of the American Medical Association noises generated in the home by ventilator fans and labour saving devices may have an adverse emotional effect on the family and more particularly on the housewife. Many modern kitchens have become "miniature simulators of old-fashioned boiler factories." Acoustical engineers and architects have, over the past 30 years, greatly reduced noise levels in factories, with an accompanying improvement in industrial health. Conversely, the kitchen has become a much noisier place - e.g., ventilating fans produce about 84 decibels, dishwashers 69 decibels, garbage disposal units 78-100 decibels, and so on. Hearing may be impaired, but major harm results from the effect of the noise on the emotional state of the members of the family.

SPECIAL FEATURE I:

COOPERATIVE SERVICE TO CONSUMERS

In an article in the Co-operative Union's Co-operative Review for 11th November, Pat Sloan, after supporting the trend towards regional societies and towards trading efficiency in the accepted sense, poses the problem "what can the Movement do to put itself on the map as something for which the average British family... feels a compelling need?" His interesting suggestions in answer to this question are set forth in the following extracts from the article.

"Co-operative societies must develop a new policy of service to the consumer which should provide consumers with information and assistance of a kind which are not available in private shops.

Commercial trading involves astronomical sums spent on advertising. Yet all this advertising is in the main not informative: "Whiter than white" and "killing 99 percent of all known germs" (the remaining 1 percent may be the fatal ones!) do not give consumers information of a kind that will help them to decide which is really the best buy. On the other hand, the analyses in the Consumers' Association's Which?, for example, are a real attempt to get down to the impartially ascertained qualities of a "best buy", but how many working class consumers, even in these days of "affluence" (compared with a century ago), are subscribers to Which?

The Co-operative Movement has before it a wonderful opportunity to attract and win over large numbers of consumers if, in addition to routine selling, it were to make it a matter of policy that every store set out to inform consumers, to help them to make sound choices, and to be unique among trading organisations in putting before them something of the mass of information now readily available.

Information Points

There is a wide range of literature aimed at "consumer education". Why not sell it in all co-operative shops? Why, in fact, should not every co-operative store (size permitting) open an information counter, kiosk or room, well publicised inside and outside the store, making itself the only shop in each locality to go out of its way to help consumers, not by advertising "buy this" or "buy that" (though C.W.S. products should be given more prominence than at present in all goods displays), but by advising customers "how to buy" and thus prove to the ordinary shopper that the co-operative is really something different from the ordinary run of stores?

At the same time, the extension of "in-store activities", from simple demonstrations in various departments, fashion displays, exhibitions, to consumers, meetings actually held on the floor of the shop, could help to make the cooperative a local centre where "there is always something going on". Private shops use demonstration and fashion show techniques, but no private shop holds meetings on the shop floor of member-shoppers to discuss how its services operate and to hear from the consumers themselves, how its services can be improved.

In sum, in addition to regionalism, what seems to be needed is a new spirit in the Co-operative Movement so that, once again as in the old days, the co-operative society as such shall have a special attraction for the consumer which the ordinary private shops do not provide.

If societies can recreate their image so that they come to be regarded as the only organisations that really help the consumer, as against merely advertising at him or her, they may be able in the 20th Century to recapture that atmosphere of 100 years ago when people felt that the co-ops were a necessity to them.

The development of in-store activities in its turn can give rise (and is already doing so in some societies) to Consumers' Councils, Young Housewives' Groups, and other forms of membership participation which may well prove to be the basis for a revived Co-operative Democracy suited to 20th Century needs. If, at the same time, the activities of the Auxiliaries can be brought closer to the life of the shops (why should not every youth club be consulted on the nearest store's policy with regard to attracting the young consumer?) the barrier which so often exists between "educational" and "trading" activities can surely be broken down, to the greater benefit of the Movement as a whole."

SPECIAL FEATURE II:

CONSUMER INFORMATION IN FLUX

The November 18th issue of Schweiz. Konsum-Verein contains the following provocative article by O.F.

"If one considers consumer information, and everything connected with it, from the standpoint of its current status in various countries one thing is clear: much is changing. A good deal of work of the usual kind is going on. In many cases, however, better classifications are being worked out and experimented with. Indeed, in some instances quite new concepts are being developed, a new overall strategy, so to say. Each area has its special problems and interests and indeed its special economic, social, legal and cultural context. Thus it would seem practical to discuss the individual issues and look for answers only with reference to the specific assumptions relevant at a particular time. But the disadvantage of this approach is that one cannot easily draw conclusions as to improvement of "tactics" - ie., of individual operations in the field of consumer information. It is well known that in general consumer information suffers from the lack of any comprehensive systematic approach despite the fact that its close relationship to modern economic and social development - the harmonisation of which is progressing rapidly at the international level - make such an approach crucial. Thus it would seem to be practical to make use of international knowledge and experience in trying to build a systematic approach to consumer information.

Goods Testing: a Clear Step Forward

Among the most useful developments in consumer information are clearly goods tests - and the goods labelling associated with them. Such tests have been carried out successfully in all industrialised countries - in some cases for decades. The list of national testing organisations and institutes has become quite extended over the course of time, and in some cases this even includes actual testing enterprises whose business is exclusively the carrying out of such tests. There are state testing institutions as in Scandinavia, private organisations with the character of associations as in the Anglo-Saxon area, and foundations as in Switzerland and the Federal Republic. There are also mixed forms.

"If one considers this picture critically, it must be admitted that there are structural weaknesses of organisation in some areas. These occur particularly where the testing is done privately in connection with a test publication for commercial purposes. Typical examples are the testing organisations in the U.S. and Great Britain.

"Consumer Union: founded in 1936, publishes Consumer Reports, with a distribution of one million copies; 200 employees; accepts subsidies of any kind so long as they do not involve economic obligations, but does not accept advertisements.

"Consumer Research: founded 1927, publishes Consumer Bulletin, with a distribution of 100,000 copies; 60-85 employees of whom 15 are on the editorial staff; does not accept advertisements.

"Consumer Association: founded 1956, publishes Which? with a distribution of 400,000 copies (only by subscription); 187 employees; accepts no subsidies of any kind.

"It is characteristic of these organisations that they conduct tests on a private basis for a market of continuously interested subscribers, and that this market in practice consists only of a demand 95 percent of which stems from the middle and upper income groups. For the Consumer Bulletin, which is not conceived of as a mass publication, this demand is limited to technicians. These considerations lead to the sober conclusion that the "market" for goods tests and test publications is very restricted. This is not to say that the situation cannot be changed over the longer run. Even less does it suggest that economic viability for a testing enterprise is not possible within this sector of the market. The organisations mentioned have already clearly demonstrated this if one overlooks the temporary stagnation of the present phase.

"But the question inevitably arises whether consumer information as a social concern can be achieved in this way. In the long run not much is achieved by providing additional information to a better educated middle and higher income group - even though they account for a not inconsiderable share of total consumption. We can leave unanswered the question whether these groups need consumer information from an economic or financial point of view. It seems much more important that not much can be achieved in the way of making competition effective - and thereby benefiting individuals and the economy - if the majority of consumers, for whatever reasons, have no real opportunity to make practical use of goods tests in their purchasing. It is a case of having test results available but not room in the household budget for acquisition of technical novelties - quite aside from the money that must be invested in the test periodical without tangible return. These are the weaknesses of the organisational structure of goods testing on a private basis.

"Hence the criterion for a more useful structure for the organisation of goods tests might be the dissemination of test results on the broadest possible basis. Naturally in connection with this, structural changes on the private level could be considered. Both the American and the British test organisations have already gone part of the way in this direction. Consumer Association has for some time been trying to organise local consumer clubs which result in new members, i.e., new subscriptions for the Test journal Which? Also Consumer Union

is trying to expand in this direction. Certainly noteworthy results have already been achieved in a number of cases. But widespread structural improvements along these lines can only be expected to the extent that existing consumer groups are brought into close touch with goods tests. This approach has been adopted in the Scandinavian countries where relationships are basically influenced by the existence of central state goods testing organisations with formal or casual contacts with housewives' associations, consumer cooperatives, trade unions and other worker/consumer organisations. The functional advantages of such a structure with respect to dissemination of test results to the public is obvious. And the extent of the potentialities of such an organisational structure is demonstrated by the example of the Swiss Foundation for Consumer Protection, founded in 1964 as a testing body for the Working Group for Workers and Consumers (AGAK), which was set up in 1959 by the Swiss Trade Union Confederation, the Union of Swiss Employee Associations, the Federation of Swiss Civil Servants and the Union of Swiss Consumer Cooperatives.

Consumer Information as a Problem of Modern Education

"The achievements of consumer information in the form of goods testing should not, however, hide the fact that the problem is not thereby fully solved, nor will it be solved by a drive toward basic improvements in testing methods and dissemination of their results. The true dimensions of the problem can perhaps be illustrated by a practical example:

"In Sweden there are consumer cooperative department stores in which it has apparently been found economically profitable to set aside space for a 'consumer corner'. Here consumers are provided with a more or less wide assortment of 'information' on goods, prices, comparative prices, etc. This form of consumer information is a basic plank of the consumer policy in the Swedish consumer cooperative movement. The concept is modern in that the consumer corners are directly linked to the general expectations of consumers with respect to their purchases: a wide choice in goods assortment, convenience and a bit of 'atmosphere'. What such a consumer corner can offer in this respect can be indicated in one sentence: Appropriate information helps the customer to make a purchasing decision, from a relatively wide assortment of goods, which he will later find to be basically 'correct' and therefore satisfying.

"But this effect of the consumer corners depends basically upon whether the consumer can actually make use of them - and does not risk the danger of 'not seeing the woods for the trees'. This ability to benefit from information is a matter for consumer education.

"What is consumer education? Apparently the following:

"Awareness that purchasing - aside from the pleasure of having the opportunity of buying - must mean a reasonable choice between several alternatives if income from work is to be most effectively spent, and if competition is to have a chance to operate to the benefit of individuals and of society.

"A grasp of the relationship between modern living -- food, clothing, housing, care of children, etc. -- and reasonable purchasing.

"Knowledge of the basic sources of information on consumer questions.

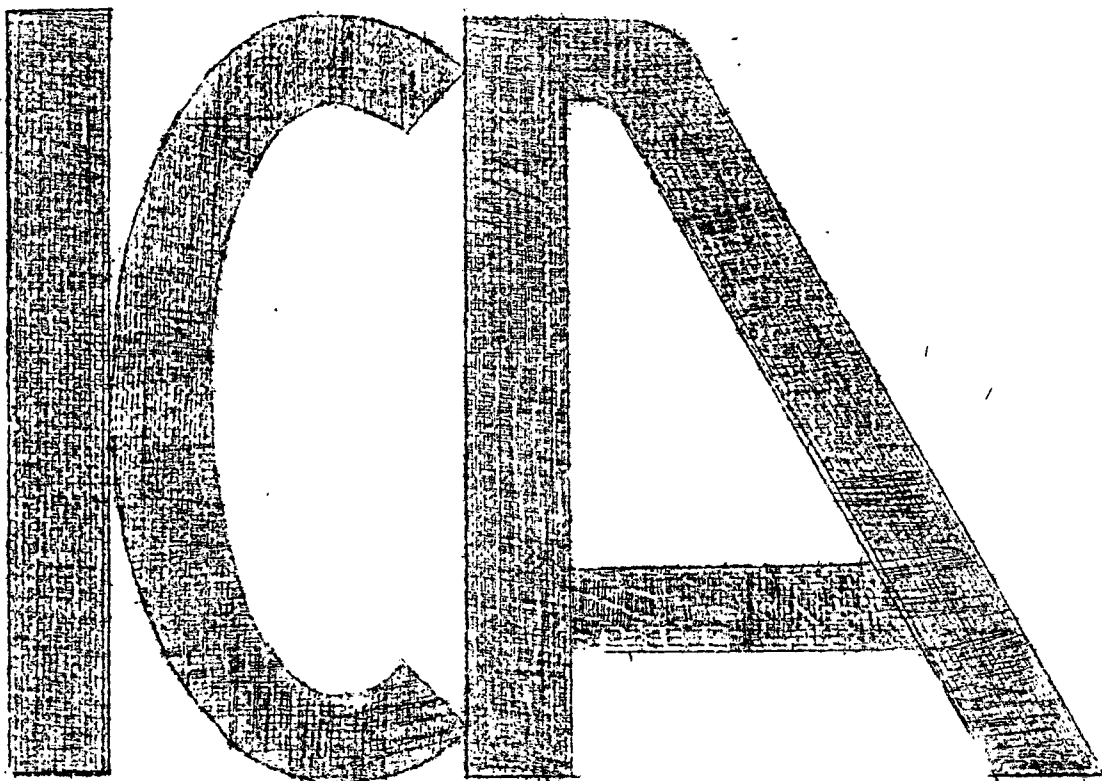
"Certainly the basic features of consumer education can be formulated in other ways. In any case such education means an acceptable finding of one's way through the abundant possibilities for meeting household needs when the supply can be characterised as favourable; bringing foods to the table that all members of the family will find tasty and healthful; clothing oneself in such a fashion that the technological progress even in this sector results in satisfaction and not in irritation - All this can hardly be achieved by goods tests alone. Nor by information corners. What is required is a still more comprehensive and systematically conceived effort to bring an element of progress into the informed consumer society.

"There is still a further objective, i.e., to demand from consumers a more active contribution to the increase of the national product. It should at least be possible to relate consumer education to the daily routine of the individual household and make it more fruitful. Even so this is likely to be considered as only a social concern and hence to be granted correspondingly slender resources for its realisation. It was not without reason that in Sweden - with its enviable advances in implementing the objectives outlined here - the Government has finally authorised a comprehensive scientific investigation of the organisation, methods and means of consumer information and its potential usefulness. In other countries such steps may not actually have been taken, and the phase of experimentation is still in process, but this does not prevent intensification of such experiments. Because sooner or later such a development must come.

Consumer Education in Schools and Adult Education

"The place for consumer education as a social educational concern is in schools and in adult education. Many facets of this are already recognised and acknowledged. Today it is no longer seriously disputed that an appropriate beginning of such education must take place in schools. But this approach is faced with the same difficulties that bedevil the attempts of schools to evolve modern forms of instruction - which, whether one likes it or not can no longer be patterned after the educational ideals of the past. Since no radical changes can be expected in this situation, consumer education will be able to make only gradual progress in the school curriculum, but even this brings the objective nearer. Again Sweden provides examples of such possibilities. Here for a long time the curriculum in certain subjects - like civics or citizenship, domestic science and economics - has included consumer questions. A special aspect in Sweden is the provision of teaching materials with which the highest school authorities together with the state Consumer Institute have long been concerned. One example of such efforts is a folder of pictures with the title "Your Money". Striking pictures illustrate how the consumer daily - and hourly - finds himself in a situation where he must make a decision on effective expenditure of his money. The pictures also show the many possibilities for influencing the consumer through advertisements and other means of persuasion. In such a situation - and why not even taking into account the advertisements? - it seems desirable for the consumer to have his own opinion.

"With respect to relations between consumer education and adult education, the possibilities also seem to relate to the question of appropriate means. If, for example, the housewife can be offered consumer education in a provocative way - with appropriate themes via films, broadcasts, etc., - there should be no lack of interest, either in the older or the younger age groups, in making use of these possibilities."



INTERNATIONAL COOPERATIVE ALLIANCE

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* The verbatim report of the 23rd I.C.A. *
* Congress, Vienna, 1966, is now avail- *
* able in English, from the:- *
* * * * *

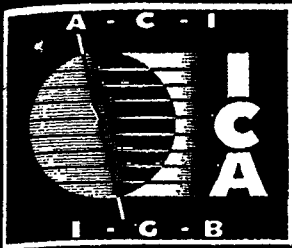
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TWENTY-THIRD CONGRESS
REPORT

Vienna, 5th to 8th September 1966



consumer affairs

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W1

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A garage advertised "This advertisement is worth £5 off the price of a used car". A customer took 90 copies of the advertisement and asked for a car priced at £450. He did not get it, but is seeking legal advice.

A D V E R T I S I N G

CANADA

ADVERTISING

The Canadian Government is setting up a Department of Corporate and Consumer Affairs to bring cohesion and conformity to the laws and regulations relating to advertising.

Newsletter of the Council on Consumer Information,
November 1967

UNITED KINGDOM

TELEVISION

Allied Suppliers and Tesco are experimenting with television advertising programmes in their stores. Manufacturers pay contracting television companies to install the sets and apparatus; and the latter pay retailers for being allowed to advertise their products on television in their stores.

The retailers receive the revenue from the contractors as well as getting increased turnover - doubled turnover is claimed in some cases. But this method of advertising is expensive and is only economic in the stores of the larger chains. Tesco are planning to install television in a hundred shops.

C.W.S. Business Digest, 15th November, 1967

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The Spanish National Tourist Office says that a London travel agency is offering holidays in two hotels in Majorca which have not yet been built.

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C O N S U M E R O R G A N I S A T I O N S

UNITED STATES

CONSUMER FEDERATION OF AMERICA

The Consumer Federation of America was launched at Consumer Assembly 1967 in Washington on November 3rd. Consumer Federation has as its purpose the promotion of the rights of all consumers in harmony with the general welfare, the stimulation and coordination of consumer programmes and activities, the exchange of information through a clearing house function, fact finding and analysis of consumer issues. Seventeen national, state and local organisations indicated that they would join and eight others gave tentative approval.

Newsletter, Council on Consumer Information,
December 1967

Mr. Walter Sandbach, Executive Director of Consumers' Union, told a cooperative meeting in Chicago last November that better education, higher purchasing power, more leisure and greater sophistication had contributed to the rapid growth of the consumer movement. Consumer Reports had a circulation of 1 $\frac{1}{4}$ million but only reached 2 percent of the population. There was plenty of room for increased circulation: Which? in Britain reached 5 percent of the people.

Cooperative Builder, November 30th, 1967

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One result of the devaluation of the pound has been that thousands of people from France, Belgium and Holland travelled into London for their Christmas shopping. Air France had to lay on Boeing 707's to provide 1,000 seats a day between Paris and London.

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C O N S U M E R P R O T E C T I O N

British law requires that front seat safety belts should be on new cars when they leave the premises of dealers. Some unscrupulous dealers charge £6 for these safety belts - and then buy them back from the customer for £4. Owing to the loophole in the law this practice is perfectly legal.

Motor Industry, December 1967

Some colour television sets in the US have been giving out excessive X-ray radiation.

Sets are being tested by Consumers' Union with the help of a Geiger Counter called Victoreen Thyac 3, model 490. The energy level of X-rays can be roughly determined by using materials such as a thin sheet of aluminium as a filter. Low energy X-rays will be attenuated but high energy X-rays will not.

International Consumer, No. 3, 1967

New regulations coming into force in April 1968 will require tyres to have a minimum tread depth of one millimetre over at least three quarters of the breadth of the tyre round its entire circumference. It will be an offence to use tyres not inflated properly or the wrong combination of tyres.

Guardian, 6th December, 1967

The Imperial Tobacco Company has claimed that cigarette coupons do not increase cigarette sales. It said that about 50 percent of adults were smokers and that men smokers smoked an average of seventeen cigarettes a day and women eleven. It argued that as smoking had not increased since coupons were introduced, there was no case for banning them; or for restricting advertising.

Gallahors have begun a huge house to house advertising campaign for coupon cigarettes in direct defiance of the Minister of Health. Fifteen million leaflets about their Gift Catalogue have been printed. The company do not expect new legislation until January 1969.

Daily Telegraph, 14th December, 1967
Guardian, 12th, 23rd December, 1967

INTERNATIONAL

MILLIONS OF NEW CONSUMERS

World population will double by the year 2005 if no external influences intervene. By the middle of 1966 there were 3,356 thousand million in the world, an increase of 65 million over the middle of 1965.

About 72 percent of all people live in underdeveloped countries. The most thickly populated countries are China (710 million), India (498 million), USSR (233 million), the United States (197 million), Indonesia (107 million) and Pakistan (105 million). The most rapid growth in birth rate is in Latin America,

Demographic Yearbook, United Nations

UNITED KINGDOM

MAIL ORDER

Mail order sales in Britain have expanded rapidly in Britain in the post war years and may have doubled to about £420 million between 1961 and 1966. Moreover new Post Office regulations are going to make it possible to charge big customers special rates, and the National Giro system of making payments through the Post Office is to be introduced in the autumn of 1968. This is likely to lead to an even more rapid expansion of mail order sales.

Guardian, November 30th, 1967

UNITED KINGDOM

COLOUR TELEVISION

Two out of three viewers in Britain prefer colour television to black and white; but only 6 percent said they were prepared to pay £1 a week to rent a coloured set or spend £150 to buy one. ITV television programmes may be available by the autumn of 1969.

Financial Times, 15th December, 1967

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Oliver Greenhalgh has been accepted as a fellow of the English Association of Estate Agents and Valuers after a payment of £11 11s. 0d. had been made on his behalf. He was described in the application as a rodent operative, but the certificate with which he was issued stated that he had been engaged in the work of estate agent "for the period required by this association" and that he had "satisfied the Council as to the thoroughness of his knowledge of estate agency and valuation subjects."

Oliver Greenhalgh appeared on television on December 9th. He is a four year old black cat.

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C O N S U M E R I N F O R M A T I O N

WEST GERMANY

DATE LABELLING

The food labelling act of September 9th, 1966 has been revised, effective January 1st, 1968, to require date labelling for meat, meat products, seafood and seafood products when these are sold to consumers in packages or containers. Goods which have not been dated must be sold in the course of the year, so that for some months both dated and undated articles will be sold.

Verbraucher rundschau, December 1967

UNITED KINGDOM

CONSUMER EDUCATION

The Consumers' Association has published a book called: Which? In Secondary Schools : Maths and Science with the help of the staff of a teachers' training college of London University. The book consists of exercises drawn from reports published in Which?. They are designed to show how mathematics and science can be used to help the consumer to shop wisely and obtain good value for money. By showing the practical applications of subjects taught in schools it helps to make them more interesting.

International Consumer, No. 3, 1967.

ITALY

LABELLING

Legislation is being introduced in Italy to prevent the misleading labelling of textiles. Materials labelled "Pure Wool", for example, will have to be 99.97 percent pure; and materials labelled "Wool" or "Silk" will have to be 95 percent pure. But the new legislation is not as tough as that in force in France and Germany.

Focus, December 1967

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A supermarket chain in Canada advertises a "President's Hot Line" with two telephone numbers, and urges customers to phone in their complaints, said the chain: "Here are a few little irritants we found out about and we've rectified over the past seven months!" They were: more roasts cut on Wednesdays and Saturdays to give customers wider choice; better packing by cashiers and parcel boys; chicken cuts with more even distribution of giblets; and persuaded a lady customer not to bring her small pet monkey with her when she shops".

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P R I C E S

UNITED KINGDOM

RETAIL PRICE MAINTENANCE

The Registrar of Restrictive Trading Agreements has decided not to oppose the claim of the Publishers Association to exempt books from the general ban on resale price maintenance imposed by the Resale Prices Act of 1964. This is the first case in which resale price maintenance has been upheld.

Times, 28th October, 1967

FRANCE

PRICES

Hotel keepers in 22 Channel coast resorts are to allow British tourists a 5 % or 10 % discount on room rates to compensate for devaluation. The reduction will apply to 200 graded hotels.

Financial Times, 5th December, 1967

UNITED KINGDOM

PRICES

The Board of Trade is insisting that British travel agents should observe the international agreement that no inclusive holiday should cost less than the return air fare on scheduled services. Some German and Scandinavian travel agents have ignored the agreement, and some agents in Britain find it incredible that it should be enforced in Britain when the government says it wants to keep prices down.

Sun, 15th December, 1967

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A Canadian bank has calculated that if Canadian housewives were paid for their work in and around the home they would need to be paid £61 5s. 8d. a week.

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COOPERATIVES AND THE CONSUMER

CANADA

CONSUMERS SOCIETIES

A Committee sponsored by the Cooperative Union of Canada has begun a study of the structure of Canada's Consumer Cooperatives in the light of modern urban development. Its eleven members include two from trade unions.

Maritime Cooperator, October 15th, 1967

UNITED KINGDOM

REGIONAL COOPERATIVES

The Cooperative Union has published proposals for setting up fifty large regional cooperatives by voluntary mergers. Mr. Southern, the Secretary of the Cooperative Union, said that retail societies were autonomous and that there was no question of imposing mergers.

Guardian, 9th December, 1967

UNITED STATES

MONOPOLY

The Director of the US Bureau of Economics declared recently that the seven biggest food manufacturing companies in the US have combined assets equal to those of 8,000 farm marketing and supply cooperatives; and that a similar concentration was to be seen in food retailing.

Agricultural cooperatives, he declared, could help to break this monopoly, and they are being encouraged by the US government. Cooperatives helped to make competition effective; but they are small compared with the big companies.

Manitoba Cooperator, October 26th, 1967

UNITED KINGDOM

COOPERATIVE ADVERTISING

The C.W.S. plans to spend £1,300,000 on advertising in 1968, many times more than the sum spent by any competitive multiple group. But the C.W.S. is advertising as a manufacturer as well as a distributor; and is emphasising that cooperatives sell other brands as well as Co-op products with the slogan "It's all at the Co-op now".

Financial Times, 14th December, 1967

Five Law Lords have upheld the rule that a barrister cannot be sued for professional negligence in litigation work. The Bar Council welcomed the decision: but the Times did not.

C O N S U M E R I N N O V A T I O N S ,

UNITED STATES

WHEELING THROUGH SPACE

An American firm engaged in space research has devised a wheel chair which paralysed people will be able to drive, steer and reverse simply by moving their eyes. A small ray of infra-red light is beamed on the eye ball and the reflection is picked up by a light sensitive element.

Daily Telegraph, 6th December 1967

UNITED KINGDOM

SELF-SERVICE

A Plymouth firm has developed a device for self-service petrol stations which will deliver the correct amount of petrol to motorists on pre-payment of either two half crowns or a £1 note. It also incorporates a post-payment system with a memory unit.

Weights and Measures Monthly Review, November 1967

UNITED STATES

ARMCHAIR SHOPPING

A department store in Pennsylvania places its customers in comfortable chairs, provides them with earphones and invites them to make their purchasing choices from a TV presentation of the assortment. No more shoving! But surely the consumer shops not only with his eyes, but also with his nose and his fingers?

Coopération, Belgium, December 1967

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According to the US Department of Labour the average woman spends 29 percent more on clothes than the average man.

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C O N S U M E R S T A N D A R D S

INDIA

QUALITY CONTROL

A Committee set up by the Indian Government has recommended that quality control techniques should be made compulsory for public undertakings and for private firms with sales exceeding 10 million Rupees.

ISI Bulletin, July 1967

The Public Analyst for Norwich has told the Health Congress that some current food regulations are ambiguous, that some are difficult to enforce and that with some only the manufacturer can know whether it is being observed or not. He gave examples and said the regulations should be reviewed.

Society of Health Journal, November-December 1967

INTERNATIONAL

STANDARDS

At the fifth International Congress on Canned Foods, held in Vienna in October, the International Permanent Committee on Canned Foods reported that it had decided to leave work on further standardisation in the field of canned foods to the Joint Committee of Codex Alimentarius. The Committees for the standardisation of cans, for the regulations and specifications for canned fruit, vegetables, fish and meat, for frozen foods and for information were dissolved. On the other hand, the Scientific Committee was maintained and an Economic Committee and a Codex Alimentarius Committee were created.

SPAIN

FOOD STANDARDS

The Spanish Government has published a Code on standards of quality for food, standards on food additives and the standards of cleanliness in places where food is prepared.

Financial Times, 18th October, 1967

People in New York, Los Angeles, Minneapolis and Dallas can now use the Food and Drug Administration's 'Consumer Phone' to obtain information about specific products and topics of current interest through recorded messages.

SPECIAL FEATURE I:

INFORMATIVE LABELLING

The following was translated from an article in der Verbraucher, December 23rd, 1967.

Informative labelling seems to have a special significance in the present phase of development of goods production and distribution. Informative labelling in the broad sense has existed for sometime. What makes it special in the present situation is apparently the ~~conjunction~~ of a number of factors, including particularly the growing quantity and variety of goods available and the efforts, socially and

economically motivated, to achieve widespread consumer education. But no matter where the emphasis is placed, informative labelling remains an element of advertising in each case. This is what probably ensures that in particular instances not only better transparency of the market and consumer information will be taken into account, but also at the same time general consumer education will be encouraged.

But the advertising effect of informative labelling is a secondary question which will not be further investigated here. It would seem to be much more interesting to look into, for example, how retail trade and organisations associated with it can be made more effective through informative labelling. one could simply refer to the various possibilities of different types of traditional advertising. It is doubtful, however, whether this would solve the problem. One should in any case pose a second question, namely: "How can informative labelling best be designed to meet the actual needs of consumers for information?" Clearly the answer is all the more difficult if by "designed" one means not merely the graphic-technical pattern of informative labels, but also their specific application, for example in the total process of goods distribution. What follows will constitute the first step towards answering this question. An attempt will be made to review the forms and methods of informative labelling from the international point of view.

SYMBOL LABELS AS MEANS OF INFORMATION

The concept of informative labelling as used here is meant to be broad enough to include those symbol labels whose informative value as factual descriptions of goods approaches that of "goods descriptions" (Warendeklaration). This would be the case, for example, where control of goods is conducted and certified by State authorities or where the symbol is based on quality norms which can be tested and sometimes even carry a guarantee. This at least makes it possible to distinguish them from symbols of brand articles.

Quality-symbol-labels are clearly of great significance in this connection. They are frequently based on legal regulations. A major field for their use is with agricultural products. Thus, for example, the four-leaf clover symbol on Norwegian butter and cheese is a legally based guarantee of quality. The same is true of the "Norwegian Standard" on fruit and vegetables. In Sweden the SMAK Symbol of different colours on sacks of potatoes indicates controlled quality categories, and the "Star Symbol" on cuts of meat indicates best quality. Such symbols are also familiar in certain EEC Commercial Grade indications. Quality symbols have to a certain extent already been extended to consumer goods, although here they occasionally clash with mere test symbols, for example, on electrical apparatus. Thus the "N" and "S" symbols on Norwegian and Swedish electrical equipment are legally prescribed test indications which tell nothing about the value of the goods in other respects. The case is different, however, for such examples as the "Swedish Textile Symbol" which indicates that a quality product produced in Sweden has been guaranteed by a manufacturers' consortium. Such symbols are also recognised in other countries. Usually they do not depend on legal regulations but carry a civil law guarantee. Finally a further stage within the category of symbol labels includes in a sense those whose informative value with respect to quality can be relied upon, but on the other hand is based on a special relationship between the seller and the buyer. This is surely the case with certain internationally used Co-op labels (coloured symbols for qualities of coffee).

DESCRIPTIVE LABELS WITH LIMITED INFORMATIVE CONTENT

This kind of informative goods labelling is probably the most common type today and will certainly be considered useful in the future for a number of goods, particularly those of daily use. The scope for this kind of label is far from exhausted.

Legal requirements are today a major prerequisite for this kind of labelling in many countries and they determine their form and content. Legislation on labelling in the USA has for some time been a good model. For example, canned foods must carry labels with the following information: 1. universal or usual name of the good; 2. net weight for dry measure; 3. name and address of the supplier or the shop; 4. for certain foods an indication of their components in descending order according to weight. In other cases there are legal standards which regulate the composition of foods and thus make it unnecessary to describe them in detail. On the other hand additives, preservatives, artificial colourings and aromas must be listed in every case. For many kinds of fruit and vegetables it is also required that (a) the label should show the consistency (whole, halves, pieces, diced, etc.) (b) the type (young peas, cling peaches, etc.). There are also descriptive labels with limited information more or less on the American model also in other countries. The general tendencies are clear from what has been said, and they underline the importance of such labels as sources of information.

Voluntary labels also merit attention today to a limited extent since they are being used increasingly by manufacturers and distributors - but for different reasons. A typical example is descriptive labelling as used in Sweden for pre-packed meat and sausage. With respect to sausage products, the Swedish producers are largely organised in three large groups, namely, in the Association of Butchers, in the Cooperative Movement (KF) and in the Royal Association of Meat Industries. Of these three the Butchers Association and the KF have now agreed on common norms for the composition of various kinds of sausage. Whether one buys the Co-op sausage brand "Goman" or the Butchers' Association brand, the type of meat and the amount of meat per kilogram of product will be indicated on the label. The norms are, for example, lean beef, fatty pork, potato flour, etc. Under description of contents are included: special meat sausage (Falukorv), breakfast and Vienna sausages, bacon sausage, ordinary sausage and cooked Bologna sausage. Clearly one can no longer speak of limited information with respect to the labels used in this system.

Labels of the limited information category are being used increasingly for consumer goods. For certain kinds of goods, for example electrical equipment, labels with more or less comprehensive technical data have long been used. For other kinds of goods, namely textiles and shoes, the use of new materials has in recent years increasingly contributed to their introduction. As a particularly noteworthy example can be mentioned the descriptive labels for shoes with special stress on material composition which have recently been adopted in West Germany.

"GOODS DESCRIPTIONS" AS INFORMATIVE LABELS OF THE "IDEAL" TYPE

The so-called "goods descriptions" (Warendeklaration) undoubtedly constitute a worthwhile objective for informative labelling. This is a kind of goods description which presents - in a particular form - the essential contents of the records of goods tests made by independent, generally acknowledged testing institutes. The papers presented at the ICA Consumer Conference in Basle in 1965, which was on the theme of Consumer Orientation in Cooperative Trade, underline the importance which

the cooperatives attach to such informative labels. In these papers there are pulled together a large number of facts concerning goods labelling particularly in Scandinavia. In the following paragraphs we shall summarise the work of the Danish Goods Labelling Office (Dansk Varedeklarations-Naevn, DVN).

The Danish Goods Labelling Office has existed since 1957. It is an independent private organisation, which was set up by a number of organisations and institutions in commerce, industry, research and consumer affairs. Its function is to prepare and distribute labels for goods in retail trade. For financing its activities DVN had donations and income from participating organisations to the amount of 28,900 kroner (the parallel Swedish Institute had available for the same period 39,500 kroner in private income and over 350,000 kroner in State contributions.) In addition income from test fees and other donations amounted to 70,000 kroner. From the Spring of 1967 on, however, certain State contributions are expected. With respect to practical activities of DVN, in the past year label regulations were approved for pudding powders and life jackets, the descriptive regulations for certain goods were revised and a large number of product groups for which labels had already been issued were supervised. In addition the office carried out, within the limits of its available means, extensive informational activities, partly through household consultants and domestic science teachers, partly via the press, radio and TV. In this connection it also proved possible to include in the new text book for the Cooperative evening courses a chapter on quality marks and informative labelling. Another important aspect of the work of the DVN was also in the field of international cooperation between Goods Labelling Offices on a Scandinavian basis. Among other things, the question was discussed as to how far it might be possible to make joint use of goods labels in various countries.

Despite these many efforts and successes, the Danish Goods Labelling Office has many unfulfilled objectives, and not only on the financial side. It is generally felt that many Danish manufacturers and distributors have not yet realised the value of goods labels, and above all the advertising value of informative labels of this kind - in contrast to the Swedish situation of which one is always a bit jealous.

SPECIAL FEATURE II:

PATTERNS OF FOOD CONSUMPTION

In the period 1956 to 1966 consumption of grains and potatoes has declined in the Common Market, while sugar, vegetables, fruits, cheese and meat have been consumed in ever greater quantities from year to year. The 180 million people of the six countries are eating better, more expensively and in greater quantities than ten years ago.

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92.4 kilograms of grains were consumed per person on the average in 1966 as compared with 106.9 kilograms in 1956. The Germans were under the average with 71.3 kilograms, and the Italians over the average with 127.2 kilograms. Potato consumption has also fallen from 103.8 kilograms to 85.7 kilograms on average; the Italians consume an average 40.5 kilograms and the Germans 108.4 kilograms.

The Dutch have the sweetest teeth in Europe with an average sugar consumption of 46.6 kilograms, compared with a German average of only 32.2 kilograms, and a Common Market average of 30.5 kilograms; a decade ago it was only 26 kilograms.

Consumption of vegetables has also risen from 83.8 kilograms on average in 1956 to 105.6 kilograms in 1966. The Italians consume 151.2 kilograms per person, and the Germans 56.1 kilograms. Per capita consumption of fruit rose from 42.2 kilograms on average to 66 kilograms, with the Germans and Italians below average.

The European average for cheese consumption is 9 kilograms and for beef and pork 21.5 kilograms and 22.2 kilograms respectively. The French eat the most cheese and beef, and the Germans the most pork. Average consumption of fats and oils in 1965 was 18.9 kilograms, compared with 16.1 kilograms in 1965.

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consumer affairs

BULLETIN

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In the Haight-Asbury district of San Francisco the Hippie Job Cooperative has found jobs for more than two thousand young people after appropriate tonsorial treatment.

COOPERATIVES AND CONSUMERS

UNITED STATES

NEW YORK CONSUMER COUNCIL

Accusations of wide-spread overcharging, short-weighting, questionable advertising and "other deceitful practices" have been made against New York's food trades in a report by the Metropolitan New York Consumer Council which represents 170 organisations, mostly trade unions and cooperatives, and has a total membership of two million.

Recommendations of the Council include: freezing of food prices by the Government; establishment of a consumer department at federal, state and local levels; and abolition of trading stamps "which add 6 percent to the cost of food".

Co-operative News, 30th December, 1967

UNITED KINGDOM

COOPERATIVE TRADING STAMPS

The sales of the South Suburban Cooperative Society rose by 4 percent in the first month after the introduction of trading stamps and by $7\frac{1}{2}$ percent in the second month. The Society gives one stamp for every shilling spent on groceries and one stamp for every 6d. spent on other things. A full book of 1,200 stamps is redeemable for 8s. in cash or 12s. worth of goods, plus 2s. worth of shares in the Society. Paying the dividend to members in this way is expected to reduce administrative costs from £50,000 to about £15,000. Members keep the record of their purchases by collecting stamps.

Stores and Shops, December 1967

UNITED STATES

CO-OP PRICES

The prices charged for nineteen different toys at Palo Alto Cooperative society and at four local Discount Houses were checked recently. With sixteen of the toys the co-op price was the lowest; and with the other three it was the lowest but one.

Cooperative News Service, 12th December, 1967

SWITZERLAND

LABELLING

An agreement has been signed between Swiss textile manufacturers and cooperative and other retailers on the quality and composition of textiles and the names to be used to describe various qualities of textile. Imported textiles are covered by the agreement. VSK cooperators are urging that the agreement should be backed by legislation.

Consumer Working Party

UNITED STATES

COOPERATIVE "TASTE-INS"

"Taste-ins" are a feature of a membership campaign by the Palo Alto (California) Consumers Society. They take the form of "at homes" for five or more guests, who are given samples of co-op label foods and learn of the advantages of buying at consumer-owned stores. Society butchers give demonstrations, showing how they trim steaks so that their customers get the most for their money. Each "taste-in" is conducted

by one of the co-op staff or a committee member who chats about society affairs and answers the questions put by guests between mouthfuls. The society provides refreshments.

Co-operative News, British Co-operative Movement, 13th January.

UNITED STATES

COOPERATIVES AND THE POVERTY PROGRAMME

A new consumers' cooperative society has been formed in Harlem, New York - the Harlem River Consumers' Cooperative. \$10,000 was collected in six weeks in the poorest part of the city for a 10,000 square foot supermarket. The new store will be supplied by the regional wholesale, Mid Eastern Cooperatives, Inc. Workers are being trained and the cooperative idea is being explained to members. It is hoped that the sales of the new supermarket will exceed \$1,800,000 a year.

Cooperative News Service, 2nd January, 1968

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Some new pills which are said to make people feel younger - they are known as KH3 - are being tried out on German policemen.

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C O N S U M E R I N N O V A T I O N S

SWEDEN

FROZEN EGGS

It has been shown in Sweden that eggs can be poached and then frozen in semi-liquid nitrogen and packed in plastic pouches and kept for six months.

New Scientist, 4th January, 1968

AUSTRIA

WHY DIDN'T WE THINK OF THAT?

An Austrian manufacturer has introduced a non-sinkable swimsuit.

Schweiz. Konsum-Verein, 16th December, 1967

UNITED STATES

MAGNETIC BUTTONS

Articles of clothing are to be sold with separate buttons which the buyer can fasten on simply by applying to the fabric into which has been woven magnetic threads; they are equally easy to remove. It is claimed that the magnetic threads are good for the health, and that they will not interfere with the accuracy of watches.

Schweiz. Konsum-Verein, 30th December, 1967

UNITED KINGDOM

FREE BUS SERVICE

An experimental free bus service has been organised by traders of the town of Batley to transport shoppers living in outlying districts to the town centre.

Co-operative News, 30th December, 1967

UNITED STATES

CHIPS WITH WRAPPING?

A team of scientists at Pennsylvania State University have been feeding two trial sets of heifers over the months: one set on mixed ground corn and soya meal, the other on 48.3 percent molasses, 20.1 percent soya meal and 31.6 percent ground newspaper. Result: the corn-and-soya cows put on slightly more weight than the other lot, but not enough to step the researchers declaring old newspapers "a good source of fibre roughage for ruminants".

Guardian, 3rd January, 1968.

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A seventeen year old New Zealand girl was sold £160 worth of linen, including 17 pairs of sheets and 26 pillow cases, by a door to door salesman. He accompanied her to the Post Office where she withdrew cash from her savings to pay for it; but the New Zealand Consumer Council intervened and the money was eventually recovered.

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C O N S U M E R P R O T E C T I O N

UNITED KINGDOM

ROAD SAFETY

A survey of 500 garages - two percent of those taking part in the scheme - has shown that only 40 percent carry out vehicle testing satisfactorily. Fifteen percent were completely unsatisfactory. The Minister of Transport has said that incognito checks by Ministry inspectors will be intensified.

Times, 21st December, 1967

UNITED STATES

DOORSTEP SALESMEN

Laws in Massachusetts and Georgia give people who buy from door to door salesmen at least a day to change their minds if they wish to do so. Similar legislation likely to be passed in Illinois will give them three days.

Focus, December 1967

WEST GERMANY

THALIDOMIDE TRIALS

The manufacturers of the drug Thalidomide which was blamed for causing at least 5,000 babies to be born malformed are to stand trial in a few months time, probably in May. The managing director of the pharmaceutical firm of Gruenthal, near Aachen, and eight other executives are variously charged with manslaughter, causing grievous bodily harm, and infringement of the pharmaceutical laws.

Guardian, 20th January, 1968

UNITED KINGDOM

PLASTIC PACKAGES

Many countries have legislation about plastic packages for food but there is no such legislation in Britain. The second report of the British Plastics Federation Toxicity Subcommittee made recommendations to guide manufacturers in 1962, but many of them did not have adequate facilities for testing. The British Industrial

Biological Research Association is therefore collecting information about materials used in plastic packaging for food with a view to making new and more specific recommendations.

Food Trade Review, January 1968

UNITED STATES

FLAMMABLE FABRICS

Congress has tightened lax standards for flammable fabrics. Formerly they applied only to clothing but now they cover a broad group of fabrics including blankets, bedding and curtains. The measure had been held up by the opposition of textile spokesmen who were reluctant to spend money on research. The federal government will now do it for them and the Secretary of Commerce will set new standards on this basis. Imported fabrics will also be required to conform.

The Economist, 30th December, 1967

CANADA

PLASTIC PACKAGES

New regulations in Canada forbid the sale of meat or meat products in hermetically sealed pouches unless they have either been stored continuously under refrigeration or heat treated after packing.

Focus, December 1967

UNITED KINGDOM

ROAD SAFETY

Legislation due to come into force on the 27th January will give police and local council powers to remove every abandoned car from the streets; and to crush wrecks and sell cars in running order. The tow-away fee will be increased from the present £2 to £4 10s. Od. in London and Birmingham and £3 10s. Od. in most other places - with a £5 charge for cars left on motorways plus an additional charge of 5s. a mile.

Daily Sketch, 18th December, 1967

UNITED STATES

FOOD STANDARDS

Federal legislation on meat packing in the US applies only to meat that moves between states. Ten states have no meat inspection law and twelve others do not provide for mandatory inspection. A new Bill is before the Senate and if it becomes law it will enforce federal inspection on states that do not cooperate and provide federal aid for those that do.

Most US meat packing plants are not now subject to federal inspection. The American Meat Institute, representing packers, now backs the proposal to enforce federal inspection when states refuse to undertake it. It is also supported by Miss Betty Furness, the President's Special Adviser on Consumer Affairs, and by the Cooperative Movement.

Cooperative Builder, 23rd November, 1967

UNITED KINGDOMDRUGS

The President of the Pharmaceutical Society has said that accidental poisoning results in 700 deaths and thousands of casualties a year. The education of the public on the dangers of certain drugs had been inadequate, he said; and added that all advertising of medicines should be prohibited.

Guardian, 14th December, 1967

UNITED STATESTHE EFFECTIVENESS OF DRUGS

The Food and Drug Administration has completed the first stage of its investigation into the properties of drugs produced between 1938 and 1962, and found that some 10 percent of the 3,000 drugs evaluated so far could be branded as ineffective. The evaluation will begin to be made public in January and will continue for up to 18 months, by the end of which as many as 15,000 are expected to have been investigated.

Guardian, 1st January, 1968

UNITED KINGDOMROAD SAFETY

The Motor Agents Association is sponsoring a plan to raise garage standards, especially vehicle testing standards, following the critical report of the Prices and Incomes Board.

The Times, 29th December, 1967

UNITED STATESAIR POLLUTION

The US government has proposed that 1970 model cars sold and used in the US should be so designed as to emit only one third of the exhaust pollutants of 1968 models. New cars would have to control 90 percent of the evaporation of petroleum; and new lorries and buses would have to control 35 percent of hydrocarbons and 37 percent of the carbon monoxide. Smoke from diesel powered lorries would be limited.

Guardian, 4th January, 1968

AUSTRALIACONSUMER PROTECTION

Prolonged contact with fibre glass can lead to a rash on the skin of some people. This has even occurred as a result of wearing clothes which have been washed in a machine in which fibre-glass curtains have also been washed.

Choice, January 1968

UNITED KINGDOMROAD SAFETY

The Royal Society for the Prevention of Accidents has launched a campaign to prepare motorists for the day when roadside checks on tyres become legal. Motorists with tyres having a tread less than 1 millimetre thick for three quarters of the breadth and around the entire circumference will be liable to fines of up to £50. They will also be liable if the tyre is under-inflated. The Retread Manufacturers' Association have their own minimum standards and the British Standards Institution are working on standards.

Guardian, 5th January, 1968

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New regulations by the US Department of Agriculture require all soups labelled "Chicken" or "Turkey" to contain at least 2 percent of chicken or turkey meat..

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C O N S U M E R E D U C A T I O N

NORWAY

CONSUMER EDUCATION BY MAIL

The Norwegian Consumer Council is running a Correspondence Course on discriminative shopping through the country's four most important correspondence schools. It gives full information on legislation affecting consumers, on the work of the Consumers' Council and on the rights and obligations of buyers and sellers.

International Consumer, No 3 1967

AUSTRALIA

CONSUMER EDUCATION

Consumer Education is being taught as a subject in 23 schools in Victoria to children from 13 to 15 years of age. The courses are being given as a result of the initiative of the Victorian Commercial Teachers' Association and it is expected that they will be given in one hundred schools in 1968.

International Consumer, No 3 1967

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How to make a price rise without raising a price? The Consumer Council thinks it has one answer: you give the customer something different, so direct comparisons are impossible. Not more built-in obsolescence, but expensive obsolescence. Thus Fords kill their cheap Anglia and bring in a somewhat less cheap Escort. Thus one lipstick manufacturer has quietly stopped producing refills; you have to buy a new case every time and the case costs more than the stick. This - ~~most~~ anti-social and odoriferous of all - the CC has just noted one deodorant maker taking off the market a product which brings personal freshness for three days, and replacing it by another guaranteeing underarm sweetness for only 24 hours.

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M A R K E T I N G A N D T H E C O N S U M E R

UNITED KINGDOM

SUNDAY TRADING

A Bill has been published which will allow shops which sell food and drink on Sundays to sell other things which are part of their normal trade. The Bill has government support.

Daily Mirror, 16th December, 1967

FDB, the wholesale of the Danish consumer cooperative movement, is revising and standardising the labels on its products. The changes involve arranging all important information in the same sequence on the label so that it will be easier to inspect.

Labels will include:

- (1) a section with information on price per unit, price per 100 grams, per kilo or per litre; also weight or cubic content and possibly date.
- (2) a section with a description (according to the type of article) of the number, size, content, colouring matter, preservatives, sweeteners and number of calories.
- (3) a section with information on the perishability, time that it can be kept, preparation, etc.

All articles produced in FDB factories, or produced by other factories to FDB specifications, must be labelled in so far as they are the kind of articles for which labelling is feasible.

Date labelling is required for all food stuffs for which this would be of practical significance for consumers. The important date is the terminal date for using. For deep frozen goods, however, perishability must be related to a specified date dependent on the temperature of storage.

Documentatie-Bulletin, Co-op Nederland, 31st December, 1967

UNITED KINGDOMJOINT CENTRAL HEATING

Three British companies have joined independently with French ones to supply central heating on a district basis. One of them is associated with the National Coal Board. A central plant is established and a number of houses are supplied with central heating from the same source.

Times, 3rd January, 1968

GERMANYRETAILING PRODUCT CODE

The first national product number code was introduced on the 1st January in Germany under the auspices of RGH, the Productivity Council for the Distributive Trades. The cooperative movement, the voluntary chains and most of the multiples have agreed to use the new code, made necessary by the growing use of Electronic Data Processing.

Group Grocer, January 1968

UNITED KINGDOMCOMPUTERISED HOUSE HUNTING

Three hundred and forty estate agents in the London area have joined to provide home seekers with the kind of houses they want with the help of a computer. The applicant fills in a form which is fed into the computer. It provides the addresses of the ten most suitable flats and houses in London and eleven neighbouring counties out of a total of 32,000 normally up for sale at the same time.

Guardian, 4th January, 1968

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A member of a British Cooperative Society lost his share pass book. He telephoned for a replacement and received the following reply: "Could you apply by letter telling us how you lost it. Then after a month, write to us again stating that you have not received a reply to your first letter. Then a replacement will be issued. We usually ignore the first letter".

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A D V E R T I S I N G

NETHERLANDS

CIGARETTE ADVERTISING

Dutch newspapers recently refused to accept an advertisement by the Anti-Smoking Campaign depicting a St. Nicholas sack together with the following text: "In this enticing pack is hidden a bad present!" The reason given for refusal was that the advertisement would harm an entire branch of industry, and that in principle "discriminatory" advertising cannot be accepted. Der Verbraucher suggested that the newspapers might also have been influenced by the fear of losing profitable advertising accounts.

Der Verbraucher, 16th December, 1967

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Nearly 1,500,000 teenagers have their own charge accounts at stores across the United States, a 36 percent increase in just 18 months.

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P R I C E S

FRANCE

VOLUNTARY PRICE RESTRAINT

The Government has launched a campaign for voluntary price restraint by retailers. More than 100,000 shops including cooperatives have pledged themselves to collaborate and display campaign labels in shop windows. The Government is issuing monthly lists of prices on which cuts would be most useful and has provided a staff to exercise price supervision.

Consumer Working Party

UNITED KINGDOM

RESALE PRICE MAINTENANCE

The Imperial Tobacco Company has said that it will take immediate action against any price cutting and will fight the case for resale price maintenance when it comes before the Restrictive Practices Court in the second half of 1969. But some supermarkets are buying foreign cigarettes to sell at cut prices.

Financial Times, 15th December, 1967

UNITED STATES

DRUG PRICE CONSPIRACY

Charles Pfizer and Company, American Cyanamid Company and Bristol Meyers Company have been found guilty of conspiring to fix drug prices. The specific charges were conspiring to confine the manufacture of tetracycline to the three companies; to restrict its sale to the three firms and two others; and to set substantially identical and non-competitive prices for the sale of all antibiotics by the five firms. Each company is liable to a fine of \$150,000, but this is expected to be trivial compared with the results of pending and prospective suits for damages involving hundreds of millions of dollars.

Guardian, 1st January, 1968

SWITZERLAND

RPM

The controversy over resale price maintenance has reached a decisive stage. Indications are that a plebescite on the question will be initiated within the first half of 1968. A large retailer has proposed a referendum on eliminating rpm after a phasing out period of five years. Unlike Germany where the conflict is largely between the Association of Brand Articles and Consumer organisations, in Switzerland wide sectors of the population are taking sides. Hence it is likely that the 30,000 signatures necessary for a referendum will be readily obtained.

der Verbraucher, 16th December, 1967

Oliver Cromwell described plum pudding and mince pies as "abominable and idolatorous things to be avoided by all Christians". An Act of his Parliament is still law and makes anyone caught eating more than three courses for Christmas dinner liable to be fined or sent to gaol. And anyone showing publicly any goods or merchandise on Christmas Day is liable to have the goods confiscated under an Act of 1448.

C O N S U M E R I N F O R M A T I O N

UNITED STATES

THE LIFE OF A PRODUCT

In a speech to the American Marketing Association, Betty Furness, Special Assistant on Consumer Affairs said: "It may be revolutionary to suggest that the manufacturer or the marketer give the consumer the basic facts about the design-life of a product, but I believe it is his due. Why shouldn't the housewife know there are 'x' number of hours of service in her washing machine, or that the life expectancy of a toaster falls short of a golden wedding anniversary? The manufacturer knows, and the marketer knows. Shouldn't the consumer also know?"

The Association's response has not been reported.

Time Magazine, 8th January, 1968

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British housewives are allowed a period of grace in which they can decide whether to change their minds about doorstep purchases. But when a Berkshire housewife changed her mind about a vacuum cleaner the salesman returned and emptied the dirt he had collected at a demonstration on to her new carpet. There is to be an investigation.

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C O N S U M E R R E P R E S E N T A T I O N

UNITED KINGDOM

THE VOICE OF THE CONSUMER

The Consumer Council has published a report on consultative committees and councils in the nationalised industries. These are intended to be a channel for complaints by users of public services, but the report says they are virtually unknown to the public and do not influence the policy of the industries.

The Consumer Council recommends that the electricity and gas consultative councils should be more widely publicised; the number of local authority representatives should be cut to between one fifth and three-fifths; and the councils should have full-time secretaries and separate offices.

The transport consultative committees should be able to consider fare increases, have representatives on the regional transport authorities proposed under the New Transport Bill, and cover all forms of transport.

Domestic coal consumers' councils should have full-time secretaries and no longer include representatives of the Coal Board and Gas Council. Their chairmen should be part-time ex officio members of the Coal Board.

UNITED STATES

CONSUMER LEAGUES

There are 36 Consumer Leagues in 27 US states according to a speaker at a conference held last December to establish the Illinois Federation of Consumers.

The Federation elected Jerry Voorhis as its first President and Art Danforth of the Cooperative League, formerly with the Association of California Consumers, is to be Editor of the Federation's Newsletter. It hopes to make consumer education a part of school curricula.

Cooperative News Service, 5th December, 1967

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A Nottingham man complained four times to the local gas board that a faulty meter was giving him too much gas. An Inspector called after seven months. A charge of fraudulently extracting gas was dismissed.

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SPECIAL FEATURE I:
CONSUMER INFORMATION AND EDUCATION IN
STUDY CIRCLES IN SWEDEN

The following article by Willy Schllberg appeared in the Winter Issue of the International Bulletin of Workers' Education, published by the International Federation of Workers' Educational Associations.

"All forms of consumer information and education in Sweden have expanded considerably, especially in recent years. Through the measures taken by Government and Parliament, the resources allocated to public and semi-public bodies acting in the interest of the consumers have been greatly increased. As a result there has been not only an increase of the research concerning the characteristics and functions of various goods, but also an expansion of consumer information and education as a whole.

"An important task for the Swedish Workers' Educational Association (ABF) has been - and still is - to utilise its own organisational resources as a means, besides the measures taken by the State, to increase the consciousness of price and quality among the consumers. It is the considered opinion of ABF that increased research concerning the characteristics and functions of goods cannot influence consumer behaviour until proper prerequisites in order to convey these results to the consumers have been created.

"ABF has been able to act as a channel between the research institutions and the rank and file of the consumers. By means of annual grants of £10,000 to £15,000 from a special State Council for Consumer Affairs, ABF has been able to undertake an extensive work of organising courses and conferences. The three greatest member organisations of ABF - the Swedish Co-operative Union and Wholesale Society (KF), the Swedish Trade Union Confederation (LO) and the Swedish Social Democratic Party (SAP) - have contributed, by their subscriptions and wholehearted support, to the great success of the study activity in this field.

"Before each study season, the ABF makes an agreement with the member organisations as to the subjects to be studied, and the work to be done during the study season is prepared by a great number of courses all over the country. The purpose of the courses is to train leaders for study circles in the field of consumer information and education. There are two kinds of courses, one of the duration of two days (as a rule a week-end) and one of the duration of a whole week. Besides information on the subject to be studied a certain pedagogic training takes place at these courses.

"During the two or three last years about 3,000 to 4,000 study circle leaders have participated in the short courses and about 500 in the longer courses. Each participant has then gathered on the average 10 persons among the members of their own organisations in a study circle. This means that by the educational work of the ABF in this field, some 40,000 to 50,000 Swedish consumers annually have been able to increase quite considerably their knowledge in matters of interest to the consumers.

A Pedagogic approach

"In the courses as well as in the study circles, use is made of a pedagogic method implying that the participants, after having acquired some theoretical information from lectures and study literature, also have to apply this information in a practical way, acting as consumers. The effect of this method is that the consumer behaviour of the participants is found to be radically changed after the study circle or course.

"Another effect is that managers and employees in retail trade have realised that factual and objective consumer information is an outstanding competitive factor. The demand for research findings and test results has grown considerably and this has resulted in commercial and industrial firms taking more active interest in objective consumer information. In other words: they realise that expensive but vacuous advertising campaigns and publicity slogans are not always an efficient way of influencing consumers.

"During the study season 1966-1967 the ABF course "Money and Prices" was the dominating subject of studies in the field of consumer education. The study literature dealt with the part of consumer information and education directly connected with price trends - it was an attempt to deal with prices and pricing from the economic point of view in order to widen the concept of consumer education.

"The introductory part of the study literature dealt with post-war price trends. An analysis of price increases then taking place was made. After these attempts to give a picture of current price patterns as seen by the consumers, there was a review of the public bodies charged with the task of watching over changes in prices. Suggestions were also made as to how the consumers themselves can influence prices.

"By this study literature the ABF tried to enable consumers to realise more clearly their role in economic development. In Sweden as well as in most European countries, economic progress is faster than ever - which implies great possibilities as well as great risks. The rapid changes also give rise to certain problems involving most people, perhaps in a rather fascinating way.

Consumers in the 70's

"Even if the forecasts regarding consumer behaviour and consumption trends to a certain extent must be guesswork, it seems rather obvious that the situation of the consumers will be even more complicated. Consumers will have to face new materials and new goods on the market. The small shops are replaced by self-service shops and supermarkets with practically 100 per cent self-service. These factors, in addition to a greatly increased consumption of durable goods, will increase the risks of buying the wrong thing and the difficulties of weighing price against quality.

"One sector of private consumption expected to assume an even greater importance in the future is the consumption connected with activities in leisure hours. The rising standards of living as well as the increasing leisure time means that consumers will have money and time to demand goods and services previously out of their reach. In this field the trade union movement in particular should try not only to shorten working hours but also to take a more active interest in helping their members to use their leisure hours in a meaningful way.

"In Sweden, the ABF experience of study circles in consumer information and education has shown that good results may be achieved in this field of fundamental interest to all citizens. In the future, the needs of increased consumer information will lay further claims on the ABF and adult education in general. It should be an important task for the International Federation of Workers' Educational Associations to watch, to discuss, and to coordinate the activities in this field".

SPECIAL FEATURE: II

WHAT WOMEN WOULD LIKE TO SEE INVENTED

A shopping list of perfection - from a perfect contraception pill to a perfect jug - was recently delivered to the Institute of Patentees and Inventors in London by Mrs. Mary Adams, deputy chairman of the Consumers' Association.

Her paper, "Women Calling," was a list of the inventions women would like in their homes and daily lives. Her first priorities included: "A clock with several faces so that I don't have to move to see the time; I want a mnemonic guide to those wretched telephone numbers; and I want, finally more than anything, a neat, adjustable, elegant, remote-controlled panel for my bedside so that when I wake in the morning, I can, without leaving the nest, switch on the following necessities: light, heat, blanket, ~~Tea~~smade, toaster, radio, curtain, telephone - in that order."

Women wanted now or in the near future moulded plastic fitted furniture; ventilation without windows to open and close or clean; no stairs (ramps if necessary); ample standardised storage spaces; American-style walk-in cupboards; fewer doors, and magnetic closing devices.

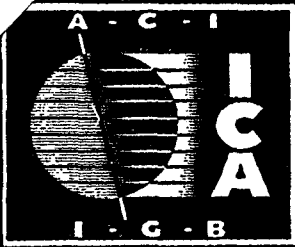
Kitchen fittings - sink, cooker, refrigerator, washing-up, and washing machine - should all be on hire, to be changed when outmooded. They should be ergonomic, attached to adjustable wall rails, easy to clean, re-arrange, and take away. Central heating should provide warm bathrooms, but keep larders cool. Other items on the list:

No-polish surfaces, spongeable furnishing fabrics, no curtains, total revision of garbage disposal and washing up and "supremely comfortable" beds.

In the perfect world of Mrs. Adams cooking utensils would be silicone-coated and designed for transfer to table, refrigerators would have deep-freezes, and telephones would have inexpensive message recording.

There are a number of regular Consumers' Association requests in the list: Informative labelling (especially of medicines and prescriptions); small measures of basic groceries for the three million single-person homes; easily opened packaging, and less of it; cars with no batteries in the boot, anti-theft devices built in, and safety and convenience first.

As Mrs. Adams herself admitted: "It might be simpler and quicker, perhaps, to invent the new woman, ergonomically standardised, without biological disabilities and without built-in attachments to men and babies, but instead armed with an unsentimental critical attitude to possessions and status, and ~~possessed~~ of a self-confidence which could remove mountains."



consumer affairs

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W-1



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The German test magazine Deutschemark has recommended canned tiger meat - with qualifications.

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A D V E R T I S I N G

ITALY

TOBACCO ADVERTISING

A ban on the import and sale of practically all foreign newspapers and magazines has been threatened in Italy on the ground that they carry cigarette and tobacco advertisements. A law of 1962 banned all forms of tobacco publicity in Italy, and on the basis of a Rome court ruling last year the distributors of the foreign Press are now being threatened with prosecution should any of the publications distributed by them be found to carry tobacco publicity.

Financial Times, 14th January, 1968

EUROPE

ADVERTISING COSTS

In 1965 advertising costs were as follows for the Common Market countries: Belgium, 6,800,000 B. fr. or almost 750 fr. per capita; Germany, 90,000,000,000 B. fr. or about 1,600 fr. per capita; Italy, 16,000,000,000 B. fr., or 310 fr. per capita; France, 32,000,000,000 B. fr. or about 650 fr. per capita; and the Netherlands, 11,000,000,000 B. fr. or about 900 fr. per capita.

Coopération, January 1968

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The sale of curly cucumbers is now banned by law in Britain. Moreover, cucumber must not be so limp that they can be bent at an angle of more than 45 degrees.

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C O N S U M E R I N F O R M A T I O N

AUSTRALIA

LABELLING

Words such as "pure", "health" and "imitation" are to be banned from the labels on food and drugs in Western Australia; and the labels must contain nothing that could be interpreted as medical advice. Ingredients have to be shown in descending order of proportion, and the name and address of the manufacturer must also be given.

Adweekly, 26th January, 1968

UNITED KINGDOM

FOOD LABELLING

The Consumer Council, although it supports regulations for improved food labelling, believes that some requirements about the size of lettering used might create problems for the designers of food packs without bringing any special benefits to consumers. It feels that consumers want attractive, clear and legible labels, and that complicated controls over the height of letters in relation to each other might defeat this purpose. The Council believes there is a need to relate the minimum size of lettering to the size of pack to ensure clarity and legibility.

The Food Standards Committee proposes that the size of type used on packages should be related to size of container. The President of the Institute of Advertising Practitioners says that the proposed food labelling regulations are unnecessary and incomprehensible. And the Food Manufacturers' Federation says that they will mean that three quarters of all labels will have to be redesigned so as to get the relative size of lettering to meet required standards, and that this will cost the industry £2 million.

Financial Times, 7th February,
Scottish Cooperator, 17th February, and
Daily Telegraph, 25th January, 1968

FRANCE

ANY QUESTIONS?

The French Information service SVP, founded in 1935, now answers about 4,500 questions a day; 85 percent of the answers are given by experts on the telephone. The firm also books theatre and travel tickets and undertakes removals.

A similar firm operates in Italy and one is being planned in Belgium.

Sunday Times, 21st January, 1968

UNITED KINGDOM

LABELLING

The Tufted Carpet Manufacturers Association, which claim to make more than half of Britain's carpets, have agreed with the Consumer Council to apply its Teltag labelling scheme.

Furnishing World, 1st February, 1968

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An American workman injured his back at work and when he sued the City Council at Palm Beach a jury attributed his injury to an "Act of God". He now plans to sue all the churches in the county as "agents of God".

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C O N S U M E R P R O T E C T I O N

UNITED KINGDOM

SMOKING MOTHERS

A survey of smoking by mothers during pregnancy suggests that smoking increases a mother's blood pressure and leads to smaller babies. It has also been calculated that four babies in every thousand die as a result of smoking by their mothers.

Daily Telegraph, 16th January, 1968

INTERNATIONAL

PLEA FOR STRICTER DRUG CONTROLS

The United Nations Commission on narcotics has repeated its warning on the dangers of marijuana, LSD and other drugs, and appealed to governments to exercise stricter controls. The commission rejected the view that cannabis is essentially harmless, warning that it distorts perception of time and space and leads to accidents; it also paralyses centres of nerve control, creates a craving for harder drugs such as heroin, and has hereditary effects, creating what a commission spokesman called "monster children".

Turning to tranquillisers, barbiturates and the like, the commission called on governments for legislative controls from production rights down to sales. These substances should be available only on doctors' prescriptions - at present there are still some countries where the substances can be readily bought over the counter, besides being freely imported.

As for LSD, the commission wants a complete prohibition on the production and use of the drug and its source materials, except for controlled medical experiments and established medical uses. It also wants an international treaty to ensure that production and trade are limited to government institutions.

Guardian, 27th January, 1968

UNITED KINGDOM

CONSUMER PROTECTION

The public were warned about the dangers of taking aspirins whole at an inquest in Staffordshire following the death of a man from severe gastric haemorrhage after swallowing aspirin tablets whole.

Pharmaceutical Journal, 3rd February, 1968

UNITED STATES

AEROSOLS

The inhalation of vapour from aerosols used to chill cocktail glasses has resulted in several deaths.

Aerosols containing hair laquer, insecticides, paint and nasal sprays can cause eye diseases, such as keratitis resulting from particles becoming embedded in the cornea. 80 such cases have been reported in the United States.

UNITED KINGDOM

CAR HIRE

The recently formed British Vehicle Rental and Leasing Association has drawn up a Code of Conduct for car hire operators. It requires them to buy only new vehicles, to operate only vehicles less than three years old and to ensure that insurance cover is provided for all hirers. Details of insurance cover have to be given to all hirers, and a copy of the rental agreement stating conditions of hire.

Thirty-five leading car hire groups belong to the Association.

Guardian, 15th December, 1967

UNITED STATES

CONSUMER LEGISLATIVE PROPOSALS

President Johnson has urged Congress to authorise a Federal investigation of the nation's "overburdened and unsatisfactory" car insurance system. "With more than 100 million drivers and 96 million motor vehicles in the United States", he said, "the insurance system is severely strained today. We must move to streamline the automobile insurance system - to make it fair, to make it simple, and to make it effective."

Mr. Johnson also called for legislation to empower the Department of Health, Education and Welfare to conduct an investigation into radiation dangers and to require manufacturers to recall defective equipment; to establish and improve boating safety programmes and to set and enforce safety standards for boats and boating equipment; and to ensure that warranties and guarantees say what they mean and mean what they say.

Guardian, 7th February, 1968

UNITED KINGDOM

NATIONAL HEALTH SERVICE

Schemes are being launched in Suffolk and in Surrey under which patients who would normally have been taken to hospital are to be investigated and treated as far as possible at home by mobile teams of doctors, nurses and health visitors. Minor surgery will be carried out in Health Centres or in the outpatient department of a hospital instead of the patient having to go to hospital.

Sunday Times, 28th January, 1968

UNITED KINGDOM

MATERNITY DRUGS

A survey in Sheffield has indicated that the treatment of pregnant mothers with cortisone or its derivatives such as prednisolone is liable to result in still-births or troubles in child birth.

Sunday Times, 21st January, 1968

UNITED STATES

VITAMIN PILLS

The Food and Drugs Administration has been investigating medicines that have come on the market between 1938 and 1962. Some vitamin pills have already been withdrawn and it is probable that about 10 percent will be banned, that another 10 percent will be cleared as blameless and that the remainder will need relabelling. Labels are going to have to be more informative and explicit after July 1st.

The Economist, 3rd February, 1968

UNITED KINGDOM

DEAF AIDS

A Cooperative M.P. has introduced a Bill to establish a Hearing Aids Council, to register those making and supplying hearing aids, and to advise on the training of those engaged in the business.

Guardian, 24th January, 1968

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Two Norfolk fishermen have been accused of stealing mussels from the foreshore on the ground that it was private property as a result of a grant by the Crown in 1189. There was much legal argument about whether the mussels could be "wild" animals when attached to the foreshore. The fishermen were convicted of larceny but the conviction was quashed on appeal.

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C O N S U M E R E D U C A T I O N

UNITED STATES

CONSUMER EDUCATION

The Office of Economic Opportunity and the Bureau of Federal Credit Unions have joined to sponsor courses of consumer education under the title Project Moneywise. The object is to help low-income families to spend wisely.

Cooperative News Service, 30th January, 1968

UNITED KINGDOM

CONSUMER EDUCATION

The National Institute of Adult Education has set up a Consumer Education Panel to coordinate the education of consumers. It is to sponsor a conference on the training of lecturers on consumer subjects. The Consumer Council, the Consumers' Association, the National Federation of Consumer Groups, extra mural university departments, adult educational organisations and the Womens' Institutes are taking an interest in the new organisation.

Guardian, 7th February, 1968

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A furniture company broke into a house to repossess a kitchen cabinet and made a successful claim against the hirer for £34 for breach of agreement. The hirer failed in a counter claim for £10 for damage to his door. "A Happy Ending" said the Hire Purchase Trade Association.

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P R I C E S

UNITED STATES

SAFETY BELT PRICES

Since January 1st, 1968 the provision of shoulder belts in new American cars has been compulsory. Mr. Ralph Nader and two US Senators have declared that US manufacturers are charging as much as ten times too much for these shoulder belts, blaming the price increase on safety regulations.

The manufacturers charge from \$32 for belts, but Mr. Nader alleges that they cost General Motors \$3. A European manufacturer says he pays \$2.50 for them; and an American company says it supplies one of the big American motor manufacturers at \$1.50.

Cooperative News Service, 16th January, 1968

COMMON MARKET

PRICES

One make of television set that costs £75 in Germany is sold for £120 in Belgium. A suit which costs £18.15 in Italy may fetch £28 in France. And the price of a pair of nylon stockings of a given size and quality can range from 3s. 10d to 5s. 9d.

European Community, January 1968

UNITED STATES

PRICE STABILITY

President Johnson has announced in his Economic Report the setting up of a Cabinet Committee on Price Stability. It will meet regularly and hold special meetings to deal with urgent problems, and will work closely with both sides of industry. It will seek greater cooperation on price stabilisation and make recommendations on ways to increase efficiency.

Times, 2nd February, 1968

UNITED KINGDOM

RESALE PRICE MAINTENANCE

During the second half of 1967 resale price maintenance was ended on infants foods, adhesive tapes, tape recorder covers, brush-holders, calendars, mirrors, certain battery chargers, shaving brushes and 19 other lines of goods.

Financial Times, 12th January, 1968

UNITED STATES

DRUG PRICES

The US Federal Trade Commission reports that US drug companies earned average profits after tax of 21.1 percent in 1966. The Senate Small Business Monopoly Subcommittee has been investigating drug prices. Its Chairman has said that the drug companies spend about \$800 million a year on advertising.

Cooperative News Service, 30th January, 1968

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A new British self-cleaning oven has been devised which operates electrically and in three hours reduces soiling to a fine ash which can easily be swept out.

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C O O P E R A T I V E S

EUROPE

INTER-COOPERATIVE TRADE

The Norwegian Cooperative Movement (NKL) has recently agreed that its soap factory at Stavanger will supply toilet soap to the Swiss Cooperative Movement VSK. This means that NKL will be exporting three-fourths of its output of toilet soap, primarily to VSK, KF (Sweden) and FDB (Denmark).

Information Exchange Service, Cooperative Wholesale Committee,
10th January, 1968

UNITED KINGDOM

SELF-SERVICE

The time saved by self-service is often lost by delays at the check-out. However, a cooperative supermarket in Wallsend is arranging for customers' purchases together with any change to be diverted to one of several special bays after checking. The cooperative thus avoids any delay in the flow of customers past the checkpoint because of time taken by customers to collect their purchases and pick up their change. They can now do this at leisure in the special bay.'

Times, 5th February, 1968

SWEDEN

OIL CO-OP RESTRAINS PRICES

Sweden's oil cooperative OK has been credited by the Swedish Government with being instrumental in moderating increases in the prices of oil products since the closing of the Suez Canal. Although product prices rose sharply in many countries during this period, the prices in Sweden rose to a much lesser degree. Recently OK has taken the initiative in cutting prices.

Cooperative Action, ICPA, January 1968

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The first edition of the Encyclopaedia Britannica did not have much to say about Woman. The entry merely read: Female of man.

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MONOPOLY AND RESTRICTIVE

TRADE PRACTICES

UNITED KINGDOM

MONOPOLY

The Board of Trade is reviewing government policy on mergers and monopolies and a White Paper is expected in the early summer.

Times, 20th February, 1968

ALGERIA

PETROL MONOPOLY

The Algerian Government is to establish a State monopoly for the distribution of petrol, petroleum products and gas, The Ministry of Industry and Energy has told all foreign companies concerned to hand over their operations to the State company Sonatrach within three months.

Guardian, 27th January, 1968

A merger has been announced between British Motor Holdings and Leylands, the last two major independent British motor manufacturers. The National Provincial Bank and the Westminster Bank are also planning to merge, as are Barclays Bank and Lloyd's Bank.

Financial Times, 18th January,
Times, February 1968

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A Californian insecticide firm has recently changed its name to "Paramount Garden and Domestic Chemicals". It had been known as "Drop-Dead Inc."

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M A R K E T I N G

RUSSIA

NEW INCENTIVE SYSTEM

Some 40 percent of industrial production in the Soviet Union is now accounted for by factories working under the new incentive system. There are 7,000 factories working under the new system, or about 16 percent of the total number of factories. Apart from industry the system has been applied in 18 out of 25 railway systems, five out of 16 shipping lines, 1,500 out of 4,100 road transport undertakings, and large parts of the distribution network. According to earlier official statements, the whole of Soviet industry is to go over to the new system by the end of 1968.

Financial Times, 4th January, 1968

UNITED KINGDOM

OWN BRANDS

Most of the "own brands" supplied by retail chains are manufactured by the producers of the well known, heavily advertised brands. Own brands are often 10 to 40 percent lower in price than the heavily advertised products. A few companies produce only own brand labels for retail chains.

Financial Times, 26th January, 1968

INTERNATIONAL

DRUG PROFITS

The Wellcome Foundation is the parent company of a world wide group of companies and its pharmaceutical products have the highest possible reputation. It is one of the biggest drug companies in Britain and its biggest overseas subsidiary is Burroughs Wellcome in the USA. A new subsidiary has recently been formed in Germany.

Like some other drug companies the Wellcome Foundation has been making substantial profits; but all the dividends of the company accrue to the Wellcome Trust and are devoted to world wide medical research. This year £1.5 million was paid by the company to the Trust for this purpose. The company is run in the interests of consumers in that its success has led to the development of many new drugs and has helped millions of sick people.

Other drug companies justify their high profits on the ground that they are necessary to finance research. The Wellcome Foundation has shown that a first class record of technical achievement can be combined with service to the consumer.

Times, 1st February, 1968

Three British Appeal Court judges have been recommending that more people should sue dilatory solicitors for negligence and claim damages.

SPECIAL FEATURE:

'CONSUMER CHOICE' - A DEEPENING FICTION

By Jerry Voorhis
Consultant, Cooperative League of the USA

Despite the universal interest of all the people as consumers, it can hardly be said that in our economy the consumer is either "king" or "queen". In fact, as monopoly takes its toll of competition in American industry, "consumer choice" becomes more and more a fiction.

The price of automobiles, for example, is no longer determined by genuine competition but rather by the decisions of no more than three all-powerful managements of three all-powerful corporations. And no longer are automobiles well enough built that they can be repaired and driven over a number of years. Instead, they are built to become obsolete after a couple of years and relegated to the vast auto cemeteries that de-beautify our landscapes.

The Food and Drug Administration is openly alarmed over the results of its investigation of what happens when drugs are found to be harmful or ineffective. More than twice as many drug products have been "recalled" from the market in the past 12 months as were in the previous 12.

But more serious is the apparent fact that, though formally "recalled", these products all too often remain available for purchase in drug stores and even for use in hospitals. The drug industry enjoys, along with related chemicals, the highest profit margins in our economy - and one of the highest rates of monopolistic concentration of control.

Senator Gaylord Nelson of Wisconsin has discovered through hearings before his monopoly subcommittee of the Senate Small Business Committee that U. S. consumers are being gouged unmercifully by the pricing policies of drug manufacturers. Findings show that some drugs cost American consumers 10 and more times as much as the very same drugs sold by the same companies in foreign countries.

And every day the case becomes more clear that drugs purchased under advertised brand names are many times as costly as the same drugs purchased under their generic names. Cooperative health plans have recognized this for years and given their members the benefit of that knowledge.

The oil industry is another example of concentrated economic power. And it is hardly surprising therefore to find the Federal Trade Commission pointing to "industry-wide anticompetitive pricing" and accusing the major oil companies of using advertising not to benefit or give information to consumers but rather to entice them with gimmicks, raffle chances, and "tigers in the tank."

The FTC went so far in its report of its two-year survey of the oil industry as to say that the practices of the major oil companies have been such as to "seriously damage free and open competition in one of the nation's most important industries."

So it is no wonder that cooperatives in the oil industry are a most important protection of the general consumer interest, not only of their members but also indeed of all consumers.

All this can be summed up pretty well in the words of the advertising manager of Reader's Digest, who advised a convention of the National Air Conditioning Association as follows:

"Don't attempt to educate your consumers. Motivate them. Make people buy air conditioning because they want it, not because they need it."•

The remedy - for surely there is one - is simply stated but not so easy to accomplish. The remedy is to restore competition so consumer choice can become real instead of fictional and so the monopoly power that now resides in the giant corporations can be counteracted.

The only sure way this remedy can be applied is by organizing consumers in their own interests. And such organizations won't do much good unless they take the form of actual ownership of businesses large enough and efficient enough to bring back competition in the consumers' own interests - which spells cooperatives.

For cooperatives belong to those who need and use their services: through them their consumer members can inform themselves and obtain the best products available at the most reasonable, practicable net costs.

Where cooperatives are strong enough they can force competitors - even very powerful ones - to deal more fairly with their customers. This is why cooperatives are sometimes called "balance wheels of a just and truly free economy."

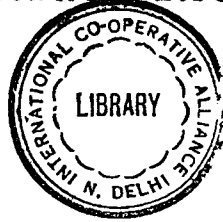
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November-December 1967



consumer affairs

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W-1



Number 5, 1968

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Sausage engineers have at last succeeded in devising synthetic sausage skin which is also edible.

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C O N S U M E R I N F O R M A T I O N

UNITED STATES

LABELLING

New laws requiring clear and informative labelling will come into force in July 1969 to cover all food, drug and cosmetic packages. Many labels, including those on imported goods, will have to be changed.

Sunday Times, 7th April, 1968

UNITED KINGDOM

LABELLING

The Food Manufacturers' Federation, the Food Standards Committee and the Consumers' Association are agreed in opposing the date stamping of all foods as impracticable. Tests have shown that customers tend to buy the food of the latest date and to leave older food. Another problem is that date-stamped food might often continue in good condition in well-equipped shops for a number of days after the date given as the latest for consumption, but be unfit for consumption before that date in less well-equipped shops.

Nevertheless some foods, such as vacuum-packed bacon and cooked meats, have to be date stamped because their appearance does not change when their condition begins to deteriorate.

Public Health Inspector, April 1968

CANADA

DRUG TERMS MADE EASY

The Consumer Division of the Food and Drug Directorate has come up with a first-rate wall card for the home. It defines 21 terms which are unfamiliar but which are often printed on the labels of over-the-counter drugs. The definitions run from "analgesic" to "therapeutic dose". Single copies are available by writing to Consumer Division, Food and Drug Directorate, Tunney's Pasture, Ottawa 3, Ontario.

Canadian Consumer, January/February, 1968

UNITED KINGDOM

LABELLING

The Carpet Centre has been operating a scheme of informative labelling, but some retailers are removing the labels from carpets on display so that customers will not compare carpets in the store and then go on to buy the one they want at a lower price in a discount house.

Carpets and Textiles, February 1968

WEST GERMANY

TEXTILE LABELLING

The Cabinet has agreed on proposed legislation requiring all textiles to indicate on the label the percentages of the raw materials used in order to help the purchaser. The Bill will now go to the Bundesrat and subsequently to the Bundestag; it is expected to pass in its present form.

Verbraucher Zeitung, 25th April, 1968

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In 1324 King Edward II of England decreed that barleycorns should be used for measuring shoe sizes. Three barleycorns placed end to end equal one inch. The barleycorn system is still in use in the U.S.A., but there are plans in Europe to move over to the metric system.

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A D V E R T I S I N G

UNITED STATES

ADVERTISING AS A WARRANTY

"Bombshell" is the word for a Florida Supreme Court ruling that a car manufacturer's claim made in national advertising carries with it the total obligation of a written warranty. Reviewing the case of Manheim vs. Ford Motor Company, the five members of Florida's highest judicial body were unanimous in the opinion that liability for defective automobiles extends to the original manufacturer, though a retail dealer is between builder and consumer. In his suit against Ford, the plaintiff stated he had bought a 1964 Continental, advertised as 'the finest automobile in the world and one of perfection.' The civil complaint alleged the car was badly constructed, carried defective parts, showed careless workmanship, failed to operate properly and was of, to quote the plaintiff's lawyer, 'no useful service as a motor vehicle.'

"Strong words, 'no useful service', but so are 'finest in the world'".

Car Life, cited in Canadian Consumer, January/February, 1968

INTERNATIONAL

THE WORLD ADVERTISING LEAGUE

	Expenditure 1966 (£ million)	Percentage of national income
Australia	114.8	1.5
Canada	255.2	1.7
France	257	0.93
Germany	1207	2.0
South Africa	18.65	0.54
Sweden	131.2	1.6
Switzerland	112.6	2.6
United Kingdom	599 *	1.5
U.S.A.	5929	2.6

* Includes estimates of 'below the line' expenditure (sales promotion - direct mail point of sale, premiums, etc.)

British Industry Week, 5th April, 1968

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Dunlop and Goodyear are manufacturing tyres with built in tread depth safety indicators which show as soon as the tyre has worn down to one millimetre, the minimum depth allowed under the new regulations. Such indicators are compulsory in the U.S.

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C O N S U M E R P R O T E C T I O N

HOLLAND

NOISE

A hearing specialist has said at Leiden University that the sonic boom caused by supersonic aircraft was likely to do grave damage to the inner ears of many people, causing loss of hearing, permanent buzzing sensations, inability to enjoy music and other disabilities.

Medical News, 9th February, 1968

UNITED KINGDOM

NEW MEDICINES BILL

The Medicines Bill which has recently been introduced would specify that no one should be allowed to manufacture drugs without having a manufacturer's licence; that no new drug should be tried out on patients without having a clinical trial certificate and that no drug should be prescribed or sold unless a product licence has been granted for it. The licences will be granted by the Ministry of Health advised by a new body, the Medicines Commission.

Focus, the Consumer Council, 3rd April, 1968

UNITED STATES

ROAD SAFETY

An American company has devised an organic polymer which can be used in place of air in the tyres of heavy duty industrial and commercial vehicles. Solid tyres filled with this material will make punctures and blow-outs impossible.

Times, 8th April, 1968

UNITED KINGDOM

DOCTORS

The Royal Commission on Medical Education recommends that doctors should work in groups of as many as twelve specialists in properly equipped premises instead of independently or in partnerships of two or three.

Times, 5th April, 1968

BELGIUM

FOOD ADDITIVES

The Belgian Government has banned the sale of Roses' Lime Juice in Belgium on the ground that it fails to comply with Belgian legislation on food additives.

Financial Times, 18th April, 1968

UNITED KINGDOM

CONSUMER PROTECTION LEGISLATION

The Trade Descriptions Bill has been amended so as to prevent retailers from making misleading claims about price reductions. Unless stated otherwise the claim of a large price reduction will be held to mean that the retailer had previously sold the product at the higher price; and, unless otherwise stated, the description of a price as "recommended" will be held to mean that it was recommended by the manufacturer.

Actually, some manufacturers quote artificially high prices as "recommended" so as to enable retailers to quote large reductions.

Electrical and Electronic Trader, 5th April, 1968

SWEDEN

CONSUMER COMPLAINT SERVICE

Consumer organisations, including trade unions, business and commercial organisations and the State Consumer Council, have jointly founded a General Complaints Committee to which buyers can turn when they feel they have been cheated. Complaints will be accepted about poor quality of goods or deficient workmanship, but not about alleged overcharging. The committee's findings will be published, and this is expected to have the effect of stimulating producers, traders and artisans to mend their ways.

der Verbraucher, 15th February, 1968

UNITED KINGDOM

DENTISTRY

The Ministry of Health is to ban the use of volatile or intravenous anaesthetics in dentistry unless a second dentist or a doctor is present when they are being used. Two deaths have resulted recently from the intravenous use of barbiturates as anaesthetics. No oxygen was available for resuscitation if needed.

Sunday Times, 31st March, 1968

AUSTRALIA

CONSUMER REPRESENTATION

Asked for its ideas on consumer representation at Government level, the Australian Consumers' Association replied as follows:-

- (1) Any State agency to be established can only deal with consumer problems if it is composed of individual members who are completely independent from associations with trade, industry and advertising.
- (2) It should be responsible to either a Minister administering a department especially established to deal with consumer affairs, or to the head of the Government.
- (3) Its terms of reference should be sufficiently wide to deal with all aspects of consumer problems.
- (4) It should have a sufficiently large grant - with no strings attached - to enable it to fulfil its task.

ACA, Choice, March 1968

INTERNATIONAL

FOOD STANDARDS

Agreement on food standards and on measures to protect the consumer can lead to freer movement and better distribution of available food supplies according to the Director-General of the Food and Agriculture Organisation. Dr. Boerma told a recent meeting of experts from 50 countries that it is necessary to tackle "non-economic obstacles" as well as tariff barriers in efforts to stimulate world trade in foodstuffs.

He was opening a 10 day session of the Codex Alimentarius Commission, a body sponsored by FAO and the World Health Organisation with the aim of drafting, for submission to governments, acceptable standards on food quality, food hygiene, labelling and packaging, additives to food, pesticides left on crops and other aspects of the overall problem of easing the movement of food from one country to another.

Dr. Boerma told the meeting: "International agreement on measures for the protection of consumers and food standards can, by their acceptance and implementation, lead to a gradual harmonisation of national regulations in these fields, thereby permitting the free movement of foodstuffs."

FAO Press Release, 20th February, 1968

UNITED KINGDOM

ROAD SAFETY

Deaths from road accidents fell by 23 % in the last three months of 1967 and total casualties by 16 %. Breathalyser Tests came into operation on the 9th October.

Daily Telegraph, 22nd March, 1968

UNITED KINGDOM

ROAD SAFETY

The Royal Society for the Prevention of Accidents is sponsoring a tyre safety campaign; and the Tyre Manufacturers Conference is sponsoring another campaign with press and TV advertising. The tyre manufacturers have recently given away hundreds of thousands of simple gauges which will enable motorists to tell when the tread of their tyres is so worn as to be less than one millimetre thick over more than a quarter of its width.

Times, 7th February, 1968

UNITED KINGDOM

DRUGS

A Medicines Commission is to be established under a Medicines Bill published by the government. The Commission will have expert committees which will advise the Minister on the issue of licences to permit the marketing of new drugs; and it will probably have its own laboratories and carry out tests. Labelling will be controlled by the Ministry, not by the Commission. There will be an approved list of medicines which may be sold by any shop, but most will be available from pharmacists.

Guardian, 6th February, 1968

UNITED KINGDOM

PROTECTION FOR HOUSE BUYERS

The National House Builders' Registration Council has published a register of its approximately 7,000 members who account for 80 per cent of all new houses. Thus potential house buyers can look up the register in local public libraries to see whether a particular builder is registered. Also the Council is publishing the name of builders who are struck off the membership list because of "low standards". The Council plans to publish a 30 page booklet telling house owners what to expect from their new home and how it should be "run-in" for example, timber shrinkage and problems due to drying out can largely be overcome by using the central heating system carefully and ensuring adequate ventilation in the early weeks of occupation.

Focus, the Consumer Council, 3rd April, 1968

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A report commissioned by the Transport and General Workers' Union has found that the health of London's cab drivers is threatened by the noise of their vehicles.

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COOPERATIVES AND THE CONSUMER

CZECHOSLOVAKIA

PRACTICAL HOUSEWIFE

On the model of Polish cooperatives, Czech consumer cooperatives have decided gradually to build up a network of service shops throughout the country. The first model shop has been opened in the new residential quarter of Cesky Tesin in the North-Moravian region under the name of "Practical Housewife". Its staff mend clothing, knit sweaters to order, stretch curtains, make buttonholes and do other kinds of needlework, and also advise women on the proper use of cosmetics. They plan to extend their services to other fields of activity including architects' advisory service, sewing and cooking courses, provision of a dark-room for photographers, and baby-sitters

Czechoslovak Co-op News, March 1968

UNITED KINGDOM

CONSUMER COOPERATIVES

The cooperative share of retail trade in Britain in 1967 declined by 1 % to 15 % and the share of the multiples with five or more shops increased from 37 % to 38 %. The number of self-service grocery shops increased from 21,700 to 24,300.

The latest Census of Distribution shows that the sales of consumers cooperative societies in Britain increased from £905 million in 1957 to £1,013 in 1966; but the cooperative share of total retail trade declined by 2.7 %.

The cooperative share of food sales declined from 17.6 % in 1961 to 15.2 % in 1966, that is by 2.4 %.

Scottish Cooperator, 2nd March, 1968

Financial Times, 11th April, 1968

HUNGARYCOOPERATIVE BOOK TRADE

From 1957 to 1967 the number of cooperative bookshops has increased from 90 to 154. Upon the introduction of the new economic system the State will subsidise cooperative booksellers by granting them six per cent of the wholesale price. The Cooperative Bookselling Enterprise intends to develop the bookshops at county seats into bases for selling technical literature. In spite of the fact that the production costs of paper and the costs of printing have increased, the price of the books has been maintained at a low level.

Hungarian Cooperative News, Szóvosz, February 1968

UNITED KINGDOMREGIONAL WAREHOUSE

The Cooperative Wholesale Society is to build a £3,950,000 automated, computer controlled grocery distribution centre at Birtle, County Durham. The Ministry of Technology will contribute £150,000 towards the cost and will publish technical and economic details during the centre's construction and operation.

Times, 3rd April, 1968

UNITED KINGDOMCOOPERATIVE INVESTMENT

The Cooperative Wholesale Society has formed a Merchant Bank which is called Cooperative City Investments. It will be managed by S. G. Warburg and Company who will own a quarter of the shares. It will advise retail societies on the investment of pension funds and other resources and also on capital structure and the raising of capital. It could play a part in the proposed merger of retail societies into fifty regional societies.

Financial Times, 5th April, 1968

SCOTLANDJOINT CO-OP AND PRIVATE FLOUR MILL

Associated British Foods Limited and the Scottish Cooperative Wholesale Society have entered into an agreement for the joint operating of a new £2,250,000 flour mill at Leith. The mill will be one of the largest and most up-to-date in Europe, with deep water discharge facilities and ample grain and storage capacity.

A new company, Chancelot Mill Limited, is being formed to operate the mill and to ensure the maximum utilisation of its capacity. It is reported that both groups are jointly exploring other avenues of potential development to their mutual advantage and regard this first partnership agreement as being a great significance to the development of their respective operations in Scotland.

Scottish Cooperator, 9th March, 1968

The 1968 Annual Conference of the Cooperative Party has unanimously approved a report which proposes that the powers of the Consumers' Consultative Committees in the coal, gas, electricity and railway industries should be increased.

The report proposes that the Consumers' Consultative Committees should have the power to discuss all aspects of the industry, including prices; that the public corporations running these industries should be obliged to provide the committees with more information, that the Ministers concerned should consult the Committees and that they should be established at local, regional and national levels, the regional committees consisting of representatives of the local ones and the national committee of representatives of regional ones.

It further proposed that the Committees should be elected by local panels representing consumer interests instead of being appointed by the Minister, local authorities being included among such consumer interests; and that the Committees should be financed by the Board of Trade.

Cooperative Party Report, 14th April, 1968

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A new Bill has been introduced following closely the recommendations of the Grathorne Committee on Sunday trading. If passed on a free vote it will authorise the sale of all kinds of food on Sundays, the opening of airport shops on Sundays, and the opening of barber shops in hotels and clubs for residents or members. It will also be possible to buy yachting accessories on Sundays.

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M A R K E T I N G A N D T H E C O N S U M E R

WEST GERMANY

ICE-CREAM BY MAIL

Neckermann of Frankfurt and Die Quelle of Furth have announced simultaneously that they are to offer deep frozen foods to their customers, from a complete assortment of frozen fruit, vegetables, fish, poultry, ready-prepared meals and ice-cream.

The methods of operation are to be quite different. Neckermann are to distribute through a country-wide network of wholesalers who will work on contract, delivering to Neckermann customers in specially-equipped vans. In this case, orders may be placed either with the Neckermann organisation or the regional wholesalers. Die Quelle, on the other hand, is operating the new business through its own existing organisation, itself controlling both the ordering and the delivery to customers.

German mail-order firms already have experience of supplying fresh meat by mail order - with all that this means in terms of the management of specialised transport. They have apparently been convinced of the opening for this particular new addition to their services by their own sales of freezers - Neckermann alone claims sales of quarter of a million freezers of an average capacity of 200 litres and Die Quelle claims that every third freezer sold in recent years in Germany was bought by one of its customers.

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Mail order houses in Germany have a tradition of innovation, and offer not only merchandise such as colour television, but also services such as travel facilities and investment trusts.

Marketing in Europe, The Economist Intelligence Unit,
March 1968

UNITED KINGDOM

RETAILING

The Consumer Council published a Code for retailers in the March/April issue of the National Chamber of Trade Journal. Its twelve points can be summarised as follows:-

- (1) The retailer, not the manufacturer, is responsible for goods sold.
- (2) The retailer should make sure products perform as claimed.
- (3) The retailer should provide customers with adequate information and advice.
- (4) The retailer is responsible if he breaks a contract.
- (5) Goods sold should have adequate labels, informative leaflets, etc.
- (6) Delivery dates should be realistic with customers notified of changes.
- (7) The retailer should be competent to install any article if necessary.
- (8) A receipt should be given for deposits, customer being told if not returnable.
- (9) The retailer should have a clear system for dealing with complaints.
- (10) Money should be returned if customers cannot otherwise be satisfied.
- (11) Customers should not be kept waiting.
- (12) The retailer should explain his credit terms to customers.

Chemist and Druggist, 30th March, 1968

AUSTRIA

BRITISH MAIL ORDER FIRM MAY PURCHASE PORST

A well-known British mail-order firm which already has companies in Holland and Sweden is expanding its activities in other parts of Europe. Great Universal stores is negotiating for Porst Versand, the Austrian subsidiary of the Nuremburg mail order firm of Porst, who are reported to be selling in order to obtain funds for further expansion inside West Germany. The Austrian company had a turnover of Dm 22 million (£2.3 million) in the year to the 30th September which, although small by comparison with GUS, in Austria is considered a medium sized company.

Marketing in Europe, The Economist Intelligence Unit,
March 1968

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Natural gas produces a flame which is different from that produced by coal gas, and some Dutch housewives have had difficulty in adjusting their cooking techniques. Moreover, the conversion of appliances is not always fully effective when they are some years old. However, Dutch housewives who use a lot of gas are having to pay much less for natural gas than they formally paid for coal gas.

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MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

UNITED STATES

MONOPOLY

Seven U.S. meat producers have filed an anti-trust civil suit against the three largest grocery chains in the U.S. - Atlantic & Pacific, Safeway and Krogers. The chains are charged with conspiring to pay suppliers uniform, arbitrary, non-competitive and artificially low prices for meat, and violating both the Sherman and the Clayton Acts by unlawful combination and conspiracy to restrain trade.

Cooperative News Service, 13th February, 1968

UNITED KINGDOM

MONOPOLIES

A new Restrictive Practices Bill is to be introduced into Parliament. It will require the registration of "information agreements" and will impose tougher penalties for failure to register an agreement of any kind. If an agreement is not registered within three months of its being made and before it comes into force, those concerned will be liable to civil proceedings. The Bill will at the same time make the 1956 Act more flexible.

Financial Times, 13th April, 1968

UNITED STATES

MONOPOLY

The U.S. Department of Justice is to ask Congress for a new Anti-Trust law which will ban all acquisitions by America's 500 largest corporations. In addition the proposed law would prevent mergers or acquisitions by the next 500 largest corporations if such deals moved these corporations into the top five hundred. The new legislation is to be proposed because of the difficulty of preventing conglomerate mergers under existing legislation.

Sunday Times, 18th February, 1968

EUROPE

JOINT RESEARCH AGREEMENTS

The European Commission has made it known officially that the pooling of research facilities by a group of firms in no way conflicts with the objectives of the EEC Treaty if the arrangement is not accompanied by any restraint on competition. This was made clear by its decision that EUROGYPSUM, an association with 31 members in 16 different countries, including five member countries of the EEC, does not contravene the Rome Treaty's competition rules.

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EUROGYPSUM is a non-profit-making organisation with membership open to all European producers in the plaster and gypsum industry, either directly or through their trade organisations and to persons or associations in scientific, technical or economic fields likely to assist, by their cooperation, in the attainment of the objectives of the association. All members of EUROGYPSUM may benefit on an equal footing from the work organised and financed by the association, and there is no bar to their carrying out research of their own.

Community News, 11th March, 1968

UNITED KINGDOM

MONOPOLIES

The Monopolies Commission is taking evidence on the proposed merger between Barclays Bank and Lloyds Bank.

The bank staff associations approve the merger on the understanding that there will be no redundancies.

The Consumers' Association has said it would support such a merger if the benefit of increased efficiency is passed on to the consumer in better service or lower prices, but would oppose it if competition would be substantially reduced.

Daily Telegraph, 10th April, 1968

COMMON MARKET

EXCLUSIVE BUYING AND SELLING AGREEMENTS

In another case under the Rome Treaty rules of competition, a trade association has voluntarily cancelled exclusive buying and selling agreements, following an investigation by the Commission. The agreements were between a Belgian trade association of importers of wood produced in non-member countries, a group of agents in Belgium representing the producers of this wood and the Belgian national federation of timber merchants. The parties to these agreements included all importers and producers' representatives, and virtually all merchants in Belgium.

When the Commission investigated the agreement it found that, in affecting trade between the member states and restricting competition, they artificially isolated a sector of the Belgian economy. This was incompatible with the rules of the Treaty and the Commission would have been obliged to prohibit continuation of the agreements. To prevent this from happening, the three organisations concerned preferred to cancel the agreements voluntarily.

European Community, April 1968

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Airlines belonging to the International Air Transport Association have agreed that wives and young people between the ages of 12 and 22 will be able to make a return trip across the North Atlantic for the single fare if accompanied by the head of the family paying the full fare. Children between 2 and 12 still pay half-price.

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P R I C E S A N D T H E C O N S U M E R

WEST GERMANY

RPM

Prices have fallen by as much as 15 per cent for certain items on which resale Price Maintenance has been abandoned according to Dr. E. Guenther, President of the West German Cartel Office in a recent broadcast in which he urged the government to abolish RPM. Dr. Guenther considers RPM to be an obstacle to the efficient operation of a market economy, and he suggests that 1968 would be a good year in which to dispose of it, since the current economic revival is not expected to be strong enough to restore a sellers' market.

Marketing in Europe, The Economist Intelligence Unit,
March 1968

UNITED KINGDOM

PRICES

The Ministry of Agriculture, Fisheries and Food is to issue a fortnightly statement on trends in food prices and will report movements a week before the date of publication. However, the General Secretary complains that the Ministry statement on price trends gives no actual prices, no brand comparisons, no regional breakdowns, of the National Grocers' Federation and does not tell housewives anything they did not know already.

Guardian, 4th April, 1968
Times, 3rd April, 1968

UNITED KINGDOM

PRICE SUPERVISION

The Monopolies Commission is to help the Prices and Incomes Board in "vetting" prices with particular reference to cases in which excessive market power seems to be resulting in increases in prices, profits and dividends. The government will refer cases to the Commission as well as to the Board.

Times, 4th April, 1968

UNITED KINGDOM

SOLICITORS' FEES

Lord Poddie, a former Chairman of the Cooperative Party, has told the Conference of the British Legal Association that solicitors should be free to charge what they liked for conveyancing. He was Chairman of a sub-committee of the Prices and Incomes Board that had made such a recommendation maintaining that the quality of work did not depend upon maintained fees but on professional standards.

Some solicitors present disagreed and argued that competition among solicitors on conveyancing charges would reduce standards.

Sunday Telegraph, 31st March, 1968

CANADADRUG PRICES

The Canadian Consumer Affairs Minister has outlined a four-stage plan to force down drug prices by reducing protection against imported drugs. Steps would be taken to inform physicians of new drugs and regulations, plans would be implemented to strengthen the small Canadian-owned drug manufacturing industry, and a federal-provincial conference would discuss ways to introduce more efficiency and competition in drug distribution. The planned changes in the Patents Act will allow the Patents Commissioner to grant compulsory licences for the import of drugs. Formerly, he granted licences only where the chemical was imported for preparation in Canada. Under compulsory licensing a company may apply for authority to manufacture a drug patented by another company and have the Commissioner set the royalty paid to the originating company. Changes in the Trade Marks Act will permit firms to import drugs bearing the same trade-mark as those manufactured by subsidiary companies in Canada.

Financial Times, 14th February, 1968

UNITED STATESDRUG PRICES

President Johnson has proposed a scheme to bring down the price of drugs used in Federal programmes such as Medicare to prevent what he describes as "robbery of private citizens with public approval". He said that surveys had shown that 12 drugs of the same type ranged in retail price from \$1.25 (8s. 7d.) to \$11 (£4 11s.) for 30 tablets.

Guardian, 5th March, 1968

SPECIAL FEATURE I:PATENT PROTECTION COMPATIBLEWITH ROME TREATY

The following piece is from European Community, April 1968.

"In what was widely regarded as a test case, the European Court of Justice of the European Community has ruled that the exercise of a patent right is compatible with the Rome Treaty rules on unfair competition.

"The action was brought by the US pharmaceutical firm, Parke Davis. After it had granted a Netherlands company a licence to produce its patented antibiotic Chloramphenicol, other firms began importing the product into the Netherlands from Belgium, Hungary and Italy and undercutting the licensed manufacturer. Parke Davis therefore sought an injunction from the Netherlands courts restraining such imports. The Netherlands courts decided that imports from Belgium and Hungary should be halted, but reserved judgment in the case of Italy, because Italy has no patents on pharmaceuticals and, according to Italian legislation, production of the antibiotic was legal in Italy.

"Did this mean that the Italian version could be sold freely in other Community countries? The defendant companies argued that if Parke Davis were allowed to prevent the import of Italian-produced Chloramphenicol, this would constitute a violation of Articles 85 and 86 of the Rome Treaty, which ban practices aimed at restraining competition. The Netherlands Appeal Court at The Hague referred the case to the European Community Court in Luxembourg for a preliminary ruling. In its judgement, the European Court confirmed the legality, in terms of Community law, of patent protection granted by member states. This protection, it stated, cannot be thwarted by invoking the Rome Treaty rules on unfair competition. The Court maintained that a firm is not necessarily acting improperly if it sells its patented product at a higher price than a non-patented equivalent.

"The ruling pointed out that the Rome Treaty expressly recognizes the need for the protection of industrial property, on condition that there is no arbitrary discrimination or disguised restrictions on trade between member states. The Court added, however, that the Treaty's provisions on restraint of competition could be applied where there was concerted action by firms in the exploitation of patents. But it found that these provisions are not applicable in the Parke Davis case."

SPECIAL FEATURE II:

APPLIANCE REPAIR:

A HEADACHE FOR CONSUMERS

In a feature of the Cooperative New Service of the Cooperative League of the U.S.A. (January 10th, 1968) The Human Side of the Market Place, Jerry Voorhis writes as follows:-

"We live in the super-machine age. Many of the machines and devices we use are too complicated for most of us to understand - let alone repair. Skilled experts are necessary to help us out.

"For example: electric appliances, radios, and television sets. And even automobiles - which the average person once was able to understand and often to put back in running order, but which today hardly anyone knows how to repair. And still fewer apparently want to try. The idea seems to be that people should buy a new automobile every time a spark plug fouls. In other words "planned obsolescence" for the exclusive benefit of the manufacturers and sellers, not the users.

"One of the greatest benefits of cooperative eye-care centers is that they bring some of the ophthalmologists, optometrists, and other technicians and specialists over onto the human side of the market place, instead of on the sellers' side. In this way people are sold glasses only when they really need them - not just because the company is in business to sell glasses.

"In like manner, truly cooperatively-minded insurance companies generally seek not simply to sell as much insurance as possible, but to analyse and meet the real insurance needs of their policy-owners. And good credit unions won't encourage their members to borrow unless the members actually need to do so.

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"The same thing ought to happen with respect to TV, radio, and appliance repair. Existing cooperatives might well expand their services - or else new cooperatives might be formed - to put on their payrolls at good salaries some of the skilled people who know how to fix TV sets, for example. This way the people could be sure they are receiving honest advice and honest service. Otherwise it's hard to be sure of this, as numerous investigations by government agencies have shown. Recently Consumers' Union conducted actual tests of charges made for appliance repair and found the great majority of such charges to be unreasonably, if not extortionately, HIGH.

"The average owner of a television set hasn't the slightest idea what happens to his set when it is taken to a shop for repair. Nor any effective way of finding out. But if his own business - his cooperative - were doing the job, then the TV owner could be quite sure he was receiving honest service for what he paid.

"Some cooperatives already are providing this kind of service. More should do so."

LS/SH



INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W.1



Number 6, 1968

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A completely synthetic fluid milk containing no dairy ingredients is now being marketed in the U.S.A.

CONSUMER PROTECTION

SWEDEEN

LABELLING POISONS

The Swedish Poisons Commission has worked out rules for the labelling of poisons. From July 1968 they must not only carry a yellow label with the word DANGEROUS, but also the label must explain why the product is dangerous and give information about its ingredients to help the doctor in the event of an accident.

Group Grocer, April 1968

INTERNATIONAL

ROAD SAFETY

The Economic Commission for Europe has approved a proposal that new cars should be fitted with safer steering columns, door latches and hinges. Other safety proposals will follow; and a conference in Vienna in the autumn of 1968 will draw up a Convention which will include vehicle safety requirements.

Hansard, 29th April, 1968

UNITED KINGDOM

LEAD PAINT

The Paintmakers' Association has agreed with the Ministry of Health that paint containing more than 1.5 % of lead should carry the warning on the can: Do not apply on surfaces that might be chewed by children. Paints containing less lead are to be described as "low lead paints", and there will be a warning if they contain toxic substances other than lead.

UNITED STATES

HAIR CURLERS

Some hair curlers consist of small plastic cylinders partially filled with paraffin wax which are heated in boiling water before use. If the water is allowed to boil away the hair curlers can burst into flames in an alarming way.

Consumer Reports, March 1968

UNITED KINGDOM

PRAM BRAKES

A baby was thrown out of a pram recently and killed when the brake locked on the front wheel when a man was running with the pram after a dog. The coroner said it would be safer if the brakes of prams were on the rear wheels.

Daily Telegraph, 30th April, 1968

NEW ZEALAND

CONSUMER PROTECTION FOR WHOM?

The Chairman of the New Zealand Consumers' Institute has expressed regret that most of its members are middle class and that few come from the lower income groups most in need of consumer protection. Twenty-eight per cent have been to a University and more than half have received sixth form education. The average annual income of members of the Institute is over 54 per cent higher than the average for working New Zealanders.

Focus, March 1968

UNITED KINGDOM

POISONS AND CHILDREN

It is estimated that in 1966, 12,000 children were admitted to hospital as a result of eating or drinking medicines, paints, cosmetics, cleaning and polishing agents, etc., and that twenty times as many were treated at home. The Royal Society for the Prevention of Accidents is to campaign against such substances being left within the reach of small children.

Observer, 28th April, 1968

UNITED STATES

DECENTRALISED CONSUMER PROTECTION

A Bill to authorise federal aid to states which establish or strengthen consumer protection offices has been introduced in the U.S. Congress.

Consumer Trends, 1st April, 1968

Dental scientists have developed "dextranase" which can be added to sweets and other foods so as to prevent dental decay. It prevents the formation of sticky substances that cause acids to adhere to the teeth.

Guardian, 3rd May, 1968

* * * * *

It is illegal to sell coffee after 1.00 a.m. in Brighton. But one café proprietor has found a way round the ban. He sells coffee through the windows of his café to people standing in the street although, in law, his café is closed.

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MONOPOLY AND RESTRICTIVE

TRADE PRACTICES

The Restrictive Practices Court has ruled that resale price maintenance should be allowed for books and maps.

Financial Times, 2nd March, 1968

There are 300,000 manufacturing companies in the U.S.A. but 700 of them control 70 per cent of all manufacturing assets. Since 1950 more than 1,000 manufacturing and mining companies in the U.S.A. with assets of more than \$10 million have been taken over by larger rivals.

Cooperative News Service, 2nd April, 1968

The Monopolies Commission has described Courtaulds Limited as a monopolistic supplier with 98 per cent of the market for cellulose fibres. It recommends that the company should end agreements with foreign manufacturers that restrict competition and should not acquire any more textile companies.

Financial Times, 6th March, 1968

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According to the buyer of a Birmingham Department Store, furniture which wins Design Centre awards is never commercially successful.

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M A R K E T I N G

GERMANY

JOINT PURCHASING

Representatives of half a dozen of the big voluntary chains in Germany have been discussing with a Retail Cooperative the possibility of joint purchasing.

Group Grocer, April 1968

UNITED KINGDOM

PRODUCT CODES

A London meeting attended by representatives of voluntary chains, cooperatives, multiples and food manufacturers has been discussing the possibility of a National Product Code, which would identify the manufacturer, product description, product size and possibly even the pack size of a large range of products.

Group Grocer, April 1968

UNITED STATES

PREPARED FOODS

A take-home prepared foods service is being launched by the 4,000 member Independent Grocers' Alliance. The service will be available from the larger members of the group and will be centrally organised and standardised.

Group Grocer, March 1968

EUROPE

SELF-SERVICE

The number of self-service shops in Western Europe increased from 10,994 in 1957 to 140,970 at the end of 1967. There was one for every 821 people in Germany and one for every 851 in Sweden; but only one for every 2,900 people in Britain and one for every 24,000 people in Italy. The number of supermarkets with a selling area of over 4,400 square feet increased during the same period from 483 to 5,095.

Group Grocer, April 1968

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The Funeral Industry Reform Bill which was recently introduced in the California State Legislature was strongly supported by consumer organisations and opposed by the funeral industry. The Bill has been quietly laid to rest but it is not yet clear whether it is dead.

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C O N S U M E R I N F O R M A T I O N

CANADA

CONSUMER INFORMATION BUREAU

A Consumer-Business Information Bureau has been established at Saint John, New Brunswick, to educate consumers in buying habits, contract obligations and credit costs; to mediate in areas where consumers encounter difficulties with business firms; and to promote higher standards of business practice. It is financed by the City of Saint John; by the Saint John Board of Trade; by the Saint John Retail Merchants' Association; and by the United Fund. Some home repair rackets, misleading advertising programmes and high pressure salesmen have already been exposed.

Canadian Consumer, March/April 1968

UNITED KINGDOM

HIRE PURCHASE AND CREDIT SALE

The Consumer Council has warned the public about the important differences in Britain between Hire Purchase and Credit Sale.

Under Hire Purchase goods do not become the property of the purchaser until the last instalment is paid; goods can be retrieved by the vendor if less than a third of the purchase price has been paid; or, with a Court Order, if more than a third has been paid; and the purchaser can give up the goods at any time but must then pay all arrears of instalments of half the purchase price.

Under Credit Sale the goods become the property of the purchaser as soon as he agrees to buy them; the goods cannot be collected by the vendor if payments are in arrears but the purchaser can be taken to court for the recovery of money due; and the purchaser can, if he wishes, sell the goods for what he can get in order to pay the debt.

Press Release, 4th May, 1968

NORWAY

CORRESPONDENCE COURSE

The Norwegian Consumer Council has for four years been running a correspondence course for consumers: We Will Know What We Buy. The first part is on "Planning in Buying", the second on laws and regulations, the third on informative labelling and the fourth deals with the Purchase Act and the rights and obligations of buyers and sellers. Some 540 Correspondence Circles and 3,700 individuals have completed the course.

Focus, March 1968

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By 1970 cars sold in the U.S. will not be able to be driven or steered without the ignition key, and a warning will sound if a driver opens the door to get out without removing the ignition key.

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SPECIAL FEATURE:

INTERCOOP 1968 FOOD CONFERENCE

Great interest has been indicated in the I.C.A. Food Conference, INTERCOOP '68 which was held at the new Congress Building in the Hague, Holland from the 12th May through the 16th May. The Conference was arranged by the I.C.A. Committee on Retail Distribution and its Secretary, Mr. G. Lindblad.

In addition to opening remarks by Mr. Kaj Neilsen, Chairman of CRD, nine papers were presented. Four of these are reproduced here in slightly abbreviated form, and the remaining five will be included in the next issue of Consumer Affairs Bulletin.

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TYPES OF FOOD SHOPS IN THE FUTURE

Dr. W. Vehling, Cooperative Society
Dortmund-Hamm-Bochum, Germany

As standards of living improve, food assortments constantly grow wider and deeper. In the middle of the 'fifties, 1000 items were still considered sufficient for a food shop; today the average for large food shops in 2000; and in 1975 their number is likely to have reached 4000.

The cooperative share of the food market has a bearing on type of food shop. One of the CRD documents shows that the cooperative share of the food market varies from 3 % in Holland and Italy to 42 % in Finland. The higher the cooperative share of the market, the more the number of consumers who can be reached by a reorganisation of the shop network. The Finns, for example, can base a supermarket on a much smaller number of families in the trading area than would be required in Germany; and they have fewer difficulties in planning CO-OP Centres or department stores.

Population trends also influence shop planning. In Germany, for example, account must be taken of the fact that in 1965 the number of the gainfully employed population will have decreased by 300,000 at a time when both sales area and turnover will be much higher than today. This means that shops must be planned in such a way as to increase staff productivity, (a) in order to achieve the expected sales volume with a smaller number of employees, (b) and in order to compensate for increasing wages costs.

I. Food Supermarkets

We consider the supermarket to be the most suitable shop type for the future. A supermarket is a large self-service shop of minimum 400 sq. m. sales area. It is specially suitable in central sites in housing areas of cities and towns. The trading area of a supermarket should have at least 10,000 inhabitants - unless it is established in a lively frequented city-site. If the establishment of a supermarket is planned in a city-site, the profitability of such an enterprise must be examined closely, as the rents for real city-sites usually are so high that they actually do not allow the operation of a food shop.

It depends upon sales area, expected turnover and site whether departments for cosmetics, fresh fish, flowers, periodicals or a cafeteria should be included. Special departments may increase the attractiveness of a supermarket considerably and contribute to a higher turnover; however, the additional wages costs have to be examined carefully in each single case, as these special departments as a rule are operated with counter service or only partly with self-service.

But even in supermarkets without the above mentioned special departments, some of the perishables should be sold with service. Service makes the shop more lively and increases its appeal. There are no rules as to which departments are most suitable for service. This depends partly on the mentality of the population and partly on the practices of competitors. The principle for the establishment of service / departments should be: as few as possible - as many as necessary.

Self-service food shops with a sales area of less than 400 sq. m. may under special circumstances be justified. They are particularly suitable for central sites in housing areas of cities and towns and for commercial centres in smaller towns and rural communities. They require a trading area of 4000' to 5000 inhabitants.

As to the minimum size of such a shop, the sales area should be dimensioned so that at least the full food assortment can be offered. A rule of thumb is a minimum sales area of 250 sq. m. or a sales area providing space for about 60 shelf-metres of the equipment generally used in German superettes; in addition there must be space for perishable display cases.

The maximum size of a food supermarket with a normal trading area is considered to be some 1000 sq. m. For larger trading areas, we prefer to establish the other shop type - the CO-OP Centre. We are prepared to give up this upper limit for supermarkets only if they are located in shopping centres.

II. CO-OP Centre

The minimum sales area of a CO-OP Centre is 1500 sq. m. The trading area should comprise at least 40,000 inhabitants. Suitable sites for a CO-OP Centre are satellite centres of cities with housing areas, where there will be no competition from department stores; and commercial centres in medium-sized and small towns. Under special conditions a CO-OP Centre can also be established in city-sites or in satellite city centres reaching beyond their geographical boundaries. CO-OP Centres in such sites should, however, have a sales area of minimum 3,500 sq. m., since because of the large number of competitors in the non-food sector a considerable width and depth of the assortment are required in order to be competitive.

Each CO-OP Centre must contain a food supermarket, as described above, which also must have a cafeteria. Whether other special departments shall be operated in the supermarket depends on the local conditions.

There are no common rules regarding the depth and width of the non-food assortment in the smallest CO-OP Centre of 1,500 sq. m. sales area; also in this case one has to adapt oneself to the local conditions. But there should be a certain depth and width in each assortment-sector as this is absolutely necessary to make the non-food sector attractive.

III. Consumer Markets

In Germany last year it was thought that the concentration of the food trade had come to an end and that competition in the future would take place only within the established groups. The market shares seemed to be roughly divided up and only long-term changes were considered to be possible. This seeming stability of the food trade was suddenly shaken by the appearance of large-scale discounters, the so-called Consumer Markets. This development proves again that there is no standstill in the economical life - particularly as far as modes of sales are concerned.

These are self-service discount markets carrying a full assortment of food-stuffs and a certain amount of non-foods. They should be located near average-sized towns, far from cities at a traffic-junction (crossing of motor-road or high-way), since they appeal to car-borne customers. A sales area of minimum 2,000 sq. m. is required and a trading area of 50,000 inhabitants.

The self-service discount department store is related, but larger. It is also established in traffic-orientated sites, preferably on the outskirts of a city, and should have a trading area of at least 200,000 consumers. Besides a complete food-assortment, the self-service discount department store carries a deep assortment of non-foods and should also enter the furniture business.

Conclusions

The principal objective of a cooperative society is to endeavour to become the leading power in retailing. This demands optimum achievements as to assortment, price-leadership, and planning of the shop network with respect to sites, selling systems and lay-out. Changes in consumer habits and growing assortments require a constant adaptation of the shop network. If the market share in the trading area is to be maintained or improved, this can only be done by a more up-to-date shop on a new site. Every responsible cooperative top management should carry out long-term (about 5 years) planning of the shop network.

WHICH ASSORTMENT IN WHICH SHOP

P. Meyer, V.S.K., Switzerland

Mr. Meyer presented figures from a number of countries to illustrate assortment trends, pointing out that the subject of assortments is wider and deeper than the assortments themselves. These data make it clear that the number of items has been rising steadily since 1925; also that the expansion of the assortment proceeds more slowly when the shop is larger.

According to Mr. Meyer assortment policy is often too subjective, too susceptible to compromise, and reflects lack of planning. "We must", he said, have a clear trading policy before we can set a target for the planning of our assortments." This policy must take account of demand, of competitors, of conditions of sales, and of costs and margin-structure of the assortment.

Trading Policy and Assortment

Much depends on whether an enterprise aims at optimum profits or at increased turnover. In the first case, the company will concentrate on articles at fixed selling prices or articles for which the consumer is willing to pay high prices. In the latter case, the company will operate on a dynamic price and assortment policy, with emphasis on own brands and articles not subject to resale price maintenance. Cooperatives ought to adopt the second policy.

Also the cooperative should have a clear idea of the type of consumer on which it intends to rely, and should study the requirements of that group by collecting information on the quantities of expected consumption, the qualities demanded and the prices the consumers are willing to pay. Trading policy will determine not only, choice and planning of assortment, but also staff policy.

Demand and Assortment

Information should be collected regularly on consumption of various article groups, frequency of consumption, the different social levels of the consumers, age structure, size of families, location of households (country or city), the influence of children on the buying decisions of the family, the purchasing power of old age pensioners, etc.

Competition and Assortment

Full account must be taken of the assortment policies of competitors appealing to the same group of consumers. Each item in the assortment should be examined in terms of relative market shares, and deliberate decisions taken as to whether to attempt to compete in terms of price, quality, appearance, composition or size.

Choice of Shop Type and Assortment

Small self-service or counter-services shops in small housing areas or villages usually entail high distribution costs; hence the assortment must be cut down to comprise only articles of actual necessity.

Supermarkets offer the possibility of an optimum commodity display. Wholesale packs should be used so far as shelf space is available; packages should be adapted in terms of size and colour in such a way as to minimise waste of shelf space and handling of goods, and colours should be appealing.

Discount stores require mainly articles which attract by their low prices; hence the biggest available retail packs will be the most profitable. Prices of novelties should be cut, the range should be widened, and the assortment should be made deeper only to the extent that this makes possible further price cuts.

Mobile shops require a wide assortment range adapted to seasonal changes. They should aim to carry, on a very limited display area, precisely the articles which the consumer wants at a particular time.

Costs and Profitability of Assortment

It should be possible to assign to each article a co-efficient for turnover, largest and smallest quantity, costs and margin. By means of these co-efficients it would be possible to keep an assortment in balance, so that optimum turnover and the calculated margin are assured. Thus it would be possible to budget and to check the cost and margin basis so that certain items can be offered for ideological reasons for sales promotional purposes without expectation of profit.

Articles can be classified according to three different groups of margins. Each article within these three groups must give a certain profit, so that total profit on the three groups will meet the target set up by the trading policy. The three groups are distinguished by the following criteria:

- Group 1. comprises all articles aiming at a choice in depth, and also high cost articles. All articles should yield good profits. These are particularly suitable for specialty shops.
- Group 2. comprises low-cost articles characterised by width of assortment, and suitable for dynamic shops aiming at high turnover, particularly large-scale retailers and cooperatives.
- Group 3. includes magnets and loss-leaders which are sold at prime cost or at a loss. These are suitable for discount and cash-and-carry shops.

Deciding the Assortment

On the basis of the above criteria, Mr. Meyer proposed the following assortment policies for different types of shops.

Small self-service or counter-service shops

This type of shop is usually frequented by consumers (small families of one-two members) who demand a high degree of service or want items for which they cannot wait until their next visit to a shopping centre. The trading area of this type of shop has a radius of 500 m. maximum. The assortment should be planned as follows:

(a) according to the demand

goods of daily necessity (soups, butter, bread, etc.); articles for customers buying deliberately; branded goods or well-known products; all articles which are frequently bought; and small consumer packs.

(b) according to the competition

articles carried by competitors must be offered at lower prices; if this is not possible, only own brands should be included; perishables must offer an advantage both with regard to price and quality; the sales units should be more convenient to the consumer re size and weight than those of competitors.

(c) according to costs and margins

60 % from group 2, 30 % from group 1 and 10 % from group 3. The assortment should consist primarily of perishables.

Discount Stores

The trading area cannot be assessed exactly since it depends on the reputation and the dynamics of the company. The discount store is frequented particularly by large families and collective households (institutions). It is necessary for it to carry a complete and very wide assortment according to the following criteria:

(a) according to the demand

articles known to the consumer to permit price comparisons; articles bought in accordance with long-term planning; articles not needing advice; articles which are low-priced even taking account of time spent on getting to the store; and branded articles the price of which is put so high that they can be sold at greatly reduced prices.

(b) according to the competition

prices must be lower and articles should be better known than those of the competition.

(c) according to costs and margins

60 % from group 3, 30 % from group 2 and 10 % from group 1. In addition there should be a wide choice of perishables in the largest possible selling units since the consumer visiting a discount store usually buys for a whole week or more.

Mobile Shops

The mobile shop has a larger trading area than the stationary shops. The shopping time at the disposal of the customers is limited, however, as the shop must visit several places every day. Customers consist mostly of housewives who have time to plan their purchases. It is important to sell as much as possible in the shortest period of time per customer. It is therefore important that the assortment should be well-known to customers and that they can easily find the articles they want. The assortment should be planned as follows:

(a) according to the demand

mainly articles of daily use; articles adapted to seasonal or weekly variations; articles well-known to the consumer.

(b) according to competition

articles should be more urgently needed and interesting than those carried by competitors.

(c) according to costs and margins

60 % from group 1, 35 % from group 2 and 5 % from group 3.

Conclusion

A dynamic enterprise aiming at a large turnover must have a clear policy with regard to its assortments. Existing assortments must be constantly reviewed and adapted to new demands and to the influence of competitors. The assortment must not be static; one must have the courage to abandon certain articles since only in this way can maximum turnover be obtained on the desired market share. When deciding the assortment it is important that the buyer should not only calculate the profit of the product but also choose the article according to its margin and assign it into a determined margin-group. An efficient assortment policy also implies that all the criteria for determining assortment are constantly checked, but this is possible only if all shops of an enterprise offer the same assortment.

CENTRAL PRE-PACKAGING OF PERISHABLES

(Fresh Meat, Vegetables and Fruits)

J. A. de Groot, Co-op Nederland

I. Why Central Packaging Stations?

Central packaging shows great advantages compared with processing and packaging in the shops for the following reasons:

- (1) higher labour productivity, mainly thanks to longer production series, more continuous processing, specialisation, mechanisation and automation (especially of packaging operations) as well as better supervision.
- (2) less need of skilled labour.
- (3) smaller investments in processing and packaging rooms and in equipment.
- (4) better packages, greater uniformity, better assortment control, better stock control etc.
- (5) the equipment is used more hours per day.
- (6) better supervision of shops.
- (7) fewer square metres required in supermarkets.
- (8) higher gross margins by more efficient working and better supervision.

There are, however, also some disadvantages. Transports may be more expensive, packages must often be of a higher quality, etc. Also experience in our country has shown that costs of fresh meat packed by a central packaging station are practically the same as or higher than for the supermarket or the butcher's shop. We have reasons to believe that this situation is exactly the same for vegetables and fruit. But this is probably a temporary stage, as rationalisation will soon decrease costs in central packaging stations while shop costs will slowly increase.

II. Who should Pre-pack?

In our opinion, the task of packaging does not belong to the retail trade but is to be seen as a logical ultimate stage of production; packaging of meat and vegetables should belong to the producer or the wholesaler.

One exception can be stated. If we decide to carry CO-OP brands of pre-packed products, we might be forced to pre-pack ourselves. When the retail trade, for some reason, establishes central packaging stations itself, it is desirable to look at these packaging stations as being independent of the selling organisation, i.e. to consider them as an auxiliary business. The CO-OP packaging station should supply CO-OP shops at least on the same conditions (quality, price and terms of delivery) as outsiders do.

III. Problems of Central Pre-packaging

- (1) Very high percentages of returns of unsaleable products. The percentages of returns often more than offset the better gross margins achieved in the central station. High returns cause reduced orders, so supermarkets find themselves out-of-stock for some items from time to time, ending in lower sales. The central problem with pre-packed supply is finding the equilibrium between demand and limitation of returns.
- (2) Supplying the stores from a central packaging station means taking two steps in many cases:
 - (a) selling a pre-packed product
 - (b) removing processing and packaging (and often the specialist) from the store.

In my opinion we have not yet mastered the first step i.e. selling meat and vegetables in self-service. The competitive power of the traditional butcher and greengrocer is still great.

This makes large scale operations in the field of central pre-packaging difficult. With a growing market share of pre-packed perishables the chances of a central packaging station will increase. The small market store also causes high transport charges as a result of frequent deliveries (in some case to comparatively small shops) and a low store-density.

IV. Conditions of Success

A profitable operation of central packaging stations is only possible if:

- (1) the minimum sales volume is calculated. It is obvious that a packaging station is only going to pay at a certain sales level. A meat centre in Holland will pay well if a quantitative weekly turnover of 40 to 50 tons of meat corresponding to 100,000 to 125,000 packages is obtained. For a vegetable centre the number of packages will have to be 50,000 to 60,000 per week.

- (2) the transport distance is limited. Long distances are equal to high costs. Thus deliveries within a heavily populated area with many large supermarkets are an advantage (e.g. Western part of Holland; the Ruhr area, the Midlands).
- (3) inspection is frequent. A proper inspection by the storemanager may prevent a lot of trouble. Besides, an efficient inspection by the store supervisor is necessary. Inspection of the fresh departments should include 5 points:
 - (i) display
 - (ii) cooling
 - (iii) assortment
 - (iv) sales promotion
 - (v) hygiene and orderliness

VI. Research about Pre-packaging of Vegetables and Fruits

The importance of temperature, packaging material, way of processing and apparatus used in connection with the improvement of the keeping qualities of the products is obvious.

For a vegetable pre-packaging station, the use of a vacuum cooler is worth considering. Vacuum cooling is based on the principle that any decrease of pressure causes a decrease of the boiling point of water. Thus, if wet vegetables are put into a tank and a vacuum is drawn in it, water-vapour evaporates from the vegetables at room temperature. But evaporation always needs heat, and as no heat is supplied in this case, the temperature of the vegetables goes down correspondingly, i.e. they are cooled. Such cooling is suitable for products with a relatively large surface (leaf vegetables, cut vegetables).

NATIONAL OR CO-OP BRANDS

Ch. Veverka, S.G.C.C., France

I. Manufacturers' Brands

Through branding the manufacturer tries to distinguish his product. The brand imposes on the product an image of quality to induce the customer to choose it among all the articles offered to him.

When the manufacturer seeks to distinguish his products, he does it in order to increase its value. This differentiation by branding can refer to differences in quality or in presentation. A special quality is difficult to prove. It is claimed, but can only be confirmed once it has been used. Presentation, on the other hand, plays an important rôle in brand strategy. It is often in this field that innovations are to be found, since the product itself is usually very similar to those of competitors. As his product does not reveal any obvious advantages, the manufacturer has to create around it a climate of confidence and sympathy which appeals to the customer loyalty. Here the choice of brand depends more upon a subjective differentiation based upon confidence, which must be constantly maintained in the public.

Publicity is of great importance in this connection. It has to create in the consumer the wish to buy just this article among all competing brands. Costs for promoting sales by subjectively influencing choice are high, and they appear in the final price of the commodity. These costs include:

- (a) Costs for finding out the differences: the manufacturer examines through market research the reactions and motivations of the prospective buyers in order to build up a brand image that corresponds to the presumed taste and wishes of the customers. The more similar the products on the market are, the higher the costs of investigation.
- (b) Costs for creating differences: the more similar the products are, the higher the costs for distinguishing them by means of sophisticated packaging and presentation.
- (c) Costs for making the differences credible: apparently it is here that costs are highest. This is a matter of directing the demand towards a certain brand.

Only very large companies can afford to take an active part in this keen competition which results in constantly increasing publicity costs. In fact, publicity costs increase more rapidly than the share in the market achieved through them.

It is claimed that it is normally very difficult for a product to conquer more than 25 % of the market. This explains why some companies, having got a certain share of the market for one brand, prefer to introduce another brand which competes with the first but still gives them another share of the market at a reasonable cost which they would never have been able to obtain by the initial product alone.

Finally, it must not be forgotten that the manufacturer of a brand must include his publicity costs in the sales price of his product. These expenses are the more difficult to cover the less the product in question is sold. Because of this the manufacturer is anxious to obtain further protection against price competition. The best remedy in this case is resale price maintenance. The sales price is the same and covers publicity costs. Resale price maintenance excludes all competition on the retail level, thus providing the largest possible geographic expansion. The retailer finds himself in a position of dependence on the manufacturer with no right of disposal regarding the product he has bought. In this case branding is the basic element of "monopolistic competition".

II. Private Brands

Certain enterprises play an important rôle in distribution. They cover vast areas and serve an important number of consumers who regularly come to their shops trusting in these large-scale enterprises. In this situation, which was a result of the influence of well-known brand names, it was normal and inevitable that large-scale distributors should begin to introduce their own brands.

This they could do by building their own factories - which was more usual and much simpler - by asking manufacturers to produce goods with the distributor's brand in existing factories, thus making use of the available capacity of these facilities.

The question arises whether under these circumstances distributors' brands or rather commercial brands are the "real" brands. Certain associations of brand manufacturers claim that the term "brand" should be reserved for manufacturers who are fully responsible for their production. This controversy seems to be of a semantic character. If a retailer sells an article carrying his own name, he gives it a certain guarantee which is based on the customer's confidence in this firm. This guarantee is safeguarded by the control which the retailer exercises over the manufacturer.

In general manufacturers's brands can be distinguished less by their nature than by other characteristics, such as an original presentation or because they are already well-known. This is true also for private brands. However, the strategy to be applied for private brands is different.

- (a) Having customers who regular visit his shops, it is not necessary for the distributor to create a demand for the product through external publicity. By using in-the-store advertising, by following the rules of display and presentation, in short through special arrangements in the shop, the private brand may be sold at lower costs. The image of the product is re-enforced by the image of the company.
- (b) The retailer is completely autonomous in fixing his price. The prices of the products are no longer influenced by resale price maintenance, and goods sold as private brands are not under the pressure of price competition. Finally, private brands are often offered at lower prices than the corresponding manufacturers' brands. In addition, the retailer can expect a better margin for his own brands.

III. The Market Situation

Having now analysed the problem in general, it may be of interest to look at the actual situation on the market with both types of brands competing with each other.

(a) In the U.S.A.

The following statistics show the development of private brands in the food trade:

<u>Year</u>	<u>Market Share</u>	<u>Reference</u>
1922	3.6 %	
1928	8.8 %	Federal Trade Commission
1930	10.0 %	
1953	24.9 %	
1958	25.6 %	Nielsen

The American expert E. Weiss estimates that the share of all private brands may reach 50 % in the next few years.

In a book by William Applebaum "Perspectives on Food Manufacturers' and Distributors' Brands in the United States" we find the following table showing the proportion of retailers selling their own brands in 8 categories of non-foods:

Category	147 chainstore enterprises	6 of the largest chainstore enterprises
Detergents	78 %	100 %
Laundry supplies	58 %	87 %
Paper articles	55 %	100 %
Household supplies	50 %	81 %
Pet food	38 %	81 %
Soap	31 %	50 %
Cosmetics	31 %	87 %
Household articles	16 %	25 %

Mr. Applebaum draws a number of conclusions worth noting:

- (a) The battle of the brands has not infected the good health of the American food industry. This battle, which started in 1930, is still lively and shows no signs of exhaustion on either side.
- (b) The retail chains are interested in developing their own brands. This is likely to happen in the next few years.
- (c) The consumer is the one who profits from this struggle between the brands. Some of them prefer manufacturer's brands because of their quality, but others are more interested in low prices and therefore choose distributors' brands.
- (d) Manufacturers often claim that they pay a lot for research work. But in 1964 costs for publicity only were 10 times larger than costs for research. If a manufacturer is not able to obtain a real differentiation of his brands, he is not well enough prepared for the brand war. He is then forced to adapt himself to the prices on the market.
- (e) It is likely that manufacturers will improve the merchandising of their brands in the future. They will try to reduce their distribution cost and to collaborate closer with the retailers, sharing the advantages of this rationalisation with them. But it is also possible that distributor's brands will continue to play an important rôle.

(b) In Europe

In Great Britain, Sainsbury carries 350 own brands, Tesco has 200, and Marks and Spencer sell only their own brands.

In Holland, chainstores often carry their own brands. In VEGE, for instance, they represent 25 % of sales, and in SPAR they are estimated to cover 40 %. On the other hand, de GRUYTER, who earlier carried their own brands exclusively, has recently incorporated national brands with their own, thus completely changing their former policy.

In Denmark, it is estimated that private brands are responsible for 10 to 15 % of sales; in Germany for 25 %, and in Switzerland, MIGROS practically sell only their own brands. In France, variety stores, such as Monoprix-Prisunic, sell their own brands together with manufacturers' brands. Voluntary chains and retail buying groups (VEGE, SPAR, UNA, CODEC) and chainstores (CASINO) also offer their own brands.

IV. The Banning of RPM and its Consequences for Brands

It is interesting to observe the development of manufacturers' brands in France following the enactment of two laws, namely, the banning of RPM and the banning of refusal to sell, which hits all manufacturers refusing to sell their products to a retailer.

This legislation, which has been in force since March 1960, has caused much confusion. At first, there was an enormous price war between national brands, i.e. "pre-sold" products. Attacking the old fixed prices, discounters blew them up. Competition did the rest, and national brands were sold at very small margins, sometimes without any margins at all.

In the beginning sales went up. But then the reaction came. Many retailers tried to escape from this battle which caused great losses. They made efforts to offer either second-class brands or to develop their own brands. The result of this development is that today a certain number of national brands are on the defensive and have lost part of their market to distributor's brands.

V. CO-OP Brands

The following table shows the share of cooperative brands in our movements.

Percentage Share of CO-OP Brands in CO-OP Trade

Italy	8 %
Holland	14-17 % (for groceries)
Great Britain	15 %
Norway	17 %
Finland	18 %
France	25 % (36 % for groceries)
Switzerland	25 %
Sweden	35-40 % (incl. bakery and meat products)
Poland	50 %

Generally cooperative products are manufactured in cooperative factories. However, some movements, e.g., the French, in spite of having their own factories, also order goods from private manufacturers which are then sold with a CO-OP label.

(a) Should co-op brands be carried to co-op shops?

We can here underline that coop brands include the following advantages:

- (1) We can secure our members increased loyalty where co-op brands can only be obtained in co-op shops.
- (2) We may be able to offer these products at favourable prices, as co-op brands require less costs for introduction and distribution than national brands.
- (3) We become more independent of large manufacturers and contribute to a keener competition, thus fighting the large monopolies, which is in line with the traditional policy of the movement.

But, of course, sales of co-op brands require great and constant efforts as to the quality of our own products. The quality of the products should be constantly and closely checked. The control standards applied on production level must be very rigorous. The quality must be permanently checked by competent laboratories and by repeated and completely open trials.

(b) Should only co-op brands be carried in a co-op shop?

The increased standard-of-living, working to the advantage of the consumer, creates new demands which must be covered by offering a richer assortment of different goods. Also the development of shops with a large sales area makes it possible to present a larger assortment on the increasing shelf space, from which the customer may choose by impulse or after careful consideration.

Here, one should find co-op brands among the other products. The cooperative products will be in permanent competition with the national brands.

Then, the problem automatically arises how should the different articles - co-op brands and national brands - be located and how much space should they be given? The problem is to promote co-op brands without losing corresponding sales of private brands by this policy. This underlines the necessity of a carefully calculated price policy which allows co-op brands to maintain their place in the assortment without any unfavourable consequences on the total sales. In other words, one must try to get an optimum (or a higher) profit per sq. m. from national brands with narrow margins. The cheaper the co-op product is compared with the corresponding national brand, the greater are its chances.

(c) Optimum size of a cooperative factory

It is a matter of course that the co-op factory must be suitable for production if it is to survive competition. Co-op brands address a limited market. Therefore, co-op factories will seldom be of a size comparable to those of national brands, and they may sometimes not be able to afford the latest technical achievements. On the other hand, sales costs are substantially lower for co-op products, since they are always available in co-op shops and they can rely on the good will of the members.

Finally, it is imperative for co-op factory managers to study the latest technical developments and to pay attention to the various components of the wholesale price, which may give important information.

In all those fields where large-scale production is substantially reducing the factory price, the future of co-op production looks dark. One has to accept either to close down or to re-organise. But when the frontiers between the countries are opened according to the rules of EEC or EFTA, or if the Kennedy Round can bring about a freer flow of goods, then we can build cooperative factories intended for international large-scale production. This will be a new era of cooperative production in factories of up-to-date dimensions.

Thus the production of co-op brands appears more necessary and at the same time more possible than ever before on both a national and an international basis.



consumer affairs

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W.1



Number 7, 1968

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It is reported that a Swiss Catering School tells its students that with Germans the quantity of food is all that matters and with Frenchmen the vital thing is attention to sauces, while with Englishmen clean table linen is important but the food is not.

C O N S U M E R O R G A N I S A T I O N S

UNITED STATES

CONSUMER FEDERATION

The Consumer Federation of America held its first annual meeting in Washington on the 27th and 28th April, at which 150 delegates from 51 member organisations elected their officers and approved the constitution.

The formation of the Federation was first proposed in April 1966 by Mrs. Esther Peterson at the first Consumer Assembly. It was incorporated in New York State in September 1957 and temporary officers were elected at the Consumer Assembly the following November.

Cooperative News Service, 30th April, 1968

UNITED STATES

CONSUMER COUNSEL

Mr. Merle N. McCurdy, a 55 year old negro and U.S. attorney in Ohio, has been appointed the U.S. Government's first Consumer Counsel to work under the U.S. Attorney General, Ramsey Clark and will serve on the White House staff with the President's special assistant on consumer affairs, Betty Furness.

Cooperative News Service, 26th March, 1968

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Loss of hair is attributed by doctors at the University of Pennsylvania School of Medicine to the habitual taking of aspirin and related drugs.

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C O N S U M E R P R O T E C T I O N

UNITED KINGDOM

GOVERNMENT CONTROL OVER MEDICINES

The government has accepted an amendment to the Health Services and Public Health Bill which empowers the government to use all patented inventions in general medical and dental practice under the NHS for the "services of the Crown" without the consent of the patent owner. This will enable the government to buy cut-price medicines overseas from unlicensed sources on a considerably bigger scale than it has done in the past.

The Bill also empowers Ministers to make new regulations, impose conditions on the granting of licences and prohibit the sale, supply and promotion of medicinal products almost without restriction.

The pharmaceutical industry has criticised the new measures.

Financial Times, 8th May, 1968

UNITED STATES

TRUTH IN LENDING

Six states have enacted Truth in Lending legislation - Massachusetts, Maine, Connecticut, Washington, Kentucky and Vermont. Bills are pending in Alaska, Colorado, Hawaii, New Jersey, New York, Rhode Island and Tennessee.

Cooperative News Service, 16th April, 1968

UNITED KINGDOM

SHOP HOURS

The Director of the Consumer Council has told the Hardware Trades Conference at Brighton that rigidity in the opening hours of shops showed a real lack of regard for the consumer interest. She said that shops should be free to open and close as they please in order to meet the changing needs of customers, and that the whole restrictive paraphernalia of the Shops Act should be repealed.

Financial Times, 21st May, 1968

UNITED STATES

DRUGS

Over the last thirty years, the Food and Drug Administration has tested some 3,600 drugs for safety. Now the National Academy of Sciences and the National Research Council are evaluating them for effectiveness. It is estimated that about 10 per cent of the drugs tested will be withdrawn as ineffective; and that others will have to be labelled differently because they are only partially effective.

FDA Papers, March 1968

INTERNATIONAL

OIL POLLUTION

Shell are to transfer oil from one tanker to another, just outside British territorial waters.

Local authorities have protested and fear the pollution of beaches. The Inter-Governmental Maritime Consultative Organisation has conducted an enquiry, and a new convention empowering governments to intervene and prevent such action on the high seas is likely.

Sunday Times, 26th May, 1968

UNITED KINGDOM

ROAD SAFETY

During the five months that breathalyser tests have been in operation there have been 799 fewer road deaths than in the corresponding five months a year earlier.

Daily Mail, 29th May, 1968

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The Danish Consumers' Committee, which receives government funds, is to undertake research to find out whether Danish students are overcharged on their annual outings and celebrations.

Some papers regard this as a frivolous way of using public money.

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C O N S U M E R I N N O V A T I O N S

UNITED KINGDOM

CAR THEFTS

Anti-thief locks are to be fitted on all cars and light vans manufactured in Britain after the end of 1969 and on other vehicles after the end of 1970. They are already fitted to cars exported to Germany where steering column locks are mandatory.

Times, 24th May, 1968

JAPAN

THE RECUMBENT SOCIETY

The Japanese have designed spectacles with prisms instead of lenses which enable the wearer to watch television or read a book while lying down.

Financial Times, 10th May, 1968

UNITED KINGDOM

REVERSIBLE SPECTACLES

A doctor with the British National Institute of Medical Research has developed spectacles with flexible lenses which can be inflated by moving a slider on the arm of the spectacles. This makes it possible for the wearer to focus the spectacles on either near or distant objects.

Science Journal, May 1968

UNITED STATES

A SAFETY CAR

A Safety Car has been developed in New York State. Its features include:- four wheel drive; periscope rear view system; aircraft principles in body design; side impact and roll-over integrity; and a hydraulic front bumper which extends automatically at a certain speed.

SAE Journal, April 1968

UNITED KINGDOM

ELECTRONIC CAR

An electronic car has been demonstrated in London which is powered by batteries and runs at a fuel cost of about 30 miles for a shilling with the help of high power thyristors and silicon diodes.

Guardian, 14th May, 1968

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A Yorkshire tomato grower plans to label his best quality tomatoes "Class 3" and to print a verse about "bureaucratic bees" on the paper covers of his tomato trays, because he does not like the official grading scheme which applies to growers but not to retailers.

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C O N S U M E R C O O P E R A T I V E S

INDIA

CONSUMER INDUSTRIES

The Indian Ministry of Cooperation is to encourage consumer cooperatives to take up manufacturing and processing - for example the production of stationery, soap and polythene bags, coffee grinding and dal milling, and edible oil processing. They are also to be encouraged to set up bakeries in small towns and to undertake dry cleaning and repair of electrical appliances and clothes.

Financial support will be given; and in processing it is hoped that there will be collaboration between consumer and agricultural cooperatives.

The Cooperator, 1st January, 1968

UNITED KINGDOM

PARTNERSHIP

A new book about the John Lewis Partnership is reviewed in the May issue of Stores and Shops. The Partnership is a large retailing organisation with sales of over £63 million a year in 56 branches. Like a consumers cooperative it pays but a limited return on capital: but residual earnings do not go to consumers but to the 17,000 workers or partners. They share in control through a Central Council and in other ways, but the Chief Executive is not elected by the equal vote of members or appointed by a body so elected; hence the organisation should not be described as a producers' cooperative. Prices in the John Lewis supermarkets and stores are very competitive, and it has been very successful commercially. An 18 per cent bonus on wages was paid this year.

UNITED STATES

COOPS LEAVE CHAMBERS OF COMMERCE

The 43,000 member Berkeley Cooperative in California has disaffiliated from its local Chambers of Commerce on the grounds that these organisations have worked consistently to oppose consumer protection laws such as those on truth in lending, truth in packaging, open housing and funeral reform. The Coop also maintains that the National Chamber of Commerce has opposed the strengthening of Fair Employment Practices Laws.

Cooperative News Service, 30th April, 1968

GERMANY

RETAILER COOPERATIVES

Edeka and Rewe, the two big retailer cooperatives, are running joint advertising for the first time.

Group Grocer, June 1968

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A Birmingham firm making double glazed windows claims that central heating is quite unnecessary in the English climate. It says that normal healthy people give off sufficient heat to keep a house comfortably warm - provided the windows are double glazed.

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SPECIAL FEATURE:

INTERCOOP 1968 FOOD CONFERENCE

In Consumer Affairs Bulletin Number 6, four of the papers presented at the I.C.A. Food Conference arranged by the Committee on Retail Distribution and held in The Hague, Holland from the 12th May through the 16th May were reproduced in abbreviated form. In this issue the remaining papers are covered. A concluding and summarising speech on Trends in Modern Food Distribution was presented by H. L. Jennings, Co-operative Union, England.

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USE OF COMPUTERS FOR STOCK CONTROL IN FOOD SHOPS

B. von Walden and P.O. Sparén, KF, Sweden and
W. Niss, Bund deutscher Konsumgenossenschaften, Germany

Cash Registers at the Service of the Computer (Mr. von Walden)

Modern commerce makes ever more use of computers.

One of the most important requisit for commercial success lies in the constant control of stocks permitting rapid adjustment to changing situations. The three major objectives of such control are: to offer the consumer the merchandise he wants; to maintain stocks at a level which permits a rapid, and therefore economic, rotation; and to plan assortment in such a way as to eliminate items that are in small demand and therefore are not profitable.

In addition it is necessary to use all possibilities, at the visual level, for influencing consumers. A shop with a large choice is attractive and stimulates sales.

By adjusting stocks the following expenses can be reduced: sales losses from non-availability of goods in demand; interest on stock (dead capital), wages and rent, and losses on old stocks.

To accelerate the flow of stock, it is important to register the information as soon as possible, where feasible through a computer. The ideal would be to register such information at the moment of sale in a form permitting use in a computer.

For these purposes cash registers play a major rôle. The advantages flowing from rapid information are the following: reduced costs, more exact information, saving in paper, and a gain in time. The great mobility of the market today requires that information obtained should be transmitted without delay to the management, in order that the necessary measures can be taken in time.

Our system is based on the collection of information for each SKU (stock keeping unit) through the cash register. The magnetic tape on which these data are recorded is then fed into another magnetic tape equipped with several channels which can be read by computer. For this we use a particular transformer produced by the Hugin firm. The transfer of information takes five minutes per tape. The large magnetic tape is then read mechanically enabling the computer to supply complete instructions for each article in the store. The following information is covered: sales of each article, the amount of merchandise to be ordered, the volume of sales per cash register, the average value of sales daily and all sorts of other information. The orders indicated by the computer are then transmitted to the different suppliers.

What have we learned from our experiments of this kind? We should consider the advantages and the disadvantages which have resulted, or in other words the costs and the savings.

The additional expenses of the system compared with traditional methods are: investment in the cash registers, investment in the magnetic tape equipment, conversion and computerisation.

The advantages compared to former methods are: saving of staff time for the work of ordering and in management of stocks; better stocking; more accurate forecasting in ordering fresh products, hence fewer losses; fewer recording errors; easier location of errors; better service and increased sales.

On the level of profitability the following advantages accrue: standardisation through computerisation makes possible complete integration of the information system with the commercial operations; and easier adaptation to rationalisation measures, as, for example, the SLIM system.

The RFD System* a Development of the SLIM System
(Mr. Sparén)

The target of Increased sales by the system

- a higher service level
- a better shelf display (an uninterrupted sales front)

Decreased stocks by

- less goods in stock rooms
- shelf space in proportion to sales
- a more even delivery of goods

Decreased staff requirements by

- simplifying ordering
- simplifying goods handling

Better information to the management

The use of the system

The system is suitable for staple goods with short-term delivery, such as food.

The system is not suitable for perishables, fashion articles such as ladies' dresses or for campaign articles.

The carrying out of the system

The sales intensity of every unit is measured and its basic stock is calculated with the help of:

- its sales
- its need for security stock
- the requirement of display
- the size of the consumer pack.

The location of the item on the shelf is marked by a label, which indicates:

- identification number
- number of consumer packs per batch (= factory or wholesale package)
- basic stocks, expressed by the number of consumer packs
- number of facings (= packs that can be seen by the customers)

* RFD = Recommendations for shops, a manual for internal use, printed by KF in Swedish: Rekommendationer för detaljhandeln.

Ordering is carried out by the employees with the help of the shelf labels:

- directly from the gondola to the ordering list, not as earlier with the help of the price book
- the number of articles sold is ordered and not the number expected to be sold (campaign items are, of course, an exception)
- only if there is room for one or more batches in the shelves. Otherwise, stocks are sufficient.

When the goods are delivered to the shop, the containers can be brought directly to the gondolas, where the packs are price-marked and shelves refilled. All "back room work" is eliminated.

When goods are being sold, the packs are moved forwards, so there are always facings. This gives the shop a nice appearance.

The RFD system -
deviations from
the basic system

The content of the label is changed to:

- identification number of the article
- ordering point of the article
- number of facings.

Ordering is done when an item has passed below the ordering point.

If an article is out-of-stock when the delivery is received, this must be reported.

Advantages of the
RFD system, compared
with the basic form

As the label does not indicate the basic stock but only the ordering point, the degree of filling on a certain shelf may be varied without changing a lot of labels. In this way, stocks can be better adapted to sales.

For the main part of the articles, even in a super market, sales are so low that it takes more time to sell out a batch than the period between two deliveries. The ordering point represents a lower quantity to be counted than to estimate, if there is room for a whole batch. Further, it is easier to count existing packs than to estimate how many packs might be needed to fill up an empty space.

The ordering form can be a preprinted form stating all identification numbers. In a shop, one has only to mark that the ordering point is passed, not any ordering quantity. This makes it possible to use a cheap type of optical reading, which simplifies the punching before the computer processing.

By noting out-of-stock at delivery, the service level is automatically determined. This gives a feed-back, which is necessary when the decision taken by the management regarding investment versus service level should be carried out in practice.

Disadvantages of the RFD system

The RFD system means computer invoicing. A difference from the basic system is that one must keep continual statistics of the sales of every article in each shop, so the ordering point can be recalculated and new labels typed out, if the service level or the display limits are not kept for a certain article, and that the ordering quantity can be calculated.

In other words, the RFD system means more computer processing.

Integration

If a sophisticated delivery system is to be useful in the shops, it is absolutely necessary to keep the necessary service level on the wholesale stage. Therefore, the wholesale warehouse in its turn must have a sufficiently developed refilling system. This wholesale system ought to be run in before the shop ordering system. Typical is wholesale IMPACT. Experiences of this system within KF are very good. An integration of IMPACT and RFD will mean substantial improvements on the wholesale as well as on the retail level.

KF experience of SLIM

KF has used the SLIM system in its basic form from July 1967 and on, in a shop with a food turnover of 5 million kroner. Results are positive, but one shop is too little to allow generalising what is stated below. Further, the methods for measuring the value of rationalisations were too primitive.

Results were, with the reservations above:

- Goods handling (being 70 % of the total work for the assortment in question) decreased by 25 %.
- Ordering (amounting to 6 % of the total work) decreased by 50 %.
- Stocks decreased by 10 % in spite of an increase in volume of 30 %.

Future development

KF has set up a committee which with help of the SLIM system will work out an advanced RFD system. A plan for testing this new system in 15 shops will be ready in May 1968 and will be tested - if approved - in 1969.

Rationalisation of Shop, Transport and Stock Organisation

According to the SLIM System at Migros, Bern.

(Mr. W. Niss)

Bern is the first and up to present the only MIGROS Society that has introduced SLIM. The system was studied in the U.S.A. by Dr. Rentsch and was introduced in practice 1½ years ago.

12 out of 52 shops operate according to the SLIM-system. One official in the central administration is dealing exclusively with the individual preparation, the re-organisation and the running in of each shop.

At present 9 grocery groups, i.e. all non-perishables carried by MIGROS, are placed, listed and stored according to the SLIM-system. Toiletry and detergents will also be included in the near future. MIGROS has also started planning and programming for textiles.

The SLIM-system meets some difficulties

- (a) in shops with a sales area of less than 200 sq. m. owing to unfavourable transport conditions, and
- (b) in shops of extremely high capacity (more than sFr 1400 per sq. m. sales area). In these shops the available shelf space per article is sometimes smaller than one day's demand, so in spite of daily deliveries, a reserve supply is indispensable.

Two of the twelve shops operated on a SLIM basis were planned for this system from the beginning; the remaining ten were converted. As a rule, extra investments for constructions were avoided unless a considerable increase in turnover could be expected as a result of a larger sales area. This means that only existing reserve stock areas have been put out of function.

As sales forecasts supplied by data processing are not sufficient either for shop planning or for current business, the shop manager is still responsible for ordering.

Practical experience at MIGROS has shown that neither corrections of goods location nor calculated stocks nor changes in the number of deliveries should be made without the shop manager's cooperation.

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The working organisation in SLIM-shops has been very much simplified, especially by the system described above of location and ordering, but also by the disappearance of reserve stocks and the fact that the system can be understood by any member of the staff. But since in the central warehouse stocking and palletting is done in SLIM location groups, only SLIM-shops can benefit from the system.

Although all other shops have the same ordering and delivery conditions, the output achieved by the staff in SLIM-shops (also compared with the output before and after the re-organisation) is 20 % higher.

After having studied conditions at MIGROS Bern for several days one gets the impression of a highly developed, streamlined sales organisation which while aiming at the pre-requisites of a successful selling front also includes all sub-ordinate factors, such as transportation, warehousing and administration.

The SLIM-system seems to be recommendable in any place, where a shop network is growing up which can be considered to have an optimum structure i.e., whose branches all are of the optimum size.

PRICE POLICY

J. Geelkerken, CO-OP Noord, Holland

Price-competition takes place in two fields of action, namely:

(1) Price-competition with other types of shops.

(2) Price-competition by the supermarkets among themselves.

(1) As far as the price-competition with other types of shops is concerned, we should realise in what way the total of values to be supplied by us differs from those offered by the other types of shops. In this respect we must be fully aware of the fact that values for different articles are not of equal weight. With regard to Holland we have found that, with prevailing tastes and habits in shopping, the geographical comfort of the local shop is a particularly significant element for the following sorts of articles:

- . heavy articles (beer, minerals);
- . articles which cannot easily be left for some hours in a shopping-bag, or in the back of the car (deep-freeze among others);
- . articles not used during the weekends (washing-powders, polish, etc);
- . articles which are generally bought more than twice a week (sugar, margarine);
- . articles mainly used by older people.

In order to restrict loss of turnover, in these five groups as much as possible, the supermarket will have to quote considerably lower prices than the local shops, and, consequently, have to be satisfied with lower margins.

By way of compensation, the supermarket has an advantage point over the local shop when it comes to spacious and convenient display of articles which require this. Also, for this sort of articles the same price may be asked as in the local shop. On this subject of competition with specialised shops, it is clear that in almost every line our prices must be lower; and yet, this does not go to the same extent for each article. There is a number of articles where the ease of one-stop shopping is an effective counterbalance to the suggestiveness that surrounds the merchandise in the specialised shop. I do not propose to enter deeper into this particular subject, because it would take too much time, and also, because we must not forget that the picture is changing, since quite a number of commodities which so far belonged to the exclusive domain of the specialised shop have gained in popularity, and can now be found elsewhere, too.

- (2) Price - competition by the supermarkets among themselves takes place in a very restricted field. The important SM-firms operate on practically the same cost-levels, and so, have almost identical marginal requirements.

It will be evident that under these circumstances the space available for manoeuvring prices is extremely restricted. At its lower side this space is limited by the level on which even the best operated supermarket-firm does no longer make any profit, and at its top side by the level on which sales become so stagnant that with any additional marginal increase, the product 'turnover multiplied by margin' gets smaller instead of bigger.

With us the difference between the two levels is at present only about 2 percent.

After deduction of the necessary profit, there will thus be very little room left for following a price-policy, in particular when consideration is given to the fact that only the most efficiently operated firm has this room completely at its disposal; other firms will have to take off a certain portion of this room in order to meet any efficiency-differences.

Because of this, there is no question at all of a truly free choice between a policy of low margins and one of high margins. In fact the choice has already been predetermined through the selection of the type of shop one wishes to operate, and also through the subsequent assessment of the total values one is thinking of supplying. For the ordinary supermarket ('ordinary' here as opposed to the 'de luxe supermarket') this undoubtedly means the adherence to a policy of low margins.

In this connection it should be pointed out that differences in the total-price level of more than 1 percent, with a competitor who supplies an identical total of values, appear to be of a marked influence on the turnover, and even when the differences are small, they seem to have a relation with the way the sales develop.

It would appear that with operations within this small framework there is still room for the finer shades of differences between the most efficiently operated firms, and those that are committed to a higher cost-level. Firms of the former category mostly attempt to get as big a slice as possible of the market, and they are particularly interested in enlarging their turnover factor, provided the product 'turnover multiplied by margin' keeps on being favourable. The less efficiently operated concerns, on the other hand, generally try to hit the optimal balance between the two factors, and consequently, to obtain a maximum value for this product.

So far I have been talking about the average price-level of the entire assortment. When a low price-policy is analysed in detail, bigger differences appear to be possible.

Practice has taught that there are only very few customers who go hunting for the cheapest supplier of every separate article. Most customers have more than one supplier, but to each of them they come to see that substantial parts of their requirements are filled. The customer takes each of these parts to the supplier who seems to give him the highest value for the least money involved in the purchase of that entire particular part. In doing this he does not demand from that supplier that he clearly quotes the lowest price for each separate article. Moreover, in the majority of cases he would not get down to precise calculations whether or not this supplier is really the cheapest for this particular part; on the whole, he will approach this matter from a general point of view.

The demand, therefore, is not to quote the lowest price for each article from the assortment, but, rather to fix a price which is low on the average, for big parts of the assortment. As a result an analysis of a low marginal policy does in fact leave sufficient room to move about, and opens various roads of approach.

Allow me to mention a few of these roads:

(a) a uniform margin for all articles

This form is hardly applicable for the entire assortment, but it is suitable for certain assortment-parts. To quote an example: in dealing with confectionery we mostly apply a uniform margin for each article from that group. Theoretically, however, this is not correct, because sales costs are only partially linked up with sales-values (and this only in relation to the speed in turnover, which varies for each article), and partially, also, to the number of actions performed for the sake of each article in the shop. Since the number of these actions is the same for practically every pre-packed article, each article bears a fixed amount of costs, regardless its price, which means that the margin, in terms of percentage, should be greater for the cheaper articles than for the dearer ones.

(b) a calculable margin, by which we refer to a margin that does complete justice to the sales-costs involved for every article, as well as to the speed in turnover for every article. When this system is adhered to, composition of the turnover has no longer any influence on net profitability, and, consequently, any shifts in this composition do not affect this net profitability.

(c) a margin based on psychological considerations, aimed at establishing as convincing a suggested cheapness as possible, given a definite true cheapness.

So this is a policy with loss-leaders which function as the islands of loss in a sea of profit.

The great problem in this connection is that, by putting the price-tags on a psychological basis, fairly big shifts may occur in the pattern of turnover, and that with precisely this system such shifts in the turnover build-up may have a very bad effect on profits.

In practice we shall have to formulate a combination of the three methods. In view of the slight differences in the true cheapness among the various competitors, it is clear that the accent to an increasing extent will have to be put on the suggested cheapness, which means that our psychologically based margin will have to get more and more attention.

In this paper I am treating the concept 'cheapness' exclusively in relation to the price which is elsewhere asked for the same article. In this sense the picture of cheapness is based on price-comparison between competing firms, and it is evident that for establishing a responsible price-policy, it is necessary to make regular price-comparisons.

In order to make these comparisons possible we in Holland subdivide our assortment into 70 groups of articles which have certain elements of consumption in common. Next, we take from each group the most important articles; from these we build up a collective unit, in which the quantity (in this case the weighing factor) of each article is chosen in such a way that the share of each group in the comparison-unit and the relation 'articles with fixed prices / articles with free prices' is in accordance with the average pattern of turnover in the supermarket-industry.

Every two months we register the prices of the unit, in our own firm, as well as with our principal competitors.

The total price of this entire unit will then give a very good idea of the reality of cheapness in the various firms. The manner in which the price-differences have been distributed over the various articles in the unit is determinative for the suggested cheapness engendered by the complete system of fixing prices in the various firms.

Series of prices which lead to an identical reality of cheapness may produce different kinds of suggested cheapness. This is because, on the average, the awareness of the sensitivity regarding prices for different articles among the consumers are not in accordance with the share which the articles in question have in their total expenditures.

We may safely assume that price-mindedness (here in the sense of the consumers being familiar with the prices) mainly depends on the number of times that a consumer is faced with a certain price, as well as on the simple nature of the price. Consequently, the price-mindedness ought to have a co-relation with the following factors:

(1) how often the purchase is made

The price of an article which is bought every day has - when all other conditions are equal - a better chance of being committed to the customer's memory than the price of an article which is bought only once a month.

(2) prices being constant

A price which has remained unchanged for some time and so has often been seen, ceteris paribus, stands a better chance of being remembered than a price which was only recently fixed.

(3) how often, and how penetratingly the customer is confronted with the price, outside the act of purchase

Prices which are regularly advertised, prices which are mentioned in the consumer's columns of the Press, radio or television, and prices which otherwise appear in the news, will - when the remaining conditions are equal - be better known than the prices that are not in the news.

(4) the simple nature of the price

Some numbers are easily remembered, others are harder to commit to memory. A price of 25 cents is easier to remember than a price of £1. 1. 3.

(5) factors of disturbance in price-confrontation

Of articles which are usually bought separately (cigarettes, cinema-tickets, etc.) prices will be easier remembered - all other conditions being equal - than of articles which are bought together with other articles (for instance, most groceries).

Now with regard to sensitivity concerning prices, it is my opinion that this will be particularly significant for the following types of articles:

- I. articles which, in the opinion of the buyer in question, will require the expenditure of an important part of his available income; and
- II. articles of which the prices regularly fluctuate, so that the buyer is used to daily appreciations varying from 'dear' to cheap.

As you will understand, our main drive is to obtain as large a real position of cheapness, as is possible, but when we come to an analysis of the suggested cheapness, we MUST, at least for the present, avoid a direct comparison with the best operated firm. For this we mainly apply the following means:

(1) The dividend.

Thanks to the dividend we can for the known brands, fixed to firm prices, quote a price ultimately lower than our competitors. In the section of known brands with fixed prices our competitive force is, consequently stronger at present than that of the other supermarket firms. For a long term-policy, however, I do not attach such a great value to dividend, as one of the pillars that support a price-policy. There are two reasons for that:

- (a) The cooperatives must sell at market-prices. In this connection I would like to add that I fully agree with that what was stated by KF in 1965, namely: "The cooperatives should apply market prices. The surplus, if any, should be distributed as dividend. It would be wrong to include the dividend in the price-calculation and thus be forced to operate with a price level some percent higher than competitors. Dividend is surplus, not cost."
- (b) Various reasons have accounted for reductions in dividends over the last few years. In my opinion those reductions will continue even further in a free market, and the percentage will move around a level of 0 to 2 percent.

(2) A thorough choice of loss-leaders.

We do not aim at picking the same loss-leaders as our biggest competitor. It is clear, however, that if we make a successful choice, our competitor will be quick to follow, which gradually diminishes the possibilities of making a different choice.

(3) Temporary special offers.

When we cannot constantly maintain certain low prices, we are often able to undercut for a short time. Thus, we generally have more temporary special offers than our principal competitor.

(4) Our own brands.

For practically all constantly low-priced articles we offer our own brands. When the competitors undercut, the price-comparison by the consumer does, therefore, not concern identical articles.

(5) Extra advantages for members.

To the total amount of values which we supply with each article, we add extra values in the form of extra advantages for members: they consist of very cheap travel, and durable articles for which reductions are made,

All this has led to the development of a series of low-priced articles with our own brands, in which we try as much as possible to introduce into each of the above 70 groups of related articles, one of our own low-priced brands. As not every group needs a stimulator like that, a total of 40 well spread low-priced articles as our own brands appears to be sufficient for establishing an equally strong true and suggested cheapness.

Additionally, we carry a great number (about six every week) of temporary special offers in the groceries section, which further support the suggested cheapness position. Dividend appears to be a difficult tool to handle, since we go in for national publicity and payments from dividends are not the same for every participant. The system of extra advantages have for the build-up of the complete picture of our industry are exceptionally great, however, if we base our judgment on the way our sales have developed in the past two years, we feel entitled to call our price-policy a success, progress in our well established shops greatly surpassed the national rise in turnover for food stuffs, while, in addition, practically all our new shops which were opened in the past two years, managed to achieve good results.

INCREASED EFFICIENCY THROUGH A CO-OP CHAIN

Ebbe Groes, FDB, Denmark

1. Extent of activity.

The part of the Danish distribution, which I am going to talk about, comprises an annual turnover of 3,000 million Danish kroner, effected by 1,800 cooperative retail societies operating 2,300 shops. The main part of the commodities sold by the societies are bought from FDB which in 1967 had a turnover of 1838 million Danish kroner and distributed the goods through 7 regional warehouses and one national for non-foods.

FDB's foremost task is to buy, to distribute and to produce consumer commodities. Its own production is carried out in 20 factories with a total output of 420 million Danish kroner (1967). But FDB also contributes technically and financially to greater efficiency in the shops. FDB's support is carried out by teams of shop inspectors and architects, each consisting of some 100 persons. Finally FDB runs a comprehensive publishing activity and provides information and education through courses in its own colleges.

Almost half of all families in Denmark are either members or customers. The number of employees is about 13,000 in the societies and 5,000 in FDB. The share of the market is estimated at somewhat more than 20 % of the grocery trade², but is much higher for certain commodity groups.

2. Buying

In the FDB rules, buying is stated to be the most important task. In spite of this there is no buying manager or buyer in FDB. Buying has here developed as a by-product of sales planning. Ordering, which earlier was an essential part of the buying activity, can today be done by a computer for a great number of commodities.

Surely, one day computer sales information will be extended to the retail stage as well. Ordering will then be based upon total sales information from all shops. Automation of ordering releases time and energy for those officials who are responsible for the various sales sections. In FDB they are called 'disponenter'. They are now able to concentrate on their essential tasks, i.e. to check sales and margins, to keep the assortment up to date, to eliminate loss articles and to contribute to an ingenious sales activity at the last link of the chain - the shops.

Out of the 1,800 existing societies 80 % have joined the voluntary chain. According to an agreement they have to follow up FDB's recommendations regarding the shop assortment and to do their buying at FDB. Chain-societies have, furthermore agreed to use the FDB accountancy service and to adapt the national plan of rationalisation and development of their shop network. The remaining 20 % of the societies show also a far-reaching loyalty towards FDB commodities, although they are not forced by contract.

The concentration of all buying decisions in the FDB head office has brought about that the wholesale stage is now deeply involved in shop and retail sales problems. The 'disponent' is now every day working with such details as sales adaption, packaging, campaign items, sales plans and campaigns, distribution channels, competition value, assortment level, price policy, and margin and cost control. As far as quality is concerned, the actual development has resulted in clearly systematised and detailed specifications.

3. Distribution

The use of computers represents another step in the rationalisation campaign which the Danish cooperative movement started 10 years ago.

It started in 1957, when the FDB management decided to build 7 new regional warehouses to replace 15 older units which had been supplying the societies up to that time. The buildings amounted to 150 million Danish kroner and were ready after 8 years (1958 - 1966). In total, these one-storey warehouses cover an area of about 165,000 sq. m.

The techniques adopted in these warehouses, the rational ordering and transport systems are already being up-dated again. But, it should perhaps be illustrated by a few figures, what they have meant up to now. From 1958 to 1966, the volume passing through the regional warehouses was doubled. At the same time, the number of employees working with orders, had decreased from 1,421 to 1,089 persons. This means that the amount of goods dispatched per employee in 1966 was $2\frac{1}{2}$ times the amount of 1958. New savings can be estimated at 20 million Danish kroner per year.

The next step in our rationalisation scheme is just now being carried out. By means of work simplification and new types of internal transport the physical stocking capacity will be increased by 50 - 100 % in the existing buildings. All regional warehouses will be equipped by combitainers (special standard pallets on wheels) which provide us with the possibility of transporting goods from the manufacturer to the shop gondolas without any re-loading.

Besides the seven regional warehouses, FDB has one national warehouse for goods which would be uneconomical to stock regionally (mainly non-foods). When the re-organisation is carried through there will be 10,000 items in the national warehouse and 3,000 in each regional.

Distribution will be speeded up and also made cheaper by changing over to night deliveries. FDB plans to furnish the shops with so-called 'night boxes' to which the drivers of the delivery lorries will have keys. Night transports mean that perishables and other commodities are in the shops early in the morning when work starts and sales assistants have time for refilling. Stock rooms in connection with the shops will not be necessary in the future.

An essential task for electronics - in combination with night deliveries - will be to shorten the time which passes from the moment an order is written out to the arrival of the goods in the shop.

The plan is that shops should order goods by punching special cards. These punched cards are fed all day through into the computer at the head office which is in direct connection with all the seven regional warehouses by telex or another type of long distance communication. Every day the societies order 150,000 lines of goods. These orders are processed during the night. The following morning the despatching of the previous day's orders is started with the help of invoices on which commodities are placed in the same order as they are arranged in the warehouse. The invoices are communicated to the regional warehouses via the direct line of the electronic brain at a speed of 25,000 lines per hour. The same night, lorries loaded with the goods in combitainers drive to the shops, where the combitainers are placed in the night boxes mentioned before. Shelves can be refilled the following morning.

4. Sales

When large-scale operations are introduced in retailing, the modernisation of the shop network is the most important step to be taken. Investments in new, large shops are preceded by analyses of migration, sales possibilities in the trading area, and buying habits. These analyses end in detailed recommendations regarding investments in the shop network. Altogether 220 cities and shopping centres in Denmark were listed and recommended to the societies as suitable sites for a self-service shop or a supermarket. Today, in 80 % of these 220 places supermarkets have either been built or are being planned.

Centralised sales planning is one of the principal factors to be taken into consideration, if we wish to increase our share of the market. The sales plan should be made up for at least one year in advance and should comprise campaign items, often at heavily reduced prices, for each week. The economic prerequisite for price reductions is large-scale purchasing, planned far ahead. Therefore, societies are informed in very good time which campaign items will be sold each week. Our experiences show that a campaign commodity is sold 6 - 10 times as much as would be normal - sometimes even more. This may mean very large joint orders.

EXPERIENCES OF TIME STUDIES IN FOOD SHOPS

K. O. Modigh, Malmö Co-op Society, Sweden

In K.F.O. (The Cooperative Labour Negotiation Organisation) a time study department was established in 1953. During the first years of its existence this department concentrated on cooperative bakeries and meat factories. Later on also warehouses were included. Experiences were good. Thanks to work studies, better methods could be introduced and a better organisation scheme was applied. Another result was that the workers could be offered payment after a piece-rate system. In spite of 15 - 25 % higher wages, savings of 10 - 30 % in wages costs could be obtained.

Encouraged by these experiences we asked ourselves, if work studies could be carried out also in the retail field. The first shop study was carried out by KFO in 1958. Two experimental shops, both with 100 % pre-packaging (also of perishables) were investigated. The purpose was to collect facts of this new sales method on the various costs. The result was that not only many methods were further improved but also instructions could be given to sales assistants as to how they best should dispose of their working time.

After this first investigation, the target was slightly changed. The time study department was entrusted to carry out large and detailed investigations of all methods used, so the best method could be recommended. In this connection it should be observed that the methods recommended vary from shop to shop. All findings were collected in a manual which can be consulted when the different methods shall be judged. Furthermore, the material was adapted in a way so it could be used for calculating the standard time for certain jobs as well as the piecework time for them.

The manual was ready in Spring 1965. In the Autumn of the same year, the first food shops got a piece-rate system, based upon work studies (see later on). The basic material is being further developed as new technical aids and improved methods are turning up.

The manual is intended to be used by people, who know the presumptions, i.e. time study engineers or rationalisation technicians. It can only be used in self-service shops with sales of 1 million Sw. kr. or more.

The work in food shops can be divided into three main groups: (a) work deriving from the goods (b) work deriving from the customer and (c) regular (monthly) duties.

Work deriving from the goods represent the largest part (about 50 - 55 %). In this group the following tasks are found among others: reception of goods, delivery control, transport of the goods in the store, marking and remarking of prices, refilling shelves, handling empty goods, weighing, packaging, registering in the cash register.

Work deriving from customers represent about 30 - 35 % of the work done in a shop. Some examples are: serving customers, to receive and return money, to answer inquiries, to advise customers, to divide packages, to receive orders, savings - and membership questions.

The third and last group consists of regular duties. These are responsible for some 20 % of the work. Here, all jobs are found which are independent from the quantity of customers and sold goods: to count and control the cash, bank matters, to read information, to clean the shop, to open and close the shop, to order goods etc.

This shop work is influenced by several factors. Most important are: composition of sales, site and equipment of the shop, service degree, extent of pre-packaging, customers' buying habits, work routines.

The composition of sales is the most important factor when the average time per item is to be assessed. It takes, for instance, much less time to sell 100 bottles of beer than 100 packages of meat, which first must be packed in the shop. Thus, the time requirement varies for different groups of merchandise. Consequently the distribution of sales groups must be measured. This is done by means of a control period (i.e. between two inventories) or by means of an analysis of deliveries of the last year to the same shop.

The results of a systematic analysis of the working conditions in a shop vary considerably. Generally it can be stated that the first shops showed the best results - about 25 - 40 % savings in working hours. After some time certain rationalisation measures can be applied more generally. Today analyses of shops give savings of some 10 - 30 %.

The work should be planned so the wholetimers are constantly busy with various tasks. In addition, there are part-timers, who mainly work during peak periods. In the Malmö Society, some 50 shops are working on this basis. This would mean that we should be short of staff, if somebody falls ill or is away on holiday. But as our society is rather large, we can keep a number of sales people on duty, and can send them to the shops where they are needed. In this way we are not only able to keep the calculated times but also to achieve an additional reduction of average 10 - 15 %.

The piece-rate system in self-service shops

In the Swedish cooperative movement, we have had premium wages for many decades. The basis of the premium was usually the sales amount per employee. In a shop sales are normally accounted for all employees together, i.e. they form a team. Calculations of premiums were made monthly.

There is a great difference between premium and piecework wages. As just stated, we now pay the hours actually required and not for the sales the employees have reached. An example will show the unfairness of the premium system. A small tin costs 1 kr.; a larger tin costs 5 kr. The handling takes the same time but the premium paid on the large tin is five times as much as for the small tin. The piecework payment is based upon the results of method and time studies.

Some 75 % of the shop workers in the Swedish cooperative movement are paid either premium or piece work wages. In the independent sector the corresponding figure is about 50 %.

Summary

Time and work studies carried out in the right way are a profitable proposition in the retail trade and should be accepted as an auxiliary function. Working methods and the assessment of standard times as results of time and work studies allow an objective consideration of various performances. The calculated standard times allow a detailed budgeting of the staff and may also serve as the basis for a piece rate system.

Isolated work studies cannot solve any problems. Only when they are an integrated part of the other activities will results appear. Work studies are a valuable aid in our efforts to reach higher efficiency and a better standard-of-living.

THE COMMODITY FLOW STUDIED IN 15 SWEDISH FOOD SHOPS

B. Karlsson, KF, Stockholm

Distribution has been discussed within the Royal Swedish Academy of Engineering Sciences for some years. In order to study problems more in detail, a special committee, "Committee of Consumer Goods Handling", was set up. Independent and cooperative retailers, wholesalers, institutions, as well as manufacturers of packagings and goods are represented in it. The first study made by this committee was carried out in 1964, when three wholesale warehouses were studied during a fortnight. The purpose was to make an inventory of all existing warehouse and handling problems on the wholesale stage. This investigation showed:

- that it is necessary to divide the distribution complex if one is to be able to carry out careful studies.
- that the retail stage is most suited for studies as most distribution channels meet on this level.

The target of the investigation was to collect, analyse and present data which can function as a basis for the rationalisation of retail distribution.

As food distribution plays the largest rôle, it was quite natural to limit the study to this sector.

The trend in Sweden right now is that small shops are closed down and new shops are built larger and larger. This trend is supposed to last at least for the next few years. As large self-service shops become more and more dominating, they are of greatest interest from the point of view of rationalisation. Therefore, it was quite natural to concentrate studies to this shop type.

Further, an attempt was made to meet the following requirements:

- (1) Investigated shops should be modern. This means that they should be planned as self-service shops from the beginning.
- (2) Shops should, if possible, be one-storey shops.
- (3) Within each shop group, city shops, suburban shops as well as countryside shops should be represented.

(4) Within each group there ought to be independent as well as co-op shops.

Further, in order to obtain as representative a picture as possible of Swedish food retailing, extraordinary conditions ought to be avoided. Thus, the 15 selected shops should not be situated in a capital, nor in scarcely populated areas. The shops should also be located within an area of reasonable size.

During the two study weeks, 110,000 observations were made after the activity sampling method. In addition, 7,000 forms were filled in.

Shop work

In a food shop, wages normally amount to 4-8 % of sales. As the total margin is some 18 % (excl. sales tax and dividend), wages are an important cost item. If retail costs must be decreased, one had better concentrate on such factors which decide shop work.

One of the targets of the investigation was to map out shop work, including all normally occurring tasks, especially transport, handling of goods, ordering etc. Work done by the suppliers' representatives or drivers should also be included.

Another investigation was carried out to examine goods transportation, 10.8 % of the total working hours were spent on transport. Transports include moving goods to the sales floor and removing empty packages to the backroom, further loading and unloading in connection with the mentioned transfers.

In order to decrease the number of working hours, and by this shop costs, the following rationalisation steps may be taken: Centralised price-marking; Methods of price-marking; Ready-for-sale batches; Transport of goods in combitainers on wheels; and Night stocking.

Orders and deliveries

The purpose of this investigation was to study the ordering and delivery structure of the shops as to quantity and value of orders and deliveries, time of arrival and for unloading of delivery lorries, and whether goods are delivered in containers or combitainers. This purpose was also to investigate the way of ordering, e.g. by telephone or by letter, and the type of orders, e.g. ordinary orders or supplementary orders.

Home delivery

Home delivery costs are comparatively high. In this investigation, some factors of relevance for them were measured. For each trade was noted:

- the time of delivery
- number of telephone and customer orders
- value of each order
- time used for the transport between shop and customer.

Customer structure and load variations

Every shop has its own customer structure, i.e. the distribution of the number of items bought. In addition, load variations vary from one shop to the other. However, if these two factors are known, it is easy to calculate sales per hour and consequently how many employees, especially sales assistants and cashiers, are needed during the various days and hours.

Consumption of carrier bags

The consumption of carriers in Sweden has increased substantially in the last few years. The number of carriers supplied (seldom sold) to customers is now estimated at 500 million per year. Normally, a carrier is provided free of charge to the customer. The intention of the investigation was to find out how much this service costs.

Damages on delivered goods

One object of a transport packaging is to protect the content against damages, such as crushing and moisture penetration. The packagings do not always fulfil requirements in this respect.

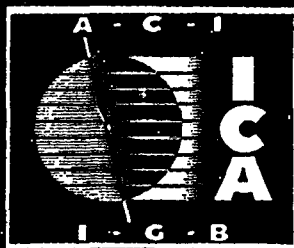
The investigation should examine which packagings were damaged, the frequency of damages, and the value lost. Further, reasons and results should be mapped out. all damages which could be observed when goods arrived were noted. However, only damages made during the transport from the warehouse to the shop were accepted.

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*      LONDON, W.1.
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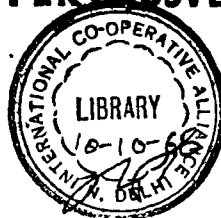
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consumer affairs

BULLETIN

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Insects, larvae and caterpillars provide from one-fifth to one-third of the animal proteins consumed by the Congolese population.

CONSUMER INNOVATIONS

UNITED STATES

MILK TABLETS

An inventor and a doctor have joined forces to produce full cream on skimmed milk in tablets, which have the taste and consistency of caramel, and which can be kept for years.

Coopération, Belgium, May 1968

UNITED KINGDOM

PROTEIN SALAD

A machine for extracting protein-rich food for humans from leaves has been developed by Mr. N.W. Pirie, head of the biochemical department at Rothamsted Experimental Station. No protein is actually made: it is merely concentrated. Leaves are crushed and a protein solution extracted in a filter press. The protein is then coagulated by hot water to the consistency of cooked spinach. This can be stored as powder or cake.

Running eight hours a day the machine could supply 50,000 people with 5-10 gms of protein a day at a capital cost of well below £10,000. Smaller machines could be run off a tractor or even by a donkey.

Economist, July 20, 1968

UNITED STATES

FLAVOURED BUTTER

Plastic jars of butter flavoured with rum or of fruits are now being sold on the American market for the purpose of "alcoholizing" bread, or decorating or filling cakes and pastry.

Coopération, Belgium, May 1968

National consumer debt in America has risen to \$1.6 trillion - or \$8,000 for every man, woman and child in the country - according to recent government figures.

C O N S U M E R P R O T E C T I O N

CANADA

SAFETY PILL CONTAINER

A new pill container has been devised which is very difficult for small children to open. The cap has to be pressed very firmly into the palm of the hand and then turned. There has been a dramatic fall in the accidental poisoning of children where these containers are used.

Focus, June 1968

UNITED STATES

IRRADIATION OF FOOD

The Food and Drug Administration has rejected an application by the US Army to be allowed to sterilise canned ham by irradiation. The F.D.A. say that the Army fails to establish that the proposed gamma ray irradiation will be safe. It says that irradiation is associated with infant mortality, adverse effects on body weight, red blood cell counts and an increased incidence of cataract and tumors.

New Scientist, 30th May, 1968

NEW ZEALAND

SALESMANSHIP

A New Zealand company selling encyclopaedias told customers in arrears with their payments that it proposed to inform their employers. As a result of action by the New Zealand Consumer Institute this practice has been discontinued.

Consumer, February 1968

UNITED STATES/UNITED KINGDOM

AUTOMATIC SAFETY

The American Automobile Manufacturers' Association has approved a system which triggers a car's horn and its lights when a specified speed is exceeded. And in the UK, a car safety belt has been devised which makes it virtually impossible to drive a car unless the belt is worn.

Daily Telegraph, 21st March; Sun, 18th March, 1968

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The British Furniture Manufacturers' Council has decided not to go ahead with the Consumer Council's Teltag labelling scheme. One manufacturer described it as "yet another mild threat to our liberties".

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C O N S U M E R I N F O R M A T I O N

FINLAND

KK PROPOSAL ON CONSUMER COUNCILS

The board of the KK cooperative movement has written to the Finnish Union of Municipalities, the Union of Rural Councils and the Consumer Council proposing that household councils should be transformed into local consumer councils in order to meet growing demands for more consumer information through the municipalities. Such councils, it suggests, could liaise with the public through bodies comprising representatives of local consumer organisations, cooperatives, retailers, trade unions and women's organisations.

Konsumenten No. 4, 29th April, 1968

The No. 5 issue of Consumer Affairs Bulletin reproduced an extract from the Public Health Inspector containing what the Consumers' Association has subsequently characterised as an inaccurate reference to its views. We are therefore publishing here a letter from Consumers' Association which appeared in the May issue of Public Health Inspector.

Dear Sir,

Your article "The Date Stamping of Food" (April 1968) stated that Consumers' Association had agreed that date stamping was not practicable. The 1964 article in "Which?" to which you refer was, in fact, by the Consumer Council to whom we gave a page every month to express their own views. (This was before they had their own journal.)

Consumers' Association believes that there should be date stamping of food. For some kinds, it is essential, for others, highly desirable.

We believe that highly perishable food - such as meat pies and sausages - which may deteriorate microbiologically within three or four days, should be required by law to be marked with the date by which it must be eaten. There might be two dates - one to apply if the food is kept at room temperature, the other, if it is kept in a refrigerator. This - we believe - is essential. It should help to reduce the very large amount of gastric illness in this country.

Secondly, there is the question of tinned foods whose quality, taste and flavour - deteriorate in time, although the food itself does not become unsafe. In "Which?" ~~November~~ 1967, we listed the various times for which various tinned foods keep their top quality, as a guide to the housewife. She is almost certainly unaware, for instance, that tinned prunes will keep their quality for only 9-12 months, while tinned fish keeps it for 2-3 years. Here, we believe, date stamping would be desirable but is not essential.

The International Organisation of Consumers' Unions is currently investigating the position in several countries. Western Germany is one of those which makes it compulsory for highly perishable food to be date stamped.

Yours faithfully,
EIRLYS ROBERTS,
Editor and Head of Research.

NORWAY

PRODUCT LABELLING

A broad enabling act on labelling of commodities, passed on March 22nd 1968, authorises the King to prescribe that certain types of goods should be labelled with name and address of the manufacturer, importer and/or packer and/or of those responsible; composition, weight, measure, volume, size (quantity), number or other relevant information; and other characteristics not apparent from the commodity but important for judging quality and use. The King is to nominate an advisory committee representing consumer, trade, research and the government.

Correspondence with the ICA, June, 1968

UNITED KINGDOM

LABELLING

One consequence of the trade descriptions legislation in Britain will be that retailers will be liable for misinformation to customers about the care of clothes and other textiles. The Director of the Retail Trading Standards Association says that one consequence is likely to be that retailers will insist on manufacturers supplying labels giving full information on the care of clothing and textiles.

Drapers' Record, 1st June, 1968

HOLLAND

INFORMATIVE LABELLING

The first articles with informative labels will appear in the shops within the next few months according to the Foundation for Informative Labelling which comprises representatives of producers, wholesalers, retailers and consumer organisations. The first articles to be labelled will include electric blankets, gas-stoves, plastic household goods, vacuum cleaners, refrigerators and carpets.

Co-op Maandblad, May/June 1968

UNITED KINGDOM

TEXTILES

After months of talks with the Home Launderers Consultative Committee the manufacturers of glass fibre curtains say that separate and gentle hand-washing, followed by a thorough rinsing of the basin or bath and no ironing, are essential for safety and for the long life of glass fibre curtains. Washing instructions are to be provided when such curtains are sold.

Drapers' Record, 9th March, 1968

The "Truth-in-Lending" law signed by President Johnson in June, 1968 will affect nearly every transaction involving the use of credit by consumers. Its main provisions require lenders to disclose the full cost of finance charges both in total dollar and percentage cost. It also may prevent some people from excessively expensive deals that lead to financial ruin. The law also protects consumers from loan sharks, excessive wage garnishments and fast-talking door-to-door salesmen.

Charges that must be disclosed in dollars and annual percentage terms include interest, "points", service charges, investigation fees and insurance costs. Furthermore, advertisements that mention finance charges will have to give the whole story.

When real estate is pledged as security in the sale of other things, such as house repairs, the seller must clearly say so. And he must agree to cancel the deal and refund advance payments if the buyer requests it by midnight of the third day after signing the contract.

The law attacks loan sharks by prohibiting "extortionary" loans: those involving more than \$100, more than 45 per cent interest and threats by the lender to inflict "harm to body, reputation or property..."

Garnishment of wages cannot exceed 25 per cent of take-home pay or 30 times the Federal minimum hourly wage (\$42), whichever is less.

Arthur E. Rowse, Cooperative Builder, June 13, 1968

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A well known drink is being sold in the US in disposable plastic bottles at 1.5 cents per ounce. But the same drink can be bought in glass bottles at .6 cents per ounce. The Company says that the customer has to pay for the privilege of not returning the bottle.

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MARKETING AND CONSUMERS

An increasing number of Supermarkets are equipped with closed circuit television so that a closer watch can be kept on pilfering. More housewives are being photographed when they write cheques and some are blacklisted by trade protection organisations.

Daily Telegraph, 5th June, 1968

UNITED KINGDOM

CHANGING FOOD PATTERNS

Data recently published by the Board of Trade show dramatic shifts in the consumption of certain foods. Last year Britons consumed 18.1 lb. of poultry a head compared with 7.9 lb. in 1957. Coffee consumption has almost doubled over the ten years to 3.1 lb. per head, which tea consumption has declined from 10.1 lb. to 9.1 lb. Cereal consumption has declined by 26 lb. per person on the average over the decade. Meanwhile the frozen food industry has grown by more than 10 per cent a year.

Times, July 5th 1968

UNITED KINGDOM

PRICE COMPETITIVENESS

The John Lewis Partnership claims to be Never Knowingly Undersold. To back this claim it employs a dozen women investigators to check on prices of competitors. In addition staff members are paid 10/- a time for reporting lower prices elsewhere. Last year this bonus money totalled £3,200 and the prices of 8,500 items were lowered.

Observer, 9/6/68 Cited in Daily Consumer News Sheet, 10th June, 1968

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During the shortages of World War II, a retailer grew tired of waiting for some merchandise and wired the wholesaler: "Cancel order immediately!" The wholesaler wired back: "Regret cannot cancel immediately; you'll have to wait your turn".

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C O N S U M E R C O O P E R A T I V E S

CZECHOSLOVAKIA

COOP HOUSING FOR DISABLED

A cooperative home for persons in wheelchairs is to be constructed by the Disabled Persons Cooperative Housing Society at Hrabyně u Opavy. It will have 50 rooms and four lifts. Several other facilities will be provided in the vicinity including a rehabilitation institute, health service, recreational institutions and workshops.

Czechoslovak Co-op News, May 1968

INDIA

NCUI ON MONOPOLIES CONTROL BILL

The National Cooperative Union of India has expressed its satisfaction with the Monopolies and Restrictive Trade Practices Bill before the Parliament. Nevertheless in a memorandum to the Joint Committee of the Parliament it has outlined certain directions in which it feels that the Bill does not go far enough to protect the consumer interest. It proposes that the provisions relating to control on restrictive trade practices, counteracting harmful effects of monopoly and prohibiting resale price maintenance should be applicable also to the Public Sector; that the definitions of "dominant undertakings" and "monopolistic undertaking" should be made tighter; and that consumer co-operatives should be included among the "consumers' associations" which are authorised to request the Commission to inquire into particular restrictive trade practices.

The Cooperator, May 1, 1968

UNITED KINGDOM

RESPONSIBILITY TO THE CONSUMER

In his Chairman's address to the 1968 UK Cooperative Congress, Lord Taylor said that the rapid growth of the Consumers' Association in ten years was a measure of the failure of the cooperative movement to show sufficient concern for the welfare of the housewife. He said it was the duty of the cooperative movement to demonstrate its responsibility to the consumer, the quality of products sold, the efficiency of service and the ethical standards of commercial practice.

Daily Telegraph, 4th June, 1968

CZECHOSLOVAKIA

COOPERATIVE TAXIS

The first cooperative taxis are being introduced in Prague. Certain car owners will form a working association and undertake to act as cab drivers during specified hours of their leisure time. This will help to meet peak demands with which the municipal taxi service has not been able to cope. Members of the cooperative will pay a proportion of the takings to the cooperative and keep the rest. Thus the society will eventually be able to purchase its own cabs.

Czechoslovak Co-op News, May 1968.

There is plenty of consumers' choice in Malaysia. The housewife can buy her supplies by the pound or by the kati, by the gantang or by the gun according as she prefers British, Malay, Sarawakian or Chinese weights and measures. This adds variety to life; but comparing prices would be easier if the metric system were adopted.

MONOPOLY AND RESTRICTIVE TRADE PRACTICES

UNITED KINGDOM

MONOPOLIES COMMISSION REJECTS BANK MERGER

By a majority of six to four the Monopolies Commission has voted against the proposed merger of Barclays, Lloyds and Martins banks. In its conclusions, the report stated: "On the one hand we see little prospect of more than marginal benefits to the public interest resulting from the proposed mergers. On the other hand we see risk to the public interest arising from the reduction in the number of sources of finance for medium-sized and small businesses; we think that this risk is particularly serious insofar as fast-growing, innovating companies might be the most likely to suffer and this could have far-reaching effects on competition and efficiency in other industries.

"We find also that private citizens and small retailers might suffer some inconvenience from the wholesale closing of branches and we foresee no offsetting improvements in the cost or availability of the services provided to them by the banks.

"Furthermore, we consider that competition among banks is in the public interest and that such competition as there is among clearing banks is likely to be keener with four large clearing banks of roughly comparable size than with three banks with one as large as the other two combined. In addition, with four banks innovations of benefit to customers have a greater chance of being tried than with three banks"

The report emphasized the vital importance to the economy of an efficient banking system. And it expressed the view that competition, as a spur to efficiency in banking, was hampered by cartel-type agreements and credit controls to an extent that would not be offset by any change in the structure of the system.

Times, 18th July, 1968

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Post Office Engineers were ordered to remove a telephone box near Luddenham in Yorkshire. They had half completed the job when twenty local housewives came and sat on the overturned telephone box, preventing further work being done. They were so successful in expressing their views as consumers that the Post Office authorities changed their minds and agreed to allow the telephone box to remain. It was working again within two hours.

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SPECIAL FEATURE I:

TECHNOLOGY AND THE "TORREY CANYON"

The Torrey Canyon disaster off the coast of Cornwall in the spring of 1967 resulted in the discharge of thousands of gallons of crude oil into the sea. Some 117,000 tons drifted towards the French coast; and the French dealt with the situation by sprinkling chalk over the large oil slicks so that they sank. The British, on the other hand, sprayed 2,500,000 gallons of detergent around the Cornish coasts and on the Cornish beaches in order to disperse the oil. A report* recently published by the Marine Biological Laboratory at Plymouth has shown that the detergents did much more damage to marine life than the oil.

Untreated oil slicks were cleared by natural agencies by midsummer; but as a result of the use of the detergents much of the marine life off the Cornish coast has been destroyed and may take three years to replace. None of the detergents used formed stable emulsions and they were not effective in dispersing the pollution. Fortunately the most toxic portions of the detergents evaporated in a few days or the damage would have been far worse; but this was unknown and unsuspected at the time. As it was a wide variety of molluscs and marine plants were destroyed; and this interfered with the natural food chain of sea life. There was a very high mortality among young fish and great patches of the fishes food, plankton, were destroyed because they floated near the surface. Some species of plankton were killed by less than one part in a million of detergent in the water.

If the wreck had been fired more promptly, much of the damage from detergents would have been avoided; but the caution shown over the decision to fire the wreck was not in evidence in the decision to use detergents. It may be that a few thousand gallons of detergent are but a drop in the ocean; but half a million different kinds of substances are pouring into the oceans all the time and the effect on marine life could be far reaching.

Some radioactive effluents from atomic power stations find their way into the sea and also residues of agricultural poisons find their way to the sea. DDT, for example, has been found in penguins in the Antarctic, far from the regions where agricultural poisons are used on a large scale. The consequences of this dumping of chemical wastes in the sea could be as disastrous as world wide soil erosion is on land.

Dr. Lamont C. Cole of Cornell University told the annual meeting of the American Association for the Advancement of Science at the end of 1967 that 70% of the supply of oxygen in the atmosphere is provided not by green plants

* Torrey Canyon Pollution & Marine Life. Cambridge University Press 45/-
March 1968.

but by planktonic diatoms in the oceans. For the last two hundred years men have been burning the world's reserves of coal and oil and natural gas at an ever increasing rate - a rate which is likely to see the exhaustion of those reserves early in the twenty first century according to some estimates. This combustion is a one-way process and inevitably increases the carbon dioxide in the atmosphere. At the same time the world's forests are being felled and one million acres of grassland are being built over each year. Mr. Lloyd Berkner told the scientists that an increase in the concentration of certain poisons in the oceans could have a sudden and disastrous effect on plankton and on the world's supply of oxygen.

The dangers of atmospheric pollution are as real as those of the pollution of the sea. According to a recent report, four thousand tons of sulphuric acid are released into the air in Sweden each day from heavy oil burners and other combustion; this does \$400 million worth of damage a year and has a significant effect upon the soil and on agriculture.

Some poisons, such as Aldrin and Dieldrin, are now banned - after having been used on a massive scale for many years. Organic phosphorous systemic sprays like parathion are highly dangerous: and not only to the bees. Farm workers using the common Dinitro-ortho-cresol may die at the roadside if their protective clothing is inadequate while using it as a weedkiller at 50 per cent. If used at 5% against pests it merely accumulates in the liver, causing cirrhosis of the liver after 20 years. Rachel Carson's book Silent Spring gave a dramatic account of the consequences of the wholesale use of agricultural poisons before their effects on life processes are fully understood.

Chemical fertilisers have done a tremendous amount to increase food production: but excessive concentrations of certain chemicals in the soil can have unexpected biological consequences. Dr. Barry Commoner of Washington University recently warned graduates at the U.S. Department of Agriculture Graduate School that the excessive use of nitrates can reduce the numbers of fish in rivers and lakes and lead to an excessive concentration in foods such as spinach. Such nitrates may be converted by bacteria into poisonous nitrites, as has happened with spinach used as baby food. Food additives such as cyclamates which are tolerated and permitted in some countries are considered suspect in others. Many are alarmed about the wholesale use of anti-biotics in agriculture.

Clearly consumers need to be protected from the irresponsible use of scientific knowledge and technological power in the exploitation of limited natural resources. As the population of the world grows men will need to treat nature with more respect than they have during the last century, to think qualitatively in terms of standards of living and behaviour rather than quantitatively in terms of profit, to remember that "there is no wealth but life."

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SPECIAL FEATURE II:

C H A N G I N G T A R I F F L E V E L S .

The following table and commentary are reproduced from the June 1968 issue of European Community.

The rates of duty levied by the Benelux countries (Belgium, Netherlands and Luxembourg), France, Germany and Italy on January 1, 1957, before the Rome Treaty came into effect, were taken as the base level for calculating both the progressive elimination of tariffs between the Six themselves and the duty levels of the common external tariff (CET) which were eventually to be applied to all goods entering the Community from outside. Adjustment to the CET has generally meant Benelux and Germany raising their tariffs, and Italy and France lowering theirs.

Basic rate. The CET itself is based primarily on an average of the tariff rates for each product which the four tariff areas levied before the Rome Treaty came into effect. However, for some products (covered by about 70 tariff headings in the Brussels customs nomenclature), the rates were fixed through negotiation between the Six.

Since the Rome Treaty was signed, two major international tariff-cutting agreements have been concluded. The first of these, the Dillon Round of 1960-62, resulted in reductions averaging 20 per cent of existing tariff levels on many manufactured products. This meant that the basic rate of the CET on which the Six were aligning their tariffs was reduced. Hence the basic rate for the first product cited below, synthetic fibre yarns, is 12 per cent, rather than the 15.5 per cent which is the average of the 1957 tariffs.

July 1, 1968. The second international agreement on tariff cuts, the Kennedy Round of 1963-67, brought much larger and more comprehensive cuts, and two fifths of them will be incorporated in the common tariff rates which the Community will apply to imports after July 1 this year. The second CET column shows the rate which will apply in all six Community countries after July 1 and until the next step in the Kennedy Round cut is made on January 1, 1970 (or January 1, 1969, if a recent decision by the Council of Ministers is confirmed).

January 1, 1972. The last CET column shows the tariffs which the Six will apply after the final Kennedy Round tariff cut has taken place on January 1, 1972 (or 1971, if the acceleration takes place). The final two columns show the comparable UK and US tariffs at the same time (or possibly, for the US, at January 1, 1973, if the US postpones its scheduled cuts). The US tariffs are not easy to compare with the Community and UK rates, as the U.S.A. does not use the Brussels customs classification.

The Community's offer to accelerate its Kennedy Round cuts is conditional on the US carrying out its undertaking to abolish the American-selling-price method of valuing certain chemicals for duty purposes.

A recent booklet, The Free Trade Area Option (Maxwell Stamp Associates), calculated the post-1972 EEC average tariffs on manufactured goods as 7.6 per cent, the UK average as 10.2 per cent (leaving Commonwealth preferences aside) and the US average as 11.2 per cent. The magazine Agenor has quoted figures of 7.7 per cent for the EEC, 12.1 per cent for the UK and 11.8 per cent for the USA. The variations presumably arise from different methods of calculation.

<u>Import duties</u> (%ad valorem)	Common Basic rate	<u>COMMUNITY</u> external tariff		<u>UK</u>	<u>US</u>
		July 1, 1968	Jan. 1, 1972	Jan. 1. 1972	Jan. 1. 1972
<u>Product</u>					
Synthetic fibre yarns	12	10.8	9	13	10.5-25
Woollen fabrics	13	13	13	17.5	3.2-30
Domestic glassware	24	20.6	15.5	15.5	10-30
Earth-moving vehicles	12	11.6	11	7.5	5
Rotary printing presses	9	7.2	4.5	7.5	6
Machine lathes	8	8	8	9	6-7.5
Passenger cars	22	17.6	11	11	3-5.5
Goods vehicles: - over 2.5 litres	22	22	22	22	0-3
- others	22	17.6	11	11	0-3
Watches	11	8.6	7.5	17	8.5-16
TV and radio sets	22	18.8	14	15	5
Dolls	20	18.4	16	12.5	17.5
Electric shavers	13	10.4	6.5	7.5	6.5
Typewriters	13	10.4	6.5	7.5	0-5.5

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BOOK REVIEW:

The following review of The Consumer Interest was written by Mr. J.M. Wood and is taken from the Cooperative News, 20th July, 1968.

This new book from the Pall Mall Press (45s.) makes a valuable contribution to the rapidly growing volume of literature on consumer affairs. Its authors are two young economists, John Martin (Secretary of the Consumer Council from 1963 to 1966), and George W. Smith (at present Press Officer of the Council).

The study is outstanding for its frank criticism of almost every organisation which plays a part in consumer education, protection and enlightenment, including the Co-operative Movement, the Consumers' Association, the Consumer Council, the British Standards Institution, the Citizens' Advice Bureaux, local consumer groups, the Housewives Trust, nationalised industries, the Monopolies Commission and the Restrictive Practices Court. One has the impression that the authors would describe a modern jet aircraft by concentrating on the height of the seat backs, the position of the ash trays, and the shortage of toilet accommodation, while failing to notice the miracle of being transported from London to Paris, smoothly, comfortably and safely, in less than an hour, come wind come weather! In short, there is over-emphasis of the marginal.

The fundamental weakness of the book lies in the definition of a "consumer organisation" as a body which is concerned primarily with the provision of information on the qualities and performance of consumer goods to middle-class "intellectual" subscribers. Over and over again one encounters statements like this: "Consumer organisations are, in the main, the products of affluence and high consumer income and consumption": "...it can be seen that the consumer movement is predominantly middle-class and intellectual": "The movement has no roots in the working class; its work has little direct impact on working-class people, and working-class organisations tend to regard professional consumers (sic) with suspicion": "The membership of Consumers' Association is predominantly middle-class."

One of the consequences of this strong bias in the make-up of "consumer organisations" is that their influence over manufacturers and governments is negligible. This is true even of the United States where the oldest consumers' union operates: it is also true of the British state-sponsored Consumer Council. The discerning reader is left in no doubt that the weakness of the consumer organisations is their failure to reach the people who may need their services most. The Consumer Council is criticised because its powers are too limited, and because it is too remote from consumers. It is conceded that consumer organisations have failed to overcome the difficulties of communicating with the mass of ordinary consumers, while some of them cater only for their professional middle-class subscribers. In these circumstances the pressure which they can bring to bear is moral rather than physical, because they lack massive purchasing power.

The preoccupation of the authors with the British class system would lead one to suppose that they would look to the Consumers' Co-operative Movement to ~~redress~~ the imbalance, and to provide the essential grass roots and mass membership. Not so. The Co-operative Movement is criticised because it has failed to develop a middle-class outlook, and to cater for the "middle-class orientated needs of prosperous working-class consumers". This follows the Co-operative Independent Commission (ten years ago) which recommended that Co-operative Societies should sell a larger variety of cheeses, continental viands, wines and spirits, gramophone records, contemporary furniture, high-fashion textiles, and the like. This is further emphasis on the marginal.

The Co-operative Movement receives priority in the book because it was the first consumer organisation to develop in Britain, and the authors admit that if it had been written eight or ten years ago it would have been essentially a history of the Consumer Co-operative Movement. But what has changed, for there now appears to be some doubt whether Co-operative Societies are in any sense genuine consumer bodies? The reason given is that "in Galbraithian terms, consumer organisations seek to organise countervailing power, and believe that they cannot at the same time be part of the power that is being countervailed." In other words, if you want to put up a really good fight you must not wear the boxing gloves, but must keep up a running commentary from the ring-side, or at the worst enter the ring as a referee! This is patently nonsense, and leads one to suspect that the authors have not read what Galbraith said about countervailing power. This impression is strengthened by the fact that the only book by Galbraith that appears in the bibliography is "The Affluent Society", while the theory of countervailing power is set out in "American Capitalism". In the U.S.A. it was not the Consumer Union but the large retail buying organisations which developed countervailing power, and Galbraith points out that in Scandinavia, and to a lesser extent in England and Scotland, the Consumers' Co-operatives instead of the chain stores became the dominant instruments in countervailing power.

One of the sources of weakness of Co-operative Societies in the commercial sphere, according to Messrs. Martin and Smith, lies in their democracy which "ignores the fact shown up by studies that democratic control tends to go against managerial efficiency." At least this charge cannot be levelled against most of the organisations described in the book, so perhaps autocracy and efficiency do not go together either. The authors want the State to dole out more money to enable the Consumer Council to grow its own grass roots, but the "whiter than white" consumer organisations deplore State aid as much as they abhor the taint of commercialism in their affairs.

There is an excursion into politics which is both inconsistent and naive. Against the statement that "consumer actions by M.Ps are usually initiated by pressure from consumer organisations, rarely by pressure from the Co-operatives" should be set "Many Co-operative M.Ps have a strong consumer orientation, which makes them a natural point of contact when consumer organisations are looking for sympathisers in Parliament to promote consumer legislation which has been promoted by the Movement through the Co-operative M.Ps, and it is abundantly clear that the authors have only a superficial knowledge of the Co-operative Movement and of its record of action in the interest of consumers for the best part of a century.

A consumers' political party, along the lines advocated by Dr. Michael Young is a pipe dream. Middle-class intellectuals cannot create and sustain a new party, and it is extremely doubtful whether the consumer interest alone is powerful enough as a motivation. Even more important is the question of where would the money be found? The Co-operative experience in politics over the past half-century has much to teach in this connection.

What the consumer movement needs above all else is a unifying and co-ordinating force, but as a prerequisite the various elements in its make-up must be willing to acknowledge that the whole is greater than the parts. The development of a class of "professional consumers" to which the book refers, implies the creation of vested interests, which will make unification more difficult. The most valuable contribution which the book makes to forward thinking is found in the following quotation: "What the consumer movement needs is a philosophy, and this co-operators can help to provide. Equally, co-operators need a fresh impetus for their ideals, and this only the modern consumer movement can provide."

In our economic and political systems, where production is vastly more influential and respected than distribution and consumption, the imbalance will not be redressed without a powerful united front of all consumer orientated organisations. The experience of consumers within the European Economic Community should provide a stern warning to those who doubt the truth of this proposition.

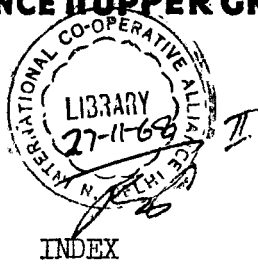
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consumer affairs

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W-1



No. 9, 1968

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The Sausage and Meat Pie Manufacturers' Association claim that the consumption of sausages is an index of prosperity. In good times people eat fewer sausages.

C O N S U M E R S T A N D A R D S

AUSTRALIA

BEER

Beer is being watered in some hotels in Victoria; but it is quite legal because Victorian standards for beer are lower than those in some other states.

Choice, July 1968

EUROPE

FURNITURE STANDARDS

The ten nations attending the 1968 Congress of the Union Europeenne de l'Ameublement in Copenhagen have approved new standards for the description of furniture. These should be operating by the end of 1968.

Times, 16th July 1968

UNITED STATES

SALMON QUALITY CONTROL

The Food and Drug Administration and the National Canners Association have agreed on a programme for controlling the quality of canned salmon. Sixty one companies producing 98 per cent of the country's canned salmon are participating.

FDA Press Release, 1st July 1968

EUROPE

CLEAN FOOD

Eighteen European countries are being asked by the Council of Europe to adopt a set of rules which it has drafted for ensuring cleanliness in the preparation, handling and distribution of food in shops, restaurants and markets. Standards are set for clean clothing and for food in refrigerators and automatic machines.

Daily Telegraph, 11th July 1968

INTERNATIONAL

STANDARDS

Fifty delegates from sixteen countries met in Brussels in the early summer to discuss standards for 14 important product groups of consumer goods: France reported on tents, Germany on floor coverings, Britain on slide-projectors, gas cookers and carpets; Denmark on record players, Hungary on margarine and fruit juices, and Norway on lawn mowers. Other subjects under consideration include cutlery (Belgium), furniture (Sweden), paints (Netherlands) and refrigerators (France). The meeting was held under the auspices of the International Standards Organisation.

BSI News, July 1968

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"Food and drug violations, the lavish use of pesticides, defective automobiles, professional malpractice, building code violations etc. are a much larger hazard to life and limb than crimes of violence on our streets." - Ralph Nader.

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C O N S U M E R P R O T E C T I O N

INTERNATIONAL

CYCLAMATES

Austrian doctors and research workers recently claimed that even small doses of cyclamates cause serious damage to the liver of guinea pigs and that cyclamates might possibly have effects similar to those proved with thalidomide.

Sunday Times, 16th June 1968

However in its 11th report the Joint FAO/WHO Expert Committee on Food Additives has given a temporary authorisation for the use of sodium and calcium cyclamate, pending further studies, including those on cyclohexylamine, within the next three years. Temporary authorisations were also granted to maltol and ethyl methylphenylglycidate as flavouring additives. But the Committee condemned the use of dulcin, p-phenetylcarbamide, because of its tumorigenic potentialities.

In the United Kingdom at a meeting at the Headquarters of I.C.I. in August at which the Food Manufacturers' Federation, Beechams, Schweppes and Unilever were represented, it was announced that cyclamates would continue to be used for sweetening by British food manufacturers.

Sunday Times, 16th June 1968

UNITED KINGDOM

NOISE

A clause has been added to the Civil Aviation Bill which will restrict and control supersonic flights over Britain and should reduce aircraft noise by half.

Guardian, 14th June 1968

INTERNATIONAL

SALMON THREATENED

When the International Commission of North West Atlantic Fisheries met in London in June it was suggested that salmon were in danger of extinction because of drift net fishing for them on the high seas before the spawning season in rivers; and as a result of the columnaris epidemic. Representatives from the fourteen nations attending the conference have suggested that such drift net fishing should be stabilised or prohibited.

Daily Telegraph, 14th June 1968

UNITED KINGDOM

PROPOSED TIPPING CODE

At a meeting of employers, unions and consumer organisations on tipping the National Economic Development Council encouraged the hotel and catering industry to adopt a uniform code of conduct under which customers would be told whether no service charge is made and tips are actively discouraged; or a service charge is made and tips are actively discouraged;

or no service charge is made and tipping is practised. It was agreed that where a service is made the proceeds should be paid out in full to members of the staff. But the unions and the consumer movement are pressing the NEDC to take the lead in calling for the complete abolition of tipping.

Times, July 25th 1968

UNITED STATES

POOR LAW

The Chairman of the US Senate Commerce Committee, Senator Warren G. Magnuson, has published a book called "The Dark Side of the Market Place" about the cheating of America's Negro poor by sharp salesmen, and shady businessmen and financial institutions - without infringing the law.

Guardian, 18th June 1968

EUROPE

ELECTRICAL WIRING

CENELCOM has recommended that live electrical wiring should be brown, neutral wiring blue and earth wiring green and yellow stripes; and that these colours should be compulsory in Common Market countries by June 1969. In Britain live wires are now red, neutral wires are black and earth wires are green; but the Home Office has proposed that the Common Market colours should be adopted.

Financial Times, 14th June 1968

UNITED KINGDOM

ROAD SAFETY

A survey has shown that the windscreens of about 215,000 cars are broken each year in Britain and that 56,000 accidents are caused as a result, 1,300 involving serious injury or death.

A number of road safety research laboratories have testified to the value of laminated windscreens which have been fitted in all American cars since 1966. Laminated windscreens are compulsory in four countries, but the British Government is not prepared to make them compulsory. It estimates the cost at £13 million a year.

Commons Hansard, 6th March 1968

FRANCE

WAR ON UGLINESS

The Chamber of Commerce of Colmar, (France) has launched a campaign against souvenirs which "in general are ugly and in very bad taste." From now on tourists in Alsace will have a choice between only five souvenir items considered worthy of the province: a handmade village doll, a cloth decorated by Hansi, a small jug, an earthen dish and a soup tureen.

Coopération, Brussels, July 1968

UNITED STATES

MENTAL HEALTH AND VITAMINS

The American scientist Linus Pauling has pointed out that mental symptoms in many deficiency diseases often appear before physical ones; and that vitamins have been used in treating mental conditions with some success. He has suggested that a considerable amount of mental sickness may be due to chemical deficiencies and excesses.

Sunday Times, 16th June 1968, quoting Science

UNITED KINGDOM

SUPERSONIC BOOM

An Essex woman has been awarded £150 for the impairment of her hearing by a supersonic boom, the first time such an award has been made in Britain.

Daily Express, 28th June 1968

ITALY

ERSATZ WINE

The Ferrari Company of Ascoli Piceno is being prosecuted for producing more than 100 million quarts of "wine" a year made from chemicals instead of from grapes. The company is stepping up its already vast advertising campaign.

Guardian, 2nd July 1968

UNITED STATES

CAR SAFETY

A new car safety seat has been developed by a Californian firm. In the event of an impact on the front bumper of the car the seat is thrown forward and at the same time tilts 30 degrees backwards so as to cradle the passenger. The invention has been proved in a spectacular series of crash tests which have left passengers quite unharmed after impact at 50 m.p.h.

Sunday Times, 30th June 1968

UNITED KINGDOM

ROAD SAFETY

Road deaths in Britain between October 1967 and April 1968 declined by 22 per cent and total casualties by 15 per cent. The decline has been attributed in large measure to compulsory breathalyser tests.

Times, 19th June 1968

FRANCE

DOORSTEP SALESMEN

The consumers' organisation ORGECO has called for the swift adoption of the proposed new law which would allow a five day "cooling off period" for all doorstep sales, during which time the customers would be able to change his mind about a purchase even though he had already signed an agreement.

Information Consommation, No 3, 1968

UNITED KINGDOM

CIGARETTES AND CANCER

Research at the Chester Beatty Institute in London suggests that high sugar, flue-cured tobaccos in cigarettes are more likely to lead to lung cancer than low-sugar oriental tobaccos.

Times, 5th July 1968

GERMANY

SAFETY IN APPLIANCES

The Law on Mechanical Equipment has at last been passed; and will apply not only to factories but also to the home, for example, to kitchen equipment, toys, hobbies, sports equipment. The new law does not provide for the testing of new appliances before they are put on the market; but it does insist on clear instructions for use and for subsequent testing if necessary. The German Standards Institute is establishing safety standards for a number of domestic appliances.

Verbraucher Politische Korrespondenz, 25th May 1968

UNITED KINGDOM

CIGARETTE WARNINGS

A Co-operative M.P. has introduced a Bill which will require cigarette packets to carry a warning about the dangers of smoking, as in the U.S.A.

Times, 10th July 1968

JAPAN

CONSUMER PROTECTION LAW

Basic legislation on consumer protection was passed by the National Assembly on May 30th. It covers quality standards, labelling, restrictive practices, price competition, complaints, consumer education and the inspection and testing of goods. A Board of Consumer Protection is to be set up with the Prime Minister as Chairman.

Law No. 78 of May 30th, 1968, provisional translation

UNITED STATES & UNITED KINGDOM

THE PILL

The Food and Drug Administration has warned 300,000 US doctors about the association of oral contraceptives with thrombo-embolic diseases. Labels with cautionary information were sent out and doctors were asked to report adverse effects from the use of the pill. In Britain studies have shown that thrombo-embolic deaths and diseases are from seven to ten times greater in pill users than in others.

FDA Press Release, 30th June 1968

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Plastic wishbones are being embedded in canned chicken sold in the US.

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P R I C E S

UNITED KINGDOM

RESALE PRICE MAINTENANCE

The Restrictive Practices Court has declared that to allow resale price maintenance on footwear would be against the public interest.

Times, 25th June 1968

UNITED KINGDOM

OWN BRANDS

Research has shown that brands produced specially for large retailers sell, on average, at 25 per cent lower prices than nationally advertised brands. Some own brands cost little more than half as much as nationally advertised brands.

Financial Times, 18th June 1968

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An electricity meter at Staithes in Yorkshire keeps on saying "Hello, this Geoffrey Fisher. Come in." Electrical experts are baffled, but discount the theory that the meter is haunted.

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C O N S U M E R O R G A N I S A T I O N S

UNITED STATES

PROPOSED CONSUMER DEPARTMENT

A Bill to create a cabinet level Department of Consumer Affairs has been introduced in the US House of Representatives. It is envisaged that it would employ up to 15,000 people transferred for the most part from 33 existing federal departments and agencies.

CLUSA News Service, 7th May 1968

UNITED STATES

NEW CONSUMER DIVISION

The Department of Health, Education and Welfare is being reorganised; and one of its three major Divisions will be concerned with Consumer Protection and Environmental Health. The Food and Drug Administration will be a branch of the latter.

Advertising Age, 17th June 1968

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A Canadian housewife describes piped music or "muzak" in stores as an unnecessary form of air pollution.

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MONOPOLY AND RESTRICTIVE TRADE PRACTICES

UNITED KINGDOM

TOBACCO

American Tobacco, the second biggest US tobacco company, has acquired a controlling interest in Gallahers, the second biggest British tobacco company.

Financial Times, 17th July 1968

UNITED KINGDOM

CONSUMER CREDIT

A Committee is to be set up under Lord Crowther to make a wide ranging review of consumer credit. It will inquire into present law and practice governing the provision of credit to individuals for personal consumption, the possible advantages of alternative arrangements having regard to the interests of consumers, traders and suppliers of credit including depositors; and possible changes in the Moneylenders Acts.

Financial Times, 3rd July 1968

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The strength of eggshells in the US is being measured by bombarding them with beta energy.

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A D V E R T I S I N G

CANADA

CHAIN STORE ADVERTISING

The Royal Commission on Consumer Problems and Inflation, (the Batten Commission) has claimed that chain stores in the prairie provinces - Safeway and the Weston companies - put out excessive advertising which cost the average family \$14.80 a year. It further argued that advertising discounts are discriminatory in favour of the large chains and therefore violate the Combines Investigation Act. Federal authorities are to investigate the charges.

Western Producer, 27th June 1968

UNITED KINGDOM

ADVERTISING

A book on advertising, its techniques and motives, was to have been published in the US by Readers' Digest under the title The Permissible Lie. Publication by Readers' Digest was abandoned; but the book is likely to be published in Britain.

Daily Mirror, 18th June 1968

CANADA

ADVERTISING

The new Federal Department for Consumer and Corporate Affairs will take over from Provincial governments in actions against false and misleading statements in advertisements.

Focus, July 1968

UNITED STATES

CIGARETTE ADVERTISING

The US Federal Trade Commission has recommended Congress to ban all cigarette advertising on radio and television.

Guardian, 2nd July 1968

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The Chairman of the Patients' Association calculates that 1,600,000 man hours are lost each year through people waiting in hospital outpatient departments.

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C O N S U M E R I N F O R M A T I O N

CANADA

FROZEN FOOD

The National Research Council in Ottawa holds patent rights for a "temperature responsive element" which can be attached to a frozen food packages to show whether it has been exposed to temperatures above freezing. The Consumers' Association of Canada says that frozen food packages should be dated and have such an indicator attached; and that a company is now considering marketing such an indicator.

The Canadian Consumer, May-June 1968

UNITED STATES

LABELLING

Revised regulations issued under the Fair Packaging and Labelling Act will apply to non-prescription drugs, medical devices and cosmetics on July 1st 1969. The revised regulations require labels to provide the name and address of the manufacturer packer or distributor, the quantity and description of contents, a list of ingredients and directions for use. Labels on drugs will have to state action and strength.

FDA Press Release, 28th June 1968

Migros stores in Zurich normally open at 7⁰/clock in the morning. As an experiment a Migros store opened at 5.30 one Saturday morning and reported great success. Housewives did their weekend shopping before their families awoke.

C O - O P E R A T I V E S A N D C O N S U M E R S

UNITED STATES

LOW INCOME CO-OPERATIVES

The Office of Economic Opportunity is to provide the Co-operative League of the U.S.A. with funds to set up a federation of low-income co-operatives in the North Eastern states of the US.

CLUSA News Service, 2nd July 1968

UNITED STATES

CO-OPERATION WITH CO-OPERATIVES

About 70% of the 3,000 members of the Neighbourhood Co-operatives in San Francisco live within a mile of the store: but fewer than 6% shop there regularly. Now Safeway Stores, the second biggest food store chain in the US, is to help the society to operate more efficiently. Studies are to be made of restocking plans, new equipment, rearrangement of aisles, merchandise flow and price changes. Associated Co-operatives has also been helping the Neighbourhood Co-operative.

CLUSA News Service, 28th May & 11th June 1968

Three firms in Yokohama are building a factory to convert garbage into stones for construction. A machine costing about \$700,000 will convert eight truck loads of garbage into one ton of stone. The processed stone will be covered with iron plates and concrete when used in construction.

SPECIAL FEATURE:

C R E D I T C A R D S I N T H E U N I T E D S T A T E S .

The following is from Der Verbraucher, 15th August 1968:

"Recently the credit card system in the United States has assumed alarming proportions. For example, at the end of October 1967 in California alone six million credit cards were currently valid. With the help of sophisticated methods of sales promotion, precisely tailored by attitude researchers to the wishes of the consumer, an almost unbelievable flow of cash has been promised;

and consumers can avail themselves of such alluring offers as: "Give yourself a 'perpetual account.' If you open such an account with us, you can draw as much money as you need. You can have a loan from \$100 to \$2400 according to the agreed limit."

"The key to the dolce vita of the modern American consumer is a piece of celluloid, the credit card. The millions of these cards which are in circulation have been distributed by banks, businesses of all kinds, airlines, hotels, etc. Certainly these institutions hope to profit from their use; moreover the relative great risk of misuse, theft, etc. has to be covered by high insurance premiums. In addition to the interest charge of $1\frac{1}{2}$ per cent to holders of the cards, banks bill traders for 3 to 7 per cent of the value of the goods and services sold under this system. The consequence is greatly increased prices.

"Originally the credit card system was introduced because of its convenience for the purchase of petrol, etc., and was not linked with profit seeking. Subsequently however it has permeated all sectors of the market because of its convenience. (Credit cards are even issued by the public telephone system for making calls from coin-operated telephones.)

"Sales publicity has practically forced credit cards on the public. The advantages for the seller are obvious: impulse buying and prestige buying are promoted, and turnover climbs. The consumer pays excessive prices and excessive premiums for credit insurance. In addition there are so-called 'concealed' charges, as for example, up to 18 per cent interest on department store accounts.

"The President's advisor on consumer affairs recently pointed out that the number of personal bankruptcies has tripled in the past ten years. It is estimated that 140 million credit cards have been distributed by 1000 firms. In 1967 there were cases of deception through use of lost or stolen credit cards involving some \$100 million.

"It should be noted that there are many other systems of personal credit in addition to credit cards. The Federal Reserve Bank had adopted a very cautious attitude to the credit card boom and is attempting to check its further development.

"The co-operatives too are trying to combat the current unsound development. They are seeing their traditional role of ensuring a supply of consumer credit at the lowest possible interest being taken over by profit-seeking institutions. Hence they are stressing the advantages of their system which gives the consumer a more favourable bargaining position.

"In the future it will depend partly on the co-operatives whether or not the volume of consumer credit, which has increased during the past decade from 14 per cent to 17.5 per cent of disposable personal income, will grow still further.



consumer affairs

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W-1



No. 10, 1968

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A guinea pig at the University of Tennessee was subjected to 120 decibels of pop music for three months. As a result it became deaf.

CONSUMER INNOVATIONS

INTERNATIONAL

SYNTHETIC FOODS

Synthetic meat called TVP is being produced from soya beans in the United States, Holland and Japan. Synthetic chicken and steak are popular in the United States because they contain no cholesterol-producing animal fat. For the same reason synthetic milk made from soya beans and leaf protein has captured ten per cent of the US milk market.

Observer, September 1, 1968

UNITED KINGDOM

COMPUTERS

The Post Office is working on a scheme for linking hospitals to a computer by telephone for purpose of diagnosis. Information about heart rate and function, respiration, blood pressure and temperature would be fed into the computer which would analyse it in a few seconds and report on the condition of the patient.

Sun, August 23rd, 1968

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Some "computer colleges" operating in Scotland charge more than £100 for courses than can be obtained from Glasgow Corporation Further Education Classes for £2.

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A D V E R T I S I N G

UNITED STATES

DRUG ADVERTISING

The Federal Trade Commission has ordered the manufacturers of S.S.S. Tonic to stop advertising it as a general remedy for fatigue as it is of value only in the relatively small number of cases where fatigue is due to iron deficiency. This can only be discovered through laboratory tests, not by self diagnosis.

FTC News Summary, August 2nd, 1968

UNITED KINGDOM

ADVERTISING PRICES

The government has added television advertising to its lists of items requiring early warning of proposed price increases. Hitherto the list has been almost wholly confined to consumer goods and services.

Times, July 5th, 1968

C O N S U M E R I N F O R M A T I O N

GERMANY

LONG LIFE MILK

The consumers' organisation AGV would like to see "long life milk" not only date stamped but also with instructions on the carton saying that the milk should be put in a glass container in a refrigerator and not left in the packet after it has been opened.

Verbraucher Politische Korrespondent, August 15th, 1968

UNITED KINGDOMSIZE STANDARDS FOR DETERGENTS

The Consumer Council is urging the Board of Trade to lay down, under the 1963 Weights and Measures Act, specified quantities for the retail sale of pre-packed detergents. The Council argues that comparisons between brands, size for size, are dependent on knowing the comparable washing power; but even if this is known, it would still be difficult to compare competing brands offering 1lb. 14oz. at 3/2d or 1lb. 12½oz. at 3/=.

Manufacturers argue that weight cannot be treated separately from washing power. They also say that to pack in specified weights would mean more different sizes of packet. The conclusion they draw is that because of more packet sizes and ignorance of the washing power, standardised weights would add confusion.

The Council takes the view, however, based on comments from housewives and others, that people are irritated by the obvious difficulty of relating weights to prices in the present packs.

Co-operative News, August 24, 1968

SWEDENCOMPLAINTS BOARD

The General Complaints Board has received 350 consumer complaints since January 1968. When a complaint is received comments are requested from the producer and the retailer of the goods or service in question. The Board considers the case in the light of comments and sends its findings to all concerned. If it rules against the retailer and he then refuses to take action, consumers are advised to take legal advice.

Rad Och Ron, No. 6; 1968

UNITED KINGDOMBOOST FOR LABELLING

The Trade Descriptions Act, which becomes law on November 30th 1968, will give great encouragement to informative labelling, Mr. Roger Diplock, director of the Retail Trading Standards Association, said recently. Mr. Diplock argued that as it is the retailer who faces prosecution for oral misdescriptions, not the manufacturer, the retailer will demand informative labelling from his suppliers. Such labelling would then give the retailer a defence if he were prosecuted under the Act. The RTSA is already printing forms for its members to give to their suppliers, drawing attention to the Act and asking for the information needed.

Focus, the Consumer Council, August 1968

UNITED STATESPROGRESS IN PACKAGING

During the first year of the Fair Packaging and Labelling Act, fourteen industries have acted to reduce the bewildering variety of package sizes on the supermarket shelf. All consumers should soon be able to make selections on the basis of price-per-ounce. The retailer is enthusiastic because the reduction

in package variety will enable him to carry a greater variety of products with less inventory worry. And industry will quickly recoup its costs of retooling packaging machinery through savings on greater standardisation.

Co-operative News Service, CLUSA, August 6th 1968

CANADA

CONSUMER COMPLAINTS

More than 1,000 complaints have now been received by the Consumer Service and Information Division of the new Department of Consumer and Corporate Affairs. Complaints addressed to "The Consumer", Box 99, Ottawa covering matters such as labelling, advertising, guarantees, credit and prices are investigated by the Division.

Consumer Communique, July 1968

DENMARK

CONSUMER INFORMATION TO CO-OPERATORS

The Danish Co-operative Movement, FDB, is now circulating to all co-operative societies as an aid to advisory work with members copies of Information and Results (Råd og Resultater), a publication of the State Household Council.

Samvirke, August 15, 1968

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The marriage arranged between Barclays Bank and Lloyds Bank will not now take place.

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MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

UNITED KINGDOM

MERGERS

The General Electric Company and English Electric propose to merge so as to form a giant company with sales of about £1,000 million. The government's Industrial Reorganisation Corporation has approved the merger; but details have not yet been agreed.
Times, September 18th 1968

UNITED STATES

INSURANCE

The Chairman of the Senate Anti-Trust and Monopoly Subcommittee has proposed that stores and finance companies should be prohibited from making a profit out of insuring the people to whom they lend money.

Focus, October 1968

COMMON MARKET

INTER-COMPANY PACTS

A new and more flexible policy towards inter-company agreements in the European Community was recently announced. The Commission now says that it favours agreements between small and medium-size companies insofar as they facilitate more rational, more productive and more competitive operation in the Community market. Inter-company agreements may also be economically desirable between large concerns, provided the forces of competition are not thereby restricted.

The Commission does not believe an agreement falls under the Treaty ban if the total market share of the participating companies is too small to produce a significant reduction of competition in the Common Market or affect trade between the six Member States. It does not define just how large a market share must become for competition to be affected in this way, and presumably it would differ from one sector to another. But the adoption of the criterion of a market share as a way of distinguishing the acceptable from the unacceptable company agreements clearly represents a major step forward in Community policy making.

Financial Times, July 23rd 1968

UNITED KINGDOM

DISCOUNT HOUSES

One of the first British Discount Houses, based in Manchester, marks all its goods with the manufacturer's recommended price and also its own price. Price cuts are often up to 50 per cent; and turnover is rapid.

Focus, October 1968

COMMON MARKET

MOBILITY OF WORKERS

The Council of Ministers of the European Communities has adopted a regulation on freedom of movement for workers. By doing away with the remaining discriminations between workers who are nationals of the Member States, the first elements of European citizenship for Community workers have been established.

The regulation:

- (a) abandons "national priority" as far as nationals of other Member States are concerned and gives them the right of access to employment under the same conditions as nationals;
- (b) abolishes work permits, so that Common Market workers can take up employment without having to comply with any formalities other than those for residence permits; these are moreover issued for a period of five years and renewable automatically;
- (c) extends the right to apply for a vacant post, which all nationals enjoy in their own country, to workers of any Member State, who may move anywhere they please in other member countries for this purpose.

In all spheres which directly or indirectly influence the exercise of an occupation, national and non-national workers will be treated in the same way.

Information Memo, Commission of the European Communities, July 1968

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It was said at a meeting of the Royal Society of Medicine that health screening for all at a diagnostic centre would cost £500,000,000 a year; and that this could be a drain on the Exchequer. "It is always cheaper to die untreated than to be brought in for medical care".

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MARKETING

INTERNATIONAL

EATING HABITS

"Dietary habits are established early in life and in the highly traditional cultures of the developing countries, food selection and diet more often reflect religious and social beliefs than they do the principles of human nutrition. During the past several years, there have been many commercial programmes intended to ~~make~~ unfamiliar new food products available to low-income groups in the developing countries. It has become abundantly clear that it is extremely difficult to change fixed food habits. Market research and feasibility studies must give proper attention both to family income and to existing habits and taboos. It has been demonstrated ~~that~~ dietary customs can be changed... but success in any such undertaking requires time and a carefully prepared programme of consumer education. In summary, any programme to remedy malnutrition which involves changing traditional food habits is highly likely to be ineffective in the short-run and even a long-range plan must be carefully programmed for the specific local situation."

The World Food Problem, the President's
(USA) Science Advisory Committee, 1967.

UNITED KINGDOM

OWN-BRAND GROCERIES

A boost for own-brand groceries is given in the August issue of Which? the Consumer's Association magazine. It points out that own-brands are bought directly from the manufacturer by individual grocers who label them with their own brand names. Sometimes the same manufacturer supplies several organisations so that identical products may carry different names.

For its test, Which? compared prices of nationally advertised brands of seven products - instant coffee, baked beans, jam, tinned peas, cornflakes, evaporated milk and tinned sliced peaches - with the own-brands sold by 30 different groups. Own-brands were generally found to be cheaper. Most families spend about £23 a year on the seven items and Which? says there could be a saving of £4 a year through buying own-brands. A warning is given, however, that not all own-brands are cheaper and in some cases they are dearer than the equivalent national brand.

EUROPESELF-SERVICE FOOD SHOPS

There were 140,970 self-service food shops in 14 West European countries on January 1st 1967 according to a study of the International Self-Service Organisation. This is, on average, one for every 2137 inhabitants. For a number of countries data is available on the percentage of retail food trade accounted for by self-service stores. For West Germany the percentage is 49.8; for the Netherlands 32.3; for Switzerland 21.5; for Austria 17.8; for France 3.9; and for Belgium 3.0.

<u>Country</u>	<u>Number of Self-Service Shops</u>	<u>Number of Inhabitants per Self-Service Shop</u>
Belgium*	1,455	6,411
West Germany	72,241	821
Denmark*	4,241	924
France	12,593	3,885
Great Britain	18,320	2,957
Italy	2,185	24,113
The Netherlands	6,719	1,804
Austria	4,960	1,470
Sweden	8,360	851
Switzerland	4,272	1,375

(As of January 1st 1967)

* 1966

die Konsum Genossenschaft, Konsumverband, Austria, Sept 7.

A scheme is being put to the National Federation of Meat Traders to vary the stripes on butchers' aprons according to the qualifications of those wearing them. Broad blue stripes would indicate that the wearer was a Master Butcher; while craftsmen would wear aprons with a thin blue stripe, and students plain white aprons.

C O N S U M E R P R O T E C T I O N

UNITED KINGDOM

BALLOONS

The Royal Society for the Prevention of Accidents is asking the Home Office to take action on balloons filled with hydrogen which explode violently when in contact with a flame and can be dangerous in the hands of children.

Daily Mirror, August 24th 1968

EUROPE

ATOMIC WASTES

The second report of the European Nuclear Agency of OECD says that 35,790 steel and concrete containers containing radioactive wastes were dumped 5,000 metres deep in the Atlantic in 1967. A review of the problem of the disposal of radioactive wastes by Euratom urges that disposal into waterways should be reviewed. It suggests that not only drinking water but also milk and meat supplies could be affected; and that great care is necessary to prevent the pollution of the sea.

Times, September 4th 1968

UNITED STATES

CONSUMER PROTECTION IN AMERICA

The Consumer Federation of America reports that Vice President Humphrey responded to a questionnaire with an extensive state of broad support for the protection of consumer interests; and that Mr. Richard Nixon's office said that time did not permit the individual answering of questionnaires from a great many organisations.

CLUSA News Service, July 30th 1968

SPECIAL FEATURE I:

FRENCH NATIONAL CONSUMERS' INSTITUTE

The following is an excerpt from an article by a correspondent in the Financial Times, July 5th 1968:

The history of the French National Consumers' Institute is still a short one. Created in April 1968 at the Government's initiative, it has come to the aid of the consumer who, as things stood before the crisis, was for the first time shortly going to be solicited by advertising on national television, another Government initiative.

By comparison with other countries, French consumers have shown little enthusiasm for defending their interests, the pioneers in the field being Family and Women's Federations. Eventually, joined by other civic organisations, a Consumers' Union was formed with a 150,000 to 200,000 membership. Other sectional interests such as the trade unions and the co-operative movement also formed their consumers grouping and even the State had made a gesture in the direction of housewives by broadcasting the prices of staple foods every morning on the radio, obtained by teams of women shoppers in different open street markets.

These scattered efforts, however, failed to make any real impact on shopping decisions; the State subsidies paid to the different organisations were too modest to permit any large-scale testing of merchandise; the radio guide is too subjective in its appreciation of quality; and no consumers' journal stood the remotest chance of equalling the 400,000 readership of Which?

After studying Consumer Councils in America, Sweden and West Germany, the French Finance Ministry decided to take matters in hand and set up a comparable organisation in France to be run for and by consumers, with a large enough budget to serve a really useful purpose.

Though created under the auspices of the Finance Ministry, the Institute is not another Government department, but draws the majority of its Board members (12) from consumer representatives. Six additional members represent commerce, agriculture and fisheries, the Press and advertising, who are joined by civil servants from five Ministries.

Monsieur François Aubry, its Director, has been voted Frs. 3.6m. for his first year's campaign, which is to rely heavily on the publication of a monthly journal. Three full-time engineers are already engaged in testing a complete range of foreign and domestic merchandise. Among the 15-20 types of articles which are to undergo their scrutiny during the first year are textiles, food and household appliances. The characteristics of each brand will be set out in the form of a table so that the merits of each become easily apparent by comparison, rather than by description.

No comment on fashion or appearance will be included; in exceptional cases the Institute will go to such lengths as "attention has been paid to appearance". It also refuses to carry indications relating price to quality, and consumers seeking value for money will have to read between the lines. Descriptive labelling such as the British Consumer Council's "Teltag" is ruled out for the time being, being considered too ambitious for a start.

Apart from testing branded goods, the Institute looks forward to publishing the differences in their selling price at different stores, and generally to denounce dishonest practices, wherever they affect shoppers' credulity or perpetuate the manufacture of poor-quality goods.

Among its immediate worries is a study of the 75 brands and sizes of fruit juices currently found in the shops, of which no more than three have been found to be free of the potentially harmful sulphurous anhydride. New legislation is imminent governing the manufacture of ice-cream, and here again the Institute will intervene. When it gets round to bring its guns to bear on services, a comparative study of airlines will be given priority.

The current avalanche of door-to-door canvassing has led the Institute to proceed with an immediate study of corrupt practices in this field of direct selling. After shoddy textiles and household cleaning utensils, pedlars have lately turned to books and encyclopedias of obscure origin and doubtful value, charging exorbitant interest rates on instalment payments.

Their indiscriminate door bell ringing has even led them to favour the Institute with a visit - though not for long! Exasperated and defenceless housewives, however, have been falling an easy prey to their talk. At its first opportunity the Institute will warn the public against this form of widespread abuse and will cheer the victims with the knowledge that, as the legal code stands at present, such a sales contract is invalid without a husband's counter signature.

The first issue of the Institute's Journal is due to appear in the late autumn; it will be sold by subscription and at news stands, and is expected to have an initial print run of 400,000. If it meets with success, it may provide the Institute with an additional source of revenue.

However, its Director is under no illusions about the impact his journal can have on the older generation who will not be easily shaken in their belief that a high price means good quality. Young couples in the under-40 age groups, on the other hand, intent on higher living standards than their parents, are expected to be the Institute's willing followers.

Despite pretty generalised hostility from manufacturers, the Institute feels confident about gaining the support of the efficient companies in the not-too-distant future, since their interests coincide.

SPECIAL FEATURE II:

POLLUTION THREAT TO THE WORLD

The following is an excerpt from the Guardian, September 16th 1968:

Within the next two decades, life on our planet will be showing the first signs of succumbing to industrial pollution. The atmosphere will become unbreathable for men and animals; all life will cease in rivers and lakes; plants will wither from poisoning.

This frightening opinion has emerged from the Inter-Governmental Conference of Experts on the Scientific Bases for the Rational Utilisation and Conservation of Biospheric Resources. In the course of the symposium our planet's doom was traced from prehistory down to the nineteenth-century industrial revolution, when the trouble abruptly started. The balance between man and nature has become radically upset.

Natural resources, like minerals, are being swiftly depleted. Other natural products that renew themselves, such as forests, have not been given time to regrow. As cities spread in a monstrous fashion, the problem of refuse inherent in urban life attains the size of an insoluble problem. Carbon dioxide and all the host of air-borne industrial wastes are fouling the atmosphere and poisoning fresh water.

In the last 20 years the whole process has been accelerating at a crazy speed. Cities are getting bigger, life is increasingly menaced by insecticides, industrial wastes like hydrocarbon and nuclear left-overs, whose effects on life are still not fully understood. In this way, one delegate pointed out, the pollution of large rivers and the dispersal of factory smoke could affect a whole continent.

Factory fumes originating in Texas had been traced 1,000 miles in Cincinnati. And in Sweden the gradual pollution of the rivers had been traced to factory wastes originating in other countries. Even in Antarctica scientists have found traces of insecticides in the bloodstream of penguins - insecticides which had never even been carried by man to the Antarctic continent.

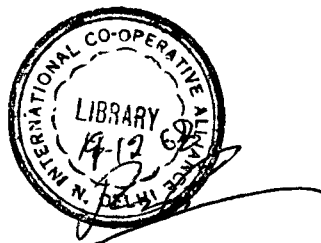


consumer affairs

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W-1

No. 11, 1968.



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The Architects Journal reports that the Home Office likes the front doors of houses to be on the flimsy side so that firemen can break in more easily in the event of fire.

COOPERATIVES AND CONSUMERS

EUROPE

A working party was set up at a recent meeting in Stockholm between FDB, SOK and OTK, MKL and KF to foster practical cooperation in the field of packaging. Packaging costs within the Nordic cooperatives are at present estimated at about 500 million S. kr per year (£40 million). The meeting agreed that there was a need for collaboration and exchange of experiences on production, joint packaging, joint purchasing, etc.

PACKAGING CO-OPERATION

UNITED KINGDOM

The Cooperative Wholesale Society's first collection of mens' wear for export has been shown in London. It is aimed at the American market where it is hoped to win orders worth \$ 500,000 within a year. The collection appeared in a mens' wear trade fair in New York in October. The CWS has plans to market the collection in Italy, Sweden, Denmark, Germany and Austria.

EXPORTS

Times, 11th September, 1968.

UNITED STATES

BUS COOPERATIVE

America's only bus cooperative started operations in Fond du Lac, Wisconsin in August. It was formed by local cooperators after the city's private bus line went out of business. Four used buses equipped with new CO-OP label tires make up the company's rolling stock. Both members and non members ride for the same fare. The Fond du Lac Midland Cooperative is a major stockholder in the bus co-operative, and local merchants are buying advertising space on the sides of the bus.

Cooperative News Service, 27th August, 1968

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A bank official says that the closing of banks on Saturdays in Great Britain will give traders an opportunity to build up goodwill by cashing cheques for customers more often.

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C O N S U M E R O R G A N I S A T I O N S

CANADA

CAC PUBLICATION

The Consumers' Association of Canada has produced an 18-page mimeographed publication, Consumer Information in Canada. The booklet is divided into three source categories: associations, universities, banks; federal government; and provincial governments.

Canadian Consumer, July/ August, 1968.

INTERNATIONAL

CONSUMER DOCUMENTATION

The International Organisation of Consumers' Unions is to establish an Information and Documentation Centre at its headquarters at The Hague.

International Consumer, No. 4 1968.

UNITED KINGDOM

CONSUMER REPRESENTATION IN THE HEALTH SERVICE

The Patients Association has been urging its members to get themselves nominated for positions on hospital boards, committees and executive councils so that the voice of the consumer can be heard.

Guardian, 1st October, 1968

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The Journal of the General Dental Practitioners' Association reports that mercury fumes given off by the amalgam used in filling teeth can make dentists irritable.

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A D V E R T I S I N G

UNITED KINGDOM

PRICE CUTS

The Trade Descriptions Act requires retailers who sell products with "flash off" price cuts to make sure that the product had, within the previous six months, been sold for 28 days at a higher price.

Lever Brothers are issuing a price list to protect traders selling "flash off" products

The Retail Trading-Standards Association has advised its members to qualify statements about the price at which a product has been sold by phrases such as "Early December Price" and "Recommended Price"; or to use the phrase "Special Purchase" when there has been one; also that substandard second quality goods should be described as such when the price is compared with that of top quality goods.

The Grocer, September 21st, 1968.

RTSA Bulletin, August September, 1968.

CANADA

ADVERTISING CODE

The Department of Consumer & Corporate Affairs is preparing a code for advertising. It is likely to ban "Made in Canada" labels which apply only to a package, not the contents; free offers combined with inflated prices; and questionable claims. The code will be tested in the courts and, if necessary, criminal law will be amended.

Ad Weekly, 27th September, 1968.

UNITED STATES

MISLEADING ADVERTISING

The President's Consumer Advisory Council has condemned as unfair and inherently deceptive "give way" programmes organised at gasoline stations which fail to disclose the total number of chances, the number of prizes or the chances of winning a prize.

Ad Weekly, 27th September, 1968.

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The Prices and Incomes Board wants paint manufacturers to reduce their list prices by 5 per cent. But the manufacturers say that if they were to reach an agreement about reducing prices they would get into trouble with the Restrictive Practices Court.

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M A R K E T I N G

UNITED KINGDOM

CONSUMER CREDIT

The President of the Board of Trade has appointed a Committee to investigate consumer credit. It will inquire into the present law and practice governing the provision of credit to individuals for financing purchases of goods and services for personal consumption; consider the advantages and disadvantages of existing and possible alternative arrangements for providing such credit, having regard to the interests of consumers, traders and suppliers of credit including depositors; and consider in particular whether any amendment of the Moneylender's Act is desirable.

Board of Trade Journal, 27th September, 1968.

UNITED STATES

TRADING STAMPS

A survey by the American Supermarket Institute shows that trading stamps are offered by 46% of US supermarkets compared with 55% a year ago and 75% in the early sixties.

Group Grocer, September, 1968.

UNITED KINGDOM

BANK HOURS

The Retail Consortium representing cooperatives and other retailers has protested against the proposal to close banks on Saturdays as being against the public interest. The Consumer Council has also protested.

Financial Times, 23rd September, 1968

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Mrs Barbara Castle, Secretary of State for Employment and Productivity, has told the Labour Party Conference that she hopes to keep beer prices stable for a year. But this did not result in the Conference endorsing her wage stabilisation efforts.

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C O N S U M E R S T A N D A R D S

CANADA

COMPULSORY TYRE STANDARDS

New performance standards for passenger car tyres have been made mandatory in Ontario. The recently-announced Canadian Standards Association standards have been adopted. Tyres must be conspicuously labelled on both sidewalls with each of the following: molded into or onto the tyre: size designation, maximum permissible inflation pressure, maximum load rating, identification of manufacturer, composition of material used in the plycord, actual number of plies in the sidewall and also in the tread area, if different, the words "tubeless", "tube" and "radial" where applicable; and an approval symbol.

Canadian Consumer, July/August, 1968.

INDIA

FISHING

The Indian Standards Institute recently published a code for the handling of fish; and the FAO has now produced its own code for the handling of fish.

Indian Standards Institute Bulletin, June 1968.

UNITED KINGDOM

SOCKS

Agreement has been reached between trade bodies and retailers about standard sizes for women's and children's socks based on standard shoe sizes.

Drapers Record, 21st September, 1968

INDIA

QUALITY CONTROL

A strong plea for the production of quality goods which would be competitive in overseas markets was made at the fourteenth meeting of the Co-ordination Committee of the Village and Small Scale Industries in New Delhi. The meeting agreed that the specifications of the Indian Standards Institute should be used for this purpose. Both consumer goods, such as domestic appliances, and components for large scale industry were dealt with.

Indian Standards Institute Bulletin, April 1968.

INTERNATIONAL

ELECTRICAL APPLIANCES

The International Electrotechnical Commission has recently been seeking to bring together Common Market and North American standards for household electrical appliances. In the UK the British Electricals Approvals Board is considering ways and means of encouraging all manufacturers to submit their appliances for approval.

Times, 24th September, 1968.

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Commenting on price cuts offered on vitamin tablets the Pharmaceutical Journal states that extra vitamins are of little value to normally nourished people and that the consumption of vitamins in excess of normal requirements can have harmful effects.

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C O N S U M E R I N N O V A T I O N

UNITED STATES

AUTOMATIC WASTE DISPOSAL

A Scientist at Clemson University, South Carolina, has devised a bottle that dissolves a few days after being thrown away and turns into a pool of water. It is not made of ice.

New Scientist, 12th September, 1968.

DENMARK

PHOSPHORESCENT ROAD

360 kilometres of road with a paving base of phosphorescent glass have just been opened north of Copenhagen. Characteristics: automobile headlights are reflected in all directions and hence do not dazzle the drivers; the paving prevents the formation of a greasy film when it rains; and it is not sensitive to changes in temperature. The cost is eight times that of traditional pavement.

Cooperation, Belgium, June 1968.

BRAZIL

A factory recently established in Sao Paulo has introduced a process of pressing bananas and extracting its juice - with a view to commercial production.

Cooperation, Belgium, June 1968.

FRANCE

LITERARY JUKE BOXES

Paris libraries and some large stores are now equipped with literary juke-boxes which play the voices of authors introducing their works and their sales arguments.

Coopération, Belgium, June 1968.

UNITED STATES

SELF-SERVICE DENTISTRY

A dental university in Indiana has introduced a new style of self-service; prefabricated fillings for patients who are unable to get to their dentists. The fillings are guaranteed for a year.

Coopération, Belgium, June 1968.

UNITED KINGDOM

HOSPITAL MEALS

A central kitchen at Darent Park Hospital near Dartford is providing local hospitals with about 5,000 pre-cooked frozen meals and it is hoped to increase the number to 50,000 with a year. The frozen meals only have to be reheated. The quality and variety is good and waste is reduced to a minimum.

Guardian, 20th September 1968.

HONGKONG

MUSIC WHILE YOU BATHE

Hongkong is truly the country of portable radios. Not only are receiving sets inexpensive, but they are original: they float in the tub while one is taking a bath.

Coopération, Belgium, June 1968

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Some cosmetics are sold in double-walled jars with a gap between the walls. One firm explained that "single wall jars look incredibly small for what they are and this would have a negative emotional effect on women."

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C O N S U M E R P R O T E C T I O N

UNITED KINGDOM

THE PILL

The Dunlop Committee on Drug Safety says that it has been shown beyond reasonable doubt that there is a casual relationship between oral contraceptives and blood clotting disorders. But it does not recommend that the Pill, available only on prescription, should be withdrawn from the market

Times, 27th September, 1968.

UNITED STATES

ANTI-BIOTICS

The Food and Drug Administration proposes to ban the use of penicillin, streptomycin and dihydrostreptomycin on farm animals less than five days before marketing.

Chemist & Druggist, 21st September, 1968.

GERMANY

DOOR STEP SELLING

Proposed new legislation in Germany will protect householders from the high pressure selling of investments on the doorstep. Householders will have two weeks to change their mind, if they want to, after a contract has been signed; and salesmen will have to be prepared to give details of the cost of publicity.

Verbraucher Politische Korrespondenz- 25th
August, 1968.

UNITED STATES

DRUGS

The Food and Drug Administration has banned the popular weight-reducing "Rainbow Pills" which contain digitalis & thyroid and have been on sale for forty years.

Sunday Times, 15th September, 1968.

UNITED KINGDOM

HEARING AIDS

The Hearing Aid Industry Association has agreed on a code on ethical practices. Among other things they agreed that clients should be told in cases when appliances are of no value and that members of the Association should not represent themselves as practising any form of medical treatment for deafness. On the other hand it was agreed that they should give clients the best possible advice about the various kinds of hearing aid available.

Financial Times, 24th September, 1968

UNITED STATES

WORKERS PAID TO QUIT SMOKING

At the Etasco Industries, Inc. plant in New Jersey employees who stop smoking get ten dollars a month from the company. The American Cancer Society provides companies embarking on efforts to help their employees stop smoking a one-year education programme on the dangers of smoking. Middle-aged more than younger smokers are responding to such appeals.

Cooperative News Service, 9th October, 1968.

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The Customs and Excise have announced that after November 1st 1968 all skirts longer than 20 inches will be subject to tax instead of only those longer than 24 inches.

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C O N S U M E R L E G I S L A T I O N

JAPAN

CONSUMER PROTECTION LAW

A new consumer protection law has been passed in Japan which authorises the creation of a Consumer Protection Board with the Prime Minister as Chairman. The law requires adequate standards for goods and services, a labelling system which makes clear the quality of a product and free and fair competition. It calls for the public testing and inspection of consumers goods and for an effective complaints system.

International Consumer No. 4 1968.

NORWAY

LABELLING

New legislation empowers the government to require the labelling of goods with the name and address of the producer or importer, or packer, the weight or size of the product, and other properties important in assessing its value. An Advisory Committee is to be established and consumers will be represented on it.

Forbruker Rapporten, No.6 1968.

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SPECIAL FEATURE I:

EEC Commission Policy on Restrictive Business Agreements

The following excerpt is from an EEC Commission Press Release of July 23, 1968:

The more the integration of the Member States advances, the greater the importance attaching to measures to protect competition in the Common Market from distortion. At the same time it is becoming more and more important to support enterprises in their efforts to adapt themselves to the Common Market and to keener competition on world markets.

Adaptation can be facilitated by co-operation between enterprises. It is therefore of great importance for trade and industry to know which forms of co-operation are not prohibited by Article 85 of the EEC Treaty or Article 65 of the ECSC Treaty. The Commission has therefore decided to issue a Notice in which it sets out the considerations by which it will be guided when interpreting Article 85(1) of the EEC Treaty and Article 65(1) of the ECSC Treaty.

The Commission welcomes co-operation among small and medium-sized enterprises where such co-operation enables them to work more rationally and increase their productivity and competitiveness on a larger market. The Commission considers that it is its task to facilitate co-operation among small and medium-sized enterprises in particular. However, co-operation among large enterprises, too, can be economically justifiable without presenting difficulties from the angle of competition.

Article 85(1) of the Treaty establishing the European Economic Community (EEC Treaty) and Article 65(1) of the treaty establishing the European Coal and Steel Community (ECSC Treaty) provide that all agreements, decisions and concerted practices (hereafter referred to as "agreements") which have as their object or result the prevention, restriction or distortion of competition (hereafter referred to as "restraints of competition") in the Common Market are incompatible with the Common Market and are forbidden; under Article 85(1) of the EEC Treaty this applies, however, only if these agreements are liable to impair trade between the Member States.

The Commission feels that in the interest of the small and medium-sized enterprises in particular it should make known the considerations by which it will be guided when interpreting Article 85(1) of the EEC Treaty and Article 65(1) of the ECSC Treaty and applying them to certain co-operation arrangements between enterprises, and indicate which of these arrangements in its opinion do not come under these provisions. This notice applies to all enterprises, irrespective of their size.

There may also be forms of co-operation between enterprises other than the forms of co-operation listed below which are not prohibited by Article 85(1) of the EEC Treaty or Article 65(1) of the ECSC Treaty. This applies in particular if the market position of the enterprises co-operating with each other is in the aggregate too weak as to lead, through the agreements

between them, to an appreciable restraint of competition in the common market and - for Article 85 of the EEC Treaty - impair trade between the Member States.

The Commission takes the view that agreements do not restrict competition if they have as their sole object:

- an exchange of opinion or experience
- joint market research
- the joint carrying out of comparative studies of enterprises or industries
- the joint preparation of statistics and calculation models
- **cooperation in accounting matters**
- joint provision of credit guarantees
- joint debt-collecting associations
- joint business or tax consultant agencies
- the joint implementation of research and development projects
- the joint placing of research and development contracts
- the sharing out of research and development projects among the participating enterprises
- the joint use of production facilities and storing and transport equipment where the participating enterprises do not compete with each other as regards the work to be done or where each of them by itself is unable to execute the orders
- joint selling arrangements
- joint after-sales and repair service, provided the participating enterprises are not competitors with regard to the products or services covered by the agreement
- joint advertising, and
- use of a **common label** to designate a certain quality where the label is available to all competitors on the same conditions.

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SPECIAL FEATURE II:

Farm-to-City Migration Rate Slowing

The following article is from the Co-operative News Service of the Co-operative League of the United States for September 3, 1968:

Nearly 70% of the people of the United States live in metropolitan areas that make up only 1% of the nation's land area. Since 1945, more than 20 million Americans have left the rural areas to live in the cities.

This cityward migration continues. "But its rate has slowed so dramatically since 1960 that some concerned observers, including Secretary of Agriculture Orville L. Freeman, now believe it is possible to reverse the direction of population flow," Louis Cassels wrote recently for United Press International. He added that it may be possible to "start people moving out of the overcrowded cities" before urban problems "become entirely unmanageable."

During the 1950's about 600,000 persons each year moved from rural to urban areas. Since 1960, the cityward migration has slowed to one-fifth that of the previous decade - less than 120,000 persons a year. This cityward slowdown is credited by Cassels and others to the fact that the agricultural revolution - mechanization in the fields and larger fields to farm mechanically, which have put 6 million farmers out of work and shut down 3 million farms - "has about run its course."

A move to the country by many urban persons fed up with big-town traffic, noise, congestion - and riots - also is slowing down the flight from the farms. Last May a Gallup poll indicated that 56% of Americans would like to live in small towns or on farms if they could find jobs there. Two years ago, a similar poll showed 49% of the population preferred to live in the country.

"The desire for country living is already there," Secretary Freeman said recently. "What remains is to make this option available to those who want it...to offer an alternative to prisoners of the urban ghetto and the megalopolis." The budding flight from the city may increase if riots, congestion, and crime continue to plague urban areas, Cassels predicted. He noted that 30 states have agencies seeking to attract new jobs and industries to their rural areas. - FN

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consumer affairs

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W-1



No. 12, 1968

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A survey in the German Federal Republic reports that most customers find male shop assistants more polite than female ones.

C O N S U M E R P R O T E C T I O N

UNITED STATES

OIL POLLUTION

The U.S. House of Representatives has approved a Bill empowering the Government to charge owners up to \$5 million for oil spills at sea inside the 12 mile limit if they are deliberate or the result of negligence.

Financial Times, October 9th 1968

UNITED KINGDOM

PROTECTION FOR CONSUMERS OF HOUSING

A Code of conduct for estate agents has been approved by the nine professional societies that make up the Estate Agents' Council. The Council is hoping Parliament will give the Council legal backing - so that any agent breaking the code might be banned from agency practice.

The code rules that an agent may not take commission from both sides to a deal without informing everyone concerned. He may not publish misleading or inaccurate information, make "unreasonably high" charges, or draw up contracts. And he must advise clients to take legal advice before they sign a contract.

Financial Times, 25th November 1968

EUROPE

DETERGENTS

Member countries of the Council of Europe have signed an agreement limiting the use of "hard" detergents which cause foaming in rivers.

Daily Telegraph, October 16th 1968

UNITED STATES

CIGARETTES

Two doctors in Buffalo have been analysing the smoking habits of 947 patients with lung cancer. They find that the risk for people smoking filter cigarettes for a long period is five times as great as the risk for non-smokers; but that the risk for smokers of non-filter cigarettes is two-thirds greater than for those who use filters.

Sunday Times, October 13th 1968

UNITED KINGDOM

CIGARETTES

The Minister for Social Services has told the House of Commons that the government is giving "extremely serious" consideration to a special tax on cigarettes.

Times, 5th November 1968

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A talking luggage label has been invented in America. It helps to ensure that airline passengers' luggage is put on the right plane.

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C O - O P E R A T I V E S A N D C O N S U M E R S

FRANCE

CONSUMER EDUCATION FOR CHILDREN

The French Co-operative Laboratory has devised games for children involving the choice of goods, labelling and looking out for misleading or confusing advertising.

Bulletin d'Information September/October 1968

UNITED KINGDOM

BANKING HOURS

The Consumer Council is to join with other consumer organisations in a campaign to prevent the proposed closure of banks on Saturday. The other organisations include the Consumer Council, the Consumers' Association, the National Federation of Consumer Groups, the Research Institute of Consumer Affairs, the National Council of Women, the Women's Advisory Committee of the B.S.I., the Association of British Chambers of Commerce, the Multiple Shops Federation, the National Off Licence Federation, the National Union of Small Shopkeepers and the Retail Credit Federation.

If the banks go ahead with their plans only the Co-operative Bank, which works through co-operative shops, will be open on Saturdays.

Times, 25th & 30th October, 1968

EUROPE

COLLABORATION AGREEMENTS

Collaboration is the first stage of concentration. To define its position on this question, the EEC Commission published at the end of 1967 a statement listing the kinds of collaboration agreements which it felt do not restrict freedom of competition and therefore should be exempt from the controls established by the Treaty of Rome. This position was reaffirmed on July 18th, 1968.

Subsequently the Contact Committee of the European Community of Consumer Co-operatives made clear its view that it is dangerous for all such agreements to be considered harmless regardless of the size of the firms covered. It stressed that the risks of distortion of competition are greater between large firms since they would hardly conclude such agreements unless they felt that they would lead to more complete, albeit tacit, collaboration.

Even though it is conscious of the difficulties of defining size criteria for enterprises, the Contact Committee nevertheless felt compelled to renew its

opposition to this interpretation of the Treaty of Rome and again stress the inherent risks in too broad or too vague an application of such an interpretation.

Press Communique, Contact Committee,
September 23rd, 1968

UNITED STATES

CONSUMER INFORMATION TABLES

The Rochdale Consumers Co-operative Society, Jamaica, New York has introduced consumer information tables into its shops. These comprise an exhibit displaying literature on co-operatives and consumer problems, and also weekly comparisons of CO-OP label goods and nationally-advertised brands, showing price, quality and size differences. "How to become a member" is another feature.

The exhibit is held once a week between 10 a.m. and 4 p.m. The volunteers, who give the demonstrations and answer questions, work in teams of two for a period of two hours.

The Co-operator, The United Housing Corporation,
August 1968.

EUROPE

CO-OPERATIVE VIEW ON TVA

The Council of the European Community of Consumer Co-operatives has approved a statement of its attitude to the adoption by all Common Market countries of the system of taxation on added value (TVA). The Council supports the objectives of the Commission, namely to establish competitive neutrality in the Community and to contribute to the abolition of fiscal frontiers; and it considers the introduction of a unified tax on value added as a major step in the necessary harmonisation of European legislation.

At the same time the Council is concerned that introduction of the new system should not raise prices to the consumer, or penalise small and medium consumers; therefore it insists that a reduced rate should be applied to essential commodities and hopes that insofar as the application of TVA cuts down tax evasion, the consumer will benefit through lower tax rates. It urges that the system should be applied in such a way that no new anomalies are introduced between distributors.

The Council also believes that there should be levies during the transition period on self-employed workers and small firms; that agriculture should be included (with some special concessions for a limited period); that when there is competition between public and private sectors of industry, TVA should apply; that business investments and exports should be exempted in order to stimulate expansion, although temporary levels in certain sectors should be permitted to avoid over-investment and anomalies between sectors; and that member States should be free to fix their own rates although it urges that attention should be given to the impact on consumer prices.

Report forwarded to ICA by the CECC.

The Swiss co-operative movement VSK has introduced trading stamps known as "COOP Punkte". These are sold by VSK to the local societies, and their value is 1 Swiss franc for 100 stamps. They are additional to the regular dividend and are given to customers in connection with sales promotion of special items. They can be redeemed in specified articles; for example, under the slogan "Gold Rain", a 2½ peso gold coin can be obtained in connection with a "MEXICOOP" campaign.

ICA Committee for Retail Distribution

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The Zurich Insurance Group is to make its policies more intelligible by cutting out words such as "whereas" and "hereinafter" and changing from jargon to readable English.

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C O N S U M E R I N F O R M A T I O N

WEST GERMANY

INFORMATIVE LABELLING

The Working Group for Consumers (AGV) have condemned as specious the argument of manufacturers of washing powder who claim that if they were required to state the price per kilogramme of their products on the packet, they might be tempted to adulterate them with non-active ingredients. Similarly they reject the claim of some clothing manufacturers that indicating the quality of material used would not necessarily indicate the quality of a garment.

Verbraucher Politische Korrespondenz, No. 27, 1968

UNITED KINGDOM

LABELLING OF RECORDS

Owners of gramophone record shops have been warned that they may be liable to prosecution and heavy fines because of the description and labelling of many of the modern long-playing records which they sell. They also run the risk of being sued in civil courts by dissatisfied customers.

Shops have discovered that many of the long-playing records they receive from manufacturers can be wrecked by two or three playings on a conventional gramophone, and may also ruin the customer's stylus. They know, too, that many of the records being sold as "stereo" are not true stereophonic recordings but contain a vastly inferior stereo effect.

The Gramophone Record Retailers Association is making two demands on manufacturers. The first is that stereo records should bear a label to the effect that: "This stereo recording may be reproduced on a mono gramophone if it is fitted with a compatible cartridge. Most new record players are fitted with this type of cartridge. For details ask your retailer." The second demand is that "fake" stereo records should be marked "stereophonically enhanced mono", or "this is a stereophonically enhanced recording."

Times, 21st November 1968

UNITED STATES

LABELLING

The Federal Trade Commission has ruled that shirts assembled in the U.S.A. from materials imported from Hong Kong should state this on the label.

FTC News Summary, August 29th 1968.

CANADA

LABELLING

New food and drug regulations in Canada allow the labels of oil and fat products such as margarine to state the the percentage by weight content of "poly-unsaturated fatty acids" and also the percentage of "saturated fatty acids".

Some people are advised by their doctors to choose products, such as corn oil, which have a high percentage of polyunsaturated fatty acids. But the origin of a product is not always a reliable guide to its content; hence the new regulation will help consumers to choose wisely.

Canadian Consumer, September/October 1968

UNITED KINGDOM

WHAT?

Dr. Michael Young, founder of Which? and the educational journal Where? has established a non profit-making trust which is publishing a journal called What?

The trust is called the National Suggestions Centre; and the journal invites suggestions about ways in which private industry and the public services could be improved. The first issue has articles about nurseries in supermarkets, refuse collection, parking and council tenancies. £50 is awarded to the person sending in the best idea each month.

What? has received 700 suggestions in its first fortnight, some very good and 8% patentable.

Times, 17th October 1968.

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American Express has launched a scheme by which card holders will be able to entertain their friends in restaurants - without actually being present themselves.

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MARKETING AND CONSUMERS

UNITED STATES

JOINT MARKETING

The Federal Trade Commission has approved the formation of a non-profit marketing association by three agricultural co-operative societies. Other producers of the same products will be entitled to become members; and the association will not market the products of non-members. It was further proposed that the association should be the exclusive sales agent of the producer members.

The proposed new marketing association would be organised in the same way as a co-operative but would have no capital stock. The Capper Volstead Act exempts agricultural co-operatives from joint marketing arrangements which might otherwise be interpreted as restraint of trade.

FTC News Summary, 31st August 1968

EUROPE

THE BUTTER MOUNTAIN

Faced with a surplus of 350,000 tons of butter, the EEC Council of Ministers has decided that more butter should be sold to food processing industries, that more should be converted into cooking concentrate, and that cold storage butter should be made available to schools, hospitals and other organisations at cut prices. Ways of reducing the price of butter are also under consideration.

Guardian, 30th October,
Daily Telegraph, 1st November 1968.

WEST GERMANY

THE MARKET VALUE OF A WOMAN

A mother's love and housewifely diligence can obviously not be measured in money. However it is possible to calculate the family savings attributable to the woman of the household. A Kiel judge has put the economic value of a wife and mother of two children at 800 DM a month. This valuation is based on negotiated wage rates for domestic help, cooks and housekeepers.

Verbraucher Zeitung, 21st November 1968.

UNITED STATES

TRADING STAMPS

President Johnson's Consumer Advisory Council has suggested that retailers should be obliged to reveal what they pay for trading stamps and to offer customers an equivalent price reduction for goods without stamps.

CLUSA News Service, 24th September 1968

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A shop is opening in Shaftesbury Avenue, London, for left-handed people. It will stock left-handed tin openers, kitchen sinks, shears, scissors, potato peelers, egg whisks, T Squares, artists' palettes, electric irons, record players, surgeons' knives and saucepans.

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C O N S U M E R S T A N D A R D S

INTERNATIONAL

ALCOHOL

The International Organisation for Legalising Metrology is trying to reach an agreed standard for the alcoholic content in wines, beer and spirits; at present this is measured in many different ways in various countries. The British

first measured alcohol by the weakest brew that would burn in gunpowder, but they now use an arbitrary "proof" scale. The French use the Guy-Lussac scale. No country makes use of a metric scale.

Times, 31st October 1968.

EUROPE

ICE CREAM

The Common Market Commission has proposed that the minimum fruit juice content of ice cream should be 10 per cent instead of 20 per cent as in the Federal German Republic. Also a wider range of flavourings and other additives is proposed for the Common Market than is now permitted in the Federal German Republic.

Verbraucher Politische Korrespondenz,
25th October 1968.

WEST GERMANY

FOOD ADDITIVES

Following FAO/WHO recommendations, the Ministry of Food is preparing regulations to limit the use of sulphur dioxide in food as it is toxic in large quantities. It is proposed that foods containing sulphur dioxide will have to be marked "sulphurised", except for those in which the sulphur dioxide is largely destroyed by cooking. There will be limits to the sulphur dioxide content of foods and to its use in processing. The regulations do not apply to wine which often contains up to 300 milligrams of sulphur dioxide per litre; it is at present indispensable in wine making.

Verbraucher Politische Korrespondenz,
15th October 1968.

EUROPE

BUTTER STANDARDS

The Common Market Commission is proposing new regulations for butter based on three grades two of which would not require pasteurisation. Certain additives such as carotin would be permitted and butter sold in units of less than one kilogramme would be date stamped in code.

Verbraucher Politische Korrespondenz,
5th October 1968.

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A large brewing company is planning to bring disc jockeys into their pubs to attract young people. There will also be recorded advertising. The young people will pay 3d a pint extra for their beer.

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C O N S U M E R O R G A N I S A T I O N S

UNITED STATES

"CONSUMERS' LOBBY"

The Consumers' Federation of America has taken over publication of Consumers' Lobby, formerly published by the Co-operative League's Washington Office. It can be obtained from the CFA at Suite 406, 1012 14th Street NW., Washington DC USA. 20005.

CLUSA News Service, 24th September 1968.

UNITED KINGDOM

CONSUMER AFFAIRS

The Labour Party plans to propose that the Consumer Council should be expanded into a National Consumer Board with power to investigate advertising practices.

Times, 29th October 1968

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Research by Fisons disclosed widespread concern about possible vitamin deficiency. They therefore produced an "all-purpose" vitamin pill and expanded the total vitamin market by 35 per cent.

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Special Feature I.

A F A I R D E A L F O R S H O P P E R S

The following report on the implications for consumers of the new Trade Descriptions Act is from the Observer, 24th November 1968:

The most important new law for shoppers to be introduced in Britain in recent times comes into force on November 30th.

From then on, traders or manufacturers giving materially false information about their goods, prices or services will be liable to unlimited fines or prison sentences up to two years. Among the things covered are price comparisons (reduced from £15 to £10), details about how and where goods are made (hand-made in Britain) and information about holiday accommodation (two minutes from the beach).

The job of the new law - the Trade Descriptions Act - is, says the Board of Trade, 'to ensure, as far as possible, that people tell the truth.'

The Act - which has been called 'The Consumers' Charter' - is based largely on recommendations of the Moloney Committee on Consumer Protection, 1962, and replaces the present Merchandise Marks laws - introduced between 1887 and 1953 - dealing with the incorrect description of goods in general.

Under the new law oral as well as written statements are covered, and it is the duty of local weights and measures authorities to see the law is enforced. It does not in general require traders and manufacturers to give information about their goods; or deals with the situation if they do.

The Act details descriptions covered - which will have to be accurate: quantity or size - such as saying a sheet is 70in. x 90in. or that a sack contains 1 cwt of coal; how something is made or processed - 'hand-made' or 'hand-sewn': what it is made of - 'all wool' or 'pure silk': its fitness for its purpose, strength, performance or accuracy - 'Unbreakable' or 'unshrinkable': any other physical characteristics it possesses - e.g. 'fitted with disc brakes'.

It will be illegal to claim that goods have been tested or approved by anyone if they have not. An encyclopedia salesman claiming falsely that 'this has been approved by your local education authority' will be breaking the law.

Equally illegal will be false claims about where goods were made ('Made in England' or 'Sheffield steel'); when ('18th century' or '1960 vintage'); and by whom ('Van Gogh painting'). And goods must not be described as 'Government surplus' 'ex-RAF Officers' or 'railway lost property' if they are not.

The falsehood, however, must be of a 'material degree'; 'significant' inaccuracies will not matter. The courts will have to settle the border line. If, however, the indication is held to be false to a material degree, it will not matter whether it was written, shown by an illustration (for example, a picture of sheep in an advertisement for clothing would signify it was made of wool), or spoken.

The Act also deals with price claims. If a retailer claims he has reduced his price on, say, a chair from £25 to £15, he must actually have had that chair on sale at £25 for a period of at least 28 days in the past six months.

And traders must not give false comparisons with a recommended price: the price, says the Act, must be the one the manufacturer really has recommended generally for that area. It will also be illegal to give any indication that the price the retailer charges is less than it really is.

False statements about services, accommodation and facilities are also included if made knowingly and recklessly. These will cover such aspects as facilities provided, their nature, the times at which they are provided ('24-hour service'), who provided them, their approval or evaluation by anyone ('RAC approved') and where accommodation is situated ('facing the sea').

Additionally, the Board of Trade will have powers to give definite meanings to vague words like 'rustproof' or 'showerproof'. Once a definition is made, goods using the words must conform to its terms. The Board of Trade will also have the power to require advertisements of goods to include specific information about them if they think fit.

To defend himself under the Act, a trader or manufacturer must be able to prove two things: first, that his action was due to a mistake or accident or cause beyond his control or that he relied on information supplied by someone

else or default by another person; and, secondly, that he took all reasonable precautions and exercised all due diligence.

The Act, though a great step forward for consumers has gaps and snags. The Consumers' Association, welcoming it, said last week: It is certainly a step forward, but not the last word, the answer to the consumers' prayer.'

Its weakest section is that on prices. The Retail Trading-Standards Association, which initiated 51 prosecutions under the old Acts, calls this section 'thoroughly unsatisfactory.' Because of difficulties in drafting, it looked at one time as though the section might be abandoned.

Among the main 'snags' of the section is that comparisons may - legally - be made with 'recommended prices' pitched purposely high by manufacturers. A recommended price is exactly what a manufacturer cares to make it. There is nothing to stop the maker placing a price of £20 on something he knows will retail at £10. A shop could then, legally, claim: 'Half recommended price'.

A store could also, legally make false comparisons with prices elsewhere. If it claimed that goods being sold by it at £5 were 'on sale elsewhere at £10' it could do so safely and would not need to prove its claim.

Nor will the Act deal with false statements about the claimed worth of goods, such as 'worth £20' or 'retail value £20.'

Some experts also believe it will still be possible to mislead customers in advertisements: claims in advertisements, they point out, are often unspecific.

Houses for sale are not covered by the Act: it refers only to 'accommodation,' a term that may have to be thrashed out by the courts but which is unlikely to cover either houses or long leases.

More generally, the Act gives redress only in the criminal court. It penalises the dishonest trader or manufacturer, but does not cover compensation for the shopper whose misfortune will have led to the prosecution (though he may be able to take action under other laws).

The big unknown, however, is how the Act will be enforced in practice. Local weights and measures authorities have a duty to act, but many are already overworked and understaffed. It is possible, too, that enforcement may vary widely from area to area: in some the authorities may be keen; in others they may prefer to take the minimum action necessary.

Special Feature II.

TRANSNATIONAL BUSINESS LINKS

The following is from the October 1968 edition of European Community:

Three significant attempts have been made recently to rationalise European industry by creating transnational business alliances in the Community - moves obviously connected with gradual economic integration and, more specifically, the accomplishment of the customs union on July 1st this year.

By far the most publicised attempt was Fiat's unsuccessful bid to acquire a major holding (reported to be about 30 per cent) in Citroen, controlled by the Michelin tyre company. Had it been successful, the Fiat-Citroen alliance would have emerged as the world's third-largest, and as Europe's largest producer of road vehicles - about two million units a year, compared with Volkswagen's 1.75 million, Ford Europe's 1.15 million and British Leyland's 1.1 million. It would also have meant that some 40 per cent of France's car output would have been under non-French control.

The merger was blocked by the French Government. A statement from the French Prime Minister's office on October 10th declared: "The Citroen company and the Michelin company have informed the French Government that they have negotiated a draft agreement with the Fiat company of Turin for close co-operation between the two car-makers and the acquisition by Fiat of an important part of the shares in Citroen now held by Michelin.

"The Government has informed the two French companies that it has no objection to the first part of the operation, but that it could not approve the second. This attitude is based on its concern to maintain the independence of an important French industrial firm. In any case an important co-operation agreement, such as the one under discussion, must not jeopardise labour conditions or the equilibrium of the car industry in France."

It is not yet clear whether Fiat and Citroen will still embark on a more limited commercial "marriage" or merely a technical co-operation agreement, or whether Citroen will agree to some form of grouping with its French competitors, Renault and Peugeot.

A second unsuccessful effort to cross national frontiers in the EEC was made by the French petrol concern, Compagnie Française des Pétroles, which wanted to acquire the German Dresdner Bank's 30 per cent holding in Germany's largest native coal-oil company, Gelsenberg. CFP, like other oil firms before it, was interested in Gelsenberg's refineries (annual capacity about 7m. tons) and its 29 per cent holding in Aral, Germany's biggest petrol retailer. Here, too, the proposed deal was put on ice after the German Government expressed its disapproval. Bonn, concerned that German-owned refining capacity is under 30 per cent of the country's total refining capacity, wants the German companies to co-operate more closely with each other.

One inter-EEC deal has gone through. The German chemical giant Hoechst was allowed to buy a big holding in the French pharmaceutical firm, Roussel-Uclaf.

The European Commission, which has long been trying to remove the fiscal obstacles that hinder transnational mergers and in consequence the growth of European-scale industries, has not commented in any way on these moves. Nevertheless, some indication of its general attitude can be found in its latest report on the future of the Community's nuclear-power activities. Referring specifically to EEC firms connected with development and production of nuclear generators and their components, the Commission states that regrouping and re-organisation of the industry must go hand in hand with closer co-ordination by the public authorities.

The Commission states that "while such regroupings should be encouraged, it is in principle undesirable that they take place on a mainly national basis," Firms which complement one another will not necessarily be found in the same country, a fact which industrialists should bear in mind when seeking the most profitable relationship.

Member governments and Community institutions should encourage this development by explicitly declaring themselves in favour of it and by removing all obstacles to it. In this way, the Commission maintains, industrial groups would be created which could compete internationally and tender for nuclear power-station contracts under the most advantageous technical conditions, irrespective of nationality. To promote this reorganisation, the Community should as far as possible, in allocating its development resources, give preference to multi-national concerns formed in this way.

Special Feature III:

DECEPTIVE SALES PRACTICES

IN THE UNITED STATES

The following account is from Co-operative News Service, Co-operative League of the United States for August 10th 1968:

Washington (CNS) - Complaints about deceptive sales practices were up 25% for the fiscal year ended June 30th, the Federal Trade Commission reports.

A "10-most-wanted" list of fraudulent sales practices according to types of businesses has been put together by Sales Management magazine.

These are the industries involved in the greatest number of legal violations of the last five years, according to the publication:

- Insurance: falsely stating that policies are "guaranteed" renewable; using terms like "seal of approval" without explaining their meanings; contending that policies are sponsored or underwritten by government agencies.
- Correspondence schools: offering courses falsely promising employment after graduation; offering courses of little or no value.
- Dance Instruction: preying on lonely people with matchmaking promises; offering instruction to persons too infirm or otherwise unfit to profit by them; signing up elderly persons for future lessons for beyond their remaining life expectancies.
- Publishing: understating the true cost of magazine subscriptions; approaching encyclopedia sales prospects under the pretext that they have won a contest or have been selected for "test marketing".
- Mail order land sales: misrepresenting tracts as "improved" when they aren't; failing to tell owners that they must pay for future improvement; and stating bogus contest whereby "winners" of free tracts must pay "closing costs" that exceed the true value of their property.

- Automotive repairs: advertising ultra-low specialty repair prices, then stripping down a customer's car and suddenly "discovering" a major malfunction that requires more money to fix than stipulated.
- Medical devices: inflated therapeutic claims for cosmetics and curative gadgets with little or no therapeutic value.
- Home improvement contractors: "Bait-and-switch" advertising, requiring customers (mostly low-income) to sign high-interest payment plans that turn out to be second mortgages.
- Home freezer plans: Falsely claiming that the price of a freezer can quickly be "made up" through food cost savings; renegeing on promises of regular deliveries; substituting inferior products when filling orders.
- Vending machines: overestimating potential sales and profits; falsely guaranteeing to secure the prospective franchisees top locations.