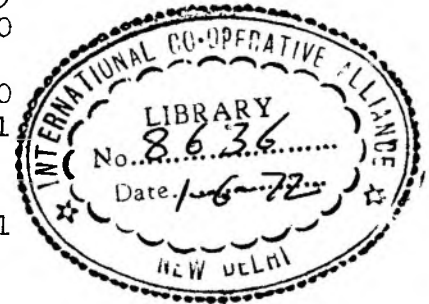




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C O N S U M E R P R O T E C T I O N

UNITED KINGDOM

LABELLING OF FOOD BILL PUBLISHED

The Labelling of Food Bill, introduced as a private member's measure in late December, would permit the Ministers of Agriculture and Health to make orders forbidding food and toilet preparations to be sold, consigned or delivered or imported into Britain without approved labels. Pre-packed food or toilet preparations would have to bear labels, "in block letters of equal size, legibly printed and conspicuously visible," stating (as appropriate) what the goods had been dyed, flavoured, preserved, or treated with. Food that had not been prepacked would have to be accompanied by similar information displayed in notices either attached to the food or "in such a position as clearly to relate to that food."

Guardian,
22nd December, 1965

UNITED STATES

STATE LAWS TO PROTECT CONSUMERS

State lawmakers enacted scores of laws in 1965 designed to promote the interests of consumers. The Council of State Governments reported recently that a dozen legislatures tightened their definitions of deceptive advertising, ordered full disclosure of installment credit costs, or established consumer protection agencies last year. The most prominent lobbies supporting these efforts were the League of Women Voters and AFL-CIO trade unions.

Cooperative News Service,
30th November, 1965

DEVELOPING COUNTRIES

CONSUMERS IN DEVELOPING ECONOMIES

A plea for more attention to problems of consumers in developing countries recently appeared in the Indian Journal of Economics:

"For contractual income-earners the state must ensure supply of essentials according to their consumption preferences and patterns at stable prices through, preferably, their cooperative units and fair price shops located in their own work places as far as possible ...

"We already have office organisations of contractual-income earners. These are different employees' associations in the Government offices, State Banks, Railways and Post Offices. There can similarly be created economic counterparts (or independent organisations) of these associations to secure goods and services of good quality and at fair prices. There are also teachers' associations at the school, college and university levels. Why should not these also start units to undertake distribution of goods? ...

"It may seem to fly high in imagination to suggest formation of a Ministry of Consumers' Protection but surely there is every practicability for expecting that executive orders be given to cooperative departments and civil supplies departments (1) to go to the field and organise consumers' stores and consumers' purchase groups and (2) to see that these groups and bodies function successfully ..."

"Simultaneously there should also be started a periodical where the consumers would be free to reveal their experiences with regard to consumption and purchases.... Just as a daily like Hindustan Standard has started a 'Tips for Jobs' feature, there can be started a "Tips for and views of consumers" column.

"Even the private sector must, in its own interest, also do something to ensure proper and true consumers education about their products and see that their distributors serve the customers sincerely. Let the various Chambers of Commerce and Federations take appropriate steps, otherwise the disease may go so deep as to hamper a healthy growth of our economy."

Mahesh Chand and Ram Narain Lohkar,
The Indian Journal of Economics,
(Quarterly) January 1965

UNITED STATES

ENVIRONMENTAL POLLUTION

"Pollution is destroying the quality of our lives; in the future it may affect their duration", a group of 50 distinguished scientists have told President Johnson.

Their report directs special attention to air pollution from internal combustion engines, the pollution of water and accumulated poisonous metals from sprays in orchards. It also refers to the nuisances caused by noise

from transistor radios and by the litterbug; 48 billion cans, 26 billion bottles, 67 billion metal or plastic caps and \$500 million of other packaging materials are wasted each year in the U.S.

Among their more than 100 recommendations were (a) a special tax on those who pollute soil, air or water, (b) putting the onus of proving that pesticides are safe upon the producers, (c) calling together federal, state and local officials to calculate the cost of eliminating sewage pollution.

Cooperative News Service,
30th November, 1965

INTERNATIONAL

INTERNATIONAL FOOD CODE

The third annual meeting of the Codex-Alimentarius Commission of the UN was held in Rome recently with 120 delegates from 40 countries participating. In contrast to the first two meetings, which were concerned with development of principles for determining food standards, the agenda this time was concerned with the actual work of establishing international regulations for the protection of the health of consumers.

Der Verbraucher,
4th December, 1965

UNITED KINGDOM

QUALITY AND RELIABILITY YEAR

From October 29th, 1966, a Quality and Reliability Year is being launched as a national campaign to focus attention on the benefits to everybody of quality with built-in reliability and the ways and means of achieving it. It is being organised by the British Productivity Council in association with the National Council for Quality and Reliability. The campaign has the support of the national employers' organisations, the TUC and a large number of management and technical bodies. It is estimated that even 1½ percent improvement in quality and reliability could mean a saving of £150 m. a year.

Food Trade Review,
December 1965

BELGIUM

FOOD ADDITIVES

Efforts over several years by UFIDEC, (Union for Information and Defence of the Consumer) resulted in passage of legislation in June 1964 which introduced the principle of "positive lists" according to which only those substances may be added to foods which are on a list of permissible additives and which manufacturers can prove are necessary and useful.

The most recent issue of UFIDEC notes that this battle has not yet been won. A recent colloquium organised by the Institute of European Studies of the Free University of Brussels attacked the principle of "positive lists", and more recently the same interests have lobbied the Senate and the Common Market authorities in favour of the largest possible number of additives. Consequently the journal notes with alarm the recent setting up by the Institute of a Centre for Research on Food Laws.

UFIDEC,
November-December 1965

UNITED KINGDOM

NEW CODE FOR TINNED FRUITS AND VEGETABLES

A new Code of Practice of Canned Fruit and Vegetables, to replace the one which has been in existence since 1956, has been negotiated between the Local Authorities' Joint Advisory Committee on Food Standards and the Fruit and Vegetable Cannery Association of Great Britain, and approved by the Institute of Weights and Measures Administration. It prescribes standards for fill, composition and size.

Food Trade Review,
December, 1965

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A weighing exercise which can yield interesting results concerns tinned fruit and vegetables. It may come as a shock to find that, for instance, the 1s 3d tin of blackcurrants marked 10 $\frac{1}{2}$ oz. contains, when the liquid is drained off, anything between 1 $\frac{1}{2}$ oz. and 5 $\frac{1}{2}$ oz.

Elizabeth Gundry, Guardian,
3rd January, 1966

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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

FRANCE

SHOP HOURS

Since the beginning of December shops in the centre of Nancy have stayed open on Wednesdays until 10 p.m. The experiment has been warmly welcomed by the city officials, shop owners, and consumers. Employees, on the other hand, are complaining that the burden has fallen largely on women who make up the greater part of the shop personnel, and has complicated family life. A trade union official stated "It is unacceptable that working conditions, already poor, should be aggravated by late closing of stores at the whim of employers and consumers."

Le Monde,
31st December, 1965

UNITED KINGDOM

SHOPPING HOURS

Restrictions on shop opening hours during week-days are no longer justified, according to the Consumer Council, but there must be statutory limitation of the working hours of workers in shops. It argues that hours restrictions inhibit competition and frustrate the enterprise of retailers who are anxious to meet the needs of the modern consumer. Where a retailer could arrange shift or part-time working to the satisfaction of himself, his customers and his employees, he should not be prevented from doing so.

Scottish Cooperator,
11th December, 1965

FRANCE

SUPERMARKETS

The number of supermarkets in France increased by 20 percent during 1965 to reach a total of 566, which is 66 more than the target set by the Fourth Plan. Thirty percent of the supermarkets are owned by the three large groups of popular stores, Monoprix, Prisunic and Nouvelles Galeries. More than

one-third belong to chains, more than 21 percent to independent retailers, and 3 percent to cooperatives. Ninety-two percent of the turnover of the supermarkets is in food products, accounting for 4.6 percent of the retail food trade in 1965.

Le Monde,
30th December, 1965

EUROPE

SUPERMARKETS

The supermarket is booming in Europe. The first self-service stores were opened in 1938 in Sweden and Germany. There was a spurt after World War II, but the biggest jump occurred between 1962 and 1964 with an increase from slightly more than 60,000 to 92,000. West Germany has the most self-service stores of any European nation with 46,800, and Great Britain is second with 13,100.

IFAP News, International Federation of Agricultural Producers,
December, 1965

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We recently learned that an American, upon his return from an extended trip during which he had consumed no electricity in his flat, found a bill obviously prepared by a computer, for \$0.00. This he promptly threw in the waste basket. Two weeks later he received another bill for \$0.00, prominently marked with a notice "OVERDUE"; this too he discarded. After another fortnight came a third statement along with a warning that the electricity would be cut off if payment was not received within 5 days. Immediately the consumer sent off a personal cheque for \$0.00. A few days later he received a computerized card thanking him for the payment!

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

UNITED KINGDOM

ADVERTISING RULING ON GUARANTEES

Steps to make the terms of trade guarantees more straightforward were announced by the Advertising Standards Authority recently. The ruling, which is being incorporated in the British Code of Advertising Practice, laid down that there should be no references to guarantees, warranties, or words having the same meaning, unless the full terms were set out clearly in the advertisement, or were available in writing at the point of sale or with the goods. In all cases, the terms should include details of the remedial action open to the purchaser. No advertisement should contain a direct or implied reference to a guarantee which purported to take away or diminish the statutory or Common Law rights of a purchaser.

Guardian,
6th January, 1966

JAPAN

LESS SPENT ON ADVERTISING

Japanese company advertising decreased this year for the first time since the war, according to Dentsu Advertising, a leading agency. In 1965 Japanese business spent £342m. on advertising, a decline of 1.6 percent from 1964, and the first reduction since 1947.

Financial Times,
21st December, 1965

A new law making it a summary offence for more than some specified proportion of the surface of a shop window to be used for advertisement purposes is being sought by the Urban District Council's Association. The committee also want a change in the law to remove from shopkeepers the right to use illuminated signs and other matter in their windows without first obtaining planning consent.

Confectionery and Tobacco News,
3rd December, 1965,
cited in Weekly Digest,
C.W.S. Market Research Department,
8th December, 1965

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Frozen food deteriorates if kept for two or three weeks at about 15 degrees Fahrenheit instead of 0 degrees, even though it may still feel pretty icy to the touch. This can easily happen if a retailer crams his frozen food cabinet with packets above the correct load-line marked inside. The food will not go bad - but flavour will be lost, and, through evaporation, weight too. So checking on weight is one way to discover whether a pack of frozen food is in top condition or not. Weights are marked on all packs, though often in the obscurest possible spot.

Elizabeth Gundry, Guardian,
3rd January, 1966

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MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

INTERNATIONAL

At the end of last year, American courts convicted three men of supplying stolen cultures from which antibiotics are made and the necessary know-how for production. Both had been sold to companies not licensed to use them in Italy, which does not recognize patents on drugs, and in Poland, and the British Ministry of Health imported from these countries. Some imported preparations were found to be sub-standard and British drug companies argued that this was because they were complicated compounds made up without sufficient knowledge by pirating companies. As a result of the American verdict, the Ministry of Health has agreed to cease imports and British manufacturers have agreed to a substantial price reduction, not only of drugs sold in bulk to hospitals, but for all supplies.

Economist,
1st January, 1966

CANADA

"CENTS OFF"

For the first time in Canada a manufacturer was recently found guilty under the Combines Investigation Act of misleading the public as to the price of his product through the use of the promotional "cents off" device without actually reducing the price. The case had been brought to the attention of the Department of Justice by the Consumers' Association of Canada which has been studying

this problem for several years. The Department concluded that although most sellers are honest in their use of this device, in many cases the price cut is only very slight, and in others there is actual deception. Sometimes the ploy is used when a price rise is anticipated: for example, if a product cost 75 cents, a new shipment is marked "5 cents off" and sold for 72 cents, and then when the supply is exhausted, the price becomes 77 cents; in short, the 5 cents is off the new price.

Canadian Consumer,
November/December, 1965

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

INTERNATIONAL

FOOD IN BRITAIN STILL A BARGAIN

Food in Britain is still a bargain, according to Sir Harold Woolley, president of the National Farmers' Union. To provide convincing evidence he got friends to buy food in Rome, Paris and London at similar quality shops. The bills showed that the food - comparable articles and quality in each case - cost half as much again in Paris as in London and twice as much in Rome. Items included meat, butter, cheese, sugar, eggs, bread, tea and coffee.

Daily Consumer News Sheet,
15th December, 1965,
reprinted from Grocer,
11th December, 1965

UNITED STATES

HALF-PRICE FLIGHTS FOR THE YOUNG

American Airlines has asked the Civil Aeronautics Board to approve a plan under which persons between the ages of 12 and 22 would be eligible to fly to distant points in the United States, Canada and Mexico at half-price. Approval by the C.A.B. is considered virtually certain. Under the plan those eligible - a group estimated to number 33 million - would first have to apply to the airline for identification cards and pay \$3. In addition, visiting foreigners would also be eligible if they fit the age requirements.

The plan, which the airline hopes to initiate on January 27, would be in effect throughout the year except for the Thursday before Easter Sunday, the Wednesday before and Sunday after Thanksgiving, and between December 15 and December 21. The cut would bring air fares down to about the level of bus fares and below train fares.

Times,
16th December, 1965

HUNGARY

FARM PRICE RISES

The Hungarian Government has decided to carry out a sweeping upward revision of the agricultural price level, to cut down subsidies for transport and fuel and to continue with its austerity policy.

The purchasing prices paid by the State to the collective farms for wheat, flour, meat, poultry, rice, etc., have been raised by 22 percent to 50 percent to stimulate farm output, which this year had once again failed to reach the planned targets. As from February 1 consumers will have to pay 50 percent more

for beef, 30 percent more for pork and 19 percent more for dairy products. Coal and timber prices will be raised by 25 per cent and fares for public transport will also go up, thus reducing State subsidies by 50 percent to about £16m. (at the tourist rate of exchange).

The Government claims that higher pay rates for low wage categories and higher pensions as well as price cuts for textiles will offset the effects of the massive increases.

Financial Times,
22nd December, 1965

INTERNATIONAL

CHANGES IN CONSUMER PRICES

Changes over 12 months:

<u>Country</u>	1964	1965	<u>Note</u>
Austria	3.9	5.5	Countries ranked in each column according to rise in latest 12 months. These rates of change were calculated on the basis of the consumer price indices (total) published in the OECD Main Economic indicators. Months ending August for U.S.A., Greece and Ireland, July for Turkey and Denmark, September for the rest.
Belgium	4.7	3.9	
Canada	1.6	2.6	
Denmark	3.9	8.6	
France	2.5	2.4	
Germany	3.0	3.8	
Greece	0.8	3.9	
Iceland	17.8	6.9	
Ireland	9.1	4.3	
Italy	6.5	4.1	
Japan	3.3	8.7	
Netherlands	6.7	5.6	
Norway	8.2	2.9	
Portugal	4.6	4.3	
Spain	9.2	11.4	
Sweden	4.0	5.5	
Switzerland	3.0	4.0	
Turkey	0.0	5.3	
United Kingdom	4.3	4.8	
United States	1.1	1.6	

OECD Observer,
December 1965

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There is now available to food industries an almost odourless fish meal with an energy value comparable to that of milk; 30 to 40 grammes of this meal added to the food ration correspond to 4 or 5 eggs, 250 grammes of meat or 750 grammes of milk. This meal, which is currently being used for foodstuffs, could be incorporated into various food products for man. Experiments are underway in Mexico and South Africa. The cost is one-fourth to one-half that of milk, and the raw material exists in practically unlimited quantities.

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

U.S.S.R.

MORE CONSUMER GOODS IN 1966

Soviet shoppers will have a wider choice of higher quality goods in the first year of the new Five Year Plan, according to the Soviet News. Preliminary results for 1965 show production in light industry and food to be well ahead of target; and it is planned during 1966 to introduce modern machinery and techniques into all factories and mills manufacturing consumer goods, and to increase and modernise assortment.

Soviet News,
10th December, 1965

HOLLAND

PLASTIC MILK CONTAINER

The Koninklijke/Shell Plastics Laboratorium in Delft has produced a new type of milk container from polythene, black on the inside and white on the outside. Milk in ordinary bottles loses Vitamin C when exposed to day-light . There is said to be also an undesirable taste due to a photochemical reaction in the Vitamin B. Both these effects of light are drastically reduced in the new sachets, which are now being introduced in the Netherlands. Being of thin plastic film they are easily disposable.

Financial Times,
2nd December, 1965

UNITED STATES

FOOD FROM COAL

The world's abundant coal reserves may provide a future source of high protein, high vitamin food to help satisfy urgent nutritional needs of the world's rapidly growing population according to the U.S. Department of the Interior's Bureau of Mines. A Bureau team of scientists recently reported that research in coal microbiology has singled out a few yeasts which thrive on certain chemicals obtained from coal tar. Several of the microbes that can live on coal chemicals produce protein 2,500 times faster than domestic meat animals.

To help overcome food shortages already threatening some parts of the world, the material synthesised from coal by microbes could be added to conventional foods as a protein supplement. Also it might help meet human nutritional needs indirectly as a rich feed for livestock such as cattle, pigs and poultry. The coal-derived food product itself is a dry, whitish, flour-like substance. It is nearly tasteless. So far as it knows, the Bureau said, it is making the first scientific effort to investigate the potential of coal as a raw material for producing synthetic protein concentrates.

Food Trade Review,
December 1965

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Consumer courses "unfairly influence our school children's thinking and create doubt and suspicion in their minds as to the integrity and dependability of the country's business firms and their advertising practices. (The) latest campaign is spearheaded by Consumers Union, aided and encouraged by the same people who have been active consumer agitators in recent years ... Unquestionably this program will bode ill for our business systems if it is allowed to

spread across the country." The programme amounts to "invading the curriculum for the purpose of spreading propaganda and thereby distracting the students from the serious purpose of gaining a meaningful, proper education."

The Advertising Federation of America, reported in Cooperative News Service, 30th November, 1965

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

UNITED KINGDOM

THE SUSPICIOUS CONSUMER

Shops and stores are being invited to display posters to reassure shoppers that offers of sale bargains are genuine. The posters were issued in time for the January sales by the Retail Trading Standards Association, which asks its members "to help eradicate the shopper's built-in suspicions." The Association considers that, in general "shoppers are astonishingly ignorant and equally suspicious about sales, although the great majority of sales are honestly run and provide tremendous bargains."

Guardian,
28th December, 1965

ITALY

NEW CONSUMER PUBLICATIONS

Two fortnightly journals devoted to consumer interests made their appearance in Italy in 1965. "Il Consumatore", organ of the Nazionale Unione dei Consumatori (National Union of Consumers) is published in Rome at an annual subscription rate of 1000 lire. The other, "La difesa dei Consumatori", (The Defense of the Consumer) is also published in Rome, at an annual subscription of 2000 lire in Italy, 3000 lire abroad.

Both publications deal with all types of consumer problems, e.g., prices, quality of products, excessive profits, community problems like parking and smog, etc.; both devote a significant proportion of their space to consumer protection in other countries.

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A road safety committee in Britain recently sought (and mostly obtained) the permission of garages to have their tyre-pressure gauges checked by the local borough's Weights and Measures inspector. Result: one in four were found to be badly incorrect. In one case, a garage proprietor had unwittingly been putting 60 lb. pressure into tyres needing 30 lb.

Elizabeth Gundry, Guardian,
3rd January, 1966

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

SCOTLAND

COOPERATIVE FUNERALS

About 40 percent of all funerals in Scotland are conducted through co-operatives, 30 percent by the Wholesale (SCWS) and 10 percent by local cooperative societies. An official of SCWS speaking recently on the BBC said that a dignified

funeral could be arranged through the SCMS for as little as forty pounds (about \$ 120).

Coop Commentary, Canada,
18th November, 1965

UNITED KINGDOM

SELF-SERVICE SHOPS

Until 1962, cooperative societies operated a higher percentage of self-service shops than any other group of traders, but in 1963 the large multiples moved ahead of the cooperative sector. In 1963 cooperatives ran 33.9 percent of all such stores, including supermarkets; in 1964 this percentage fell by one percent to 32.9 percent. The total number of self-service shops, including supermarkets, operated by cooperatives was 4,810 in 1964; for multiples, 5,338; and for independents and small multiples, 4,191. For supermarkets alone, cooperative societies operate 386, or 24 percent, and multiples 1,080 or 66 percent.

Cooperative Review,
November 1965

BOOK REVIEWS

Economic Analysis and Combines Policy. A study of intervention into the Canadian market for tires, by Stefan Stykolt. Toronto University Press (United Kingdom, London: Oxford University Press, 32s. net).

The posthumous publication of Professor Stykolt's doctoral dissertation was undertaken because the views it embodies are important and relevant to the combines policy in Canada today. The main conclusion of the book is that legal remedies alone, however stringent and punitive they might be, are totally inadequate to deal with the problems of monopoly. What is needed is for the Restrictive Trade Practices Commission not to confine its efforts to legal measures and reports, but to serve an educational and publicity function by formulating its reports in a way that will assist the courts and enlighten participants in the markets under investigation, actual and potential offenders in other markets and the general public as to the economic consequences of the transgressions which the Commission describes.

LES CONSOMMATEURS, by Claude Quin, Jean Boniface and Alain Gaussel. Collection "Peuple et Culture", 192 pp. available from SCEL, 89 rue de la Boétie, Paris 8e.

This very readable little book on consumer problems, written by the editor of Coopérateur de France and two scientists from the Cooperative Laboratory for Analysis and Research, is part of a series on "People and Culture". Written in lively, popular style and profuse with amusing illustrations, the book covers a wide gamut of problems including types of consumers by country, social class and individual situation, the evolution of the distributive system, fixed prices, consumer information, consumer organisations, and the rôle of cooperatives in informing and protecting the consumer.

Le Coopérateur de France,
11th December, 1965

SPECIAL FEATURE : NOTES ON
CONSUMER PROTECTION BY A NON-CONFORMIST

An article by Karl Wunderle in Le Coopérateur Suisse (November 20, 1965) struck us as so interesting and provocative that we are reprinting it, in the hope of stimulating comments by our readers.

In theory, ... , it is the consumer who controls the levers of the economic

machine. But the actual situation is somewhat different ... The ideal conditions necessary to ensure this dominant position for the consumer are never fulfilled, which leads some to conclude that, far from being king, the customer is merely a pawn on the chessboard. The growing multiplicity of goods offered on the market, and his inadequate knowledge of them makes it impossible for him to choose wisely. Subjective advertising is too often his only source of information. He has no way of verifying whether the merchandise actually has the qualities claimed for it, and whether it is worth the price. Hence the conclusion is drawn that the consumer needs protection ...

Among the factors which weaken the position of the consumer should be mentioned first of all the many restrictions on free competition. Cartel-like agreements for price fixing limit the influence of the consumer. Consequently one of the most effective means for protecting him consists in vigorous action to ensure free competition ...

Control of foodstuffs is already very effective. It prohibits a number of products, or food additives, harmful to health. That is why it would be desirable to envisage an extension of State control for other consumer goods and not only those which have an effect on health. Why shouldn't the State, guardian of public welfare, control truth in advertising, the relation between prices demanded and intrinsic value of products offered? Of course there is a law against fraudulent competition; but it protects primarily the producer, not the consumer ...

But are ill-informed buyers able to act rationally? The protection which they are supposed to be given assumes that they are better informed than they are. The State could and should require adequate labelling, which shows clearly the qualities and the composition of the product, as well as limitations on its use. As a result of tests conducted by private initiative, truthful labelling is making progress. Extension of tests and of their diffusion is therefore vital.

One could, then, conclude that to reestablish freedom in respect of competition, to require truthful advertising and clear labelling, and to provide widespread and objective information would suffice to give consumers protection worthy of the name. But would this be enough to permit them to judge in good faith, to enable them always to make the most reasonable decisions conforming to their best interests? On this point there are differences of opinion. The desires of consumers are so diverse, they are susceptible to so many subjective elements (for example, considerations of social prestige) that it would seem impossible to hope that customers would respond only to the voice of their reason. This is what gives rise to the fear that even the most objective information will always be resisted. The doubt persists. And there is nothing that can do more to discredit the principle of consumer protection ...

Is it not ... necessary to ensure that the consumer ceases to be an individual who needs protection, and becomes a thinking individual capable of exercising his own judgement? Those who claim to be devoted to the protection of the consumer should guard against succumbing to the temptation to put him under tutelage, to consider him more or less as mentally deficient - even when it is a question of alerting him to advertising abuses. Certainly these should be avoided. Certainly appeals to snobbism, to social prestige, recourse to "sex-appeal" are hardly compatible with the pride which ought to inspire in each individual his capacity for being thoughtful and reasonable. It is on this pride - which is certainly a subjective element capable of acting as a counter to other subjective elements - that consumer protection ought to put more emphasis. Could it not, in the first place, teach consumers to buy rationally? Is this demanding too much of them? Moreover, is it not one of the characteristics of the "affluent society" that it largely frees the consumer from the obligation always to buy rationally, that it permits him to give in to subjective impulses, which are, after all, one of the manifestations of freedom? One can protect the consumer against many things, but probably not against himself. This borders on the problem of personal education, character training, taste, discipline and the faculty of discernment. Clearly this task goes beyond consumer protection, but the latter must be one of the elements in this general educational effort.



consumer affairs

BULLETIN

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

Number 2, 1966

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A D V E R T I S I N G

SWITZERLAND

The Swiss radio and television trade has decided to set up a permanent control office in Zurich to "observe market developments" and in particular to check on advertisements which contain price comparisons in order to guard against false or misleading publicity. At the same time the traders' association has urged all advertising media, especially newspapers, to refrain from accepting advertisements including comparisons between catalogue prices and discount prices for radio and television sets. A similar request has already been made to the Swiss Newspaper Publishers' Association, which has not, however, seen itself in a position to ban advertisements of this type.

Advertiser's Weekly, cited in Daily Consumer News Sheet,
Consumers' Association, 7th February, 1966

MISLEADING ADVERTISEMENTS

AUSTRALIA

"Appeals to the emotions of potential consumers which are based upon unproven theories are ill advised and misleading." This forthright statement is from a report published in December 1965 by the Statute Law Revision Committee of the Victorian Parliament dealing with false and misleading advertising in the margarine industry.

UNETHICAL ADVERTISING

The report stated that housewives are given the impression that they are failing in their duty to their family if they do not regularly use margarine. Loose phrases such as "informed medical opinion" and the use of the RX symbol a recognised medical symbol - imply that the statements made in the advertisement have some authoritative medical backing. "It is unwise to persuade the public to make dietary changes which cannot be supervised adequately. Such

changes if implemented without sufficient knowledge of nutrition and food values could lead to dietary imbalance."

G and N Co-operator, 9th December 1965

INTERNATIONAL

MISLEADING ADVERTISING AROUND THE WORLD

In Spain, the advertiser is obliged to prove the truth of the arguments made by him. West Germany strikes at incorrect data or any other material that might produce the same effect. France, since 1953, prohibits any information that - although essentially correct - results in misleading the buyer. The powers of the US Federal Trade Commission demand that an honest advertisement must be so clear that it cannot mislead the most ignorant or the least suspicious buyer, so that mere omissions can, in certain cases, be considered deceit.

"Britain lags behind. Under existing legislation (but see below Consumer Protection Bill) advertisements achieve an effect by an element of suppression, omission, implication or half-truth. One cannot define bad faith in a statute. The usual expedient is to empower an independent statutory body or a court to judge this subjectively. It is said that injustice results if the offence is not defined clearly in legislation, yet magistrates decide daily what constitutes dangerous driving. Is it defined? Legislation should direct attention to its effect on the average buyer, rather than what the advertisement itself says - or does not say."

Scrutiny, the Bulletin of the Advertising Inquiry Council, October 1965; cited in Focus, The Consumer Council, February 1966

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"With all its shortcomings, I am for advertising because, regardless of its economic, political, and social significance, for most people, I believe, it adds to the gaiety of things, it is often colourful, often funny, often well designed: but above all it is full of life. Have you ever notice how gloomy it is in an underground station if there is no advertising about?"

Roger Pemberton, The Listener, 16th December 1965, cited in Daily Consumer News Sheet, 16th December 1965.

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

UNITED KINGDOM

CONSUMER PROTECTION BILL

A new Bill giving consumers wide protection against misleading descriptions of goods or services and misleading claims about price has been published. It covers services as well as goods, and oral descriptions by salesmen or shop assistants as well as written descriptions and advertisements. The provisions about price claims will make it difficult for low-priced shops to make such claims as

"Save 10d." or "3d. Off". The Bill also gives the Board of Trade power to enforce agreed definitions of terms used in describing goods, or to order that goods should be labelled with certain information (for example, fibre content for carpets, or washing and care instructions for clothes). Penalties for the offences created by the Bill are severe. The new Bill is intended to replace the earlier Merchandise Marks Acts, and extends their provisions in most respects.

CWS Market Research Department Weekly Digest, 2nd February, 1966

UNITED STATES

TRADE UNIONS SUPPORT CONSUMER LEGISLATION

At its recent constitutional convention AFL-CIO, the apex organisation of trade unions voted a resolution in support of a broad program of legislation aimed "at giving all Americans full value for the money they spend ... the wage-earning family can ill afford the waste of hard-earned dollars on products in the market-place that do not give full value for the money paid out, are unsafe to use, are deceptively presented, or are exorbitantly priced. The consumer's right to safety, the consumer's right to be informed, the consumer's right to choose among a variety of products at safe prices, and the consumer's right to be heard remain as goals in the Great Society."

SWEDEN

DRUG WITHDRAWN

A drug used to treat the thyroid gland was withdrawn from the Swedish market recently by its makers. Tests by the Swedish state Bacteriological Institute traced about 20 cases of salmonella (food poisoning) to the drug.

Times, 16th February, 1966

UNITED STATES

SAFETY IN MOTOR-CARS

A Senate sub-committee has been shown the first prototype of a safety-first car which, it is claimed, could save 160,000 lives in the next ten years. It is said that the car could be manufactured at a competitive price. Its safety features include: a collapsible front to absorb the impact of a head-on collision; an engine which would be deflected downwards on impact; a steering column with a collapsible base; flat windscreen to avoid distortion; and a device to prevent the locking of brakes, a main cause of skidding.

Daily Consumer News Sheet,
Consumers' Association, 4th February, 1966

UNITED STATES

INTERVIEW WITH MRS. PETERSON

In a recent interview with a correspondent of "Les Coopérateurs de France" Mrs. Esther Peterson, Special Assistant to the President on Consumer Affairs, expressed the view that it is the duty of the public authorities to protect consumers in the present market jungle. Like the battle waged by trade unions or that for civil rights, the consumers' fight is the perennial struggle of the exploited against the exploiters. Unfortunately the latter are better organised; therefore the State must ensure that a proper balance is maintained.

Asked about recent consumer legislation Mrs. Peterson mentioned, among others, control of certain pharmaceutical stimulants, reduction of the surtax which consumers pay for public services such as telephones, reduction of rates for gas and

electricity, and a variety of schemes to help low-income consumers. She added that the most important Bill currently under consideration is that which would compel money-lending firms to disclose the true rate of interest which they charge on loans; a close second deals with misleading packaging.

Les Coopérateurs de France, 11th December, 1965

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... when the advocate, in the case of Harris against Coca Cola Bottling Company tried to prove through the evidence of experts that drinking coca cola from a bottle containing a mouse would not be injurious (because the chemical composition of the product is such as to prevent the rapid growth of bacteria) the jury was not convinced ...

Food Drug Cosmetic Law Journal, September 1965, cited in
Bulletin d'Information, Cooperative Laboratory for
Analysis and Research, January-February 1966

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MARKETING AND THE CONSUMER

U.S.S.R./POLAND

SHOPS IN MOSCOW AND WARSAW

Shopping hours in Russia are very much tailored to the public needs and most shops are open on Sunday and many until quite late at night. In all the localities at least one food store serves the public until 10.00 p.m.

Both Russia and Poland mark their merchandise with the name of the manufacturing factory and both countries encourage design based on functional and marketing research. It is impressive to see how well documented these two countries are, but until the designers are better trained and there is more emphasis on the aesthetic side of merchandising, better standards in production will be nullified if the goods do not visually compare with goods of other countries. However, there is consumer pressure and undoubtedly the present situation will change for the better.

Stores and Shops, January 1966

UNITED KINGDOM

SELLING DRUGS IN FOODSTORES

The Pfizer Group's decision to retail its best-selling T.C.P. antiseptic products through grocery stores, supermarkets and department stores as well as chemists' shops, has provoked widespread protests from the pharmaceutical trade. The argument is that because there is no control in such shops, there is nothing to stop people from buying dangerously large quantities of any one brand. In reply Pfizer has pointed out that the public expects to be able to buy "popular" drugs in retail stores, and can point to the fact that other major manufacturers like Beecham and Reckitt have been selling their products like this for years. Anyway, a good half of the T.C.P. range consists of toothpaste and soap, both of which sell in supermarkets already. Pfizer is also insisting on resale price maintenance, to stop supermarketeers gaining an advantage over the chemists - but they appear to be fighting a losing battle.

Daily Consumer News Sheet, Consumers' Association,
1st February, 1966; Economist, 5th February, 1966

UNITED STATES

TRADING STAMPS

The Statist recently carried a long article on the wane of trading stamps in the United States.

"In September, the trading stamp controversy broke out again in the wake of a massive move to discontinue their issuance by large groups of supermarkets in the North-Eastern United States. Three major supermarket chains recently stopped issuing them, saying their costs had forced a boost in retail prices. ...

"... Congress - upset by the recent spiral in retail food prices - launched an investigation to see how responsible stamps might be for the increased costs of food. In New York the investigating committee interviewed the heads of chains who were abandoning stamps. All testified that since doing so they had been able to effect considerable reductions in food prices. ..."

Cited in the DTA Bulletin,
Distributive Trades Alliance, February 1966

UNITED KINGDOM

SUNDAY TRADING

Fame Stores, the Manchester supermarket which started trading on Sundays as a "shopping club", is to appeal against the decision of the Manchester Stipendiary Magistrate that this practice constitutes a contravention of the Shops Act. 60,000 members received a "passport" to the Fame Privilege Club on payment of a subscription entitling them to shop at the store on Sundays. The prosecution in the recent test case described this system as "a sham" and "a gimmick designed to attract the public rather than to exclude all but a select few from the premises." Fame hope that their appeal will establish exactly what conditions of membership are necessary for a club to escape the provisions of the Shops Act.

Self-Service and Supermarket, February, 1966, cited in
Daily Consumer News Sheet, Consumers' Association, 10th February, 1966

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The first long distance pipeline for the transportation of milk has had its test run in East Germany. Functioning as a flow cooler, it links a national farm at Markee, north of Berlin, with a dairy just over two miles away at Nauen, and carries six metric tons of unpasteurised milk each hour.

The pipe has been manufactured from polyethylene with tube diameters varying between 1.28 in. and 0.88 in.; these have been placed very deep in the ground to offer protection against frost. Cleaning of the pipeline is carried out by hydraulically operated rubber sponge scavengers. Unlike similar systems in the Netherlands and West Germany, the Markee-Nauen pipeline runs through hilly country with elevations of up to 50 ft.

Food Trade Review, February 1966

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COOPERATIVES AND THE CONSUMER

SWEDEN

MOTORIST'S COOPERATIVE

This year the Swedish cooperative for motorists, I.C., celebrates its 40th anniversary. I.C. is handling 12 percent of all petrol in Sweden, has over 400,000

members and about 400 petrol and servicing stations. In recent years the "Do it yourself" garages with facilities for maintenance of the car (washing, polishing, vacuum-cleaning, small repairs, etc.) have proved a great success. I.C. has the largest sales of car accessories in Sweden.

Var Tidning, January 1966, cited in CWS Market Research Department Weekly Digest, 19th January, 1966

AUSTRIA

CONSUMER EDUCATION THROUGH COOPERATIVES

The Cooperative Women's Council (Genossenschaftliche Frauenrat) recently held a meeting to discuss the possibilities for increasing consumer information and advice within the Cooperative Movement. Particular stress was put on the potentialities of working through the cooperative youth movement.

Genossenschaftlicher Nachrichten Dienst, 2nd February, 1966

DENMARK

A CONSUMER CAMPAIGN

The Cooperative organisation Det Kooperative Faellesforbund i Danmark in cooperation with Workers' Educational Association (Arbejdernes Oplysningsforbund) has initiated a consumer campaign with the following objectives: to provide information on consumers rights, to help consumers sharpen their critical faculties with respect to price, quality, and terms of payment, to advise consumers where to go with complaints, praise and suggestions, to represent the consumers' viewpoint in Danish politics, to provide information on housing problems and tenants' rights and duties, and to provide information on cooperation in theory and practice.

Kooperationen, No. 9-10, 1965

HUNGARY

COMPETITION FOR THE "GOLDEN COMB"

Hungarian cooperative hairdressers, after a successful competition in Bulgaria, proceeded to Yugoslavia in the autumn 1965 in order to compete for the first prize in a wide international field and bring home the "Golden Comb". Following this, the best hairdressers coming from Europe were welcomed in Budapest from October 23. The European championship was organised in Budapest by the local hairdressers' club.

Hungarian Cooperative News, 1965

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From Bulletin d'Information of the French Cooperative Laboratory for Analysis and Research (January-February 1966):

Certain advertisers claim that advertising guarantees freedom of the press. The truth is somewhat different. It is certainly true that advertising has played an important rôle in the rapid development of the press. It is equally true that it permits newspapers to be sold below their cost price. In other words, without advertising the daily paper might, for example, sell for 70 centimes or have less pages. It would not seem that freedom hinges on 30 centimes or a few pages more or less. Financial dependence on advertising is not without its drawbacks for a newspaper. To keep advertisers happy becomes the golden rule: without doubt this leads to certain gaps in economic information.

We reproduce, as an example, an extract from a letter which an important review

of popular science addressed some time ago to the F.N.A.C. (a producer of photographic equipment):

"As you know, S... includes annually a considerable number of pages of advertising supplied by photographic retailers. These after many protracted conversations have agreed among themselves to maintain approximately the same prices for their equipment. You will certainly be the first to realise that F.N.A.C.'s discounts are much larger than those of these retailers. Therefore if we should accept your client, the other retailers would have no incentive to advertise in our review since your client will automatically advertise lower prices. From the commercial point of view, you will understand that we cannot disrupt the photographic market in our review by taking a client like F.N.A.C. which would deprive us of important advertising and of clients who have been faithful for many years.

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

NORWAY

FOOD LABELLING

Serious consideration is being given to legislation that would require labels on food to provide information on weight, composition, quality, etc.

Aftenposten, 26th January, 1966

CZECHOSLOVAKIA

COOPERATIVE CONSUMER RESEARCH

An article in the Czechoslovak Cooperator describes the attempts of certain producer cooperatives to investigate consumer demands for their products. These cooperatives perform various services, e.g., repair and maintenance of products for home and personal use, and they produce a number of items to specification for their customers. They have learned that the best way of ascertaining the wishes of consumers as regards new products is to talk to customers at the national exhibitions of consumer goods held annually in various parts of the country. They also organise from time to time their own publicity and advertising exhibitions on the premises of large State-owned department stores, at which they feature demonstrations of actual production processes and give technical advice to visitors.

The Czechoslovak Cooperator, No. 2, 1965

SWITZERLAND

NEW CONSUMER JOURNAL

A new bi-monthly periodical J'achète mieux (I Buy Better) was launched in January by the Fédération romande de consommatrices (Federation of Women Buyers in the French-speaking part of Switzerland). This replaces the Buyers' Page (Page de l'acheteuse) which the Federation has been publishing in the Femmes Suisses for a number of years; as stated in the first issue of the new journal, "The defense of consumers has now exceeded the boundaries of a purely feminine preoccupation; it interests everybody, touches on a variety of fields, and assumes many different forms."

J'achète mieux, January 1966

SWEDEN

COOPERATIVE SHOPPERS

A questionnaire survey of 3,183 cooperative housewives concerning their views on products, shop facilities, service, prices, dividend, and credit terms in cooperative shops revealed that: articles of good quality hygienically stored are

the most important consideration; the majority consider cash payment to be economically sound; most prefer reasonable prices plus dividend to price reduction only; only slightly more than one-fourth attach importance to self-service; a much more important consideration is friendly and expert personnel; only one-fourth are particularly concerned about close proximity of the shop even though 58 percent of those questioned were more than 50 years old; on the other hand, 29 percent expressed an interest in home delivery, and 10 percent in ordering by telephone.

COOP Nederland, Documentatie-Bulletin, 27th December, 1965

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Two out of five families in Britain now have the use of car, compared with one in five a little over 10 years ago. The biggest increase in car owners comes from working class households. More than one in five of these households now has a car against one in 14 in 1955.

Financial Times, 28th January, 1966

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

UNITED KINGDOM

SCHOOL FOR SHOPPERS

Girls in their fourth year at Western County Secondary Girls' School, Southall, Middlesex are sent on shopping expeditions as part of a special course designed to help them to become discerning buyers. Each girl chooses a commodity she will "buy" from a list that includes beds and bedding, kitchen furniture, carpets, decorating materials, curtains, shoes, an outfit for a child starting school, china, cutlery, a set of accessories to go with a wardrobe, light fittings and table glass. In the classroom there is a collection of relevant books and magazines, leaflets and catalogues. The girls are encouraged to use the telephone for information. They have three weeks to do their background research. Finally they test their confidence by going shopping and doing everything short of exchanging money for goods.

The girls are criticized on knowledge of their requirements, ability to make themselves clearly understood, a sensible attitude towards price and quality, and their general attitude to the sales staff. In return, the girls comment on the amenities of the store. They are asked to criticize the presentation of merchandise and the service, and to say whether they found the store a pleasant place in which to shop. "The most valuable thing the girls learn," according to their teacher, "is not the detailed knowledge they have of one commodity but where and how they can seek for information, advice and help in any shopping they may do in the future."

Focus, The Consumer Council, March 1966

INTERNATIONAL

CONSUMER EDUCATION CONFERENCE

The International Office of Consumer Organisations sponsored an International Conference on Consumer Education at the Hague from the 25th to 27th January. Organisations from nine European countries discussed various methods of attracting the interest and attention of consumers attending adult education classes. There was also an exhibition of visual aids.

Three small working groups are to be set up to consider the problems of informing the consumer; one on "buying meat" under the chairmanship of the Secretary of the (British) National Federation of Consumer Groups; one on "What the label means" with the Founder President of the Association des Consommateurs, Belgium, as leader; and one on "Methods of approach to low income groups" under the leadership of the Executive Secretary for the Council on Consumer Information, U.S.A.

Press Release, The Consumer Council, 21st January, 1966

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The modern housewife knows that pre-packaging adds to the cost of an article and she is prepared to pay "a copper or two" extra for the convenience and hygiene of this method of shopping. But how many realise that in many instances the price paid is increased by one-third or more? In one area of Glasgow a survey was carried out and the following increases, amongst others, were found: prunes plus 20 percent in price; sultanas plus 36 percent; semolina plus 62 percent; flake-meal plus 77 percent.

Report of Chief Inspector for Weights and Measures,
Glasgow, cited in Daily Consumer News Sheet, Consumers'
Association, 3rd February, 1966

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MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

CANADA

BAN ON RPM

Laws which forbid manufacturers from establishing the retailer's resale price have been upheld by the Supreme Court of Canada in an important judgement handed down recently.

The decision establishes the right of the Combines Investigation Branch of the Federal Government to continue cracking down on manufacturers who attempt to force retailers to sell at a given price.

The judgement came out of the case of Cooper Campbell versus the Queen. Campbell is agent for the Bard-Parker Company, a U.S. manufacturer of surgical blades. It was charged that the agent aided and abetted the company in "attempting to induce certain supply dealers in Canada to resell surgical blades at prices not less than the minimum prices which it had specified." The case was brought before a Toronto County court judge and the agent was acquitted.

The Combines Division of the Government appealed to the Ontario Court of Appeals, which reversed the decision. But because two Appeal Court judges dissented on the question, the agent was able to appeal to the Supreme Court. The Supreme Court's finding clears the way for three other cases that had been held up pending its decision.

Financial Times, 10th February, 1966

UNITED KINGDOM

CURB ON BIG PETROL COMPANIES

The government has ruled that companies which sell more than 50 million gallons of petrol a year shall not be allowed to increase the number of petrol stations owned by them. The President of the Board of Trade has told the House of Commons that he has decided to accept in principle the recommendations in the Monopolies Commission's report on the supply of petrol to retailers which found that monopoly conditions contrary to the public interest exist in the industry. Companies caught by the restriction are Shell-Mex, BP, Esso, Cleveland, Regent, Mobil, Jet and Petrofina.

Guardian, 11th February, 1966

UNITED STATES

BANK MERGER LEGISLATION

The House Banking Committee has found a compromise formula which would open the door to future bank mergers. The proposed legislation would provide that any merger blocked by Justice Department action since 1960 may be reexamined under new regulations. These regulations would prohibit mergers whose effect "may be substantially to lessen competition or to tend to create a monopoly", but Federal agencies

with surveillance over banking may approve mergers which at first sight contravene anti-trust laws if they find that "the anti-competitive effects of the proposed transaction are clearly outweighed by the probable effect of meeting the convenience and needs of the community to be served."

Financial Times, 25th January, 1966

COMMON MARKET

CARTEL BAN EXEMPTIONS

The E.E.C. Commission has just completed a draft of the regulation under which it eventually intends to grant block exemptions to the Rome Treaty's cartel ban in the field of bilateral exclusive dealing agreements between firms. In March last year, the Council of Ministers empowered it to exempt two-party sole agency and licensing agreements from Article 85 of the Treaty by a qualified majority vote against Italian opposition.

The draft regulation will now be sent to the Consultative Committee on Monopolies for an opinion, and then published in the Community's Official Journal so that all interested parties may submit their comments before it is finally brought into force.

The need for an automatic exemption procedure is now extremely pressing as the Commission has only been able to deal with a handful of the 40,000-odd business agreements sent to it for clearance so far. The projected regulation is believed to cover the simple agreements, about 12,000 falling into category B1, as well as some 8,000 other arrangements.

Financial Times, 2nd February, 1966

B O O K R E V I E W

MAJOR AMERICAN ANTITRUST LAWS, A Guide to Their Domestic and Foreign Application, by Heinrich Kronstein and John T. Miller, Jr., in cooperation with Paul P. Dommer, published for the Institute for International and Foreign Trade Law, Georgetown University, Washington D.C., Dobbs Ferry, New York Oceana Publications, Inc. 1965.

This study of the U.S. antitrust laws in their application to domestic and foreign commerce identifies the principal problem areas, presents leading cases and notes the relevant literature. It replaces the earlier works by the same Institute, Regulation of Trade (1953) and Modern American Antitrust Laws (1958). Although the basic statutes have changed little, there has been a substantial evolution in application and content of judicial interpretation. The subjects covered include Trade and Interstate Commerce; Monopoly and Oligopoly; Agreements in Restraint of Trade; Mergers and Acquisitions; Exclusive Dealing; The Robinson-Patman Act and Price Discrimination; Resale Price Maintenance; Equity, Criminal and Damage Suits; Federal Trade Commission; Regulated industries and the Antitrust Laws; Labor Unions and Antitrust; and Restraints in International Trade.

SPECIAL FEATURE: COMPARATIVE
ADVERTISING AND THE CONSUMER

(Excerpts from an article in der Verbraucher, January 29, 1966, by Dr. Eberhard Günther, President of the West German Federal Cartel Office)

We consider it as a characteristic feature of our competitive economy that the consumer in meeting his needs should not be limited to the products of a single manufacturer but should be able to choose between comparable goods by several producers. This possibility is meaningful only if the consumer, in addition to being free to choose, is well enough informed to make a sound choice. Otherwise freedom of consumer choice becomes in practice freedom to participate in a consumer lottery ... Therefore the consumer must be assisted in making a choice ... This

implies that goods of the same type by different manufacturers must be compared to enable the consumer to choose the article best suited to his purpose.

The importance and the legality of such comparisons is generally recognised in cases where the firms whose products are being compared do not participate in making the comparison. But as soon as the firms themselves make use of the comparison whether by themselves acting as umpires or by themselves conducting and publishing the comparison, the comparison loses both its usefulness for the consumer and to some extent its legal justification. ...

There are marked differences of opinion as to the legality of comparative advertising. There is full agreement that any kind of misleading comparison is illegal. This is true not only with respect to false statements but also for partial comparisons such as, for example, comparisons referring only to such characteristics as are favourable to the advertising firm but ignoring other unfavourable features. Aside from such cases, however, the discussion on legality of comparative advertising centres on the question as to whether honest, factual, complete comparative advertising deviates from usual practice as laid down in the Law Against Unfair Competition. On this issue much has been written in recent years without any decisive conclusion as to which of two conflicting interpretations should prevail. ...

Basically the illegality of comparative advertising rests on the "Hellegold" decision of the Court of the German Reich in 1931 which stated that it is not permissible to use inferior performance of a competing product as a basis for promoting the sales of a product. Today there are doubts as to this interpretation in several respects. It is not clear why an accurate, factual and complete comparative advertisement should be precluded as a "violation of usual practice" simply because it makes reference to goods of a competitor. The dubiousness of this point of view is particularly clear if one takes into account, as many of the members of the Federal Court have, in applying the Law Against Unfair Competition, not only the interests of firms concerned but also those of the consumer. Certainly it is unpleasant for a firm to find in the advertising of a competitor a comparison unfavourable to his products. But insofar as such a comparison is factual in every respect, it conforms to the basic principle underlying free competition. The interests of consumers in advertising which provides them with accurate, factual and complete data which are important in making a choice should weigh heavily.

A second argument which is frequently made against comparative advertising is that it is not permissible to act as one's own advocate. But it will be acknowledged even by those who would strictly prohibit comparative advertising that this argument, if it were correct, could also be used against all kinds of advertising. Every firm which claims that its own products are good and reliable acts as its advocate, but no one has questioned the legality of such advertising. The real motive behind such an argument is the fear that a firm might through its comparative advertising consciously or unconsciously make unjustified claims in favour of its own products. This danger should not be lightly dismissed, since everyone is inclined to see more clearly his own advantages and the drawbacks of his competitors rather than vice versa.

However, this argument is not convincing since the validity of accurate, factual and complete comparative advertising cannot be based on the danger of inaccurate comparisons. This has been recognised by the Federal High Court; in its decision of June 10, 1964, it stated that an accurate advertisement claiming "20 percent off the recommended price" in itself did not violate the Law Against Unfair Competition. This decision again raises the issue as to whether accurate comparative advertising ought not to be authorised through a change in the law.



consumer affairs

BULLETIN

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



6.6.66
[Signature]

Number 3, 1966

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In England a special hairnet has been developed to cater to fashionable young men with "Beatle" hair cuts, and at the same time enabling them to see in front of them. It is supposed to prevent automobile accidents. Hairdressers know a better method!

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

INDIA

LEGISLATION ON COSMETICS

Standards for cosmetics and toilet goods covering both raw materials and finished goods are being drafted by the Drugs Control Administration of Maharashtra State in close cooperation with the Indian Standards Institution (ISI).

The principal aim of ISI work in this field is to ensure effective safeguards for the large number of users spread over almost all age groups against the hazard of chronic toxicity involved in the use of the products prepared without scientific supervision. So far, ISI has formulated about 15 standards covering methods of tests and specifications for materials, such as boric acid, calcium carbonate, kaolin dioxide as well as phosphates and stearate and oxides of calcium, magnesium and zinc. The important draft standards under preparation relate to skin powders, toothpaste, tooth powder, methods for dermatological tests, etc.

ISI Bulletin, December 1965

FRANCE

COOPERATIVES PROTECT CONSUMERS

"It is often said that a sick person attended by two doctors has precisely half the chance of surviving. This is only a proverb. But consumers - sheltered, protected, represented, defended, pampered, lavished with attention by innumerable organisations - do they have any hope of surviving so much solicitude? Especially since their most ardent advocates are theoreticians of the Power of the Purchaser, or representatives of groups with quite different interests, or those who make a business of pressing innocuous demands."

"The Cooperative Movement endeavours to satisfy needs which its industrial and commercial apparatus enables it to gauge, to interpret widely-felt wants expressed through its mass membership, and where necessary to mobilise public opinion through the press."

"No, frankly, we cannot see who is better placed to represent, inform and defend the consumers - even against their friends!"

M. Degond, in Liaisons Cooperatives, FNCC, January 1966

CANADA

BETTER BUSINESS BUREAUS

The Canadian Better Business Bureaux, originally started to protect businessmen against unfair advertising and selling practices, have now extended their activities to include consumer protection. There are ten BBB offices, one in every principal city. Consumers can call the BBB to find out whether there is a record of complaints about the firm or product in which they are interested. They can also obtain general information from leaflets published on a range of topics from used cars or furs to buying a house.

Canadian Consumer, Consumers' Association of Canada,
January/February 1966

UNITED STATES

"TRUTH" LAWS TO CHECK INFLATION

In his State of the Union message on January 12, President Johnson again called for truth-in-packaging and truth-in-lending laws to "prevent deception of the American consumer." The President's Consumer Advisory Council noted that such legislation will also "improve the consumer's ability to choose the best buy and exert a strong influence in holding the price line" and will help to prevent inflation. The Council also urged prompt Congressional action on improvements in the food, drug and cosmetic act, minimum tire safety standards and requiring new cars to incorporate other prescribed safety features.

Cooperative News Service,
25th January, 1966

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In the United States ordinary coconut juice can be used to produce electricity. Bacteria break down the coconut juice into a simpler form from which an electrical current can be extracted. Such an electrical system, known as biochemical fuel cell, can produce 150 watt hours per lb. if operated for a 1 000-hr. period, or more, U.S. engineers predict. It has already been used to operate a transistor radio intermittently over a period of 45 days for a total operating time of 50 hours.

Food Engineering, November, cited in CWS Market Research Department Weekly Digest, 8th December, 1965

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

U.S.S.R.

MORE CONSUMER GOODS

Significant increases in consumer goods are included in the new Five Year Plan for 1966 to 1970 published by the Soviet Government in January. Production of cars is to be quadrupled, television sets doubled, and refrigerators trebled. The production of boots and shoes is to rise from 486 million in 1965 to 610 million or more in 1970. So far as housing is concerned, 400 million square metres are to be built by the state in urban areas by 1970, and 2 to 2½ million square metres in rural areas; in addition private individuals using state loans will build another 80 million square metres. A more varied diet is also promised; the official statement said that consumption of meat per head will rise by 20 to 25 percent over the coming five years, that of milk by 15 to 18 percent, vegetables by 35 to 40 percent, fish by 50 to 60 percent, and fruit by 45 to 50 percent.

Times, Financial Times, 21st February, 1966

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With an average height of 1.73 metres, American men are the tallest in the world - at least among those populations which have been scientifically measured. For the age group 18 to 24, the average height is 1.75 metres. Scientists attribute this to environmental influences. As evidence they point to the experience of 200 Italian couples who emigrated to the United States 30 years ago, and whose sons are on average 5.3 centimetres taller than their fathers. The explanation given is that harder work and poorer food in Italy prevented the parents from reaching their full height potentialities. It is comforting to note that the anthropologists do not anticipate that this trend will continue unchecked. 1.78 metres is the highest level of average height which they expect.

Wir vom Konsum, Austria, February 1966

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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

SHOP HOURS: TWO VIEWS

A warning that later closing hours for shops may result in higher prices is given by the Union of Shop, Distributive and Allied Workers. This occurs in a statement commenting on the Home Office White Paper on retail trading hours published in September. The White Paper suggested that shops should close at 7 p.m. on week days, with an option to stay open to 9 p.m. once a week, and that there should be a good deal of local flexibility. The Union take the view that the general closing hour

should be 6 p.m. and the late day 7 p.m. They point out that the White Paper refers to the need to make the most efficient use of manpower in distribution, and argue that longer hours to do substantially the same volume of business is unlikely to lead to the most efficient deployment of the labour force.

The Consumers' Association, publishers of "Which?", have recommended to the Home Secretary that restrictions on week-day shopping hours should be swept away. In a letter to the Home Secretary, the director of the association said they suggested that shopkeepers be permitted to determine without restrictions their own weekday hours of opening and closing, and that the interests of shop assistants should be safeguarded by statutory limitation of their working hours and not by restrictions on shopping hours.

Times, 28th February, 1966, cited in CWS Market Research Department Weekly Digest, 2nd March, 1966

DENMARK

INDUSTRIALISED BUILDING

The Danes claim that they have industrialised their building industry to a greater extent than any other country in Western Europe. Between 1955 and 1965 the rate of house building increased from 19 000 units a year to 38 000 units without an increase in labour force. An official report estimates that in the five years from 1965 the contribution of prefabricated element-built flats and houses will rise from 4 500 to about 27 000 a year, which will mean a trebling of the total housing output in 15 years.

The introduction of the "modular standard" was crucial to this development. It imposed the use of standardised elements, not only for walls and heating elements, but eventually for all components from windows and cupboards to bathtubs.

Financial Times, 22nd December, 1965

EUROPE

COMMON MARKET FOR DRUGS

Britain and seven other European countries have agreed to form a common market for the sale of drugs and medicaments. Under a convention signed at the Council of Europe, it will become progressively easier for drugs made in one country to go on sale in the others. The countries which signed the convention are Britain, Switzerland and the six countries of the European Economic Community.

Financial Times, 4th March, 1966

UNITED KINGDOM

WOMEN PREFER VALUE TO GIMMICKS

The majority of women in the U.K. prefer price reductions and "better value" to give-away gimmicks according to a survey organised by the National Joint Council of Working Women's Organisations. The Secretary of State for Economic Affairs had asked the Council last October to investigate manufacturers' claim that housewives prefer free gifts to a reduction in price of packets of soap powders and detergents. The English Cooperative Women's Guild questioned 3 258 "ordinary shoppers", and found that only 51 preferred gifts. The Scottish Cooperative Women's Guild asked 4 480 people, of whom 16 preferred gifts. The Labour Party Women's Sections, which contacted over 14 4000 women, found that only 407 wanted free gifts.

Financial Times, 4th February, 1966, cited in CWS Market Research Department Weekly Digest, 9th February, 1966

ROUMANIA

MEETING VILLAGERS' DEMANDS

The consumer cooperative movement in Roumania plays an important part in raising the living standards of the village population, not only by selling a growing volume of food and industrial goods of high quality and wide range, but also by providing a number of services. The rural population likes to have new, made-to-measure clothing, modern hairstyles, well-appointed homes, and facilities for repairing household appliances. To meet these demands the consumer cooperatives are opening more and more tailoring, shoemaking, carpentry, hairdressing and other service shops. There are at present more than 5 000 sections employing over 12 000 workers engaged in providing services for rural communities.

Co-operation in Roumania, December 1965

UNITED KINGDOM

SELF-HELP IN MARKETING

Mrs. Lillian Hardy, a 60-year old grandmother who runs a smallholding, took 576 cabbages to market where they were auctioned for 9d. a crate of 24. She later saw cabbages being sold at 9d. each in the shops. "Now many smallholders in my area including myself, have decided to cut out the middleman - the greengrocer - and sell direct to the housewife. We shall either set up stalls in the market or encourage housewives to come to our farms and buy direct from us."

Daily Mail, 15th February, 1966, cited in Daily Consumer News Sheet, Consumers' Association, 15th February, 1966

ITALY

INTERNATIONALISM IN MARKETING

Ten years ago La Rinascente, a chain store firm with some fifty years experience decided to acquaint its customers with products from other countries. The aim was to illustrate the traditions, habits and customs of other countries by means of a selection of their products presented so as to give a comprehensive overall picture of the country. A team of buyers, including an expert in cultural matters, was sent to each of the countries selected to survey the market. They visited museums, consulted books on history and art and identified national traditions.

Since 1955 La Rinascente has organised eight store promotions covering Spain, Japan, United Kingdom, United States, India, Mexico, the Mediterranean countries and Latin America. In organising displays La Rinascente tries to evaluate the reaction of the public as a basis for assessing the difficulties and advantages of establishing permanent relations with the country concerned. The management has also proclaimed its hope, over and above purely commercial considerations, to promote international cooperation of large commercial undertakings and thereby of economic and social progress throughout the world.

Forum: GATT International Trade Centre, December 1965

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To counteract the large number of shopping carts and baskets which disappear from large supermarkets, a firm in the United States has devised a shopping container incorporating a warning signal system which operates whenever the container is transported beyond predetermined limits. The container also has a radio receiver for passing advertising messages to the customer, for announcing the week's cheapest "buy" or where to find particular goods.

Financial Times, 25th February, 1966

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

SWEDEN

INFORMATION CENTRE FOR COOPERATORS

Konsum Stockholm, on the occasion of its 50th anniversary, opened an information centre in the heart of the city. Advice is given orally and by means of books and pamphlets. A number of small exhibits provide guidance on various problems, e.g., appropriate equipment for roasting, baking and grilling; what the housewife should know about knives and scissors; how to prepare a good casserole. Further exhibits are planned on children's toys, deep freezers, and recreational equipment.

Verbraucher, 26th February, 1966

UNITED KINGDOM

CREDIT RATING

The Consumer Council has suggested that shoppers who seek credit should be made to disclose their income and commitments. A system of credit rating as in the United States would help curb the great and growing volume of bad debts. The Council, which has submitted a memorandum on the subject to the Lord Chancellor's committee examining hire-purchase, makes the suggestion in its monthly magazine, "Focus". Retailers should be obliged to seek information about a customer's credit status, the Council says. The system would be much fairer to other customers, as the risk of bad debts has to be insured against by charging higher prices to all.

CWS Market Research Department,
Weekly Digest, 16th February, 1966

GERMANY

QUALITY LABELS FOR FURNITURE

A new association of furniture dealers has been set up to prescribe and supervise furniture standards. Strict requirements are stipulated for quality guarantees, for labels and for overall construction. Imaginary names that might be misleading are prohibited for veneers, woods and materials. Furniture which meets these requirements may carry the quality label of RAL (the German Standards Institution).

Verbraucher, 12th February, 1966

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No Time for Eggs

In the United States per capita egg consumption has dropped from 393 in 1951 to 307 in 1965. The Department of Agriculture attributes this to lack of time for breakfast and lack of time for baking.

Cooperative News Service, 4th January, 1966

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A D V E R T I S I N G

NORWAY

INTERNATIONAL ADVERTISING CODE

The Joint Advisory Committee on Marketing (Fellesradet for Markedsføring) has told the International Chamber of Commerce (ICC), which is currently working on a revision of its basic rules for advertising practice, that it doubts that the code

should be made stronger than it already is. The Council believes that the first task should be to secure the broadest possible agreement on the ICC Code. Since this Code has limited usefulness for countries which differ greatly, the Council questions the wisdom of furthering tightening up of restrictions. As an alternative the Council proposes that in principle the existing International Code should be retained as a minimum standard, and that efforts should be concentrated on achieving the broadest possible acceptance. It also pointed out that the Norwegian regulations for competitive and ethical standards in advertising and market research are among the most stringent in Europe.

Aftenposten, 3rd March, 1966

UNITED KINGDOM

CONSUMER ORIENTATION

In the Cooperative Movement "consumer orientation" implies information, protection of consumer interest, and attempts to meet genuine consumer needs. However different interpretations are possible. According to a director of J. Walter Thompson, a leading advertising firm: "The marketing system is fundamentally a communications system in which advertising plays a major part. ... It follows therefore, that advertising is essentially and necessarily consumer-orientated. The fundamental purpose of an advertisement is that it should be seen by customers and that it should increase their willingness to purchase the product being advertised. This is the practical criterion applied daily to evaluate the effectiveness of advertising. ..."

Times, 1st March, 1966

NETHERLANDS

WHAT IS "GOOD" ADVERTISING?

The results of a recent survey by the Dutch Statistical Foundation into what the public considers to be important features of good advertising yielded the following results:

<u>Good Advertising must include:</u>	<u>Total</u>	<u>First Place</u>	<u>Second Place</u>
	(as percent of total number asked)		
Price of the articles	65	43	22
Description of quality	44	22	22
Performance	28	9	19
Picture or sketch of the article	21	11	10
Indication of uses	14	4	10
Shops where available	13	4	9
Testimony of users of article	9	4	5
No opinion	6	3	3
Total	200%	100%	100%
Number asked	1.122	1.122	1.122

Documentatie-Bulletin, COOP Nederland, 28th February, 1966

UNITED KINGDOM

ADVERTISING ON THE WAY OUT?

Writing in Commentary, the journal of the Market Research Society, Mr. E. A. Rawes of ICI Fibres, predicts the death of advertising and the emergence of a subtler influence: bad market research. He foresees a time when instead of running vast advertising campaigns manufacturers will conduct mammoth continuous surveys based on

loaded questions. Simple questions like "Do you own a lawn mower?" will arouse doubts about the lack of a lawn mower and its social implications. Instead of running TV advertising campaigns showing Miss World shaving the lawns of Beaulieu and whispering seductively, "Come mow with me," the mower manufacturer need only swamp the country with interviewers.

New Society, 17th February, 1966, cited in Daily Consumer News Sheet, Consumers' Association, 18th February, 1966

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A new sales promotion gimmick in the United States consists of printing on packages short instalments of continued novels. Every week a new chapter.

Schweiz. Konsum-Verein, 5th March, 1966

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MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

EUROPE

CONCENTRATIONS OF FIRMS

In a report on The Problem of Concentration in Europe which the International Chamber of Commerce recently submitted to the European Economic Community, it is suggested that greater size would permit European firms to lower their unit costs, promote technical progress, and finance and conduct large-scale research more easily. Accordingly, it proposes that the EEC should not apply the rules governing competition in such a way that they hinder mergers and joint ventures; governments should modify their legislation to enable companies of different nationality to merge; double taxation affecting international concentrations should be abolished; and deductions of losses and expenses arising directly out of concentration should be allowed.

ICC News, January 1966

UNITED STATES

CONCENTRATION IN FOOD MARKETING

Testifying before the National Commission on Food Marketing, the chairman of the Federal Trade Commission has asked for new laws to curb growing concentration in the food marketing industry. He said the big food chains are not self-disciplined enough to control some questionable practices, such as "loss leaders" and giving shelf space preference to their own brands.

He recommended that the Commission consider drafting a statute to prohibit or regulate sales below cost which the big chains say is a promotional device but which is often used to put little stores out of business; also that the FTC should be given power to issue cease and desist orders against firms charged with violating marketing regulations.

California Farmer Consumer Reporter, January 1966

GERMANY

DOMESTIC APPLIANCE PACT

West Germany's biggest and third biggest electrical concerns, Siemens and Bosch have agreed to close collaboration in the development and production of domestic appliances, in particular, washing machines, refrigerators and deep freezers. Though a joint company will be formed to manage the operation, the two concerns will continue to distribute their appliances separately under their established names. An announcement said that their characteristic technical features would be retained.

Just how far the arrangement between the two concerns will eventually go is by no means clear at this time. But it is evidently hoped that it will offer economies of scale and also - and this could be an important consideration - economies in the research departments.

Financial Times, 4th March, 1966

UNITED KINGDOM

DRUGS AT HALF PRICE

Imperial Chemical Industries is to market the drug oxytetracycline - a broad spectrum antibiotic - at about half the price currently charged by Pfizer, the pharmaceutical firm. This is now possible because Pfizer's patent rights on the drug have expired in Britain.

The Guardian has taken an interesting line on this development. "But ought the arguments by Pfizer that their research programme will be hurt to be considered? In general the drug companies make large profits through charging exorbitant prices. Much of the profit is ploughed back into research, but part of it goes into the less splendid but not unimportant activity of advertising and promotion. The companies argue that if they did not spend money on research into pharmaceuticals, no one else would. It is true that the laboratories of the drug companies have been responsible, with one or two major exceptions, for most of the advances in this field. But it is also true that we, the taxpayers, do not have much say in the type of research that goes on."

The Guardian's conclusion is that at present there is everything to be said for unbridled competition. "If, as in the latest case, free competition is going to bring the price of drugs down, so much the better. The drug companies can hardly stop researching. They need to in order to remain in business. Somehow they will have to find the money. If the trend started by ICI continues it looks as though they will have to find it from their own profit margins and not from the pockets of the patient or the coffers of the National Health."

Guardian, 3rd March, 1966, cited in Daily Consumer News Sheet, Consumers' Association, 3rd March, 1966

EUROPE

COMMON MARKET POLICY ON MERGERS

The EEC Commission appears to be aiming at a careful balance between encouraging mergers that enables firms to compete more effectively in Europe and abroad, and firm control over restrictive practices which harm the consumer.

A recent memorandum by Hans von der Groeben, Commission member with special responsibility for competition policy, reaches the following conclusions:

- There is no definable optimum size for companies, but larger undertakings generally have better opportunities for improving productivity, especially through access to greater technical and capital resources.

- Obstacles to the conclusion of mergers created by the present tax laws should be removed.

- A uniform company law should be introduced throughout the Community to facilitate mergers and other joint operations.

- To encourage smaller and medium-sized firms to cooperative, restrictions on

joint research and purchasing should be removed, and easier access to capital markets should be encouraged.

- While it will do everything possible to raise productivity by removing artificial barriers to closer cooperation between companies, the Commission will not hesitate to use its powers under the Rome Treaty and regulation No. 17 to oppose combinations tending towards monopoly.

In connection with the last point the memorandum states that in any particular case of suspected abuse, the first step must be to establish whether the company concerned does in fact enjoy a dominant position in its market. This cannot be measured, however, merely by its share in the market or other quantitative features: a dominant position consists primarily in the ability to exert a substantial and predictable influence over the market.

The following examples are cited of abuses of dominant position:

- direct or indirect imposition of inequitable purchase or selling prices or other inequitable conditions;
- the limitation of output, markets or technical development, to the detriment of consumers;
- the application to parties in transactions of unequal terms for equivalent products or services;
- the subjection of agreement on a contract to acceptance of additional supplies which, by their nature or by commercial usage, have no connection with the object of the contract;
- price cutting to levels below a competitor's costs in order to force him to go out of business, agree to a merger, or accept other unfavourable terms.

European Community, February 1966

UNITED STATES

FEDERAL TRADE COMMISSION SEEKS NEW POWERS

The Chairman of the Federal Trade Commission has called for power to stop unfair trade practices without first proving that they are unfair. As matters now stand, the FTC files a cease-and-desist order against a firm, calls a hearing, listens to the firm's attorneys, affirms its order, gives the firm time to appeal to the courts, and defends its decision in court after court. Finally, if the Supreme Court upholds the FTC, the firm must stop what it should have stopped doing years earlier. What the FTC is asking for is power to stop the practice as soon as a cease-and-desist order is filed. Then if the company should win the case anywhere along the line, it could resume the practice.

Cooperative News Service, 28th December, 1965

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Coin-in-the-slot pints

A firm at Llandudno, North Wales, will start hiring or selling vending machines containing tots of spirits, or pints of draught beer, as soon as the Weights and Measures Act comes into operation. The new Act fixes the amount of a tot.

Sunday Times, 27th February, 1966, cited in Daily Consumer News Sheet, Consumers' Association, 28th February, 1966

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SPECIAL FEATURE :
ADVERTISING IN EASTERN EUROPE

The following excerpts are from an article in East Europe (January 1966) which is published monthly by Free Europe, Inc., New York.

The standard advertising format in an East European newspaper is the simple boxed announcement. Sketches are still exceptional, photographs unusual. ... Significantly, the ad-makers show much more imagination and talent when they try to sell their goods abroad than when they aim at the domestic consumer. ...

Over the last ten years, space allotted to advertisements in the newspapers has been slowly increasing and there are now proportionately more ads for consumer items. In the last two or three years, ads have begun to state prices. The limited illustrations show a growing concern for good design and an honest attempt at humor. ... The East Europeans are also getting interested in "market research," and official quarters are increasingly concerned with anticipating the consumer's desires. ...

... the official party dailies in Bulgaria, Roumania and Yugoslavia still ex-chew ads except in rare cases. In Hungary it is just the opposite, for Nepszabadsag leads the field. The Czechoslovak party journals, Rude Pravo in Prague and Pravda in Bratislava, opened their pages to advertisements in March 1965 and now carry regular sections. The other papers - non-communist or "national front" publications - often carry more advertising since they are less ideological, more popular, and in several instances the "heirs" of the pre-war bourgeois papers. ...

The bland advertisements for specific industrial products do not seem very useful: they give few details and virtually no prices; are of little interest to the average person and yet not explicit enough for the specialist; and do no more than give names and addresses where further information can be had. ... (But) compared to even five years ago, the advertisements for consumer products must seem like a Christmas catalogue to the east European reader. They run the gamut from clothing and food specialities to cosmetics, cigarettes, toys, and - increasingly - durable goods like appliances, motorcycles and cars. It is in this category that prices are most frequently listed, and most useful. By and large, it is the producer and not the distributor who advertises

"Ad campaigns" exist in the sense that an advertisement for a specific product may appear in several newspapers within the same week or two, announcing new supplies or responding to seasons and special occasions. ... Yet there are few well-known selling slogans, and it is rare to see competitive advertisements which vaunt one product over another. At most, producers put forth a claim to "quality" and "good buys." Nowhere is there a concerted effort to attract one segment of the population in the way that Madison Avenue courts teenagers or the young-married suburbanites. ...

Classified advertisement, the so-called "small ads", take up anywhere from 30 to 80 percent of the advertising space in most of the communist newspapers, and like the regular ads are usually doubled or tripled on one day a week. These are the columns the reader looks in to find solid furniture, chic clothing, or a (relatively) inexpensive car, a room or an apartment, a country house or a weekend cottage. ... The classifieds even have something to offer to the lonely bachelor or the struggling widow, for get-acquainted columns are a regular feature everywhere but in Bulgaria and Roumania.



consumer affairs

BULLETIN

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The 1966 Economic Report of the Council of Economic Advisers to the President of the United States points out that consumer debt on instalment purchases has increased ninefold since 1946 and that at the end of 1964, 11.7 percent of all private disposable income was committed for payments on instalment debts.

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

UNITED STATES

NEW DRUG SAFETY CAMPAIGN

The Food and Drug Administration has launched a triple-barrelled attack on the illegal and indiscriminate use of drugs.

A letter has been sent to presidents and deans of universities and colleges, heads of science departments and college housing authorities alerting them to "a most hazardous situation", namely, the widespread use among students of barbiturates, amphetamines (pep pills) and LSD-25, a so-called "hallucinatory" drug which may lead to chronic psychosis and temporary or permanent damage to the central nervous system.

The Food and Drug Administration has also warned manufacturers of prescriptive drugs that if they fail to indicate in the Standard Physicians' Handbook the known dangerous side-effects of their products they could face prosecution. This book is described as "unquestionably the most important single source of prescription information for the nation's nearly 200,000 private practitioners." The Government maintains that the companies are not nearly scrupulous enough in warning of possible ill-effects in the 2,600 compounds they list with instructions about indicated use and dosage.

The FDA has also contracted with the Kaiser Foundation Health Plan of Oakland, California for the first stages of an investigation of the effects of drugs which will ultimately cover more than a million persons. Kaiser will provide statistical reports

on diagnoses of conditions and diseases and drug usage among patients receiving regular medical care. It is hoped that the study will help to improve labelling of drugs and in guiding physicians in the more effective use of drugs.

Guardian, 7th April; Group and Welfare News,
Group Health Association of America, Inc.,
February, 1966

EUROPE

STANDARDISING DRUGS

The standardisation of basic drugs in European countries took a step forward at the beginning of March with the establishment of the European pharmacopeia convention. This convention, which comes under the auspices of the Council of Europe, has been signed by eight countries, the six Common Market countries plus Britain and Switzerland. Although the convention is provisional until full ratification, the European pharmacopeia commission will now be able to begin submitting monographs defining individual drugs to the signatory governments. The drugs defined by the commission will not be the commercial products on sale but the basic ingredients that go to make them up.

Daily Consumer News Sheet, Consumers' Association,
7th March, 1966

UNITED STATES

CONTACT LENSES DANGEROUS

A survey on contact lenses for the American Association of Ophthalmology has shown that they can cause damage to vision and even blindness. The use of contact lenses produced blindness in eleven of the cases examined, resulted in the loss of an eye in six cases, caused permanent impairment of vision in 157 cases; and induced "reversible changes" in the eyes in 7,607 cases. It was recommended that patients should be given instruction in the proper handling, insertion, removal and cleaning of contact lenses.

Times, 15th March, 1966, cited in Daily Consumer News Sheet,
Consumers' Association, 15th March, 1966

FRANCE

COMMISSION REPORT ON THE PILL

Following are the major conclusions of the report which has just been published by the special commission set up by the National Institute for Health and Medical Research (INSERM) to study the effects of contraceptive pills:

- they cause only a temporary interruption of fertility;
- they involve no significant risk for healthy women; nevertheless it should be noted that the resulting changes in certain blood factors may contribute to thrombosis, and there is a hypothetical risk of cancerous effect;
- certain pathological conditions require extreme care in the use of the pills and only under close supervision, notably in the case of women with a history of embolic thrombosis, psychopathy, jaundice, diabetes and inflammation of the kidney;
- there has been no evidence of danger of deformities in birth;
- much clinical, biological and statistical research is required to perfect knowledge in this field and to reduce uncertainties.

Le Monde, 24th March, 1966

The Savoy Orange. Judgement has been reserved in the case of Savoy Hotel Ltd. v. the Inland Revenue. The question at issue was whether or not the juice of an orange extracted at the table by a hotel barman or waiter is a manufactured orange drink, and therefore liable to purchase tax. The Savoy case was based on the proposition that a waiter extracting juice from an orange could not be said to "make" orange juice any more than the farmer extracting milk from a cow "makes" milk.

Daily Consumer News Sheet, Consumers' Association,
7th March, 1966

P R I C E S

AUSTRALIA

THE PRICE OF PACKAGING AND MARKETING

Price studies on a relatively inexpensive item, waterproof adhesives for wood, revealed that prices generally range from 200 percent to 300 percent or more of the cost of the basic ingredients.

Choice, Journal of the Australian
Consumers Association, March, 1966

UNITED STATES

FOOD PRICES

The National Commission on Food Marketing, set up to study the gap between prices paid to growers and retail food prices, recommends that trading stamps should be outlawed. It has found that one of the chief reasons for the gap is promotional costs. Packaging now accounts for 10 percent of the costs of retail food, and trading stamps add as much as 14 percent to the cost of doing business. The Commission also recommends a moratorium on all further supermarkets chain mergers and acquisitions to prevent giant companies from driving smaller competitors out of business.

Daily Consumer News Sheet, Consumers' Association, 18th March

Let the Computer Choose. A Birmingham department store plans to help undecided customers choose presents. Shoppers will be given a card and will mark on it the correct personal details of the recipient against four simple questions. The card will be fed into a computer system and in a fiftieth of a second will select a list of gifts, together with their prices and department locations.

Daily Consumer News Sheet, Consumers' Association,
27th March, 1966

M O N O P O L Y A N D R E S T R I C T I V E

T R A D E P R A C T I C E S

INDIA

REPORT ON CARTELS

A state commission set up to investigate cartels has reported a considerable degree of concentration for 65 of the 100 selected products studied. These include children's milk, tea, sugar, medicaments, galvanised iron plates, and cement. Some 2,259 firms are affiliated with 83 commercial groups.

The commission found that monopolies exclude new competitors from the market and

that for the goods in question excessive prices were asked. There was also evidence of the creation of artificial scarcities on the market and resultant price manipulation, serious consumer deception with respect both to prices and quality, and exclusion of small business men through advertising power and in some cases through control of the press.

Recommendations of the commission included setting up a special permanent body, with a judge from the High Court as chairman, to investigate trade practices. It also proposed liberalisation of imports, promotion of small business, creation of consumer councils, and other measures to protect consumers against exploitation by larger producers.

Documentatie-Bulletin, CO-OP Nederland, 28th March, 1966

EUROPE

THE GIANT FIRMS

The European Economic Community has published a list of the largest firms in the Common Market and Great Britain. The list includes 50 German firms, 43 French, 28 British, five Dutch, 2 Belgian, 7 Italian, and one in Luxembourg. The two largest are the Dutch-English concerns Royal Dutch Shell and Unilever. British Petroleum is third, IRI fourth, the British National Coal Board fifth, British ICI sixth, Volkswagen seventh, Philips eighth, Siemens ninth and Electricité de France tenth.

Documentatie-Bulletin, CO-OP Nederland, 14th March, 1966

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Edible Curtains. The January-February issue of J'achète, the journal of the Swiss-speaking Federation of Women Consumers, relates the story of a housewife who wanted to wash her window curtains. She took special care, but there was no indication on the curtains as to proper method of washing. The curtains dissolved into a kind of soft paste similar to white cheese. She put it into a bowl to show her husband and went out to shop. But the husband got home first, looked for her in the kitchen, and then to assuage his hunger while waiting, ate a slice of bread with the "cheese". "Even with salt and pepper", he told his wife on her return, "it tasted a bit flat". Fortunately the consequences were nothing worse than a night of anxiety. But the incident raises the question: in the absence of washing instructions should textiles be labelled "digestible" or "indigestible"?

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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

SWITZERLAND

THE GOVERNMENT AND CONSUMER PROTECTION

Two government organs created by the Federal Council for the study of consumer problems have now started work. The Federal Consumer Commission (Commission fédérale de la consommation) has been studying legislation and regulation in the fields of weights and measures, food trade and control of specific commodities such as meat. The actual inquiries into these questions will be undertaken by the Office for Consumption (Bureau de la consommation). Interested economic associations and official services are entitled to participate in the work of the commission.

Le Coopérateur Suisse, 26th February, 1966

FINLAND

NEW CONSUMER COUNCIL

The Consumer Council which was recently established is charged with the tasks of consumer protection, consumer education and goods testing. It consists of a Chairman and 13 members and their substitutes representing consumers, traders, industrialists,

etc. There are three sections. The goods section has responsibility for labelling, finance and collaboration with various organisations; the price section for prices and factors affecting them; and the information section for publishing the results of tests, a Consumer Council publication, and supplying information to schools, organisations, the press, radio and television.

Correspondence from the Cooperative Union KK

AUSTRIA

COOPERATIVE WORKING GROUP ON CONSUMER QUESTIONS

A working group on consumer questions has been set up within the framework of Konsumverband, the Central Union of Austrian Consumer Cooperatives. Its major concern will be the problems created for consumers by the modern welfare state. The working group will seek close cooperation with all associations and organisations which are active in the field of consumer protection and consumer information.

Genossenschaftlicher Nachrichten Dienst, Konsumverband, 1st April, 1966

EUROPE

COMMON MARKET FARM POLICY

At a recent meeting in Brussels the Contact Committee of Consumers of the European Economic Community adopted a number of resolutions relating to Community farm policy. It expressed firm opposition to any attempt by agricultural producers to create pressure groups for the purpose of restricting free competition. In connection with agricultural industrialisation it sent a letter to the EEC Commission and the Council of Ministers urging that no obstacles should be placed in the way of a transition from traditional methods of production to more rationalised techniques and that uneconomic enterprises should not be artificially protected. Also a resolution was adopted on criteria for determining Common Market farm prices. This resolution is based on the view that the basic remedy for farm problems is to be found in structural reform, and that at the present juncture prices should be fixed with reference to the costs of farmers using modern agricultural techniques, and in any case at a level which will not inhibit necessary changes or produce surpluses which have to be financed by the public.

Press Release of the Comité de Contact des Consommateurs de la Communauté Européenne, April 1966

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An Abundance of Choice. The average US supermarket carries between 7,000 and 8,000 food items. Over 33,000 grocery products are currently manufactured in the US. In the soup category alone there are 115 registered manufacturers, and 394 canners of tomatoes. Even with this immense selection, 79 percent of supermarket managers recently interviewed wanted to carry more rather than fewer items, because " a greater selection would prevent their customers from looking in other competing stores for brands and items they prefer."

Food Technology, October 1965, cited in CWS Market Research Department Weekly Digest, 23rd February, 1966

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

SWEDEN

SECOND TV CHANNEL

A second Swedish television channel is to come into operation in 1969 and will be run by the Swedish Broadcasting Corporation which also controls the first channel. The possibility of a commercial network is now definitely ruled out, but there is still a chance of advertising time being made available on one of the two channels. Programme Two will have a viewing time of about 25 hours a week and will be on a competitive

basis to the present programme One. The cost of the new channel is to be covered by increasing the licence fee by Kr.25 per year bringing the total to Kr.125 per year (£8 10s.). A decision on the introduction of colour TV will be deferred as further studies are being made on the American, French and German systems.

Financial Times, 20th April, 1966

BELGIUM

COOPERATIVE TV PROGRAMME

The Belgian Cooperative movement presented a full TV programme on April 14 dealing with the problem of rising prices and the cost of living. The movement had previously collaborated on another TV programme concerning the quality and prices of meat.

Correspondence with Société Générale Coopérative

FINLAND

COOPERATIVES AND CONSUMER PROTECTION

Elanto Society, the largest cooperative society in Finland, has granted an award of 7,000 Finnmarks to five journalists to enable them to study questions of consumer protection.

Correspondence from the Cooperative Union KK

AUSTRIA

COOPERATIVE CONSUMER INFORMATION

At a recent meeting in Salzburg, the Austrian cooperators who were delegates to the ICA Consumer Conference in Basle in October 1965 exchanged views on the results of that conference with a view to intensifying consumer information activities within the Austrian consumer cooperative movement. It was stressed that from the outset cooperatives have operated as organisations of consumers for their own protection. Despite the growth of protective legislation in recent years, consumer information and protection is more urgent than ever, not only in Austria but throughout the world. And it is cooperatives which are best suited for this task - traditionally and because of their knowledge and experience in the relationship between production and distribution. This firsthand knowledge of both production and merchandising is fundamental to effective consumer information. At the same time the discussion underlined the difficulties confronting effective consumer information. These include particularly the heavy expenses involved and the sensitivity of consumers to activities that might be interpreted as interference with free consumer choice.

die Konsum Genossenschaft, Zentralverband der österreichischen Konsumgenossenschaften, March 1966

FINLAND

VITAMIN LABELLING

A new law requires information on labels concerning vitamins added to foods. The labels must state "vitaminised", and must describe the vitamins and the vitamin content; they must also indicate the last date on which the food may be sold as vitaminised, since the vitamins lose their strength with age. The merits of vitamins may not be mentioned in food advertisements.

Correspondence from The Cooperative Union KK

UNITED STATES

OFFICIAL CONSUMER INFORMATION

Office

The Government Printing/has set up a special "consumer corner" in its bookstore in Washington, D.C. It has issued a catalogue listing Government publications of interest to consumers. Entitled Consumer Information PL 86, it is available free from the Superintendent of Documents, Washington, D.C. 20402.

Consumer Reports, Consumers Union, March 1966

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Savings? A refrigerator salesman pleaded: "Lady, you can save enough on your food bill to pay for it."

"May be so," she said, "but we are paying for the car on the carfare we save and we are paying for the washing machine on the laundry bill we save. It looks like we just can't afford to save any more at present."

Maritime Co-operator, 1st March, 1966

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

EUROPE

COMPARATIVE STUDY OF FOOD LAWS

The European Food Law Research Centre in Brussels held the first meeting of its Advisory Board in January. The Centre, which was set up several months ago, will undertake the first independent academic comparative study of food laws. It was decided that the first publication should be an outline of the general principles on which various food laws are based and on the concepts of food and additives, which are the core of food law problems.

Food Trade Review, March 1966

FINLAND

LEGISLATION ON FRUIT PRODUCTS

A new law protects consumers from fruit products of inferior quality. The statutes prescribe standards for fruits which may be processed, and prohibit the use of additives other than sugar and honey without special notice. They also specify production methods.

Correspondence from the Cooperative Union KK

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Wear it - then tear it. The Scott Paper Company of Philadelphia, U.S.A., is introducing paper dresses with a life expectancy of five to six days. The dresses are made of three plies of specially prepared paper reinforced with a layer of rayon "scrim" for durability. The dresses will not disintegrate in a thunderstorm, but after wetting they lose their fire-resistant quality.

Daily Consumer News Sheet, Consumers' Association,
18th March, 1966

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A D V E R T I S I N G

UNITED KINGDOM

TV ADVERTISING

Miss Elizabeth Ackroyd, director of the Consumer Council, resigned from the International Television Authority's Advertising Advisory Committee in protest against its rejection of the Consumer Council's claim that some 19 TV advertisements were "misleading". The advertisements suggested that patent medicines would cure specific complaints, and also gave the impression of medical support by using white-coated research workers or pseudo-clinical diagrams.

Daily Consumer News Sheet,
Consumers' Association, 7th March, 1966

BELGIUM

COOPERATIVE ALERTS CINEMA GOERS

The Cooperative movement, through its press, has alerted the public to certain abusive selling practices, in particular "cinema sales" to which consumers primarily the aged, are lured under false pretences. After a "free" show, they are pressured into signing hire purchase agreements for articles which they either do not really want or for which they pay much more they would otherwise. It was noted that this practice is also fairly common in Switzerland.

Correspondence with Société Générale Coopérative

UNITED STATES

VIEWS OF NATIONAL COMMISSION ON FOOD MARKETING

The Commission Report, recently published, states that food firms "whose principal advantage is their selling effectiveness rather than efficiency in manufacturing and distribution" have achieved tremendous market power. "Consumers are powerfully influenced by advertising and persistently pay premium prices for much-advertised brands, though products of similar quality - not infrequently the identical product - are available at lower prices".

The report suggests that this power can be reduced by making it easier for consumers to choose without considering brand names. It recommends that the Agriculture Department should establish food grades, that the Food and Drug Administration should establish standards of identity, and that the Federal Trade Commission should become "expert" in food industry trends and file a yearly report with Congress. It also urges more consumer education. "If consumers become skilled buyers, many objectionable sales practices would lose their effectiveness and disappear."

Cooperative News Service, 15th March, 1966

UNITED KINGDOM

VIEWS OF AN ADVERTISER

In a letter to the Times referring to the findings of a survey on consumer attitudes to advertising, the president of the Institute of Practitioners in Advertising writes that it is not surprising that 80 percent of those interviewed thought that advertisements persuade them to buy things they do not need. "Almost everything in the shops today is something that people do not need. The economy is now based on the production of marginal choices, ranging from useful extras to sheer luxuries. That is what is called an improved standard of living." Nor is it surprising that 53 percent of the interviewees thought advertisements presented a false picture of the products advertised. "After all, advertising is not a disinterested system of consumer information: it is selling and therefore partisan."

Daily Consumer News Sheet,
Consumers' Association, 30th March, 1966

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Will smog end it all? A meteorologist at the University of California predicts that failure to find a satisfactory answer to the petrol-powered engine will lead to annihilation by smog within a century. "All of civilization will pass away, not from a sudden cataclysm, but from gradual suffocation by its own effluents." His suggested alternative to a conventional car engine is an exchangeable battery pack in an electrically-powered car. He doubts that controls to reduce or eliminate effluents from the internal combustion engine are likely ever to be effective.

Daily Consumer News Sheet,
Consumers' Association, 18th March, 1966

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SPECIAL FEATURE: CANADIAN CODE OF
ETHICAL STANDARDS FOR COOPERATIVES. I

Canadian cooperatives organised in Federated Cooperatives, Inc. (FCI), a regional wholesaling and manufacturing organisation, have created a "Code of Ethical Standards". FCI has officially adopted the code and its local cooperative owners are being encouraged to do so. In this and subsequent issues of Consumer Affairs Bulletin, the highlights of this code will be sketched, as described in CO-OP Report, Cooperative League of the USA, February 1966 and following issues.

Purpose We cooperators recognize that the consumer has certain rights and that these rights should not be violated by the organization. Among them are: the right to safety; the right to be informed; the right to choose; and the right to be heard.

Code of Ethical Standards In recognition of the fact that it is a duty of the consumer-owned organization to respect and protect these rights, the following code of ethical standards shall apply to all activities of the organization:

- . All claims, statements, information, advice, and proposals shall be honest and factual.
- . Sufficient disclosure of pertinent facts and information shall be made as may be necessary to enable one to make a fair appraisal of the proposal as related to the requirements to be fulfilled.
- . Public decency and good taste shall be duly regarded.
- . Unfair exploitation in any form shall be avoided.
- . Comparisons of cooperative merchandising, products, service, philosophy, principles and practices to those of others shall only be made honestly and fairly. Unfair disparaging comparisons shall be avoided.
- . Interests of the membership as a whole shall be paramount to the interests of the institution.
- . Equitable treatment of all members shall be diligently pursued.
- . Knowingly persuading or advising an individual to action which may not be in his best interests shall be avoided.

The Right to Safety implies that when used by an average person according to directions or generally accepted methods, a product or article will not endanger the life, limb, health, or person of the user or others. It also means that the consumer has a right to be informed of real or potential hazards or dangers to his right to safety. A study is required of all facets of products to observe the right to safety, care in the selection of brands or lines, and, if necessary, efforts to inform consumers of facts beyond those the manufacturer may provide.

Consumers have a Right to be Informed, in terms they clearly understand, of all data needed by them to fairly judge the merits of an offering, to compare one brand or model with another, and to assess the value of the product to themselves with relation to its price. The consumer should be told:

- . The true quality of an article or offering without the influence of extravagant claims in advertising, promotion or selling; and without danger of being misled by brand names which might imply superior quality or value which does not actually exist.
- . The true and full price, and if a budget plan is involved, the consumer must be clearly informed of all charges entailed and the interest rate in terms of simple annual interest.

- . The weight, measure or quantity in terms that are easy to understand and easy to use in making comparisons of one brand to another, calculating the cost per ounce, etc. Consumers do not like weights to be shown in fractions or other methods difficult to comprehend and to handle in making arithmetical calculations.
- . Necessary and desirable data to help in making a choice in clear, straightforward information on packages and labels. Statements as to contents, weights, directions for use and WARNINGS should be in wording that will inform and not deceive the trusting mind, and in print that is clear enough to be seen by all. Packages which give misleading impressions as to contents, even though the true facts are stated thereon, can create misleading impressions upon the minds of some.
- . The terms of guarantees and warranties, the conditions under which terms remain in effect, the period of time the guarantee covers, and cost, if any, of having repairs made under the guarantee.

To ensure the right to be informed cooperatives may discontinue handling offensive products; complain to manufacturers and/or the cooperative wholesale; complain to the appropriate government office; take steps to provide, at the point of sale, information that will overcome shortcomings of the manufacturer, and refuse to pass on or use as a selling device a phoney or doubtful guarantee.

Cooperatives help protect consumers' Right to Choose

- . When they carry in stock at least a reasonable variety of those types of goods for which customers have individual preferences.
- . When they avoid and/or discourage the use of extravagant advertising claims which are apt to confuse consumers by suggesting to them that a particular product has merits and features not found in others, when such is not the case. A consumer so deceived is hampered in the making of a rational choice.
- . When they heed consumers' complaints about available styles and offerings, and assist in protesting to manufacturers, consumer organizations, etc.
- . When they study products and their features, and use that product knowledge to assist consumers in making a proper selection of the goods that will best serve their needs.

The Right to be Heard acknowledges that consumers have a right to express their desires, wants and needs, and their complaints and problems to those who may be expected to act on behalf of consumers. The consumer exercises his right to be heard by

- . complaining about service, product, lack of variety, prices, etc., either when shopping or at the annual meeting of his cooperative;
- . by failing to patronize his cooperative, a particular department, or a particular line of goods;
- . by returning merchandise;
- . by comments as to why he chose one brand instead of another; and
- . by expressing himself through organizations such as a cooperative, consumers' associations, etc.

Knowledge as to what consumers do or do not like about cooperative products or services provides opportunities to make improvements which will attract confidence and patronage.

Cooperatives are consumer-owned, and consumers have rights. On this there can be no argument. Nor can one dispute the logic of the statement that consumers would not, under any circumstance, voluntarily tolerate violations of their own rights by an organization they own and have created to serve themselves.

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The Essence of Cooperation. "I am, now, a co-operator by deeper conviction, no longer by mere casual contact and custom. Co-operation stands for mutual aid and is opposed to aggressive and destructive competition. In practice it shares responsibility, opportunity and reward. It implies a belief in the power of men and women to act together to achieve desirable ends; it repudiates the idea that the best human results are secured when intelligence surrenders to the competitive forces within a market economy. Co-operation is based upon the sharing of power through common endeavour and democratic government. Left to itself, or to those who lust for wealth and power, the world would die in its springtide. There is a future for humanity only if men and women join together on the basis of their common needs, and accept both the disciplines and the privileges of enterprising co-operation. I am sure of this. Amid all the buffetings and disillusionments of our time, men must live and act by their faith. This is mine. This is why I am a co-operator."

Sir Jack Bailey,
Cooperative Consumer, March 1966

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consumer affairs

BULLETIN

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Poodle Parlours

A proposal that hairdressers should give dogs a shampoo or trim at the same time as their owners was made in the presidential address to the Incorporated Guild of Hairdressers, Wigmakers and Perfumers in London. A wonderful hair colouring service could be offered too: client and poodle trimmed and tinted to match, at an all-inclusive charge. It was pointed out that it takes the same time for a poodle as for a woman. "And poodles after all are less demanding when it comes to decor and wervice."

A D V E R T I S I N G

FRANCE

A COOPERATOR'S VIEW ON ADVERTISING

"Advertising is good, and it is essential when it is informative. A manufacturer launches a new product of good quality. It is necessary for him to publicize it. This is the law of the market. If he doesn't, a domestic or foreign competitor will replace him."

"But the rub comes when the product is bad in some respect. Advertisers affirm that 'you can't fool all the people all the time'. But you can fool them long enough to replace, indefinitely, one bad product by another bad product. 'This', says Professor Lecaillon in his recent book Les Mécanismes de l'économie, 'is how the rationality of the market is destroyed ... and how advertising gives a dubious orientation to economic growth.'"

"So, without questioning the good faith or honesty of anyone, it can reasonably be hoped that consumers will become not merely a public of purchasers, but an articulate and organised force capable of correcting errors and controlling abuses. This is what cooperators are practising."

J. Boniface, Coopérateur de France, 30th April, 1966

GERMANY

MISLEADING PRICE ADVERTISING

The Federal Court has ruled that advertising based on comparison of actual selling prices with recommended prices is misleading and therefore illegal.

Verbraucher, 2nd April, 1966

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Truth in Advertising

"I once knew a young man who believed he had developed a revolutionary formula that would transform the advertising business, and incidentally, bring fame and fortune to himself. His idea was to tell the stark truth about the product in as few words as possible. At the same time, he quoted me many examples of how it would work out in practice. I can remember only one; but it serves to illustrate his theory: 'Assuming,' he said, 'I was asked to advertise a brand of Scotch whisky called Auld Wullie, I would simply plaster the country with the slogan Auld Wullie whisky makes you drunk. '"

"It is some years now since I last saw him, and although I have often tried to detect his influence in the advertisements I read on posters and in magazines or watch in the cinema and on television, I have been quite unable to do so. Quite the reverse, in fact. Tinned peas don't fill your stomach or even tickle your taste buds; in some mysterious way they get you promoted to the board of directors of your company. Petrol does not drive your car; it drives emaciated young women to run their hands around inside your shirt."

Harry Whewell, Guardian, 13th May, 1966

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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

FRANCE

COOPERATION BETWEEN RETAILERS AND CONSUMERS

The Government is giving its support to an organisation, "Dynamag", in Toulouse, in the hope that it will become a model for further experiments. Some 40 retail firms are affiliated to Dynamag for the purpose of promoting close cooperation between retail traders and consumers in judging quality and prices of goods on the market. A joint committee headed by an economics professor will carry out tests, and the results will be available free of charge; also firms may use the results in their advertising. Goods which are found to be of good quality for reasonable price will be reported in a government radio broadcast.

Verbraucher, 26th March, 1966

AUSTRIA

COOPERATIVE WORKING GROUP ON CONSUMERS

Stimulated by the ICA Consumer Conference (Basle, October, 1965), the Austrian Cooperative Union has set up a working group on consumer questions to study possibilities of consumer enlightenment through such means as information in the shop, informative labelling, housewife advice services, the cooperative press, consumer education courses and consumer conferences. The working group will build upon work done in other groups, e.g., the Committee of Women's Organisations, the Cooperative Women's Guilds, and cooperative courses and seminars.

die Konsumgenossenschaft, April 1966

GERMANY

INTER-MINISTERIAL CONSUMER COMMITTEE

A new inter-ministerial consumer committee has been set up under the chairmanship of a State Secretary in the Economics Ministry with a view to coordinating the various aspects of consumer measures by the government. It will include representatives of the ministries of Interior, Labour and Social Affairs, and Family Questions.

Verbraucher, 23rd April, 1966

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"Economists used to picture the consumer as an important person, the true director of the economy. Today who still believes this myth of the consumer-king for whom everybody works, and who brings misfortune or ruin to anyone who does not cater to his tastes?"

"The tragedy of the matter is that the consumer passively accepts the role of king's jester rather than vindicating his title of real king. The harsh truth is that the consumer - and that is all of us - is changing in a society oriented towards production. For a long time now the needs of the consumer have no longer been the motor of economic activity."

M. J. A. Dionne, President of the Fédération des Magasins CO-OP, Canada, in Ensemble, 30th March, 1966

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MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

UNITED STATES

PRIVATE LABELS

The decision by the Supreme Court of the United States that private-label products packed by a manufacturer who markets a similar product under his own advertised brand could be violating a section of the Robinson-Patman Act has caused a considerable amount of confusion in the USA. The ruling came in a case where the Federal Trade Commission had charged the Borden Company, America's largest milk products concern, with violating the law by charging less for evaporated milk sold to some of its customers under their own labels than it did for the identical product under the Borden name. Under the Robinson-Patman Act, a violation occurs if there is a price differential between products of "like grade and quality".

Grocer, 16th April, cited in CWS Market Research Department Weekly Digest, 20th April, 1966

EUROPE

EEC CARTEL POLICY AT THE CROSSROADS

Much of the Common Market's anti-cartel policy is jeopardized by the recommendations of the Advocate-General of the Court of Justice for the appeal in the Grundig-Consten case. The recommendation is that the Commission's decision be cancelled in its entirety, and the matter sent back to the Commission for further examination. The case in question is the key decision by which the Commission prohibits territorial protection in exclusive agency contracts. It arose from a complaint by a French trading company, UNEF, that it was being deprived of supplies of Grundig products by German wholesalers who were its usual suppliers. These wholesalers argued they were precluded from reselling into France by their supply contract with Grundig who had appointed the Consten Company to be its sole distributor in French territory.

It was proved in the investigation that in the Grundig-Consten contract, Grundig had undertaken to prohibit sales by any of its customers to any buyer in France so that Consten would have the French market to itself. The agreement was reinforced by the registration in France of a special trade name, GINT, which Consten only would have the right to use. The Commission held the agreement to be an infraction of Article 85 (1) of the Rome Treaty, which prohibits inter-company agreements "capable of affecting the trade between member countries." The Advocate-General agreed with the Commission that if the exclusive agency contract was indeed illegal, the use of the GINT trademark would not have had the effect of legalising it. The challenge, however, is on the fundamental issue of the legality of exclusive agency contracts.

Financial Times, 29th April, 1966

UNITED STATES

CO-OP MERGERS O.K.

The nation's top anti-trust official indicated recently that farmers' cooperatives with similar functions can merge without worrying about the law. Donald Turner, chief of the Justice Department's anti-trust division, told leaders of fruit and vegetable cooperatives that a cooperative "appears to be entitled to acquire some degree of market power simply by enrolling new members", and that it has "the right to acquire this same power through horizontal merger". Mr. Turner said that when cooperatives merge, each member should be free to withdraw and get his investments back. Under such circumstances, "the merger seems equivalent to the voluntary enrollment of the members," and the cooperative is "no more subject to attack under the anti-trust laws" than if it had gained these members directly.

The Cooperative Consumer, Kansas City, Missouri, 28th February, 1966

EUROPE

FURTHER EEC ANTI-TRUST MOVES

1. One Dutch, one German, and four Belgian producers of silica, which is used in the manufacture of ceramics, abrasives, soap, paint and enamel, have informed the Common Market Commission that they have ended a quota and price-fixing agreement in the Netherlands which had been condemned by the Commission under the Rome Treaty's anti-trust provisions. The six companies had also been party to an agreement with four selling agents who had agreed to buy silica only from the parties to the agreement and to sell it at a minimum price.

2. The Commission has dropped proceedings against one French and one German chemical company after they had informed it that they had abandoned tying clauses in patent-licence agreements. A third company in France had complained that the two firms, which were holders of certain plastic-processing patents, had granted free use of these patents to other companies which purchased from them certain non-patented products used in the process, but had charged a licence fee if the non-patented materials were bought from other suppliers. The complainant had argued that this involved an inadmissible extension of the patent monopoly.

3. Appeal to the Court of Justice has also been made by 53 Belgian, Dutch and German companies in the cement industry whose price agreement covering the Dutch cement market was condemned by the Common Market Commission.

European Community, April 1966

UNITED KINGDOM

KODAK MONOPOLY IN COLOUR FILM

The Monopolies Commission has concluded that Kodak earns a disproportionately large share of its total profits from its colour film trade in which it has a monopoly position (more than 70 percent of the UK market), and that its high retail margins are against the public interest. It recommended that: a) the import duty on colour film should be abolished; b) significant reductions should be made in Kodak's own selling price for colour film and in its charges for processing; c) Kodak should reduce the normal retailer's discount on the sale of its colour film to yield an amount not substantially more than the amount received by the retailer on comparable black and white films; d) Kodak should permit its colour film to be stocked and sold by any retailer who wished to deal in them; and e) the sale of film by a manufacturer or importer should be a separate transaction from any contract for processing, and manufacturers or importers should not stipulate that film should be sold process-paid.

Guardian, 29th April, 1966

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The Ad Man Cometh!

The following samples of actual advertisements are cited in the Bulletin d'Information (March-April 1966) of the French Cooperative Laboratory:

"Your hair is tired. It needs rest. X makes new hair for you in a few minutes."

"... beauty cream from extracts of wild Portuguese oysters, 100 percent natural."

"Those who use it (a product against baldness) must take care not to spread it on the face or arms where hair is not wanted."

"Your body will become a fortress of combat in only 15 minutes."

"I can make you an 'intellectual' in a single sitting."

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

UNITED KINGDOM

THE FIRST TELTAG

The first British Standard for Consumer Council Teltag labels specifies the method of measuring the time a kettle takes to boil one pint of water and the time taken to boil its rated capacity of water. Figures derived from tests conducted in the newly specified way will be quoted on the Teltag label and will aid purchasers in making a meaningful comparison of the many different kettles on the market.

Daily Consumer News Sheet, Consumers' Association, 18th April, 1966

UNITED STATES

DO THE POOR PAY MORE?

Through the Bureau of Labor Statistics the Government is having a study made to establish once and for all whether "the poor pay more." The study will involve field work in about six metropolitan areas and will seek to compare the prices for comparable products

in poor and in more affluent sections of the cities. The first area checked will be foods, followed by appliances, furniture and other items in the consumer market basket.

Newsletter, Council on Consumer Information, April 1966

EASTERN EUROPE

THE TV BOOM

The magic box has come to Eastern Europe. Almost half the households in East Germany and Czechoslovakia now have TV sets; i.e., about 15 sets per 100 citizens. Poland and Hungary have about 6.6 per 100, and Yugoslavia, Rumania and Bulgaria about 2 per 100. Most of the sets are in the larger cities, and the broadcast coverage is correspondingly limited.

East Europe, April 1966

UNITED KINGDOM

CONSUMER WEEK

The Market Research Department of the Cooperative Wholesale Society recently captured public attention with its demonstrations at the Consumer Advisory Week organised by Eccles Cooperative Society. The exhibition included equipment for testing the efficiency of flame-proofed fabrics; a galvanometer for measuring the amount of gloss produced by paints; moving friction wheels for testing the durability of carpets; machines for testing the resistance of fabrics to the accumulation of "pills" of fibre; and a "latherometer" for testing the lathering properties of soaps.

Producer, CMS, April 1966

UNITED STATES

INFORMATIVE LABELLING AT THE COOP

The Hyde Park Cooperative Society has installed "PPO" (price per ounce) labels in its Super Mart located on Chicago's South Side. Over 2,000 items have shelf signs showing the brand name of the product, its description, its selling price, the number of ounces in a single package, and the price the consumer pays for each ounce. Among the products which carry PPO labels are detergents, soaps, waxes, cleaning products, frozen fruits and vegetables, noodles, rice, pickles, catsup, jam, peanut butter, tuna fish and corned beef hash. Studies are being made as to the effect of the labelling system and the resulting change in buying patterns.

Cooperative News Service, 4th April, 1966

CANADA

TRUTH-IN-LENDING

Nova Scotia is the first Canadian province to adopt legislation on disclosure of credit costs. A new bill, enacted in April, requires: statements of credit costs both in dollars and in percentage rates; a rebate when a bill is paid before the contracted term; licenses for all money-lenders, including retail outlets which grant credit; and statement of the percentage calculation of credit received as a true annual rate on the unpaid balance. Credit advertising is also regulated. Radio or TV broadcasts or printed advertisements of sums to be loaned must include the sum to be actually received in cash or the actual price of the goods; the amount of down payment if any; the amount of each instalment; the total number of instalments required, including the cost of borrowing. Violators are liable to fines up to \$2,000 or a year in jail, and fines up to \$25,000 for corporations.

Maritime Cooperator, 16th April, 1966

UNITED STATES

CONSUMER TIPS

The National Association of Manufacturers has started a special consumer-information service designed to assist consumers in understanding and using the market place. It

includes a consumer-information clearing house and a consumer-information laboratory. Advertising Age states that TIPS (Techniques in Product Selection) is presumably one of NAM's answers to government pressures on distributors.

Newsletter, Council on Consumer Information, April 1966

UNITED KINGDOM

WASH-CARE LABELS FOR TEXTILES

The Home Laundering Committee has launched a series of eight standardised wash-care labels covering almost all textiles. In any one year it is estimated that more than 500 million garments will be produced bearing one or other of the labels, 600 million detergent packs will bear the instructions in the same form, and most washing machine manufacturers will have translated them into explicit, simple washing instructions for all machines in their range. Each of the labels explains the complete washing process required, how to machine-wash and hand-wash the article, which water temperature to use, what type of machine-wash (maximum, medium or minimum) is needed and how water should be extracted. The scheme has been discussed in detail with the British Standards Institution and is to be incorporated as an appendix to the 1964 "Textile Care Labelling Code." The Consumer Council has given its full approval to the scheme.

Daily Consumer News Sheet, Consumers' Association, 25th April, 1966

UNITED STATES

TV CONSUMER PROGRAMME

A new TV consumer programme series has been launched over the nation's educational TV stations. The series, entitled "Dollars and Sense", is produced by National Educational Television with research assistance from the staff and consultants of Consumers Union, the non-profit organisation that publishes Consumer Reports.

Newsletter, Council on Consumer Information, April 1966

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And Now Disposable Homes!

Four million Americans, more than two percent of the population, now live in mobile homes. They can be bought in the same way as cars, through dealers who will renovate them and resell them, and obligingly exchange a new model for a trade-in. They range in price from £1,100 to £6,400, and are towed direct to the site by commercial transport companies. Each home remains on its wheels and stands on a concrete base and is connected by flexible tubes to mains services. Renting a space in a park costs from £7 to £20 a month, but in California freehold sites are available.

Guardian, 10th May, 1966

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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

SELECTIVE EMPLOYMENT TAX

Post-Budget discussion has been more heated than usual following the proposal for a striking tax innovation, the Selective Employment Tax. Tax rates payable by employers will be 25s. per week for men; 12s.6d. per week for women and boys; and 8s. for girls. Payments will be made through the National Insurance Agency. Employers are divided into three categories: those in manufacturing industries who will receive a refund at premium rates of 32s.6d. for each man employed, 16s.3d. for each woman and boy under 18, and 10s.6d. for every girl under 18; those who have the tax refunded or counter-balanced,

but receive no premium; and those who will pay the tax without refund. Employers in the premium group include: grain milling, bread and flour, confectionery, biscuits, bacon curing, meat products, sugar, cocoa, tobacco, textile goods, clothing and footwear, printing, milk products. Those in the second category, who will have their tax refunded, include road haulage. Agriculture will pay the tax but have the impact offset so far as is practicable through the normal machinery of the annual price review. Horticulture will pay the tax, but its effects will be taken into account in the determination of horticultural policy. Those in the third category who will pay the tax without refund include wholesale distribution, retail distribution, dealers in coal, insurance, banking, garages and filling stations, and repair of boots and shoes.

CWS Market Research Department Weekly Digest, 4th May, 1966

CANADA

COOPERATIVE CONSUMER EXPERIMENT

Seventy-five Ottawa and district families are operating their own practical protest against what they call the "consumers' jungle" of the modern supermarket. They didn't like the way food and household supplies are being sold - costly services, trading stamps, music, expensive lighting and hidden persuaders to induce customers to buy what the merchandisers want to sell. So they set up the Cooperative Supplies Depot, a non-profit organisation through which they supply themselves with their own food and household needs.

Formation of the co-op followed a two-year study by the organisers who finally concluded that the only way to achieve a more rational way of meeting their families' needs was to set up their own cooperative purchasing machinery, owned and operated by the members. The co-op has a full-time manager and the depot is open one full day each week, plus three half days. It is a true cooperative, operated democratically on the basis of one vote per member. The one essential difference from other forms of food supply is that items are sold to members at cost, i.e., each member-family pays only the cost price for the goods. Operating expenses such as rent, power, salaries and others are paid by a £1.50 a-week subscription from each family.

The Maritime Cooperator, 15th March, 1966

EUROPE

BUYING THROUGH THE POST

Mail-order purchasing is expanding more rapidly than any other form of distribution in France and Germany. Mail-order sales in Germany amount to about 4 $\frac{1}{2}$ % of all retail sales, as compared to about 6 percent in Great Britain and the United States. Moreover, German mail-order companies' sales have quadrupled in the past ten years, whereas chain stores' and small retailers' sales have tripled and cooperative stores' turnover has doubled. The two leading firms, Neckermann and Quelle, offer their customers such varied items as prefabricated houses and Black Sea cruises. The big companies are cooperating with a number of retail trade groups, particularly in foodstuffs, for example by displaying their catalogues in the retail groceries' shops. Also they are expanding across frontiers and doing business in Austria, Luxembourg, Sweden and France. In France mail-order sales account for only about one percent of all retail sales, but they are expanding at the rate of some 20 percent a year as against 7 percent for distributive trades as a whole.

European Community, March 1966

UNITED STATES

SERVICE CONTRACTS ON APPLIANCES

A new department in the merchandising of appliances is the offer of a "service contract" or "maintenance agreement" covering both servicing and parts replacement,

and in some cases even preventive maintenance measures. These agreements, which range in cost from less than £5 to £100 a year, are being adopted by many retail chains and independent dealers.

CWS Market Research Department Weekly Digest, 4th May, 1966

UNITED KINGDOM

COOPERATIVE CHEQUE CARDS

The C.W.S. Bank has introduced a scheme of guaranteed cheque cards. Holders of the cards will be able to cash their own cheques for up to £30 each, not only at any of the bank's branches, but also at the cash offices of the large cooperative stores and branches. Cheques up to £30 value each will also be accepted by societies for payment of goods and services at most of their 25,000 retail outlets. The cards will be issued to customers at the discretion of the managers of the bank's branches, and will be valid for six months at a time.

Cooperative News, 7th May, 1966

EUROPE

COMMON MARKET RETAILERS

A Centre for the European Retail Trade has been founded in Brussels (Centre Européen du Commerce de Détail, CECODE) to safeguard the interests of retailers within the Common Market.

Verbraucher, 26th March, 1966

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Americans needlessly pay too much for borrowed money, breathe polluted air, boat and swim in polluted water, endanger their health with untested drugs and cosmetics, and maim and kill themselves in unsafe motor cars.

This was the view of delegates to a recent three-day "Consumer Assembly" at Washington D.C. Thirty-three national organisations, representing farmers, workers, women, veterans, churches, cooperatives and other groups joined in sponsoring the conference. Some 250 persons from organisations with an estimated membership of 50 million attended.

Cooperative News, 7th Myy, 1966

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

FRANCE

CONSUMERS AND THE SCHOOLS

"A conscientious consumer must be an economist", according to an article in the National Review of Education (March 3rd). In response to a request by the National Committee for Consumers, the National Pedagogical Institute made an inventory of economic information included in school curricula. This showed that little is done in the field of consumer problems; certainly nothing that prepares modern adults to assume their consumer role as essential economic agents. The author proposed that the teaching programme should be overhauled in close consultation with consumer organisations. It was pointed out that the task is not merely to educate consumers, but also to "contribute to the dissemination of a modern humanism, a form of wisdom adapted to the essential solidarity of modern men ... to enrich the general education of citizens."

Coopérateur de France, 19th March, 1966

UNITED STATES

"YOUNG FAMILY" ADVISORY GROUP

Eleven young wives and mothers from metropolitan areas of the State of California have been appointed to serve as a Young Family Advisory Committee to the Consumer Counsel.

The Committee will serve as a source of information and advice to the consumer office in developing priorities for helping young families with their consumer problems. "If the trend to early marriage continues," Mrs Helen Nels , state consumer counsel, said, "we can expect to see several thousand new young families established in our state this year. Such information as exists suggests that an alarming porportion of them will run into trouble, much of it based on money management problems."

Cooperative News Service, 5th April, 1966

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The Finns are Europe's greatest imbibers of milk at 290 kg. a year per person. The Irish are second with 216 kg; then comes Norway (175 kg.), Switzerland (166 kg.), Austria (157 kg.), Great Britain (148 kg.), and Sweden (137 kg.). The French, on the other hand, and the Germans, Dutch, Belgians and Danes drink less than 135 kg. a year, and in Italy consumption is 65 kg., and in Portugal only 25 kg.

Le Coopérateur Suisse, 23rd April, 1966

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

UNITED STATES/GERMANY

CAR SAFETY CAMPAIGN

The American car industry has announced a reversal of its opposition to Federal action to impose safety standards for vehicles. The Vice-President of the Ford Motor Company told the House of Representatives Commerce Committee that the whole industry now favours "effective and forceful Government machinery for setting vehicle safety standards without delay." He said the industry believes that the Federal Government should have "the ultimate authority and duty under appropriate guide lines to establish the standards applicable to the manufacture and first sale of the vehicle, and that the states should be encouraged to enact similar standards and enforce them during the vehicle's useful life."

In Germany Volkswagen and Daimler-Benz are to set up a technical committee to study car and general transport safety. The firms have previously carried out a study on problems of exhaust fumes.

Guardian, 27th April, 1966

USSR

STAGGERED WORKING HOURS IN MOSCOW

The Soviet Government has approved a municipal ordinance under which the start of work in the centre of Moscow will be staggered. Students and employees of industrial establishments will start work at 8.30, ministries and departments of the Soviet Union at 9.00, as in the past; ministries and departments of the Russian Republic at 9.30, and locally administered organisations and scientific establishments at 10.00.

Soviet city administrators and planners tend to anticipate traffic problems and to take action earlier than their counterparts in the West. The number of flyovers and underpasses in Moscow, for instance, is considerably greater than in Western cities with similar traffic conditions - presumably because clearance of building, permission and funds can be simply decreed. Similarly the staggering of working hours is more easily accomplished by an edict which all establishments have to obey than by the slow process of persuasion on which Western city administrators usually have to rely. The Russians have fewer cars, but they also have, potentially at least, better facilities for urban transport.

Guardian, 14th March, 1966

In its recent TV broadcast on The Cost of Living, the cooperative movement put forth a number of demands for consumer protection including stricter legislation on price and quality controls; strengthening of the Prices Commission; stricter control of bargain sales; standardization of weights and measures; an agricultural policy oriented towards consumers' as well as farmers' interests; state encouragement to consumers equal to that given other industrial organisations; and establishment of a State Consumer Council for promoting consumer education and protection.

Coopérateur, SGC, Brussels, April 1966

B O O K R E V I E W S

Trade Regulations Overseas, by Corwin D. Edwards. Oceana Publications Inc., New York, 1966. 752 pp. \$25.

This is a series of essays describing in some detail the policy of four Common Market countries (France, Netherlands, Belgium and West Germany), the EFTA countries, Ireland, South Africa, New Zealand and Japan on monopolies, restrictive agreements and restrictive business practices. The studies are based not only upon analysis of laws, decisions and other documents, but also upon interviews with government officials and private citizens about the way in which the laws are applied, the problems to which they give rise and the effects that have become visible. Each essay discusses relevant background, the development of national policy, the content of the law, the scope and character of the law's application and the proposals for change. The author states that his concern has been to understand the various national policies rather than to criticise them.

The British Monopolies Commission, by Charles K. Rowley, George Allen and Unwin Ltd., London 1966. 394 pp. 50/-.

The book traces the evolution in Britain from Free Trade to Protectionism and gives a brief outline of the remedies afforded by the common law in restraint of trade. It deals fully with the structure, constitution, scope, authority and investigating procedure of the Monopolies Commission first established by the Labour Government in 1948, and then proceeds to analyse restrictive trade practices, government action and economic consequences. The final chapter evaluates the Monopolies Commission and anticipates future developments. The author, who is an economist, criticises the methods of inquiry of the Commission and the way it assesses the economic performance of the dominant companies. Dr. Rowley makes a substantial contribution to an understanding of the competitive process in the modern industrial economy, and the book will be of interest not only to professional economists but to all concerned with the practical implications of monopoly legislation.

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Who Sets the Style?

The Incorporated Guild of Hairdressers, Wigmakers and Perfumers has passed a resolution that they should institute a campaign to "preserve and propagate hair styling in keeping with the artistic and commercial interests of the craft." It was pointed out that there are a substantial number of women who rarely visit the hairdresser. "That number is bound to increase unless we incorporate more obvious skill in our work so that do-it-yourself hairdressing can bear little resemblance to professional hair styling. How can we hope to convince our clients and our potential clients that straight, clubbed hair is severe and unflattering (except for the few) so long as our own staff walk about

with straight, clubbed hair? How can we discourage our staff away from this when they read in their own trade press and see photographs suggesting that this reactionary trend is really professive hair styling, inspired by high priests of fashion?"

Times, 26th April, 1966

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SPECIAL FEATURE

BIGGER FIRMS IN THE COMMON MARKET ?

Recent statements by EEC authorities appear to give the official stamp of approval to the idea that encouragement should be given to intra-European mergers. But this development is at least potentially in conflict with the efforts of the Cartel Division of the EEC Commission to control monopolies and mergers. We feel that this controversy is important enough to warrant the citing of excerpts from two recent statements of the case.

We quote first from an article Are Bigger European Firms Necessary? by Pieter Verloren van Themaat, Director-General of the Competition Department of the Common Market Commission in the April issue of European Community.

"First of all, in a number of industries, technical development calls for very large-scale production in order to reach the technical optimum, though here one has to be careful not to draw too rapid and too general conclusions. In many cases, for instance with regard to the use of energy and the use of some forms of automation, technical development which, in the beginning, required very big plants made it possible later on to use the most modern techniques in smaller plants as well.

"There is, however, one important argument for having big firms, even in cases where the production plants themselves can be small - we have to distinguish clearly between the size of plants and size of companies. This argument for big companies is the problem of research. In general, only large firms are able to afford extensive laboratories for fundamental research. So, in branches of industry where relatively modest research efforts into new applications are not enough, companies have to be on a large scale. There are also important economic reasons for creating big firms, such as diversification and stabilization of risks. Better marketing and the reduction of distribution costs also often entail concentration of effort.

"Finally, a very important argument for large-scale companies is the financial one, especially in industries requiring heavy investment. With some over-simplification, I might sum up by saying that economic and technical reasons alone demand very large-scale plants in some, but not in most, branches of industry. From the economic and technical viewpoints, a more national organization of the enterprise concerned, for instance by specialization, and possibly large-scale production in a very specialized field, might often be a better way of making it more competitive. Firms have to become more competitive in the Common Market, even if they have no export ambitions, because they will have to face competition from other countries on the smaller, local home markets, too. Except in the case of a small number of industries, for which large-scale plants are a technical and economic necessity, the main arguments in favour of big companies are connected with research and financing. In both fields, international mergers offer even better prospects than national mergers.

"As the Common Market Commission's Director-General of Competition Policy, I should, of course, add some words on anti-trust policy. Our philosophy in this respect is very simple: there are only a very limited number of industries where there is a serious danger of monopoly-building; we believe that such monopolizing mergers should be prohibited.

"In most branches of industry, even if the merger movement increased considerably for many years to come, it would only result in oligopolistic situations, i.e. where the market is dominated by a small number of large companies. We think that, even in a market on the scale of the Common Market, it would not be realistic to try to prevent oligopolies. Nor would such far-reaching trust-busting ambitions be justified for economic reasons. If the oligopolistic situation leads to unfair prices, we can take action against those unfair prices. But the interests of the oligopolistic firms in the Common Market differ so widely that we feel that even this danger of undue price increases and price discrimination should not be over-estimated. On the other hand, competition in the fields of quality, technical progress and service to the consumer normally survives in oligopolistic situations.

"On the grounds of all these considerations, the Common Market Commission has defined its policy towards mergers in a way which is little different from the British approach.

Ending bars to mergers

"First of all, we think that the legal and fiscal obstacles to mergers, especially to mergers between enterprises in different member countries, should be removed. For this reason, we have started the plan for a Community company law which can coexist with national company law. Like a rocket to the moon, this ambitious project should have important subsidiary effects, for instance in the fiscal field and with regard to the rules of access to the stock markets of the member countries. The resulting measures of partial harmonization should make it easier at the same time to achieve a more comprehensive harmonization of company law, of taxation law and of the financial regulations relating to capital markets, so that an efficient European capital market can emerge. Naturally, the non-tariff obstacles to the free movement of goods should also be removed, in order to secure all the benefits of large-scale production.

"Secondly, we feel that we should be careful to ensure that these measures in favour of big companies do not unduly harm small and medium-sized industrial enterprises. Obstacles to specialization, which is another form of adaptation to the Common Market, should therefore also be removed.

"Thirdly, we feel that companies themselves should be responsible for choosing their optimum size, according to the nature of the product, the technical methods of production, the scale and structure of the market, the marketing techniques adopted, the needs of research, and financial requirements.

"There is only one restriction: as I have said, we do not want monopolies - and our interpretation of monopoly power is more restrictive than the British definition of control over one-third of the relevant market."

The second quote is from an article on Paradoxes of Trust-Busting in the Financial Times of April 7, 1966:

"At last, the Common Market Commission's cartel department seems set to do some serious trust-busting. But just when the sound of sharpening axes is beginning to be heard from its offices in the Avenue de Brocqueville, the Commission's economic staff, situated a few hundred yards away in the Rue Arlon, have thrown the whole concept of a Community competition policy back into the melting pot by launching an all-out drive for larger and more efficient industrial groupings within the Six.

Italian Suit

"For the past three years, the cartel officers have been fully occupied with the herculean task of assessing the 30,000-odd business agreements submitted to them, in

the light of the ban on restrictive trading practices contained in Article 85 of the Rome Treaty. But now they are almost rid of this particular millstone - thanks to the group clearance powers given them by the Council - and by December hope to be free to turn all their attention to the 400 or so real cartels that have also been notified. .

"Meanwhile, the Commission seems remarkably unconcerned that the Italian Government has challenged the legality of the whole group clearance procedure before the Community's Court of Justice in Luxembourg, and that Germany has brought a suit against its famous Grundig-Consten ruling which lies at the heart of Common Market law on bilateral dealership pacts. Nor do its staff appear put out by the fact that they have still to build up a body of case law on licensing agreements before this category of business pact can be dealt with on an automatic basis under objective rules rather than case by case.

"Instead, they already claim to be training their guns on the big horizontal agreements and proudly report the breaking up of one notorious cartel stifling competition on the Dutch cement market. Only about 70 of the 400 known about are thought to be of major significance, and the Commission's staff soon hope to be dealing with them at the rate of about one every month or so. By the end of next year, therefore, there should be a useful body of case histories in existence for business men to be guided by, though the Commission is not planning to ask for automatic clearance powers in this connection.

"The competition department is also intensifying its sector by sector hunt for monopolies and unnotified cartels, though the studies it began on margarine and fertilisers a couple of years ago are still not complete. Chlorine, pulp and copper are among the industries understood to have been added to the list and research methods have also been improved. A number of possible monopoly situations are also under close investigation, including the position of the Swedish ball-bearing manufacturers, SKF on the Community market.

Massive Study

"At the same time, the Commissioner in charge of competition questions, Herr von der Groeben, has been trying to elaborate the Treaty's theoretical teaching on monopolies and mergers in step with the practical work his staff have undertaken in these fields. However, his efforts have only brought him into collision with some of his colleagues, and notably the Vice-President for economic affairs, M. Robert Marjolin, who feel that the prime need now is to build up European industry to cope with mounting foreign competition and the rigours of the approaching customs union, while tending to believe that in an era of liberal trading the forces of international competition can be left to take care of major cartelisation.

"Plainly, it has been those more interested in encouraging industrial concentration than controlling it, who have carried the day. The Commission has recently completed a massive study of the obstacles to mergers inside the Community and strongly recommended their elimination. Furthermore, all the member Governments have supported its plan to create a "European company", which would have equal legal rights throughout the Six and make real across-frontier consolidations possible for the first time, though there are still important differences of view with France on how this should be done.

"In similar vein, the Commission has finally decided that businessmen are not obliged to register company mergers under Article 85 as had once been feared. However, it does believe that Article 86 of the Treaty, which forbids the abuse of dominant market positions, can be interpreted as prohibiting monopolies in the private sector and therefore empowers it to hold up mergers which tend to create a monopoly situation.

"But Herr von der Groeben has gone to much trouble to reassure businessmen that his interpretation of the Treaty will be rooted in economic reality and not narrowly legalistic. He has, for instance, pointed out that the necessary conditions for dominance vary from one market to another and that the position of non-Community suppliers must be considered too. The upshot has been to make clear that the Commission intends to take a pragmatic attitude towards the dangers of over-concentration in the Common Market and treat each case strictly on its merits.

"Whether it will ever do more than bark at mergers and monopolies remains to be seen, however. For one thing, the High Authority of the Coal and Steel Community, which enjoys much stronger and clearer powers in this field, has never presented a very terrifying spectacle to businessmen. And it has only been able to make what impact it has on combination in the steel industry at the price of approving formal mergers.

Big Fish

"Another reason for taking a cautious view of the future, is that there has been very little pressure for an effective competition policy from within the Common Market so far. While the Community is adapting itself to internal free trade and the Kennedy Round threatens to increase competition from the outside, it is perhaps inevitable that the member Governments should be more interested in building up their industry than the opposite.

"But the consumers - who might supply the missing impetus in individual cases - are unorganised, while the Trade Unions and the Socialist Movement generally have been remarkably quiescent. Finally, even the Commission's own cartel officers complain that their policing work is made difficult by the reluctance of businessmen to complain about their rivals' behaviour. "Investigating a complaint takes time, of course," one told me, "and in the meantime a big fish could be very nasty."



consumer affairs

BULLETIN

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



Number 6, 1966

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"A propos of our appeal for examples of misleading advertising, one of our correspondents wrote: '... it would be simpler in my view to list the honest advertisements.' This reminded us of a remark by a Parliamentarian during a debate on the text of legislation for controlling deceptive advertising. Opposing the legislation, he expostulated 'Messieurs, to vote for this bill is to prohibit all advertising.' "

Bulletin d'information, Laboratoire Cooperatif d'analyses et de recherches, Paris, May-June, 1966

A D V E R T I S I N G

SWITZERLAND

WHOM ARE THEY PROTECTING?

The Swiss radio and television industry has decided to set up in Zurich a permanent control office for "observing the development of the market", and particularly advertisements featuring price comparisons, for the purpose of preventing inaccurate or misleading advertising. At the same time, the Trade Association has urgently requested all publicity organs, especially newspapers, not to accept advertisements based on comparisons between list prices for radio and television sets and the lower prices being charged in the shop. A similar request was made of the Swiss Association of Newspaper Editors, but it felt that it was not within its competence to ban advertisements of this kind.

Le Coopérateur Suisse, VSK, 21st May, 1966

GERMANY

CIGARETTE ADVERTISING

The Association of the Cigarette Industry has created an independent arbitration body to ensure that cigarette advertising does not induce young people to smoke. Earlier, in June 1965, the Association decided on a code of self-discipline in this field to come into effect in June 1966. No reference is to be made to young people or to health claims; advertisements are not to be based on youthful public figures or leading sportsmen; and nothing should be included which might stimulate unreasonable consumption or represent inhaling as adding to the pleasure of smoking. Penalties are provided under certain circumstances.

der Verbraucher, 11th June, 1966

DENMARK

MISLEADING ADVERTISING

Dishonest advertising is to be dealt with in Denmark by a Government Arbitration Committee, now being set up, whose function will be to decide disputes outside courts between consumers and trade, or between businessmen, on fair or unfair practices. The Danish paper Dansk Reklame mentions in this connection a number of unethical, if not illegal, methods of sales to groups of housewives invited to cinemas or private homes, urging them to buy various products by unorthodox means.

Advertiser's Weekly, 6.5, cited in Consumers' Association
Daily Consumer News Sheet, 10th May, 1966

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"Having worked in a cooperative organisation most of my life, I find it very difficult to distinguish between a consumer interest and a cooperative interest. I cannot conceive of a consumer organisation which will not support, either in theory or practice, a cooperative economy. Nor can I conceive of a cooperative organisation in any way divorcing itself from the consumer interest. They are parallel and one, and within the cooperative movement there is a very strong place for the consumer influence. Those people who are most concerned with quality control, with advertising, with packaging, labels and products have a voice within the cooperatives to make our cooperatives better for the very people they serve, the consumers."

Discussant at Conference of the Council on Consumer Information
Berkeley, California, April 1965

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

UNITED STATES

TRUTH-IN-PACKAGING

The "truth in packaging" bill has taken another legislative hurdle with its passage by the Senate in early June. In its current form the legislation would grant mandatory and discretionary powers to two Government Departments - the Food and Drug Administration and the Federal Trade Commission - to set standards of packaging. Mandatory powers would authorise the Agencies to issue regulations ordering an exact statement of contents. Under their discretionary powers the FDA and FTC can - under a lengthy process - set definitions of "small", "large", "economy size", etc. on a product-by-product basis. Similarly they may ban "cents-off" promotions on a product-by-product basis.

Senator Hart's original proposals, first introduced in 1962, have been considerably watered down. In particular his proposed ban on all "cents-off" promotions has been dropped.

Financial Times, 10th June, 1966

UNITED KINGDOM

PESTICIDES IN FOOD

In the first large-scale attempt to determine the level of pesticide residues in food, 48 county councils and 117 county borough and district councils have agreed to operate a scheme devised by the Association of Public Analysts. At least four samples will be taken from each category for testing to find the amount of organochlorine pesticide content. Also to be measured is the possible organophosphorous residue as well as other poisons such as mercury, copper, lead and arsenic. Ministry of Agriculture analysts will assist in the scheme.

Food World, April 1966, cited in CWS Market Research Weekly Digest, 18th May, 1966

INTERNATIONAL

DRUG MONITORING

The 126 member nations of the UN's World Health Organisation last week authorised their director-general, Dr. M. G. Candau, to launch a pilot project for monitoring drug reactions, using the "generously" offered data-processing facilities of the U.S. Food and Drug Administration. The limiting factor is that only a few nations are ready to participate by feeding their facts into the computer. Many delegates thought it might be two or three years before WHO would establish the global system and the monitoring centre.

Medical News, 27th May, 1966, cited in Consumers' Association's Daily Consumer News Sheet, 27th May, 1966

UNITED STATES

FIRST STATE TRUTH-IN-LENDING LAW

Massachusetts is the first state to require contract disclosure of the cost of credit on retail instalment sales as an annual percentage rate. A new law, effective November 1, 1966, provides that: the full cost of instalment credit on all sales must be fully disclosed in dollars-and-cents and in true annual interest; all credit contracts must spell out in print the rights of the buyer, for example, the right to make payment in full at any time; a credit insurance charge must not exceed 50 cents per \$ 100; repossession procedures must be tightened so that in most cases the buyer will be notified of the seller's intention to repossess at least 14 days in advance; and a cooling-off period of one full business day must be observed to give consumers who buy from door-to-door salesmen time to consider their purchase.

A specific formula has been provided to show the percentage that the finance charge bears to the principal balance: R equals $2 PC$ divided by $A(N + 1)$. "R" means rate; "P" means the number of payments per year; "A" the balance; and "N" the number of instalments.

Consumer Trends, 1st June 1966

FRANCE

CONTROLS ON LSD

All drugs with hallucinatory properties, including particularly LSD, peyotl and its derivatives and certain mushrooms, have been placed in the category of narcotics by the Minister of Social Affairs. This subjects them to the very strict legislative control applicable to this category. Moreover, they may no longer be used for medical and therapeutical experiments without special authorisation from the Ministry.

Le Monde, 4th June, 1966

UNITED KINGDOM

AGAIN THE PILL!

The Dunlop Committee on Safety of Drugs has issued a statement for the medical Press on oral contraceptive pills as a result of toxicity studies in animals. The conclusion is that mestranol, a constituent of most birth-control pills, causes liver damage in rats when administered in high doses and for prolonged periods. However, the relevance to use by women is uncertain. There is no evidence in the U.K. that liver disorders in women have increased with the use of the pill; but women have not been taking them long enough for results to be comparable to those in rats. Therefore the Committee insists that all new oral contraceptives and their active constituents should be investigated before the pills are made generally available. In the meantime, as the drugs are also used in therapy and are available only on prescription, the Committee feels that it would be "unjustifiable to deny the public the benefit of these drugs on the present evidence." The pill can, therefore, still be provided and prescribed.

Financial Times, 17th June, 1966

CANADA

MISUSE OF THE AIRWAVES

The Canadian Broadcasting League has defended the consumer interest in broadcasting in a brief to the Prime Minister. The League represents farm organisations, labour unions, cooperatives, women's and consumer organisations and employees in the broadcasting industry. It condemned misuse of the airwaves by commercial interests where profit was the primary concern and programming a secondary and minor consideration.

"The airwaves belong to the people of Canada, not to broadcasters. A broadcasting license is a privilege granted, a trust that has been delegated under certain conditions. It is a privilege that must be kept under public control and the public must retain the right to revoke the privilege when it is abused or if important conditions are not met."

The Maritime Cooperator, 1st May, 1966

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Americans have the world's highest per capita consumption of paper, with an average of 235 kilo a year.

Schweiz. Konsum. Verein, VSK, 28th May 1966

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

FRANCE

PROGRESS IN FROZEN FOODS

The French eat six times less frozen foods than the British, five times less than the West Germans, and eight times less than the Swedes. This resistance to the march of progress is gradually being worn down, but frozen food producers have given up hope of making spectacular advances in France.

The average French housewife is frankly suspicious of these new products, preferring to buy fresh fruit and vegetables the way her mother and grandmother have always done. With characteristic French adaptability, however, a number of national specialities are being introduced. It is possible, for instance, to buy frozen snails and frozen frogs' legs, as well as a number of well-known national cooked dishes.

Times, 26th May, 1966

UNITED STATES

SYNTHETIC DIETS

One of the most startling nutrition experiments in recent years was first reported over a year ago. A group of American scientists prepared a completely synthetic diet by merely dissolving all the known nutrients into a watery solution of chemicals and feeding this to volunteers who were locked up in a hospital ward, to ensure they didn't cheat, and placed on this diet for about nineteen weeks.

The results were startling. The subjects were apparently healthy young American servicemen, but on this purely synthetic chemical diet, they actually improved in health during the test period. The experiment provides most startling and direct verification of the validity of the findings of nutritional science over the past 50 years.

Man cannot live by bread alone. This has been true in the past but it need not necessarily be true in the future. By means of simple food enrichment we can now turn incomplete foods into food of much higher nutritional value.

In the field of textile science, a whole body of knowledge on the handling of filaments has grown up. Now many vegetable proteins can be spun into filaments; filaments can be knitted or woven to provide structure. The texture of foods is dependent on their internal structure. It is fairly easy in principle to produce new foods from cheap sources such as plant leaves, but in their present form these foods are uninteresting powders. Why not spin them into filaments, weave the yarn into steaks, use our growing knowledge of flavour chemistry to provide taste, and, hey presto, we have a beef substitute just like the real thing?

Home Economics, June 1966

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"Lobbyists opposing TRUTH IN LENDING insist to the senators of the Banking and Currency Committee that the arithmetic of computing simple annual interest is too hard for American businessmen. However, there is a branch executive of General Motors Acceptance Corporation who showed precisely how they figure the true annual rate for themselves. Banks and insurance companies, too, are well supplied with charts to give all the percentage information they need for themselves; and independent businessmen scoff at the very thought of corporation directors who cannot do simple interest computations. ... European banks have been computing annual interest on a daily basis for each and every one of their accounts for the past three or four centuries."

Dorothy Ruff, Conference of the Council on Consumer Information.
Berkeley, California, April 1966.

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

UNITED KINGDOM

GRADES FOR PETROL

The British Standards Institution has published a draft scheme for classifying the various grades and brands of petrol sold in Britain. It aims to clarify the confusing welter of names facing a motorist from garage pumps by a system of star ratings. Five stars would indicate 100 octane, 4 stars 97, 3 stars 93 and 2 stars 89; the last is the lowest grade in Britain. Petrol would have to conform also to other BSI requirements in respect of its performance in the car. The Consumer Council has announced its support for the BSI plan in its present form.

Financial Times, 20th May, cited in CWS Market Research
Weekly Digest, 25th May, 1966

SWITZERLAND

COOP PRICES ARE LOWER

A recent investigation by the Swiss Cooperative Movement of several hundred articles revealed that Coop products are much lower in price than those sold under private brand names. For spices, the difference is sometimes much more than 100 percent; for fats and edible oils, 20 to 50 percent; for preserves, 25, 35 and even 46 percent; up to 60 percent for chocolates; and 100 to 200 percent or more for perfumes and cosmetics.

Coopération, 7th May, 1966

FRANCE

COOP PRIZE TO BOOK ON CONSUMERS

Since 1958 the Regional Cooperative Federation on Consumer Cooperatives of the Ile-de-France, Picardy, Normandy, and Champagne have given an annual prize to the author of a study, thesis or book on cooperative institutions, cooperative doctrine or more general problems of the consumer. For 1966 this Cooperative Prize was awarded to the book Les Consommateurs by Claude Quin, Jean Boniface and Alain Gaussel. This book was reviewed in the March, 1966 issue of The Review of International Cooperation published by the International Cooperative Alliance.

Press Release, Federation Nationale des Cooperatives
de Consommation, June 1966

BELGIUM

TV CONSUMER PROGRAMME

The first in a series of TV programmes entitled The Consumers' Magazine was presented at the end of April. Topics covered included consumer tests, important price changes, and current news events relating to consumer protection.

Cooperation, May 1966

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Two Views

"The American woman has gone gadget mad. Gadgets are a cover-up for her tremendous state of unhappiness caused mainly because the American male has given up his role as father and husband. Romance seems dead in America. The woman has no deep foundation left for living any more. Having gadgets is just a pathetic attempt to justify her existence." Dr. Joshua Bierer, medical director of the Institute of Social Psychiatry, England.

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"The British woman is reluctant to use her freedom and is far behind her American counterpart. She has a strong Puritanical streak which makes her deprive herself of luxury gadgets because she loves to suffer. But this will change, and in five years Britain, like America, will become a matriarchal achievement society." Dr. Dichter, motivational research specialist.

Cited in Consumers' Association Daily Consumer News Sheet, 24th May, 1966

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MARKETING AND THE CONSUMER

U.S.S.R.

HIRE PURCHASE

In recent years, credit for instalment purchases, formerly frowned upon, has expanded rapidly in the Soviet Union. In 1965, such credits amounted to three billion rubles as compared with only 600 million rubles five years earlier. Instalment purchasing is largely for radios, TV's and photographic equipment.

Schweiz. Konsum-Verein, VSK, 28th May, 1966

EUROPE

AGREEMENT ON FARM POLICY FINANCING

On May 11 the six Common Market countries finally reached agreement on the timing and financing of the outstanding aspects of the common agricultural policy and on the final introduction of a customs union. The new agreement means that the customs union of the Six, with free trade in all industrial products and almost all foodstuffs, will be completed by mid-1968, 18 months in advance of the Rome Treaty timetable.

The Council agreed on the following timetable for the missing elements in the common farm policy:

- November 1, 1966 : common market organisation and a common price level on olive oil.
- January 1, 1967 : extension of the common market organisation for fruit and vegetables, and the application of quality standards for fruit and vegetables sold within the producing country.
- July 1, 1967 : common price levels for wheat and feed grains and free movement of pigmeat and poultry; application of common market organisation for sugar and fats and oil; common price level for oil seeds; application of basic criteria for a common policy about state aid to farming.
- September 1, 1967 : common price level for rice.
- April 1, 1968 : common prices for milk, dairy produce and beef and veal.
- July 1, 1968 : common price level for sugar.
- (at the latest)

For two years (1965-66 and 1966-67) the cost of the common farm policy will be met entirely by percentage contributions from the member states to the Fund, in the following ratios:

	<u>1965-66</u>	<u>1966-67</u>
	%	%
Belgium	7.95	7.95
Germany	31.67	30.83
France	32.58	29.26

	<u>1965-66</u>	<u>1966-67</u>
	%	%
Italy	18.00	22.00
Luxembourg	0.22	0.22
Netherlands	9.58	9.74

From July 1, 1967, 90 percent of the levies on imports of foodstuffs will be handed over by the national governments to the European Fund. This will cover some 45 percent of the necessary farm policy expenditure. The rest of the cost will be paid from the national exchequers of the member states in the following ratio. (which was at the heart of the bargaining during the final state of the Council session):

	%		%
Belgium	8.1	Italy	20.3
Germany	31.2	Luxembourg	0.2
France	32.0	Netherlands	8.2

From January 1, 1970, all levies will go directly into the Fund.

European Community, June 1966

FRANCE

INDUSTRIALISED BAKING

A change is on the way for one of the traditional symbols of the French way of life - the long loaf of hard bread that the housewife, businessman, schoolgirl and everyone riding a bicycle carries unwrapped under arm or strapped to the handlebars. A newcomer in the baking industry, Générale Alimentaire, is building a wholesale bakery at Besancon in eastern France. Strips of dough will flow continuously like steel ingots on a belt through a "tunnel oven". The emerging bread will be refrigerated, packaged and sold throughout a region from Alsace to Burgundy.

What is most startling about the Besancon project is that it proposes to package standard French loaves such as the baguette, a 9 oz. 2 ft. wand, and the batard, which is half as long and twice as wide. Also on the programme are rolls, croissants and brioches, staples of the French breakfast - all to be wrapped for the first time. Even more revolutionary is the fact that the promoters have persuaded many bakers in the region - 30 percent, according to a trade source - to dismantle their oven when the plant opens this autumn, and to become mere sales outlets for packaged breads. If the scheme is successful, Générale Alimentaire will extend it to other regions.

Times, 24th May, 1966

U.S.S.R.

SELF-SERVICE TO EXPAND

The Russian Minister of Trade, writing in Pravda, has called for wider use of self-service stores and supermarkets. The customer in a Soviet shop lines up three times before he completes his purchases; once to view the goods, once to pay, and the third time to obtain them. This is because there are not enough goods to go round. It also provides a double check against pilfering in the cramped shop premises. However, an obstacle to expansion of self-service is the under-developed state of the packaging industry. It was recently revealed that there is not a single plant in the country, for instance, producing egg cartons.

Times, 24th May, 1966

UNITED KINGDOM

COOP DISCOUNT HOUSE

Manchester's cheapest discount house, the Maxi-Saver, is owned and operated by the Manchester and Salford Equitable Cooperative Society. A three-floor department store of 27,000 sq. ft. was converted at minimum cost and equipped with sections for food, clothing, soft furnishings, hardware, carpets, furniture, electrical equipment and wines and spirits. Within twelve weeks of his decision to convert, the Chief Executive Officer of the Society watched the first customers stampede into the store. Four days later he saw the 10,000th customer stagger out with her purchases - plus a free hair dryer, the gift of the management.

To keep costs at rock bottom, modest charges are made for delivery: 5s. for goods under £10 and up to £1 for goods over £50. People are encouraged to collect their own merchandise and a park for 100 cars has been constructed behind the store. To attract non-mobile shoppers, the society is paying Manchester Corporation £10 a day to run a free bus backwards and forwards every fifteen minutes from the city centre. Another way that Maxi-Saver economises is not to offer the usual cooperative dividend; this is more than covered in the discount. There is a seven-day money-back guarantee; with no questions asked, a customer may bring back his purchase and have his money refunded.

Discounts vary from 10 percent to 35 percent below list price. Even though sold below their recommended prices, all manufacturers' guarantees are valid and the society operates its own hire purchase scheme. In the food department every single item, with a few exceptions in frozen food, is permanently marked down.

June Johns, Focus, The Consumer Council, June 1966

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"The drive to keep up with the Joneses is as much a human urge under socialism as under capitalism - and it can lead to some of the same troubles. According to the newspaper Sovetskaya Rossiya, a money-lender in Podolsk who was murdered by one of his debtors had over the past 20 years made loans for the acquisition of status symbols such as carpets 'to cut the neighbours down to size', as well as to those with a pressing need for vodka. Charging 10 percent on his loans, a coal carter in the small town of Moscow built up a considerable fortune, including a sizeable villa. He took Soviet internal passports as security and was finally murdered by a desperate taxi driver who could not exist without his documents.

Over the past few years hire purchase facilities have become available in Soviet retail shops. However, the range of goods on which credit can be obtained is limited. And vodka and antiques are not on the list".

Times, 1st June, 1966

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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

INTERNATIONAL

PHONEY PROTECTORS OF THE CONSUMER

Shoppers throughout the world are facing a growing problem: the pseudo consumer organisation. These are bodies which look as if they exist to guide the shopper, but in reality are being run for profit to help the seller. Some have the word "consumer" in their titles; others publish magazines of guidance; and some issue seals of approval in return for payment.

This problem, among many others, was discussed by representatives of 40 consumer organisations at the biennial conference of the International Office of Consumers' Unions in Israel in early June. It was pointed out that both Germany and Japan have consumer-guidance magazines that are run for profit by private concerns. In America a testing company found one manufacturer's cars superior - in a test paid for by the manufacturer.

The Observer, June 12th, 1966

UNITED KINGDOM

CHANGES IN CONSUMERS' ASSOCIATION?

An interesting report appeared in The Observer of June 12, as follows: "The Consumers' Association is going democratic - four years after being criticised by the Molony Committee on Consumer Protection for its methods of self-government. For the first time since the association's formation 10 years ago, subscriber-members who buy Which? will be given a say in running the organisation.

Control at present rests with the governing 15 strong council which is elected by a hand-picked 170 ordinary members - the only people allowed to vote at the annual meeting. The decision to break away from the system Molony criticised will be taken at the association's annual meeting at the end of the month. The plan to be put forward by the council ... is expected to extend voting rights to many thousands of the 400,000 consumers who currently buy Which?"

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"According to Phillip, my favourite electronics technician, the female mind works exactly like any other electronics instrument, amplifying original signals by increasing the voltage each time the signal electrons jump from cathode to cathode. He says a good swat is often the best way to correct a faulty amplification."

Dorothy Ruff, Conference of the Council on Consumer Information,
Berkeley, California, April, 1965

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MONOPOLY AND RESTRICTIVE TRADE PRACTICES

EUROPE

"EUROPEAN" COMPANY STATUS

The Common Market Commission has come out in favour of a convention separate from the Rome Treaty which would provide for the establishment of "Community-law companies" able to operate freely and uniformly throughout the member countries. In a memorandum submitted to the Council of Ministers the Commission contends that such a system would be more effective than two other possible alternatives: relying only on full application of the Rome Treaty provisions for freedom of establishment, free movement of capital and harmonization of tax laws throughout the Community; or introducing uniform provisions into the legislation of all six member countries to permit the formation of companies with parallel status in each.

The creation of a specifically new type of company under "European" law would avoid difficulties encountered by the uniform law proposal. While some harmonization of national company law would still be necessary and desirable, the Community company would take its place alongside the continuing national law and apply to matters specifically concerned with the operations of companies incorporated on a Community basis. Questions of transferring a company's domicile and of international mergers would be satisfactorily settled, with the companies being "Europeanized" rather than losing and gaining this or that nationality.

European Community, June 1966

WEST GERMANY

STEEL CARTELS PROPOSED

The German steel industry is now understood to be preparing agreements for the formation of "cooperative" organisations for the sale of rolled steel. Approval is to be sought from the High Authority of the European Coal and Steel Community. Plans include sales offices, to be set up for an initial period of five years, with responsibility for the total output of West German steel firms with the exception of special steels, tubes and semi-finished products; and also a cartel for selling German rolled steel to third countries.

Times, 24th May, 1966

INTERNATIONAL

U.S.-EUROPE ANTI-TRUST POLICY?

A trans-Atlantic anti-trust policy between a European competition authority and the anti-trust authority in the U.S. is recommended in a study, Transatlantic Investments, published by the Atlantic Institute and written by Mr. Christopher Layton. A number of reforms are also indicated if European companies are to get access to capital on terms comparable to those of their American rivals: the removal of barriers between the European capital markets; a European company law requiring better disclosure of information and backed up by a European Stock Exchange and Securities Commission; relaxation of restrictions on institutional investors; some reduction in the demands of the state on the capital market; and the harmonisation of laws and relevant taxes.

It is suggested that in some industries there is need for greater concentration. But in general, the author feels, the differences in size are exaggerated - for instance, in chemicals Europe already has concerns of European "stature" and in automobiles, "four European firms or groups should be sufficiently strong to compete with American subsidiaries in the future".

Financial Times, 17th June, 1966

EUROPE

CONCENTRATION IN COMMON MARKET STEEL

A state of mergers between steel companies in the Community is leading to the formation of major international groups with steel output capacities equal to or exceeding the leading Japanese companies and vying with the second rank of big American producers. Meanwhile, British steel companies remain comparatively small.

Under the ECSE treaty mergers between steel companies in the European Community are subject to the approval of the ECSC High Authority. Such approval is dependent on a proposed merger not contravening the ECSC regulations relating to monopolies, cartels and other restrictive practices. The High Authority is concerned in particular to ensure that a merger or acquisition does not bring about a dominant position in any sector of the steel market, and that no interlocking holdings emerge to create a web of interconnected interests. Increased size of companies is encouraged if it is likely to result in great efficiency and economies of scale, but such enlarged groups must be wholly independent one from another.

How the Major Steel Companies Compare

This table, based on 1964 output in million of tons, gives an indication of the largest steel groups in the European Community, U.S.A., U.K. and Japan.

<u>European Community</u>		<u>United States</u>		<u>United Kingdom</u>		<u>Japan</u>	
Thyssen	8.44	U.S. Steel	3.40	United Sttel	3.33	Yawate	7.74
DHH*	2.94)	Bethlehem	19.44	RTB‡	3.22	Fuji	6.08
Hoesch(1)	2.61)	Republic	10.21	Steël of Wales	2.46	Nippon Kokan	4.41
Hoogovens(1)	2.32)	National	8.11	Colvilles	2.40	Kawasaki	4.31
Usinor(2)	4.03)	Jones &		Stewarts &		Sumitomo	3.92
Lorraine-	} 6.33	Laughlin	7.44	Lloyds	2.04	Kobe	1.50 est.
Escaut(2)		2.30)	Armco	6.83	Guest Keen	2.00	
Arbed(3)	3.58)	Inland	6.41	Dorman Long	1.94		
Hadir(3)	1.40)	Youngstown	5.77	Summers	1.77		
Italsider	3.89	Kaiser	2.55	South Durham	1.39		

(1) now linked

(2) planning merger

(3) now merged

* Dortmund-Hoerder Huttenunion

‡ Richard Thomas and Baldwin's

European Community, May 1966

SPECIAL FEATURE :

COOPERATIVE PLANNING IN FRANCE

For over eighteen months a number of special committees have been formulating an overall Cooperative Plan for consumer cooperatives in France. Some of the preliminary results were reported on in the May 1966 issue of Coopération.

We have excerpted here one of the more stirring of these reports, the final paragraphs from the general introduction to the work of the Committee on New Sectors, by J. Boniface.

"We are heading, in effect, towards a society which can be characterised as follows: because of the multiplicity of needs, increasingly specific interests will conflict with the general interest; there will be more opposition between various categories of consumers; with an ever increasing flow of new products onto the market, more extensive controls will be required and fraud will have to be suppressed more vigorously; the forces of advertising, of fashion and of conformism will influence the subconsciousness of consumers even more than now, and some of them will indulge in expenditures that are useless or even harmful. In short, although the future may be bright in the sense that man will be able to satisfy more of his needs, it will be dark if this satisfaction is achieved through anarchy and waste.

"With such a prospect it is clear that maximum support should be given to the work of the Cooperative Laboratory which is dedicated to the health of consumers and to enlightening public opinion with respect to advertising. Its work belongs to the category of 'new cooperative sectors', and ought, we believe, to become more and more important.

"Let us hope there will be adopted here the practice of open comparative tests as carried out by certain foreign consumers' associations, with brands and values being named, including Coop products, and with the stress on objectivity. These juries of consumers would include qualified representatives of family associations, trade unions and, of course, cooperatives. They would rely on the work of our Laboratory and on the investigations conducted by it.

"It is a basic responsibility of our movement not only to act as a leader in the field of consumption, not only to provide services, but also to undertake these

responsibilities with courage, outspokenly formulating criticisms and warnings, and countering conformity with anti-conformity. These efforts will win for the movement the sympathy of public opinion.

"Courageously to take a stand is as much a part of the 'new sectors' as to create holiday camps. Timidly to retreat, to be silent, not to think or speak would be to deny our heritage, to accept a role as mere merchants like the others. We want to construct a new public image, but this image must be multi-dimensional; everything is inter-related. Consumers will recognise our true representative capacity only if, in addition to offering them the best products, the most modern services and the most dynamic groupings, we act as their voice, their protector, their conscience.

"Our opportunity lies not only in being able to develop a non-capitalist distributive sector, but also in providing a voice for those who have none and who, unconsciously, want to hear one raised high and strong above the hubbub of interest groups. Our committee will have fulfilled its task if it has shown the necessity of a plan for achieving this. It is convinced that the work of all the other committees is as essential as its own, and that they too are constructing a new cooperative image. But this will be a partial image; only the Committee on New Sectors can provide all the dimensions.

Because we are working in a new field, we have had to proceed with caution. The reception we are given will truly be a test. It will show whether the Cooperative Movement today is capable of creating. To adapt is relatively easy. But do we know how to create?"



consumer affairs

BULLETIN

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

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Bombardment by Babel. From Germany come rumours of proposals that goods in retail shops might be advertised orally at the counter by means of tape recorders installed on the shelves where they are stored.

Verbraucher, 25th June, 1966

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

SWITZERLAND

INFORMATION IN THE SHOP

The Coopératrices romandes (Cooperative Women in the French-speaking movement) are planning to publish a series of informative cards to be distributed to cooperative stores. The first of these, entitled Which Oil to Choose?, briefly comments on taste, unsaturated fatty acids, processes undergone, reaction to heat, prices and words of advice to the consumer.

Le Coopérateur Suisse, 14th May, 1966

GERMANY

NEW LABELLING REQUIREMENTS

A law on Weights and Measures, introduced at the end of May, has been described by the Economics Minister as "for the protection of the consumer

and the sanitisation of competition". The bill has been strengthened in comparison with the draft presented in the last legislative session in that it requires informative labels for foodstuffs which are not covered by other regulations. Fourteen days after the bill was enacted, a regulation was introduced requiring that from January 1, 1968 on, all pre-packed fish and meat products must indicate the period during which they will retain their freshness. Moreover, consideration is being given to a regulation requiring precise, uncoded labels indicating durability and weight.

der Verbraucher, 25th June, 1966

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Oil for Dinner. A joint programme to make protein from petroleum products and yeast-like organisms has been announced by the Standard Oil Company and Nestle Alimentana, S.A. Research already carried out showed that the sort of protein produced is substantially equivalent to that in meat, fish, eggs and milk.

Financial Times, 1st July, 1966

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

UNITED STATES

NEW RULES ON SPECIAL "HEALTH" FOODS

Under new regulations of the Food and Drug Administration effective December 17, 1966, drug firms may continue to sell vitamin and mineral supplements, but they will be limited to the 16 substances of proved value - Vitamins A, B-1 (thiamine), B-2 (riboflavin), C, D, E, B-16 and B-12, folic acid, panthothenic acid, calcium, iron, phosphorus, magnesium, copper and iodine. Some pills now have as many as 75 ingredients, and contain many times the quantities that can be useful.

Labels may no longer refer to "minimum daily requirements". FDA believes people generally misunderstand the term, thinking that if a minimum is good, more must be better. Instead, labels will refer to "recommended dietary allowances". In addition, all products must be labelled: "Vitamins and minerals are supplied in abundant amounts by the foods we eat. The Food and Nutrition Board of the National Research Council recommends that dietary needs be satisfied by foods. Except for persons with special medical needs, there is no scientific basis for recommending routine use of dietary supplements".

No manufacturer may claim his product is "reduced in calories" unless it contains fewer than half the calories of the standard product.

Products claiming special diet uses - diabetes, salt-free diets, allergies, weight problems, for example - must list information to support the claims.

FDA Commissioner Mr. James Goddard said FDA's new rules would dispel "the voodoo that surrounds the food fadist" and "sweep away common misconceptions about diet".

Cooperative News Service, 21st June 1966

EUROPE

EEC COMMISSION DIRECTIVE ON DRUGS

The EEC Commission has submitted to the Council a proposal for a directive covering colouring agents which can be added to pharmaceutical products. The first directive, adopted by the Council on January 26, 1965, covered the sale and labelling of drugs, and the second submitted as a proposal to the Council in February 1964 but not yet adopted, was concerned with quality control.

The new directive follows the pattern of the measures concerning dyestuffs in food and takes advantage of the work of other international organisations. It includes a list of dyes that may be used in proprietary drugs only and not in food. In selecting the permitted colouring agents, the Commission considered the latest toxicological findings in order to guarantee the harmlessness of the drugs. Certain other colouring agents are to be permitted for three years; these are in current use and have not been shown to be toxic in the short term, but information on long-term toxicity is still inadequate.

Community News, Information Service of the European Communities,
London, 24th June, 1966

UNITED KINGDOM

IRRADIATED FOODS

The Ministry of Health, acting on the findings of a Working Party on Irradiated Food first published in 1964, is to introduce prohibitive legislation on the use of foods treated by radiation. The Working Party said that while it could find no evidence that food sterilised in this way is unsafe, it thought that the process was so new that each application should be scrutinised on its merits. To work on this case-by-case basis clearly requires prohibitive legislation as a first step. Once this is in force, a scrutiny committee will grant exemptions.

Financial Times, 6th July, 1966

UNITED STATES

BILL ON CAR SAFETY

The U.S. Senate has approved legislation to force the motor industry - foreign as well as American - to build safer cars, but rejected a proposal to provide criminal penalties for violations. Under the bill, U.S. and foreign motor manufacturers would be forced to build cars to conform with federal safety standards. The standards would be set on January 31, 1967, and probably would affect the 1968 models.

Guardian, 22nd June, 1966

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Will their legs atrophy? In the eight lower floors of an eighty-six story New York skyscraper, there has been installed a large department store with a lift for automobiles and a one-way circuit for purchases from the motor car. The lift can carry four automobiles and their occupants side by side from the entrance to one of the eight floors where they join one of the circuits to make their purchases. The total length of the trip through the eight stories is 48 miles, six miles for each floor. A "circulation tax" of one dollar is levied on each circuit made after the first three.

Le Coopérateur Suisse, 18th June, 1966

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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

NEW COOP BRAND NAME AND SYMBOL

GOLD MARK has been chosen by the CWS as the new brand name under which the majority of its products and ranges will be promoted. At the same time a new symbol based on the letters COOP is to replace the current wheatsheaf design. Approval for the use of the GOLD MARK name on any product will be dependent on "the maintenance of high and consistent standards of quality, design and labelling". A Merchandise Approval Committee has been set up which is formulating a "Code of Application". It is hoped that GOLD MARK will be eventually recognised by the shopper as an assurance of quality and value-for-money and this will be keynote for the advertising and promotion campaigns to establish the new name.

Cooperative News, 16th July, 1966

INDIA

COOPERATIVE CONSUMER STORES

A Government scheme under which a chain of cooperative stores is to be set up this year to handle 20 percent of the retail trade in consumer goods was announced in the middle of June. These stores, which will be the kingpin of the Government's price control efforts, will make essential commodities worth Rs 3500 million a year available to consumers at reasonable prices. It has been decided to set up 45 departmental consumer stores in cities with a population of more than 200,000 and another 100 wholesale and 2000 primary stores in towns with more than 50,000 people. In all the intention is to have 131 wholesale, 11,000 primary and 45 departmental stores functioning by the end of the year, including existing ones. It is also proposed to set up a purchase and supply organisation at the centre, including representatives of the Ministries of Food, Finance, Commerce and Industry, to acquire part of the output of manufacturing units for distribution among the consumer stores.

India News, 18th June, 1966

NETHERLANDS

BUYING WITHOUT CASH

Under a new system known as PRO CHECK, the customer buys a purchasing card at a supermarket which can be used for several trips on public transportation, and for purchases in the store up to the sum indicated. The appeal to the consumer lies in the discount offered in that the value

of the card is greater than the purchase price: a card which is valued at 150 florins, for example, costs only 131.5 florins. This price advantage replaces premium stamps and other premiums and discounts. Another advantage is the shorter wait at the check-out desk.

Coopération, SGC, Brussels, June 1966

UNITED STATES

COOPERATIVE CREDIT CARDS

The Farmers Union Central Exchange has announced a credit card plan by which card holders not only may buy on credit at Exchange cooperatives participating in the plan, but will also receive patronage refunds and ownership shares in the cooperative. The card system is geared mainly to automobile service and supplies. Bookkeeping will be done electronically at the Central Exchange headquarters in St. Paul.

Cooperative News Service, 5th July, 1966

ITALY

ITALIAN SHOPPING HABITS

A recent conference sponsored by the Italian Union of Chambers of Commerce and the Ministries of Finance and Industry spotlighted the surprisingly important role of premium sales in Italian commerce. A Ministry of Industry study reported that 90 percent of all Italian women are familiar with premium sales, 72 percent collect points, and 50 percent cash in their points for prizes.

These premium sales have aroused the ire of National Consumers' Union which sees in the system a threat to its own campaign to persuade Italians - notoriously impulsive and tradition-bound buyers - to use more business-like shopping techniques. The Union asked the conference for recommendations that premium sales be eliminated or closely regulated by law. The Ministry of Industry is seriously concerned over gimmickry and its effect on a price structure that is already sensitive to the vagaries of an antiquated distribution system. Only 5 percent of all sales are handled through department stores, discount houses and supermarkets. This compares with more than 50 percent in Britain. The small, family-owned and run alimentari or salumeria operating on an average daily turnover of 10,000-30,000 lire (£ 7s. to £16) still account for the bulk of Italian commerce. Inventory methods are virtually unknown, and refrigeration is frequently rudimentary and subject to frequent power failures.

Further, the Italian housewife's limited shopping tastes and budget do nothing to encourage experimentation; neither does the law, which requires a general food store to have as many as 30 separate licences for oil, vinegar, meat and so on. To make the situation worse, the small shops and the incredibly inefficient open-air markets are supplied by a distribution system that beggars the imagination. Between the strawberry farmer 10 miles away in San Marino and Rome's giant market in Piazza Vittorio Emanuele, there may be as many as 12 middlemen and up to four days. The price, naturally, increases at each exchange and there is a sales turnover tax applied to the produce each time it is sold.

Times, 16th June, 1966

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A Foot on the Tiger. The latest advertisement featuring Regent Petrol's Western girl upset Esso's advertisers, McCann Erikson. The booted cowgirl who brandishes a petrol pump has her foot on the head of a tiger rug. McCann Erikson protested to the Code of Advertising Practice Committee that this was a knocking advertisement by Regent against Esso. The Advisory Panel of the Committee decided unanimously that the advertisement should be withdrawn under that paragraph of the Code which rules that rival products and services should not be disparaged. McCann Erikson considered that the tiger was Esso's symbol and nobody should borrow it and make it into a rug. Regent's advertising agents folded the rug, stating that "No disparagement was intended".

Daily Telegraph, 13th June, 1966, cited in
Daily Consumer News Sheet, 14th June, 1966

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A D V E R T I S I N G

SWITZERLAND

CONSUMER ATTITUDE TO PRICE ADVERTISING

After a pause of two years, the Commission on Market Psychology of the Committee for the Common Market has again examined the question of the attitude of consumers to advertising based on prices that are crossed through. The result is quite clear: 48 percent of consumers distrust such advertisements. Two years ago the percentage was 37 percent. The Commission concluded that either experience or increased use of such a device have increased the measure of distrust. The question of quality is raised 15 times as often for goods advertised in this way as for other products.

Schweiz. Konsum Verein, 16th July, 1966

UNITED KINGDOM

PRICE COMPARISONS

No fictitious price comparisons may be made in an advertisement, and every price quoted must be genuine and verifiable. This was stated recently by the Advertising Standards Authority, giving a ruling on the practice of advertising goods at a price which is compared with a "normal" or "usual" price. The ruling is being incorporated in the British Code of Advertising Practice.

Where a price is compared with another one, the ruling says the second or comparative price should be the one at which similar merchandise has been offered for sale for a substantial period during the previous six months by the advertiser; or is commonly on sale elsewhere; or would be offered if it were available for sale elsewhere. Where a comparative value statement is made, the "value" stated should not exceed the price at which the merchandise is commonly and regularly sold, or can be obtained in the normal course of business. Where similar merchandise is not available for purchase elsewhere, the "value" stated should not exceed the price at which it would be offered if it were available. In all cases advertisers must be able to substantiate the comparative price or value.

Press Statement issued by
Advertising Standards Authority Ltd., 13th July, 1966

An independent body with the power to prosecute advertisers after individual complaints or its own investigations is recommended in a report published by the Labour Party. It has been drawn up by the Commission of Inquiry into Advertising, set up four years ago under the chairmanship of Lord Reith. The commission say they see voluntary control as the most effective way of dealing with the vast quantity of advertising material, but argue that a code of practice, based on existing code, should be made statutory.

Where voluntary supervision and negotiation failed to achieve adequate control, the proposed body, which they suggest might be called the National Consumer Board, should be able to intervene. An advertiser challenged to substantiate his claims should be required to prove them within a given, short period. If the board found that proofs submitted did not justify these claims, then the advertiser should have to withdraw them or risk prosecution, directly by the new authority or perhaps by the Board of Trade.

"Out of defence and, if necessary, prosecutions, of such cases, a body of case-law in both strict and general sense should quickly be built up as to what is in effect misleading advertising." But there was no intention of endowing the board with summary powers. All judicial decisions would remain within the courts, although the report adds that a special court could be set up, and prosecutions would be for specific offences against whatever legislation was in force.

The report claims that the creation of an independent public "challenger" after the pattern of the United States Federal Trade Commission is the only feasible way of saving the courts from being overwhelmed with cases which do not come up for trial until long after an objectionable campaign has done its damage. Manufacturers, however, would have to be in a position to protect themselves against losses that might be incurred if the board were suddenly to interrupt an advertising campaign. The proposed authority should also be able to finance and coordinate research into projects of consumer interest, including comparative testing of products, and publicize its findings.

Medicine is a field which the commission think needs special consideration. They recommend that medications should be advertised only for slight, short-term symptoms, and that advertisers should be responsible for clearly stating that if symptoms fail to respond, medical consultation is advisable. Most members are in favour of the present prohibition of cigarette advertisements on television, and think that in other media only advertisements that give the pack and/or brand name and a factual description of the product should be allowed.

Times, 24th June, 1966

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"Mercedes puts the power in. Can you get it out? ... takes high speed corners on rails ... challenges your skill ... powerful overtaking potential ... blazing take-off ... leaves bigger cars gasping ... can you use it? ... power tests a man".

"MG ... driving urge to master the miles with a come-on-let's-go roar. You in your slung low sweet chariot - heart thumping, pulse-quickening, little bomb on wheels. Foot down and zip-zip away! Man, that is what sports car motoring is all about".

The British Safety Council feels that the current trend in car advertising is "deliberately aimed at fostering the competitive spirit in motorists, the result of which may turn Britain's already over-congested roads into race tracks", and has asked the Press Council for a ban on this type of advertisement which, it declares, surely has no place in Britain's newspapers at a time when a third of a million people are killed or injured on the roads annually.

Daily Consumer News Sheet,
Consumers' Association, 11th July, 1966

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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

JAPAN

CONSUMER ORGANISATIONS

Housewives' organisations in Japan have representatives on over 30 government committees. There are study groups for foodstuffs, textiles, housing, prices, hire purchase financing, goods testing and consumer education. Some 182 different associations belong to the apex organisation. There is also a Consumers Association which publishes its own periodical. Much more attention than formerly is being given to consumer affairs by the public authorities. Towards the end of 1955, a special official representative for consumer questions was appointed to the Economics Ministry.

der Verbraucher, 16th April, 1966

THE NETHERLANDS

ADVICE ON TESTING FROM COMMITTEE
ON CONSUMER AFFAIRS

The Committee on Consumer Affairs of the Social and Economic Council (SER) expects soon to submit a memorandum to the Minister of Social Affairs on its views as to how comparative goods testing should be conducted in the Netherlands. The Committee is reported to be in favour of a national institute for comparative goods testing including representatives of producers. It feels that a State subsidy - over 90 percent of the total cost has been rumoured - would help launch the project. It is suggested that the average test would cost around 30,000 guilders.

CO-OP Maandblad, May/June 1966

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"There ought to be more standards covering the product as a whole and not merely particular characteristics. It was once said - a little unkindly - of a standard for electric razors that it required of a razor everything except that it should shave! The consumer wants standards which treat in an overall way those characteristics which interest him, namely: efficiency, durability and safety".

Eirlys Roberts, Que Choisir?, L'Union Fédérale
de la Consommation, No. 17, 1966
* * * * *

MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

UNITED STATES

GOODS TESTING

The head of the Justice Department's anti-trust division has proposed that the government should either test products and publish the results or subsidise private testing organisations such as Consumers Union. This, he suggests, would restrict the effect of advertising in enhancing monopolistic tendencies.

Cooperative News Service, 7th June, 1966

UNITED KINGDOM

BOOTS WINS PHARMACY TEST CASE

The retail director of Boots Pure Drug Company has been granted High Court orders preventing the Pharmaceutical Society of Great Britain and its president from carrying out or attempting to carry out regulating proposals on the structure and siting of new pharmacies and the range of goods to be sold in new or existing pharmacies. This decision means the Society is now unable to enforce an overwhelming decision by its members last summer that sought to restrict the trading freedom of big multiple chemists, and stop supermarkets from selling traditional pharmaceutical goods.

Financial Times, 24th June, 1966

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"In the middle of the 11th century, William the Conqueror promised the British people that there would be throughout the kingdom one single measure for bread and one single measure for ale. Exactly 900 years have passed since the reign of William the Conqueror, and there has never been a unique measure for bread or for alcohol in Great Britain. You will, I believe, understand that we are about to lose patience."

Eirlys Roberts, Que choisir?, L'Union Fédérale
de la Consommation, No. 17, 1966

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SPECIAL FEATURE I :
RPM IN THE NETHERLANDS

The following is an excerpt in translation from Maandelijkse Mededelingen, Nederlandse Huishoudraad, April 1966.

"In December 1964 a legal prohibition for a number of articles brought an end to the system of vertical price fixing. In brief, the system came down to this, that the manufacturer prescribed the prices at which the retailer could sell to the consumer. As a result of the legislation, since December 1964, the shopkeeper has been free himself to determine selling price, making possible competition between retailers for a number of durable consumer goods.

"In practice, however, the consumer should realise that branded articles (for example, radios, TV's, record players) in most shops are

still being offered at the same prices. How can this be explained?

"In their advertisements, manufacturers still recommend the price which retailers should ask. The retailer, however, is free to diverge from this recommended price and the consumer also has the right to try to purchase for less than the advertised price. In practice, however, retailers adhere closely to recommended prices, and there is practically no free competition in terms of price differences.

"Thus the effect of this prohibition of resale price maintenance is not yet very marked. With the objective of making it more effective in terms of prices paid, the Dutch Household Council has been collecting information since 1964. It conducted a questionnaire survey of 100 Dutch households from West Netherlands on their experiences in buying certain durable consumer goods which are subject to the ban on rpm.

"The most important results were as follows:

1. An impression that in most shops the consumers are confronted with fixed prices and assume that these prices cannot be changed; they do not realise that the 'fixed' price actually is a recommended price only which can be changed at the discretion of the retailer. This impression of customers is strengthened by the fact that the retailer speaks of 'catalogue prices' or 'list prices' advised by the manufacturer for models which he does not have in stock. This suggests to the buyer that the price is firmly fixed. Typical responses: 'I never thought of any other price.' 'I didn't know the retailer could sell at lower prices.' 'But all prices are firmly quoted in the catalogue.' 'But I can't ask for a reduction from fixed prices.'

"2. Consumers, and particularly women, do not like to bargain over prices. They acquiesce easily and will not haggle. ... We can fully support this attitude. Bargaining for reductions involves an element of social injustice: the skilful consumer pays less than the more modest or shy consumer.

"3. Insofar as reductions are given, the initiative is often by the retailer, not the consumer, under the slogans 'for cash payment', 'bargains', 'special offer'. The cuts range from 20 to 30 percent.

"4. The impression was gained that there is no fear that price reductions will be at the expense of servicing.

"5. The consumer prefers a system of free price determination by retailers to price fixing by producers.

"The Household Council concluded that there is an urgent need for educating consumers in the Netherlands to the fact that the so-called 'fixed-price' is actually not fixed, but is merely a recommended price to which the retailer is not legally committed."

S P E C I A L F E A T U R E I I :
R P M I N S W I T Z E R L A N D

The position of the Cooperative Movement in Switzerland in the current controversy over fixed prices has been described as follows in an

editorial in the July 2 issue of Coopération by Robert Kohler:

"The consumer has become more critical. He depends, rightly, on good quality and fair prices. Responsible distributors, including consumer cooperatives, do their best to satisfy him.

"In Switzerland there is a highly qualified food industry. Certain manufacturers, and not only in the food sector, fix their prices; retailers must conform if they are not to risk sanctions. These fixed prices have always been reduced by consumer cooperatives through the patronage refund. Other firms have more or less followed their example by granting a discount. It seems today that the system of fixed prices is being undermined. This is due in large part to the fact that there are grounds for believing that manufacturers' prices are too high. To establish the extent to which this may be true it would be necessary to examine each case in detail. However, comparisons have been made in Switzerland and abroad both of cost prices and selling prices, which show that fixed prices are often too high from the point of view of the consumer.

"Fixed prices, the limits set by rates of discount, the threat of boycott, suspension of deliveries - these no longer correspond to our conception of a 'free market'. The market has become dynamic; it is too much in flux to allow solutions which rule out a reasonable price flexibility.

"When the discussion on prices was recently precipitated by the agreement reached between the producer of a number of branded articles (Promarca) and the retailers - but not the Cooperatives, the large department stores or Denner SA -, the manufacturers did not substantiate their claims and their explanations were not satisfactory.

"Although it is a question which concerns them more than others, they were content merely to listen to what the distributors say, like spectators at a trial; we would have preferred to see them on stage defending their cause and documenting their claims. This they did not do despite repeated requests by VSK. As a result, the retailers - who, in general, earn their living through conscientious work - were obliged to seek more or less by themselves the way to what they termed 'a dynamic and flexible organisation of the market'.

"When VSK agreed to collaborate in the study commission, this was done in the hope of being able to assist in establishing an order which would limit the abuses of competition at the expense of consumers: the granting of hidden discounts, an illicit and undesirable system of premiums, etc. In return, there was no question of accepting limitations on a practice which has been acknowledged as sound and loyal. This the cooperative movement, as an organisation of consumers, could not allow.

"The hopes of the VSK have been shattered. Our proposals, asking for the establishment of indicative prices or maximum prices in place of fixed prices were rejected. We would have been required to allow limitations on the patronage refund, which would have been an attack on the fundamental rights of cooperatives. Instead of the regime of dynamic and flexible competition which they were asking, there has emerged a charter for the protection of fixed pricing. We cannot subscribe to such arrangements; they are contrary to our views and our traditions;

they are not in the interest of consumers.

"The question arises as to whether the VSK and its members will apply the detailed rules of the agreement even though we have rejected the agreement. Our answer to this question is what it has always been so far as fixed prices are concerned. But for the rest, we shall act in the interests of our members. How could we do otherwise, given our structure and our responsibilities?"

"Consumer cooperatives are founded on sound economic principles and on a long tradition. They have become a factor to be reckoned with in the distribution of goods. They owe their strength to their own productive enterprises and to very extensive international trading relations. This is a fact that our members know and appreciate. The cooperative movement will find the necessary means for playing a role on the market tailored to serve the consumer."

SPECIAL FEATURE III:

THE CONSUMER ORIENTATION PROGRAMME
OF THE PUERTO RICO COMMONWEALTH

There are many who have not yet realised that consumer protection is equally important, if not more so, to developing countries as it is to affluent societies. Hence it is interesting to learn that a still-developing country like Puerto Rico has evolved a comprehensive official programme of "consumer-orientation".

The following description is excerpted from a memorandum issued by the Consumer Orientation Program of the Economic Stabilization Administration on March 21, 1966.

"The Administrator of the Consumer Orientation Program ... acts as the Coordinator of the 21 agencies represented in the Consumer Advisory Committee of the Consumer Orientation Program itself. ... (These include) Departments of Agriculture, Labor, Education (Home Economics Division, Education of the Community Program), Health, Commerce; Administrations of Economic Stabilization, Public Parks, Economic Development, Cooperative Development, University of Puerto Rico (Home Economics Faculty), Extension Service, Puerto Rico Water Resources Authority, Social Programs, Urban Renewal Administration, Planning Board and the Bureau of the Budget...

"Since 1959, the Committee has held monthly meetings of the Whole Committee and the Subcommittees every second Tuesday. It has worked under a pattern of government activity on behalf of the consumers, sometimes upon request of the Coordinator and others, sometimes of the consumers themselves. Following the developments - both in the government and outside of it - that are of interest and concern to the consumer, the Program has given advice (in some cases upon request of private enterprises) on a wide range of issues. ...

"Since 1962, our main promotional and educational tool has been the development of campaigns to orient and promote the best planning and use of money. Conferences, talks, workshops, radio, television, press, films and printed material are the current educational techniques used. At the

same time, the office has been clearing complaints from the consumer through personal interviews with consumers and merchants, small hearings and the use of press releases, radio and television information, and general correspondence.

"The Executive Secretary of the Program is a member of the Committee of the Institute on Home Finances Management of the University of Puerto Rico and has attended all workshops and participated actively in their development. ... The Office has examined complaints brought by consumers in the case of packed spoiled food and in the proper handling and hygiene of meats, vegetables and dairy products. Special hearings were held in the presence of merchants and consumers.

"It has made an exhaustive study for the House of Representatives of Puerto Rico on the attitudes, habits, likes, dislikes and patterns of consumer behavior, and its impact on the development of Puerto Rico's progressive civilisation.

"The Office serves as a clearing house for complaints and requests in regard to: excessive cost of furniture, automobile and home appliances; high repair costs; high cost of replaceable automobile parts; fraudulent sale of religious articles; short weight and deceptive packaging; value and length of guarantees; deceptive merchandise; use of the family budget; misleading advertising and labelling; unethical practices in the sale of encyclopaedias, sewing machines and houses, lots in Florida; human relations between merchants and consumers; and general food recipes and counselling on home management and education.

"The Program has pointed out the need of improvement of publications and field services for the consumers ... called attention to the need of better marketing practices, necessary federal and local legislation and the revision of drug, automobile and federal laws.

"The Coordinator has submitted recommendations designed to assure consumer safety, to provide them with useful information, to improve consumers' selective criteria, to give consumers more voice in the matter of consumer ethics', and to improve the working of the Puerto Rican economy.

"We have tried to safeguard the consumer interests by controlling prices of basic products and some raw commodities from which consumers goods are made, for example, sugar, coffee, codfish, regular gasoline, kerosene. ... We have been making an effort to improve publications, radio and television programs for the consumers in various fields. ...

"It will be the task of the Consumer Orientation Program to develop fully the emerging problems; to represent the voice of the consumer in government whenever possible and convenient, and to stimulate the public effort initiated by the Consumer Organization of Puerto Rico as well as that of the Cooperative Movement and of other private enterprises that have an urge to meet these problems effectively."



consumer affairs

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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

NEW CONSUMERS COUNCIL

The Rhode Island Legislature recently overrode the governor's veto to set up a seven-member consumers council. The council will study problems affecting consumers' interests, recommend consumer legislation, and appear at government hearings on behalf of consumers. Rhode Island is the fourth state to provide by law for a consumer voice in government. California, Connecticut and Massachusetts are the others.

Cooperative News Service, 12th July, 1966

INTERNATIONAL

ISO AND CONSUMER WORK

At the June meeting of the Council of the International Organisation for Standardization (ISO) it was decided to expand the scope of committee ISO/TC 73, which was formerly concerned exclusively with national standards marks but which will now deal with other aspects of consumer affairs including informative labelling and comparative testing. In this connection it is intended to appoint a joint ISO/IEC (International Electrical Goods Council) Committee on Consumer Questions, which will consider with consumer representatives issues related to international standards important to the consumer, and guide ISO and IEC policy in this field.

BSI News, August 1966

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If you want to sell a product you must first, it seems, provide it with a good image. It is strange, therefore, that the commodity most concerned in selling - MONEY - should have such a poor image, becoming worse rather than better. In these days of credit cards, MONEY is becoming decidedly unfashionable - and the upper classes try not to touch it at all! It is time, therefore for a good, persuasive PR job.

An article in Punch recently attempted to attract the attention of retailers to the sinister developments going on around them. "Why not join the MONEY set?" it suggested. "MONEY can be accepted immediately. No need to check customers' signatures ... these beautifully engraved green notes have already been signed, personally, by the Chief Cashier of the Bank of England. Customers will like MONEY too. They will leave your shop experiencing an entirely new, exciting feeling of solvency. By using MONEY, you avoid that 'small' credit card service charge and need not worry about unobtrusive ways of passing this charge on to the customer."

Stores and Shops, August 1966

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M O N O P O L Y

UNITED STATES

CONCENTRATION OF CORPORATIONS

The top 500 - one-fourth of one per cent - of the nation's corporations have 70 per cent of corporate profits, Fortune magazine reports. Their total sales and profits last year were larger than totals for all U.S. industry in 1955. These 500 big companies are accumulating profits faster than they are increasing sales, and their sales are growing faster than their number of employees. The 500 firms' profits last year were \$20 billion, and the 10 largest firms accounted for more than one-third of this. These include four oil companies (Standard of New Jersey, Mobil, Texaco and Gulf), three auto companies (General Motors, Ford and Chrysler), General Electric, U.S. Steel and International Business Machines.

Cooperative News Service, 19th July, 1966

UNITED KINGDOM

MONOPOLIES COMMISSION ON DETERGENTS

The Monopolies Commission has recommended that Unilever Ltd. and Procter and Gamble Ltd. should reduce the wholesale selling prices of household detergents by 20 per cent on average and suggested a 40 per cent reduction in selling expenses. The Commission found that monopoly conditions exist because Unilever and Procter and Gamble each supply more than one-third of all household detergents in the United Kingdom. They say that their monopoly position, as such, does not operate

against the public interest, but the policies pursued by both companies on advertising, promotion and prices do. Competition between the two companies tends to result in the escalation of advertising and promotion costs, and this in turn deters potential competitors from entering the industry and so removes the safeguard against excessive profits; as a result the public are charged unnecessarily high prices. In 1964 these two firms spent something over £8m. each on selling expenses, chiefly advertising, sales promotion and market research. In terms of the final retail price this meant that nearly a quarter of what the customer paid for the product went on these selling expenses.

The President of the Board of Trade said he was in general agreement with the report. On the Commission's longer-term recommendations that the Board of Trade should consider the possibility of introducing some form of automatic sanction that would discourage excessive selling expenditure in the field of household detergents and should also continue to keep a watch on prices, he said: "While I shall continue to consider means of preventing excessive selling expenditure in the future, it will be open to the Government to refer to the National Board of Prices and Incomes any increase in prices of household detergents which is thought to be unjustified."

Times, 11th August, 1966

GERMANY

ABOLITION OF RPM FOR MEDICINES

The conflict over resale price maintenance (rpm) for medicines is ended. After the Farbwerke Hoechst AG and the Böhlinger firm announced a shift from fixed prices to recommended prices, it was expected that other pharmaceutical firms would abandon rpm. The Cartel Office decided that rpm for medicines is improper in that it results in serious distortion of competition. While cooperative pharmacists could grant a dividend (in practice up to 6%) on pharmaceutical products subject to rpm, which constituted about half their stocks, non-cooperative wholesalers could not grant an annual bonus related to turnover or any other form of rebate. The attempt by the Cartel Office to make possible a rebate for non-cooperative wholesalers equivalent to the cooperative dividend was not taken up by manufacturers. The abolition of rpm for medicines at the wholesale stage will not have any noticeable effect on consumers, since the additional charge of an official tax on medicines, which is decisive for sales of medicines in pharmacies, will not be affected.

der Verbraucher, 30th July, 1966

UNITED KINGDOM

MOTOR CAR MERGER

A recently announced merger of British Motor Corporation with Jaguar Cars will create a group which will account for 1/4 per cent of the British car market. A joint statement by the two chairmen said that the merger is "in line with the world trend towards larger and more comprehensive units possessing the greatest possible resources for the development, manufacturing and marketing of a complete range of products. The bigger units that are thus emerging are better equipped to secure the economies of large-scale production; can command more resources in engineering experience both for the design and development of the product and for the advance of manufacturing techniques; their commercial and financial functions can operate more economically and efficiently; their links with the supplying industries can be strengthened; and by covering more widely the range of market requirements, stronger distribution and service organisations can be created at home and abroad - which is particularly relevant where commercial vehicles are concerned.

"In America, three major organisations - General Motors, Ford, and Chrysler - have captured a majority share of the market and have made considerable progress in Europe through their subsidiaries and associated companies. The European manufacturers are also pursuing a similar policy. In Germany, Mercedes-Benz have concluded a technical association with Volkswagen. In Italy, Fiat dominate the domestic market and in Japan, the process has begun with the amalgamation of Nissan and Prince.

"The implications of these alignments have been analysed with considerable care by the leaders of the British motor industry and as a result of subsequent discussions between us - both formal and informal - the very considerable advantages to be gained by a merger of our two groups became apparent. Both produce a wide range of cars and commercial vehicles, all of which are complementary rather than competitive, and each group has been formed as a result of acquisitions and mergers. In addition, we both share the opinion that if the British motor industry is to remain truly competitive, then a closer integration of the various units must be achieved. Against this background the merger we have announced is both logical and beneficial to both parties."

Guardian, 12th July, 1966

EUROPE

COMMON MARKET CARTEL POLICY

The common market's cartel policy passed a new milestone in July when, contrary to what had been expected from the advocate-general's summing-up, the community's court of justice in Luxembourg upheld the essential clauses of the commission's decision in the Grundig-Gonsten case. This declared that the exclusive dealership agreement made between the West German electrical goods manufacturer and its French distributor was illegal under community law. This was the first time that the commission had banned a business agreement under article 85 of the Rome treaty and consequently a test case for the position of similar sole agency pacts.

The commission's argument centred round the guarantee of absolute territorial protection Grundig gave Gonsten, which meant the French firm was to be the sole supplier of its products in France and that Grundig would ensure that no supplies reached the French market by other means. The commission contested this arrangement on the grounds that it restrained competition and trade between member states (it showed that the price of Grundig products was kept artificially high in France) and was therefore contrary to the basic aims of the common market. On an appeal by the firms involved, the Luxembourg court supported this point of view and has thus ruled that dealership agreements establishing a water-tight national market for a particular product are illegal. However, the court rejected the commission's argument that the entire agreement is therefore void, ruling instead that only clauses which actually contravened community law must be annulled.

The court's decision will come as a considerable relief to the commission since in recent weeks it had begun to look increasingly as if the judgment might go the other way. The commission should now be able to get ahead with processing the 30,000-odd business agreements sent to it for clearance, using the powers to deal with them by groups, instead of singly, which the council of ministers gave it in the interests of speed last year.

Economist, 23rd July, 1966

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"Higher interest rates are not expected to restrict installment buying to any measurable extent, since the average user of installment credit has only the vaguest notion of the interest rate he is paying"

Guide for Investors, Merrill, Pierce, Fenner and Smith, Inc.,
cited in Cooperative News Service, 19th July, 1966

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M A R K E T I N G

UNITED STATES

COOPERATIVE FUNERALS

The growth of funeral and memorial societies is making possible "the democratization of the American funeral", according to Ruth Harmer, author of The High Cost of Dying. Members of these societies are in a position to make and record their final-arrangement plans calmly, well in advance of need, and at no higher cost than they want to pay. Mrs. Harmer described the funeral industry as "a \$2 billion-a-year empire built on dead bodies". She said the undertaker has an advantage over all other kinds of salesmen, "since he deals with grief-stricken survivors whose reactions at this time of stress are irrational."

Cooperative News Service, 19th July, 1966

FRANCE

EXPANSION OF SELF-SERVICE

Some 1300 self-service stores a year will be opened in France from now to 1970. If this objective of the 5th Plan is realized, the number of stores of this type will have doubled in six years, growing from 7,850 at the end of 1965 to 15,650 in 1970.

Le Monde, 11th August, 1966

UNITED KINGDOM

WELCOME WAGONS

A sales promotion known as "Welcome Wagons" has crossed the Atlantic from the U.S. to permeate England. The system works as follows: When you move into your new home, a station wagon calls at your door; it calls when you announce an engagement; and it calls if someone has had a baby. Out of the wagon steps a hostess carrying a decorated basket full of free gifts, samples and vouchers from the local tradespeople. In the words of the Times: "After inserting her refined saleswoman's heel in the door, she parks herself on the sofa and distributes largesse like Mother Christmas. She also tells the newcomers about local train services, the civil defence, and brownie groups. There is a plug for the vicar, and a puff for the police, and an invitation to give blood. But always after the presents and the vouchers for 10s worth of free laundry, comes the commercial - a package of gossipy propaganda on behalf of her sponsors. The welcome wagon hostess is a kind of cross between Florence Nightingale, Lady Bountiful and the most insidious soft-talking salesman in the business."

Times, 22nd July, cited in Daily Consumer
Newssheet, Consumers' Association,
22nd July, 1966

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Washing instructions recently enclosed with a pair of girls' socks: "The Manufacturers of this sock MUST be washed in LUKEWARM water NOT HOT and well rinsed to remove soap."

Woman, London, 16th July, 1966

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

UNITED STATES

CIGARETTE WARNING

Foreign cigarettes sold or distributed in the U.S. will in future have to bear a health hazard warning, the Customs Bureau announced in Washington. Packets will have to carry the same label as all American brands - "Caution: cigarette smoking may be hazardous to your health".

Times, 5th August, cited in CWS Market Research

UNITED KINGDOM

SHOPPERS' ADVICE SERVICE

A consumer protection service run by Sheffield City Council is so much in demand that it is to be enlarged. The chief inspector of weights and measures, who organises the service, said: "We are getting up to 200 applications a month. The big difficulty for consumers is to get to the management of the firms. The less reputable firms rely on the fact that most people will not go to law over a small matter."

Daily Mail, 11th July, 1966

INDIA

FOOD ADULTERATION

A market survey published in June by the National Consumers' Service cited a long list of foodstuffs which were found to contain indigestible components and poisonous substances; for example, lead chromite in turmeric (a staple food) and horse and cow dung in spices and even in a popular brand of cigarettes. There is legislation against adulteration, but its enforcement is hampered by inadequacy of food laboratories and inspectorate staff, and also by corruption and collusion between inspectors and laboratory officials.

The Cooperator, New Delhi, 15th June, 1966

UNITED KINGDOM

PIRATE RADIO STATIONS OUTLAWED

The Government has introduced a bill which would make it unlawful to broadcast from ships and marine structures such as abandoned forts around the shores or from aircraft. It will also be an offence for anyone to advertise goods or services on these stations, either direct or through an advertising agent, and to publish programme details. The maximum penalties under the Bill are up to three months' imprisonment or £100 fine, or both on summary conviction; up to two years' imprisonment, or a fine or both on conviction or indictment. Responsible officers of companies may be proceeded against as well as the company itself.

Cooperative Gazette, 5th August, 1966

NEW ZEALAND

CHANGES IN CONSUMER COUNCIL

The Consumer Council expects within a few years to be financially independent of the Government. The Council, which derives its authority from the Finance Act of 1959, has always been fully independent of Government as regards its policy and functions; and as its membership has grown has become increasingly less dependent on Government financial support. Since its formation, the administrative staff of the Institute has been provided by the Department of Industries and Commerce. The Minister now believes that the Council are ready to operate independently, particularly with respect to appointment and control of staff. The Council already has its own testing laboratory.

Consumer, June 1966, cited in Daily Consumer News Sheet, 11th July, 1966

UNITED KINGDOM

COMPULSORY HOUSE GUARANTEE URGED

The Consumer Council has asked for an Act of Parliament "to make it compulsory for builders to take responsibility for the structural soundness of houses and to guarantee for a reasonable period the finish, fixtures and fittings." The National House Builders' Registration Council's voluntary guarantee scheme has expanded to a coverage of 30% of newly built private houses and it is hoped to increase the proportion to 80%. Noting that the Minister of Housing wanted the N.H.B.R.C. guarantee to become almost universal, the Council said: "We fully support voluntary efforts, but think that certain further improvements in the scheme are needed. If inspection methods are to be improved and made more uniform over the whole country, a more precise definition of good workmanship and finish is required."

Times, 2nd August, cited in CWS Market Research Department Weekly Digest, 3rd August, 1966.

UNITED STATES

GREEN LIGHT FOR THE PILL

The U.S. Government, through an expert medical committee appointed by the Food and Drug Administration, has decided after 10 months' study of oral contraceptives that everything points to their safety and that no time limit need be set on their continuous use. This new study of birth control pills closely follows the conclusions of the earlier British and World Health Organisation reports. It points out that no dogmatic conclusions can be reached, especially about blood clots or cancer, until much longer and more comprehensive epidemiological studies have been made. The committee urged that there should be no let-up in present research and in medical checking of women using the pills.

Guardian, 16th August, 1966

UNITED KINGDOM

CONTROL OF LSD

The Government is taking action to stop young people from misusing LSD-25 - described as the fantasy drug. The Home Secretary has decided that this drug, and also psilocybin, mescaline and certain other hallucinogenic substances should be controlled under the Drugs (Prevention of Misuse) Act, 1964. A draft order has to be approved by both Houses of Parliament and would come into operation in 30 days' time.

Guardian, 22nd July, 1966

UNITED STATES

CODE OF CONDUCT FOR ESTATE AGENTS

Ten societies representing estate agencies have announced that they will set up an Estate Agents' Council. "The new council will operate a system of recognition whereby the public identify reliable agents and avoid the small minority who are untrustworthy. It will lay down rules of conduct and competence designed to secure the best service for the public. Additional protection of the public by honesty bonds is also contemplated."

Guardian, 26th July, 1966

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"Being an engineer I am analytically minded, and as head of a household, I am cost-conscious. So when I go grocery shopping I often use my slide-rule. From the prices marked on the containers and the contents listed I can easily calculate the best buys. While going through my slide-rule motions one day I noticed a woman observing me. If I picked up two cans of fruit she picked up two cans of the same brand. She followed me about, buying what I bought. When I headed for the check-out counter she asked, "Do you always shop on Saturdays at this time?"

Reader's Digest, cited in Maritime Cooperative, 1st June, 1966

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A D V E R T I S I N G

THE NETHERLANDS

"NO ADVERTISING" DETERGENT

The Dobbelman NV concern, which has 10 per cent of the Dutch detergent market, has launched a new brand which will be marketed with the "absolute minimum" of advertising and very cheap packaging. Savings on advertising and packaging, amounting to about 6d. on a 6½lb. bag, will be passed on to the public as a price reduction.

LPE Reporter, July, cited in CWS Marketing Research Department Weekly Digest, 10th August, 1966.

UNITED KINGDOM

"GIFTS" MUST BE FREE

In view of complaints concerning the misleading use of the word "free" in advertisements, particularly in certain mail order offers, the Advertising Standards Authority has issued the following ruling, which is being incorporated in the British Code of Advertising Practice. "An offer of goods or samples in an advertisement may be described as 'free' only if the goods or samples are supplied at no cost or no extra cost (other than actual postage or carriage) to a person accepting the offer. A trial may be described as "free" although the customer is expected to pay the cost of returning the goods, provided that the advertisement makes clear the customer's obligation to do so."

Times, 4th August, 1966.

CANADA

PLEA FOR CONTROL OF ADVERTISING

The Retail Merchants Association of Canada has called for strong Federal laws against fraudulent advertising and says control should be given to Federal combines investigation officials. The association has recommended that the Combines Investigation Act should be changed to give its director powers similar to those of the U.S. Federal Trade Commission.

Financial Times, 20th July, 1966

UNITED STATES

WHEN IS ADVERTISING MISLEADING?

Six criteria for judging whether an advertisement is misleading have been suggested in the Food Drug Cosmetic Law Journal (March 1966):

1. The advertisement should be examined as a whole as it will appear to the public;
2. An advertisement taken as a whole can be misleading as well as each of its phrases considered in isolation or literally. This is the case if something vital is omitted, or if the composition or arrangement of the advertisement are designed to mislead;
3. Advertisements are not meant to be dissected, dictionary in hand, but to produce an impression on consumers;
4. Whether or not the advertiser knows that what is presented is false, the effect is the same in terms of deceiving the consumer or interfering with price competition;
5. A deliberate intention to mislead is not necessary for invocation of the (American) legislation against misleading advertising;
6. The law is made as much to protect gullible people as those who are suspicious.

Cited by Bulletin d'information, Laboratoire Cooperatif d'Analyses et de Recherches, Paris, France, July-August, 1966

UNITED KINGDOM

ADVERTISING EXPENDITURES

According to provisional estimates prepared for the Advertising Association, total expenditure on advertising and sales promotion in 1965 amounted to £590 m. - a sum equal to 2.1 per cent of the net national income (2.2 per cent in 1960). Of the £281 m. spent on press advertising, only half went on national newspapers and magazines; almost as much was spent on space in regional newspapers and trade and technical journals.

Financial Times, 25th July, 1966

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

UNITED KINGDOM

WOOLMARK RECOGNITION

A "dramatic increase" in the impact of the Woolmark in Britain in the past year has been announced by the U.K. director of the International Wool Secretariat. He

said that a consumer research survey by National Opinion Polls, 11 months after a similar survey, showed that recognition of the Woolmark had increased from 17% to 50% and "even more significantly" to 60% in the vital under-35 age group. "Almost without exception the Woolmark is associated in these people's minds with quality in one form or another. With our continuing great efforts to establish the Woolmark ... by this time next year there will be very few people in this country who are not properly aware of it."

Wool Record, 22nd July, cited in CWS Market Research
Department Weekly Digest, 3rd August, 1966

FRANCE

CONSUMER INFORMATION ON T.V.

Since 1961 "Telex-Consommateurs" has been providing price information for consumers in the form of two television broadcasts - a daily despatch and a weekly programme entitled "Jean Goes Shopping".

The daily despatch, just before 8 p.m. and lasting 90 seconds, is designed to inform consumers on "normal" prices for current products. It is primarily concerned with farm and fish products. The price information is provided by housewives who have made purchases in neighbourhood stores. These correspondents are members of consumer organisations, and have been briefed both on prices and on products. There are about 300 of them in the Paris region and about 1,000 in the provinces. By means of oral, photographic and animated presentations the programme achieves a double synthesis: on the one hand, the actual state of the market, and on the other forecasts for the next day. This forecasting feature has been accentuated over the past year, and twice a week the programme is in the form of a forecasting bulletin similar to weather forecasts. One week a month the national despatch gives price information on non-food products, e.g., shirts, shoes, notebooks, satchels, etc.

The weekly programme, "Jean Goes Shopping", lasts three minutes and is broadcast each Monday just before 8 p.m. in the form of animated cartoons. The objective is to inform consumers on commercial, legal and economic problems and to warn them against fraudulent practices and the remedial courses open to them.

The Telex Consommateurs programme was investigated by a sub-committee of the 5th Plan, which made several suggestions for improvement: "The sub-committee feels that it is necessary in order to guarantee the objectivity of the information presented for the programme to be put under the responsibility of the Consumers Union, and perhaps, the National Institute of Consumption. The sub-committee would also like the nature of the programme to be altered to give more prominence to information of a general character, and not merely price information on a few products. The sub-committee also believes that regulations should be revised to permit Consumers Union itself to appear on radio and television.

Coopération, June 1966

SPECIAL FEATURE I:
CONSUMER COOPERATIVES AND THE
COMMON MARKET

Following is the text of an article by R. Oger in the Belgian paper, Cooperation, for July 1966:

In 1957 the consumer cooperatives of Western Germany, Belgium, France, Italy and the Netherlands decided to create a Community of National Organisations of Consumer Cooperatives in the Common Market. By carefully watching the implementation of the Rome Treaty and through various interventions to Common Market authorities, this organisation has made possible a harmonious development of consumer cooperatives within the Common Market framework.

Conscious of the growing importance of European problems, the national organisations which are members of this Community decided at a recent meeting in Brussels to reinforce their influence by adopting a new structure which would better equip them to cope with the many tasks confronting them. Under a new title, European Community of Consumer Cooperatives (CECC) they will not only extend their activities, but will also intensify the support which they give to the Contact Committee of Common Market Consumers. It will be recalled that the CECC is one of the four organisations - along with the family organisations, consumer unions and trade unions - which make up the Contact Committee which represents consumers of the Six in the Common Market Commission. The Secretariat of the Contact Committee is provided by the CECC.

The presidency of the CECC has been given to the French cooperator, M. Degond, vice-president of the Fédération Nationale des Coopératives de Consommation (FNCC). Continuing the work initiated and sustained for about nine years by M. Brot, the task of stimulating and putting into effect a European cooperative policy now falls to M. Degond. He will be assisted in this heavy task on the one hand by a Council composed of the directors of federations and wholesales of the different cooperative movements in the Six, which will be responsible for initiating action programmes, and on the other hand by an executive composed of technicians, permanent delegates of the various countries, and finally by a general secretariat provided by the Société Générale Coopérative (SGC).

On the work programme for the coming months are included - in addition to increasing collaboration with the Contact Committee on general consumer problems - the problems of harmonising tax and fiscal legislation affecting cooperatives, surveillance of the prices of the "shopping basket" of a European cooperative housewife, analysis of the effect on consumers of recent agreements reached in Brussels, development of relations with organs of the European Economic Commission, and contacts with EFTA and the International Cooperative Alliance.

European integration is the reality of tomorrow and it is the CECC that is entrusted with the great responsibility of preparing cooperatives to play their part.

SPECIAL FEATURE II:

CANADIAN WHITE PAPER ON BROADCASTING

The Secretary of State has released a White Paper outlining the decisions and policies which will underlie the new Broadcasting Act to be introduced in the Autumn. Reactions of the Cooperative Union of Canada, as outlined in Co-op Commentary of July 14, are largely favourable, particularly on the following points:

1. It is declared that the broadcasting airwaves are "public property over which the public is entitled to exercise appropriate control".
2. The Canadian set-up in broadcasting is a single system in which "the public element should predominate".
3. Being a single system it must be regulated by a single authority, not one for the CBC and a separate one for the private stations.
4. The CBC is to provide "complete coverage to the fullest extent that is feasible, with all possible speed".
5. The private broadcasters also "have a positive responsibility to contribute to a wide range of audience choice, to meet certain standards of public service, and to achieve the highest quality of programming they can reasonably afford".
6. Broadcasters must maintain "Canadian content" and strive to employ Canadian talent.
7. Ownership of Canadian communications must be kept in Canadian hands.
8. Educational T.V. is to be encouraged and developed.
9. The CBC will be financed by a statutory five-year grant instead of year-to-year grants as at present.
10. The pressure is taken off the CBC to increase its dependence on revenue from commercial advertising.

At the same time, however, the cooperative movement has always argued that a broadcasting network is too potentially powerful an instrument to remain in private hands. It is suggested that this one drawback might conceivably outweigh several of the favourable points noted above.

Co-op Commentary, 6th July, 1966



consumer affairs

BULLETIN

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

Subj



Number 9, 1966

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In 1965 Americans spent 500 million dollars for their 26 million dogs, for such items as dog perfume, collars, car spectacles and fur-covered dog bikinis. The price list of a Dog Model Salon on Fifth Avenue (New York) indicates that a mink coat for a poodle costs \$225, and for a Danish dog \$500. An imitation mink is \$25. There are also evening clothes with jewels and pyjamas for after the party. But nothing about wedding dresses!

Schweiz. Konsum-Verëin, 20th August, 1966

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

UNITED STATES

CAR SAFETY LEGISLATION

The Car Safety Bill imposing mandatory safety standards on all new vehicles has been enacted. Under it, cars, buses and trucks must be fitted with safety harnesses and their anchorage points, head rests, extra interior padding, retractable steering columns and safety catches on all doors. The Bill included powers to develop standards for used cars.

Daily Press, 2nd September, 1966

NETHERLANDS

PROPOSAL ON GUARANTEE DISPUTES

A committee on guarantees for durable consumer goods has been set up by the South Holland II division of the Dutch Consumers Association in cooperation with the Rotterdam division of the Dutch Association of Housewives. The committee will limit itself to

electrical household equipment including electric sewing machines. It will be financed for the time being by the Consumers Association. The committee has drafted a ten-point guarantee formula designed to safeguard the interests of consumers, and it plans to discuss this formula with retailers of electrical household equipment. It proposes that in cases of conflict between consumers and suppliers, the committee should render an independent opinion which would be accepted as binding by both parties.

Documentatie-Bulletin of CO-OP NEDERLAND, 12th September, 1966

UNITED KINGDOM

CAR SAFETY

Many British car manufacturers believe that now the U.S. car safety bill is law, there may be cooperation in car safety design on an international scale. They feel that varying safety standards for different countries can lead only to confusion and unnecessary expense. In the words of a spokesman for the Society of Motor Manufacturers and Traders: "What we would like to see is a degree of international standardisation on car safety. The Americans have been looking at this as a national problem, but we believe that they may now be coming round to our view."

Consumers' Association Daily Consumer
News Sheet, 12th September, 1966

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In Germany there are 98 inhabitants for each retail shop; in Italy, 74; in France, 60; in Luxemburg, 55; in Holland, 54; and in Belgium, 31.

Schweiz. Konsum-Verein, 20th August, 1966

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

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Caption under picture of a teenage girl in a Daily Mirror advertisement:

"It took one sachet of shampoo, a colour rinse, a few sprays of hair lacquer, two kinds of facial cream, one foundation powder, a pair of false eyelashes, an eyebrow pencil, mascara, a layer of lipstick, four facial tissues and twenty minutes to give this face a 'natural' look.

"She's the typical young Mirror reader - one of a dominating 44 percent of all women under-25. She loves fashion. She loves fashion news and advertisements. But

best of all she loves to go shopping. She probably doesn't realise it, but she spends nearly as much time looking for clothes and cosmetics as she does wearing them. She's illogical, she's impossible, but she's great to sell to. Tomorrow on the train, look at the face in the Mirror beside you. You'll see money. The Mirror goes where money is."

Financial Times, 15th September, 1966

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U.S.S.R.

MORE CONSUMER GOODS

Consumer goods production is to be stepped up in Russia next year, and more cars and motorcycles are to be put on sale to the public, according to a Government decision published September 24. The motive is thought to be a realisation that if the material incentives on which the new industrial system is to be based are to be effective, a greater supply of consumer goods must be put on the market to absorb the larger wage packets. According to the directive, more heavy and defence industries are to be drawn into producing other goods. The despatch of 8,000 young communist volunteers to begin preparatory work on the new Fiat plant at Togliattie shows the urgency attached to producing more cars.

Times, 26th September, 1966

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For 8s. and a pair of dirty hands a car can be given a complete lubrication service at an ultra-modern self-service garage at Harlow, Essex. The average cost of having it done by a garage is 25s. The self-service "motoring centre" enables the customer to fill up with petrol, wash his car, lubricate it, and carry out his own repairs almost unattended. The centre is open from 7 a.m. to 11 p.m. seven days a week. Savings on servicing and simple repairs are estimated at 50 percent.

Times, 1st September, 1966

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A D V E R T I S I N G

SPAIN

ADVERTISING MEDIA

With some 120 dailies and over 30 special Monday issues published in about 65 Spanish cities and towns, the press is still the most heavily used advertising medium in Spain, accounting for over 30 percent of total publicity expenditure. The total circulation of dailies is estimated about 170 per 1,000 inhabitants against close to 500 in the U.K. Catching up fast is the government-controlled Television Espanola, established only some eight years ago and already taking about 30 percent of total advertising spending. There are about 2 million TV sets, with the number growing fast. Advertising is limited to six minutes per hour. About 25 percent of total advertising expenditure is booked by the some 290 privately owned radio stations which blast away day and night. These aim their publicity mainly at housewives. Cinema attendance has fallen from 295 million in 1961 to 210 million last year, but the 7,750 cinemas still book about 10 percent of advertising expenditure.

Financial Times, 14th September, 1966

MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

INDIA

COMPROMISE MONOPOLIES COMMISSION

The Indian Government has announced its decision to constitute a monopolies and restrictive trade practices commission as a statutory body with certain compulsory and advisory powers.

A Government resolution tabled in Parliament said that the necessary legislation would be sponsored "as early as possible".

While the appointment of the commission follows recommendations in the monopolies report submitted last year, the Government has departed from the major recommendation and decided that the permanent commission will function only in an advisory capacity.

The commission will have compulsory powers in regard to restrictive trade practices only. It will have powers for investigations and some unspecified purposes in connection with "monopolistic practices so far as the prevention of undue concentration of economic power is concerned".

In other matters, concerning the concentration of whole industries, the statutory commission's advice would help the Government and the law courts to exercise existing legal provisions to determine crucial questions regarding diversification, expansion and amalgamations.

These decisions represent a compromise between the extreme views held by members of the Congress Party party executive which had at one stage recently blocked the Government's proposals for setting up a statutory commission.

Financial Times, 7th September, 1966

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The median annual income of U.S. families rose by five per cent to \$6,900 (£2464) during 1965. More than 32 million of the 48,8 million families had 1965 cash incomes of \$5,000 (£1800) or more. Over 12 million families had incomes of \$10,000 (£3600) or more and over 11 million families had incomes ranging between \$7,000 (£2500) and \$10,000 (£3600). In the lower incomes, seven million received between \$3,000 (£1070) and \$5,000 (£1800) and eight million received incomes of less than \$3,000 (£1070).

Labour News from the United States, USIS,
September/October, 1966

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M A R K E T I N G

UNITED KINGDOM

THE HIGH COST OF PACKAGING

Food packaging costs the average household 30s. a week, according to the chief public health inspector for Bristol, who claims that wrapping has become a commercial gimmick going far beyond the level of protection. He quoted the example of a small bottle of scent which was wrapped in tissue paper, then in corrugated paper, and put into a box, given a transparent covering and finally wrapped by the shop.

Guardian, 23rd September, 1966

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30 to 40 percent of the time spent on housework is devoted to food preparation and allied tasks, in Germany. This does not include time spent on purchasing, storing and maintaining supplies. Non-working housewives spend 70 hours a week on housework those working part-time spend 61 hours, and fully employed housewives, 44 hours. 8 to 10 percent of working time is spent on dishwashing alone in a four-person household, and 16 percent in a six-person household.

Verbraucher, 3rd September, 1966

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

UNITED KINGDOM

PRICES SURVEY

The "Daily Mail", in cooperation with the Consumer Council, has set up a national survey "to screen shop prices and service charges during the prices and incomes freeze". On August 19th a team of 200 housewives collected the prices of 11,250 items of food, drinks, clothing and fuel and the charges for 1,250 services throughout England, Scotland and Wales. On September 9th housewives will return to the same shops, collect the prices of the same items and report changes. Weekly analyses on the same pattern will follow. The results will be published by the newspaper. The data will be broken down into four regions: London; the South-East (excl. London); Midlands; North and Scotland.

CWS Market Research Department Weekly Digest,
7th September, 1966

NETHERLANDS

PRICE COMPARISONS

The Dutch Consumers Association (Nederlandse Consumentenbond) publishes comparisons of various brands of articles classed according to prices calculated on equal weights and contents. Three types of article are covered: a range of brands differing little in quality; those with a difference in quality that may not matter much to some consumers; and those where the difference lies not so much in an objectively-judged quality as in a personal preference or taste.

It is usually packaged foodstuffs that do not differ much in quality, since Dutch law lays down minimum requirements for foodstuffs. Articles for which price comparisons have already been published are jams, coffee-milk, apple juice, salad creams, oats, vermicelli, plain cake and smoked sausage.

Articles whose quality is not of equal importance to consumers include particularly those which are thrown away after use. In this category investigations have been carried out on paper tissues, paper handkerchiefs, paper serviettes, cottonwool, exercise books, pocket diaries and cellotape.

The category for which personal preference or taste is more important than objective "quality" includes primarily food and drink luxuries and also cosmetics.

International Consumer, International Organization of
Consumers' Unions, No. 2, 1966

UNITED KINGDOM

FOOD LABEL CONTROLS PROPOSED

Specific provisions should be laid down to deal with claims that certain products

are an aid to slimming, and no slimming aid claims should be permitted for diet supplements, the Food Standards Committee says. The recommendations are contained in the committee's second and final report on claims and misleading descriptions published in September, 1964. The report recommends that present controls on claims made for foods should be extended, that the use of certain words should be restricted, and that regulations should be made on the use of pictures in labels and advertisements.

On misleading descriptions, the committee says that pictorial devices purporting to show the natural origin of a food should be accurate. They should not portray food not present in the container, except where they will not lead to the consumer being deceived. The use of the words "natural" and "pure" should be restricted to certain definite meanings and "homemade", unqualified, should apply to foods produced in a domestic kitchen. The phrases "made of" and "made from" should only be used in advertisements where the food or foods listed comprise the whole of the product concerned. Where this is not so, "made with" or "containing" should be used. Unflavoured vinegars should be described by specific names. "Vinegar" should be forbidden when describing solutions of acetic acid.

Guardian, 17th August, 1966

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Graveyard for Cars England's first vehicle graveyard has been open in Birmingham. Owners of scrap cars will be paid for their vehicles. Until now dismantlers have normally asked for payment from the car owners if the vehicles had only scrap value.

Financial Times, 22nd September, 1966

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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

U.S.S.R.

EXPANSION OF COOPERATIVES

The Soviet Cooperative Congress ended in the Kremlin on August 12 endorsed a five-year programme for developing consumer cooperative societies which will involve the opening of 36,000 new shops, about 3,000 canteens, cafes and restaurants and 84 canneries with an annual capacity of almost 600 million tins. Mr. Klimov, chairman of the Central Council of Soviet Consumer Cooperative Societies, said that the programme for closing the gap between living standards in town and country ensured a faster pace for the development of the cooperatives than for state trade.

Soviet News, Soviet Embassy in London, 17th August, 1966;
Times, 10th August 1966

GERMANY

AUTOMATIC GROCERIES

The consumer cooperative society in Ostfriesland has installed automatic vending machines at the steel plant Rheinstahl-Nordseewerken to make food and drink available to steel workers at any time of day or night. The assortment, which includes bread, sausages, cheese, tinned fish, soups, hot and cold drinks, cakes, tobacco, cigarettes, cigars and various kinds of fruit and sweets, is planned jointly by the cooperative and the plant works council.

ZdK press release, 17th August, 1966

CZECHOSLOVAKIA

COOPERATIVE RESTAURANT EXCHANGE

The Central Union of Consumer Cooperatives has initiated negotiations with the foreign trade corporation Polytechna with a view to establishing Czech restaurants abroad and foreign national restaurants in Czechoslovakia. When such a restaurant is to be opened abroad, Czech consumer cooperatives will send out skilled staff, consignments of special foodstuffs and beverages, and equipment and facilities necessary to give it a typically national character. Similar arrangements will be made for national restaurants of foreign consumer cooperatives established in Czechoslovakia. Czech consumer cooperatives will be authorized to operate and administer them while the foreign counterparts will be responsible for providing specialists and special foods and beverages.

CO-OP News, Central Co-operative Council,
Czechoslovakia, September 1966

INDIA

HELPING TO HOLD THE PRICE LINE

As part of the growing "hold-the-price-line" movement in Bombay, Congress women have decided to start a chain of "Sahakari" cooperative shops to sell essential commodities like pulses, dal, oils, ghee, etc. To begin with, they will be open once a week between 11 a.m. and 5 p.m. The primary purpose is to keep in touch with Bombay housewives and inform them of the latest prices of essential commodities. The centres will also receive complaints from the public regarding over-charging by dealers in the area, report to the appropriate authorities and carry out propaganda against the dealers concerned, asking the public to boycott them.

The Bombay Co-operator, 8th August, 1966

CANADA

COOPERATIVE SELLING OF TIRES

Cooperatives have been pressing for federal legislation that would set up a tire grading system to be followed by all manufacturers. No standard system now exists; a first-line tire of one brand could be equal to the second-line of another brand. It is confusing for consumers when names given to inferior tires inspire more confidence than names of top-grade models.

Several years ago the consumer cooperatives began marketing COOP tires. A major object was to avoid abuse of buyers through "list" prices which were often fictional; some were as much as one-third higher than the price for which the tire actually sold. The "lists" provided a nice cushion for claims of big price reductions or trade-in allowances while still protecting the actual selling price.

The Maritime Co-operator, 1st September, 1966

EUROPE

JOINT SELLING OF FROZEN FISH

Cooperative wholesale societies in Denmark, Sweden and West Germany have recently established a retail society under the firm name Rahbekfisk-Eksport A.m.b.A. with headquarters in Fredericia, Denmark. The Society will take over the retailing of deep-frozen fish products from the well-known Danish firm "Rahbekfisk". The assortment will consist primarily of Danish specialities like fish steaks, plaice fillets, cod steaks and trout.

Verbraucher, 17th September, 1966

SPECIAL FEATURE I :
HONESTY IN ADVERTISING

Following are excerpts from an article in the Financial Times of June 20, by Lord Drumalbyn, P.C., Chairman of the Advertising Standards Authority Limited.

"The idea that people should have to tell the truth in advertising is absolutely unknown in this country'. The italics are mine, but the words are those used by the Lord Chancellor in a debate covering many subjects in the House of Lords on November 17 last.

"That advertisers should tell the truth has long been recognised. ... The advertiser, the advertising agencies and the various media all have committees, and a common Code of Advertising Practice has been worked out, with a committee to supervise it on which all the organisations who adhere to the Advertising Association are represented. And in 1962 the Advertising Standards Authority was set up by the advertising industry to 'promote and enforce the highest standards in advertising throughout the United Kingdom' - standards, be it noted not standard. Telling the truth is not all. Indeed, truth can itself be so expressed as to mislead.

"It is a fact that there is at present no positive legal requirement that advertisers should tell the truth. The Government Bill introduced in the last Parliament would have made it an offence to apply a false trade description to goods in advertising, as elsewhere...

"It would have gone further by making it an offence to give any indication about the goods, which, though not false, or not even a trade description, could mislead people into thinking that it was one, whether or not the advertiser intended to mislead them. In effect, so far as it goes, this rule would sharply reverse the old principle of 'caveat emptor'; the Bill would have laid on the seller the duty of ensuring that what he said about, for example, the size, performance or effects of his product would at least not mislead a reasonable person.

"The Bill would also have made it an offence to claim that the price at which goods were offered represented a greater saving, in comparison with that at which they were previously offered or were being offered elsewhere, than was true.

"Lastly, the Bill would have made it an offence for anyone in the course of trade or business knowingly or recklessly to make a false statement about services, accommodation or facilities. This would have brought hotels, restaurants, travel, estate and employment within the scope of the Bill.

"In general, both the Advertising Standards Authority and the advertising industry welcomed the provisions of the Bill, in so far as it applied to advertising, as a long step forward towards the achievement of the objectives which they have set themselves ... None of the critics who appeared to have given the subject much thought considered that these alleged malpractices could be eliminated by precisely-defined statutory controls.

"In the area covered by the law, the best results will be obtained by the combined efforts of the enforcement authorities and advertising's own system of self-control. It is in the interest as much of advertisers as of the public that they should be obtained, for to the extent that advertisers as a whole fail to command the full confidence of the public, they are wasting their money. But there is a wide area in which it will remain exclusively for the voluntary system to maintain and improve standards.

"The special merits of the voluntary system are, first, that where an advertiser or advertising agency or medium is in doubt about an advertisement, it can be submitted to one of the committees or to the Advertising Investigation Department (AID) of the Advertising Association for guidance, so that many dubious advertisements are never published at all; and second, that as soon as an objectionable advertisement comes to attention, either through the monitoring system of the AID, or through a complaint from the public, a competitor, a trade association or a consumer protection organisation, steps can immediately be taken to have it amended or withdrawn. Should an advertiser or advertising agency decline to co-operate or persistently contravene the Code of Advertising Practice, then arrangements can be made for all their advertising to be refused.

"Nobody would suggest that where an advertisement is flagrantly deceptive the advertiser should not be prosecuted, even if as a result of the working of the voluntary system he had amended or withdrawn his advertisement. But most cases are borderline, and it would be unfortunate if an advertiser, who had not intended to mislead and had put his advertisement right on the intervention of the voluntary control, were later prosecuted. It seems unlikely, however, that any local weights and measures authority would wish to prosecute in such a case. This, however, postulates a closer liaison between the official and voluntary controls than exists as yet.

"In the matter of comparative pricing it is not easy for the law to be formulated with sufficient precision to catch all cases, particularly where a vague indication of normal value is given. This is especially true of manufacturers' premium offers, where the same goods are often not available for purchase in the shops.

"... The British Code of Advertising Practice is a flexible instrument designed to be interpreted in spirit as well as in the letter, and is constantly under review. Changes in the code are made at the suggestion or with the consent of the Advertising Standards Authority. There are certain methods of trading which are not prohibited by law but are so liable to abuse or misunderstanding that the voluntary control system either bans any advertising of them or permits it only if full information is clearly given.

"For example, there is the device of switch-selling - where a trader quotes the price of a cheap article and invites inquiries in his advertisement in order that he may send a salesman to call on the inquirer and persuade him or her to buy a much dearer one. The code provides that the trader must hold sufficient stocks of the article actually advertised and must state in the advertisement that a salesman will call in response to an inquiry.

"Another example is inertia selling, where a trader offers a free sample or trial sample at a special price on the understanding that a regular supply will be sent unless or until the customer writes and says he does not want it. This is quite legal, but the advertisement must make absolutely clear what the customer is letting himself in for by responding to the offer.

"Other examples are advertisements offering courses of instruction, which must not imply a promise of employment or offer unrecognised degrees or diplomas; advertisements offering to sell equipment and to buy back the goods produced at home with it; and advertisements containing guarantees, which, since the beginning of this year, have only been allowed if the full terms of the guarantee are clearly set out in the advertisement or available to the purchaser in writing at the point of sale or with the goods, and if the steps open to the purchaser under the terms of the guarantee are explained there.

"The code itself has been built up over a long period of years and is still being improved year by year. It is in this way and by its stricter interpretation that advertising standards are being maintained and enhanced. ..."

SPECIAL FEATURE II :
CONSUMERS AND STAMPS

J. Semler-Collery,
Le Coopérateur de France, 20th August, 1966

"In this period of rather dull vacations, the postcard addressed to friends has been elevated to the rank of a national pasttime, or rather, an European pasttime. But what a ruckus on the subject of its postage.

"Thus it is with pleasure that we greet the proposal of the EEC Commission for harmonising stamp taxes for first-class letters and post cards. Actually the previous bilateral agreements did not correspond at all with the spirit of the Treaty of Rome, and the new proposals would have an important psychological effect in promoting a community spirit and at the same time giving consumers important advantages in the field of postal rates.

"Nevertheless the proposal from Brussels is open to certain criticisms which have been emphasized by the Consumer Contact Committee of the European Community.

"It should be stated first of all that determination of postal taxes is not based primarily on the budgets of postal authorities. More often they are determined by an arbitrary political decision either of governments or of parliaments of member states. It is impossible to determine such taxes according to objective economic criteria since, even if such criteria existed, they would fail to take into account the political and social aspects of the question. This is why it is neither possible nor desirable at present to adopt the automatism proposed by the EEC Commission except in the event of a change in tax structures.

"With respect to determination of postal taxes it is also necessary to take into account that the budgets of postal authorities of each member state should be seen as a whole. Frequently there is an 'internal compensation for losses' which makes it possible to cover the losses of one sector of postal activities by the gains from another sector. This poses the question as to whether harmonisation of postal taxes for letters and postcards can have the desired result, i.e., harmonisation of competitive conditions, or whether it is not simply a question of shifting competitive distortions."

"Therefore we would like the EEC Commission to bring forth without delay its proposals for a general harmonisation of the budgets and legal, economic and political decrees of postal authorities of member states. Only this general harmonisation can ensure the desired harmonisation in competitive conditions and serve the interests of consumers."

SPECIAL FEATURE III :
PRICE CONTROL THROUGH CONSUMER COOPERATIVES IN INDIA?

E.H., Schweiz. Konsum-Verein, 3rd September, 1966

"Until now the consumer cooperative movement has not played a very great role in India, with certain well-known exceptions. One of these exceptions deserves special mention - TUCS, the Triplicane Urban Cooperative Society in Madras which, founded in 1905, has survived all the storms of a turbulent period. The TUCS was originally a cooperative for civil servants, but already in the first World War it took over responsibility for supplying the general population, and later extended its organisational structure beyond the sector of civil servants and other salaried workers. Still with its some 30,000 members it remains a cooperative of the higher income brackets. In several other cities there have been efforts since the Second World War to organise similar cooperatives with government help, as in Bombay and New Delhi, but not much progress has been made.

"What is generally understood as a consumer cooperative or a 'shop cooperative' in India is a small village consumer association with one store and, in some cases, a few hundred members. There are between 7,000 and 8,000 such cooperatives with some 1,400,000 members, but many of these work at a loss, and many don't work at all. (In the statistics they are included under the label 'dormant'). Most of them have failed to keep pace with competitors, village merchants more adept in rural commercial techniques of all kinds. No wonder that they are not in a position to counteract the price upsurge which has long prevailed in India.

"But that is what the Government expects of them. Accordingly several years ago it proposed a programme of reforms and expansions for the consumer cooperatives which, inter alia, projected the creation of 200 district wholesale societies and 4,000 consumer cooperative stores in cities with more than 50,000 inhabitants, all with considerable support from the State. A part of this plan has since been implemented at least on paper. It was recently announced that in 250 cities with over 50,000 population several thousand consumer cooperatives would be established, serving 10 percent of consumers, and embracing 527,000 members. By 1968/69 this number is to be doubled, and in addition the programme of 'centrally supported consumer cooperatives' is to be extended to cities with 25,000 to 50,000 population, and later on cities of 10,000 to 25,000 population will also be included. So far the State still has controlling authority in these consumer cooperatives, but later on responsibility for the new movement will be transferred to an 'autonomous body'. It has also been decided to establish a 'National Federation of Consumer Cooperatives', which is thought of primarily as a representative body, but which will 'eventually assume responsibility for purchasing and planning stocks'. (The Bombay Cooperator, 23.6.1966.)

"The devaluation of the rupee nourished the price inflation in India. The Government is seriously concerned over this, and plans severe counter measures, for example, punishment of 'price sinners'. Also the cooperatives are expected to again play a role in the new anti-inflation campaign. As explained by the Federal Food Minister Shri Subramaniam on June 10, 1966 at a conference in Hyderabad, the Government will itself through a system of levies guarantee a certain quantity of selected consumer goods at the source of production, and channel these goods through consumer cooperative stores at controlled prices to consumers. Whether or not these measures will be effective remains to be seen. The decisive factor will be expansion of the volume of production - and here too the Government will take steps - , for in the long run a price rise stemming from the side of demand can only be countered through a strengthening of the supply."



consumer affairs

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Yellow for Putrid!

A device for indicating the freshness of a perishable food has been patented by an American firm. A blue disk is inserted into any kind of package containing milk products, milk, meat, fish, poultry or frozen products, either directly on the food, on the paper in which it is wrapped, or as an integral part of the wrapping. The disk changes colour from a deep blue when the product is quite fresh to a greenish blue when it starts to deteriorate and a deep yellow when it is no longer usable. The firm claims that the indicator conforms to the public sanitary requirements and will not affect the taste, colour or purity of the food.

Coopération, Brussels, September 1966

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

WEST GERMANY

DATED FOOD

Legislation providing for all meat, fish and shell-fish products to carry an open packing date or indication of shelf life becomes effective in Germany from the beginning of 1968. This affects fresh, canned or frozen products. Dairy products were to be included but have been exempted for the time being.

The severity of German food laws was illustrated last month when a Luneburg meat products manufacturer had to close his factory because 40 percent of his 90 employees were found to be salmonella carriers. None of them had been taken ill nor had any customer of the company. Nevertheless they will never be allowed to work in their trade again. For six weeks they will get 90 percent of their wages from public funds, then they must find new jobs in a new trade.

The Group Grocer, October 1966

UNITED KINGDOM

SIZING OF CHILDREN'S CLOTHES

Weights and measurements of more than 25,000 school children will be taken in an Inner London Education Authority survey this autumn and the results fed into a computer to provide guidance on such things as children's clothing and school meals. The results will be of value to the British Standards Institution which is trying to help solve the problem of sizing of children's clothing. Similar surveys are to be carried out in several parts of the country, but the London survey is the only one which will measure arm and leg lengths and neck and calf sizes as well as height and weight.

Drapers' Record, 8th October, 1966

UNITED STATES

TRUTH-IN-PACKAGING

The House of Representatives has passed a watered-down version of the "truth-in-packaging" Bill which requires that the contents of all packets be expressed in ounces (if they are less than four pounds or one gallon) to make price comparisons easier, and also that boxes be filled to the top. The Bill differs from the much stiffer measure passed earlier in the year by the Senate giving the government power to set standard sizes for food packets similar to the standard sized bottles in which all different brands of spirits must be sold. A conference committee from the House and the Senate will try to iron out the differences between the two Bills.

Economist, 8th October, 1966

WEST GERMANY

CONSUMER SERVICE INSPECTORS

The firm Karstadt AG has installed Consumer Service Inspectors in its various branches with the task of determining whether customers are satisfied with their purchases. They will give particular attention to purchasers of furniture and electrical household equipment.

Schweiz. Konsum-Verein, 8th October, 1966

AUSTRIA

CONSUMER ADVICE CENTRE

In the main shopping street of Vienna there is an Association for Consumer Information with consultants from its testing and research staff and also independent experts in the physical and domestic sciences, economics and law; their job is to give shoppers advice to suit their individual needs. The centre also houses exhibitions with their test ratings without sales pressure.

Times, 4th October, 1966

WEST GERMANY

TEXTILE LABELLING

Legislation on textile labelling is expected to be enacted by 1968.

Verbraucher, 15th October, 1966

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Ergonomics in Motoring

Dr. Stephen Black, in a book entitled "Man and Motor Cars" has proposed a caravan-style car with a stout bumper-bar all round; hydraulic shock-absorbers; four-wheel-drive to enable it to "go anywhere"; flotation gear and screws to turn it into a boat when required; periscopes in place of rear view mirrors; and short-range radio telephones for communicating with other drivers. One paper described it as "a hideous beetle of a car, raised absurdly high above the ground, flaunting its water propellers at the rear and waving its radio aerial on the roof."

Consumers' Association, Daily Consumer News Sheet, 26th/27th September, 1966

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

CANADA

HOUSEWIVES BOYCOTT

Housewives in Ottawa, indignant about the rising prices of food in supermarkets, have formed an Ottawa Consumers' Protest Society with the intention of boycotting supermarkets to bring down prices. Housewives are being urged to stock up at the local market or corner grocery, since the boycotts will be started without warning, so as to catch the supermarkets with the maximum quantity of perishable foods on their hands. The organiser of the association, now 6,000 strong, is a farmer's daughter who says, "I am no economist, but I do know that I pay almost three times as much in the supermarket as my father gets for his produce." The Government is also concerned about the recent price increases and has set up a parliamentary committee to inquire into the high cost of living. Besides investigating food prices, the committee will study the effect of advertising and of packaging upon food prices, and the potential competitiveness of foreign produce.

Consumers' Association, Daily Consumer News Sheet, 30th September, 1966

UNITED KINGDOM

NO MORE RPM ON COLOUR FILM

Resale price maintenance of Kodak amateur colour film and colour processing services is to be ended as the result of the report of the Monopolies Commission

in April. Retail margins should be cut and restrictions on sales outlets ended. A new "recommended" price list sent to dealers is based on an average reduction of 20 percent for colour film; a similar average reduction in processing charges is recommended. Such cuts would still leave a 20 percent profit. Kodak is retaining fixed selling prices for all its other sensitised goods, chemicals and equipment pending a decision by the Restrictive Practices Court on the merits of its case under the Resale Prices Act.

Consumers' Association, Daily Consumer
News Sheet, 30th September, 1966

INDIA

CONSUMER PRICE RESISTANCE

With the help of the Cooperative, consumers managed to bring down vegetable prices by 25 to 50 percent in July after a sudden rise of 50 percent. The Maharashtra State Cooperative Marketing Society has put into operation seven trucks carrying potatoes, onions, cooking oil and green vegetables which stop each day at about 50 different places in the thickly populated areas of the city and suburbs, and sell their produce at prices 15 to 50 percent less than in the retail markets. Also a group of young men formed a committee called the "fencers committee" which goes from door to door collecting money with which they buy vegetables from wholesale markets early in the morning and bring them directly to the households.

In a talk on the All India Radio, Dr. V. K. R. V. Rao, a member of the Indian Planning Commission, stated that: "the most effective way of dealing with the problem (of rising prices) is organised consumer resistance. Consumers have to make up their minds that they will not buy goods the prices of which have been raised above their pre-devaluation levels, except to the minimum essential extent that is necessary. It would be best if the nation went on a consumer strike as it were, and postponed all purchases of goods for which traders wish to charge higher prices. Such organised consumer resistance proved successful in Calcutta in preventing high prices and profiteering by traders in fish. Here, in Delhi, the pavement coffee house played an important role in arresting the move for a sharp rise in the price of coffee. In situations where traders fail to respond to the call of social duty, consumers have to step into the breach and persuade them to do so by non-violent abstention from purchasing at their shops. Apart from such action on the part of individual consumers, it is necessary for consumers to organise themselves into clubs, associations, and cooperatives in order to see that price regulations are not violated - by disseminating information on legally chargeable prices, identifying traders or producers who raise prices ... and bringing the pressure of articulate public opinion to make them change their ways and function in a more socially responsible manner."

The Cooperator, National Cooperative Union of India,
1st August, 1966

SWITZERLAND

WHAT'S DEARER IS NOT NECESSARILY BETTER

Recent tests made for the Foundation for Consumer Protection (SKS) of sixteen of the most popular brands of toothpaste reveal a price spread of 500 percent for the same amount of paste. This is particularly striking if viewed against the fact that qualitative differences were shown to be very minor.

Schweizerisches Kaufmännisches Zentralblatt,
30th September, 1966

UNITED KINGDOM

PRICE SNOOPERS

The Minister for Economic Affairs has enlisted the Consumers' Association as one of his many watchdogs on prices. He has announced that the association has undertaken to report to him any blatant examples of price increases. Earlier he gave a warning that the Government will not hesitate if necessary to use its powers under the Prices and Incomes Act to clamp down on unjustifiable price increases. The Minister's appeal to the public to send in their complaints about prices has been condemned in some quarters as "snooping", but the Ministry reports that there has been "a very large response", and that the information received is being taken up promptly.

Guardian, 18th October, 1966

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If you own a new eight-cylinder standard car in the lower price range, you should figure the first year's fixed costs at about \$807. This includes depreciation, insurance, and registration tags. Operating costs will run about 3.7 cents a mile - for gas, oil, maintenance and tyres. Total costs per mile are estimated at 11.8 cents for 10,000 miles a year; and 7.7 cents a mile for 20,000 miles per year.

American Automobile Association, Cooperative News Service, 20th September, 1966

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

UNITED KINGDOM

FAIR DEAL COURTS FOR SHOPPERS

The Consumer Council is considering asking the Government to set up small claims courts to which customers who have a grievance against manufacturers could take their case. The courts, similar to those already operating in America, would be a branch of the legal system and would be controlled by magistrates empowered to ensure that the shopper gets a fair deal. A council spokesman said that the number of complaints arising out of the "small print" written into guarantees and contracts was widespread. But consumers who "felt they had been caught" often were reluctant to take the matter to the County Courts because of legal expenses, and the time that would elapse before their complaint could be heard. Before presenting its plan, the council is to take a close look at the American system, and it is likely that this will be the basis for a British model that the Government will then be urged to set up.

CWS Market Research Department Weekly Digest, 5th October, 1966

UNITED STATES

NEW CAR SAFETY RULES

The first guidelines of compulsory safety measures proposed for incorporation in new American and foreign cars are divided into two parts. The first propose that standards applying to 1967 models bought by the Government should be incorporated in cars sold to the general public in 1968. These include impact-absorbing steering columns, signalling devices for stopped vehicles, wing mirrors, padded dashboards and visors, safety door latches and hinges, dual braking systems, better designed windscreen wipers and safety glass. The second part gives notice that further safety devices will have to incorporated in 1968 models bought by the Government. These

presumably would be incorporated in cars sold to the general public in 1969, and they include front seat headrests to reduce neck injuries, comprehensive indoor padding, rear window demisting apparatus, recessed or break-away door handles and window-winders, and improved stability for petrol tanks and filler pipes.

Times, 10th October, 1966

UNITED KINGDOM

BRISTOL CONSUMER ADVISORY SERVICE

Bristol Corporation has started a new consumer advisory service as part of its information bureau. The service will deal with queries and complaints from all sections of the Bristol public, including those made against Government bodies and the corporation. Complaints that cannot be handled will be passed to the authority or service best suited to deal with them, and the advisory service will see that a solution is reached. "In most cases we shall deal with complaints as far as the courtroom doors", said an official of the corporation.

Consumers' Association, Daily Consumer News Sheet, 4th October, 1966

UNITED KINGDOM

WARNING ON ORAL CONTRACEPTIVES

A team of British doctors have issued two reports which they believe link certain oral contraceptives with heart disease in women. Details of the findings have been sent to the Dunlop Committee on Safety of Drugs, and urgent discussions are to take place with the inventor of 'the Pill'. The experiments, carried out at a London hospital, reveal that groups of women who had taken various Pill preparations for more than three months started to show strange changes in the composition of their blood and body metabolism. Five different brands of oral contraceptives were used during the trials, but the majority of the women took pills which contain the hormone compounds mestranol and ethynodiol diacetate.

Consumers' Association, Daily Consumer News Sheet, 30th September, 1966

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A junior "consumer council" appointed by a British toy firm to examine and report its latest models asked "tricky questions" according to the manufacturer. The panel's views and advice on play, value, safety, authenticity, placing and durability are to be passed on to retailers and children all over the world. The six children, three boys and three girls from eight to twelve years of age, toured a number of factories in London; before writing their reports the children called on shops in their area to check prices.

Times, 13th October, 1966

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

THE NETHERLANDS

COOPERATIVE SUGAR UNION

As a direct result of the Common Market's regulations governing sugar, the four Dutch sugar processing cooperatives are expected to form a Sugar Union, which will be the largest cooperative of its type in the world.

Food Trade Review, October 1966

FRANCE

COMPLAINTS ON TAPE

Saleswomen in the Dorothy Bis dress shops for young women record on tape the observations and complaints of their customers. These tapes serve to keep the management informed on the latest developments on the selling front and to broaden the knowledge of saleswomen thus contributing to improvement of the store's service.

Schweiz. Konsum-Verein, 8th October, 1966

UNITED KINGDOM

CREDIT RATING FOR SHOPPERS?

A member of the Consumer Council's legal section told the annual conference of the Retail Credit Federation that "The practical solution to the problems of indebtedness is an effective credit-rating system which would provide customers with evidence of their credit standing that would be reliable and readily available to the trader." Under a positive credit-rating system, as opposed to exchanges of information on defaulters, the borrower would take the initiative by going to a credit-rating bureau which would supply him with a card giving evidence of his credit-worthiness.

CWS Market Research Department Weekly Digest,
28th September, 1966

DENMARK

COMPUTERIZED COOPERATIVE WAREHOUSING

Starting in October, 1966 all consumer cooperatives supplied from Herstedvester will be serviced by a new electronic computer. Herstedvester is one of seven central warehouses run by the cooperative wholesale, and the system will eventually be used throughout the cooperative operation, with data information guiding retail store, wholesale houses and factories as well. Large retail units will in time be able to order merchandise through a push-button system, others may have to use punched cards or perforated tapes. The computer will retain order and sales information in order to supply the individual shop with monthly statements, at the same time - on the basis of total sales records - issuing orders for replenishing wholesale stock and routine productions. Plans for rationalisation of distribution also call for a system of night deliveries based on containers.

The Group Grocer, October, 1966

U.S.S.R.

SHOP HOURS IN MOSCOW

Moscow shops, except foodshops, are now closing on Sundays, following a decision of the executive committee of the Moscow City Soviet. Apart from foodstuffs, only booths and kiosks in markets, hotels, railway stations, airports, parks and recreation areas are now open seven days a week. Shops in the U.S.S.R. generally stay open in the evenings.

Soviet News, London, 9th September, 1966

EUROPE

SELF-SERVICE AND SUPERMARKETS

Self-service is still expanding rapidly in Europe, at a rate of some 15 percent a year according to a questionnaire survey conducted by the Committee on Retail Distribution of the International Cooperative Alliance. The self-service system is now dominating (50 to 60 percent) in the retail food trade in Sweden, Germany and Switzerland, and is important (25 to 48 percent) in Holland, Norway, Great Britain

and Denmark. The Cooperative share in the number of self-service shops has steadily declined from about 64 percent in 1950 to some 14 percent in 1965. Part of this decline is due to structural changes involving replacement of several small shops by a smaller number of large ones. The Cooperative share of supermarkets has remained fairly steady; at 19 percent it is the same as in 1961, but three points lower than in 1960.

CRD Document No. 24, 15th September, 1966

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American motorists are making increasing use of "car clinics" where for a fee of £3 to £4 the customer can have up to 150 checks made on his car in half an hour plus a report on its condition.

Consumers' Association, Daily Consumer News Sheet, 3rd October, 1966

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MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

UNITED STATES

MERGERS CRITICISED

An article in The American Federalist, organ of the labour movement, foresees the dangers of mergers turning the country into "one enormous company-owned store." Already 100 of 400,000 separately owned manufacturing companies have much more than half of the land, buildings and equipment used in production according to Mr. Irving Beller, chief economist to the American Federation of Labour/Congress of Industrial Organisations. "If this rate continues America will be faced with a condition of superconcentration within little more than a decade. By 1977 the 100 largest manufacturing corporations will control more than two-thirds of the nation's net manufacturing assets." One four-hundredth of American business took 72 percent of all industrial profits in 1965. General Motors alone had profits, after taxes, greater than the tax income of every state except New York and California and greater than the revenues of 18 states combined.

Times, 10th October, 1966

EUROPE

UNFAIR COMPETITION STUDY

Munich University's Institute of Foreign and International Patent, Authors' Rights and Trade-mark Law has now completed a study of unfair competition for the Common Market Commission. It represents the first full study of this matter as dealt with under the law of the member countries, and will serve as the basis of the Commission's efforts to harmonise law on this subject throughout the Community. The law of all six countries entails the notion of unfair competition, but the way in which it is implemented varies from one country to another, the most marked contrasts being between France and Germany. To avoid the hindrances to the operation of the Common Market that these differences might offer, the study recommends that the member states draw up a convention enumerating the principal forms of unfair competition, protecting indications of origin, and laying down directives on bonus sales offers, sales at reduced prices and other special sales. The Commission is at present undertaking a preliminary examination of the legal differences in the laws on unfair competition in the Community, and the approximation measures which it recommends to the member states will be made in the light of its conclusions.

European Community, October 1966

UNITED STATES

UNFAIR COMPETITIVE PRACTICES

Since many of the States do not have adequate laws to curb unfair or deceptive trade practices, the Federal Trade Commission is urging them to adopt legislation similar to its own authority to "prevent unfair methods of competition and unfair or deceptive acts or practices in commerce." The States of Washington and Hawaii have already enacted such laws, which can serve as a model for other States. By so doing the States would be able to draw upon the FTC's 50 years of experience and the 800-plus court decisions interpreting the Federal Trade Commission Act. The Chairman of the Commission pointed out that a general law against "unfair" and "deceptive" practices has the advantage of extending to all lines of business, to the sale of merchandise as well as services, and comprehends all types of practices which may be deceptive to the consumer or unfair to competitors. It is sufficiently broad to reach practices such as "bait" advertising, deceptive guarantees, fictitious pricing, referral selling, oral misrepresentations by house-to-house salesmen, misbranding, sale of used products as new, false claims as to performance of products, price-fixing conspiracies, and boycotts to eliminate competition.

According to an official of the FTC, under such a statute it would not be necessary to prove knowledge of falsity or intent to defraud, nor would an attorney have to show that someone had actually been misled or deceived; it would be sufficient that there was a likelihood that someone was about to engage in unfair or deceptive practice, or that a particular practice had a tendency or capacity to mislead or deceive appreciable numbers of the public. "If your State legislature adopts such general language, it not only will cope with unfair or deceptive practices as they now exist; the language will be flexible enough to deal with novel practices, or variations on old practices, which sharp operators are constantly inventing in their ceaseless efforts to eliminate competition unfairly or to cheat the public."

Advertising Alert, FTC, No. 5, 31st August, 1966
Focus, 9th October, 1966

UNITED STATES

LIGHT BULB PRICES

The Department of Justice has filed a suit against the General Electric Company, accusing it of using its system of agency agreements to maintain artificially high prices for electric light bulbs. According to the suit, the company sold about half of all bulbs in the country in 1964 - more than £62 m. worth. The Department recalled that the agency system had twice been challenged in its 50 years, and pronounced legal in 1926 by the Supreme Court, but more recent rulings are held to have changed the law.

Times, 30th September, 1966

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"Cooperatives are opposed to anything which can abuse the good faith of consumers. In this they are governed by the oldest of French cooperative precepts, 'truthful and social trading'. Thus over the years and sometimes in agreement with certain kinds of traders, we have condemned the artifices that falsify consumer choice - which ought to be based solely on the criteria of quality, correct weight and fair price. Premiums are regulated by a law which is not enforced.. Competitions and lotteries multiply without restraint. So-called gifts continue to be paid for by buyers at double their value. Who then ought to expose these trickeries if not the cooperatives?"

"Commercial officials in our societies face a veritable crisis of conscience. They did not join the cooperative to do just any kind of trading, and they are often reminded of the rules of honesty governing our methods. But they face competitors who use the most incredible devices to entice buyers. A coffee retailer dangles the magnificent prize of an automobile largely paid for by thousands of buyers. Another, a wine seller, multiplies his so-called "gift" offers. The cooperative confronts not only these competitors but also the mass of naive consumers who are seduced by such tricks.

"A case of conscience! Should the cooperative give in to the sheeplike ways of consumers? Some people will go on for a long time discussing this issue, depending on whether or not they have grasped the fundamental honesty of cooperatives. And occasionally, in moderation, and temporarily the cooperative will use advertising gimmicks while attempting to make them more honest. But in the final analysis it is the good sense of the consumer that must govern his behaviour."

Marcel Brot, Le Coopérateur de France, 15th October, 1966

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SPECIAL FEATURE I :

THE ECONOMICS OF ADVERTISING

Opposite points of view are being expressed on the recent report of the British Monopolies Commission on Detergents with respect to advertising (See CAB No. 8, 1966). One extreme is represented by an article by Denis Thomas, editor of the Advertising Quarterly, entitled "Adertising on Trial" in the October 14 issue of British Industry, the Journal of the Confederation of British Industry, excerpts from which are printed below. This is followed by comments made by Mr. Geroge Darling, Minister of State at the Board of Trade, at the annual luncheon of the Cardiff Publicity Club, as reported in the same Journal.

"The Monopolies Commission be it noted, is no ivory-tower establishment. Some of its members have at least one foot in the commercial world. So it is all the more disturbing to detect in their report the same underlying mistrust of ordinary people's wit and judgement as marks the utterances of Cabinet Ministers and the consumer-protectionists. The detergent companies, says the report, with their offers of plastic daffodils and the like, 'distract the customer's attention from the merits or demerits of the detergent.' It seems extraordinary that this old stand-by objection to advertising - that it is all a trick to hoodwink the public - should emerge again in such a context. But there it is: people who sit on Royal Commissions evidently have less regard for the public's intelligence than people who work in advertising agencies." ...

"It is an acknowledged fact that gifts and gimmicks sell more packets than price-cuts. This is an inconvenient truth, so the Commission steps round it by advocating 'some form automatic sanction' to cut out 'wasteful' salesmanship. It would like competition to be by price a tidier concept, to be sure, than all this riotous advertising, but in practice punitive, impractical and inefficient. Price cutting is one competitive technique. Advertising is another." ...

"Is there any democratic reason why housewives - who, as they have repeatedly shown, prefer the fun and novelty of the salesmen's gimmicks to a copper or two off the price - should be forced to make only a value-for-money decision every time they

go shopping? In a free economy, the manufacturer responds to his customers' whims and wishes - he does not dictate them. On the customer's side, the moment of decision in which a shopper reaches for Brand X instead of Brand Y is not arrived at by dispassionate analysis or even a quick flip through the back issues of Which? It is a moment of personal choice, freely reached through a combination of attitudes and impulses which Government commissions would be the last to understand. The point does not apply to detergents alone: it is as relevant to any area of consumer choice, from buying a bar of chocolate to moving house. In the sort of society envisaged by our legislators one important freedom would wither and die: the freedom to sell." ...

"None of this would be of more topical importance than usual if it were not for the growing disquiet about Government attitudes to marketing and consumption. There now appears to be a tacit understanding that competition is to be permitted only within the limits of what the Government sees as economic priorities. The logical culmination could be a return to the Orwellian gloom of the postwar Labour administration, with its pool petrol, utility furniture and ersatz, anonymous fruit squash. In the 20 years since that Socialist heyday Britain has entered the age of abundance. It has done so thanks to the efforts of manufacturers and salesmen and despite the acquiescence of successive Conservative Governments in schemes to build state control, or at best state supervision, in the workings of the market. Restriction of freedom to sell means restriction of freedom to buy - and the consumer, on whom is lavished more and more 'protection' will end up like the little man in the dog-meat commercial, fetching and carrying for the master who, in a less topsy-turvey world, would be licking his boots."

* * *

Mr. Darling, on the other hand, says that "I hope that a thorough study of the economics of advertising will be one of the benefits which will flow from the Monopolies Commission's report on detergents. It has long been needed."

Advertising, he warned, must be honest. It must not mislead the public in any way. Consequently, there must, in the public interest, be a limit to the persuasive character of advertising, a dividing line between what was permissible and what was not. The line had to be drawn where persuasion took on exaggerated, misleading and perhaps false descriptions of the publicised goods and services. This led Mr. Darling to what he described as the "very controversial condition (which) is beginning to engage our attention". Advertising, he said, should be economic. That is to say, the expenditure on advertising should be related to a proper study of markets and should not be so great that it substantially increased costs and prices in circumstances which did not permit any really substantial increase in sales of the advertised products. Those who were in the advertising business "naturally and understandably make claims for expenditure on trade promotion which they maintain are valid in all circumstances, whether they are dealing with monopolies, duopolies, quasi monopolies, or highly competitive business."

Mr. Darling thought that the public was becoming more and more sceptical about such claims, and of what he described as "the special pleading of the advertising industry for an uncritical continuation of the present, often hit-or-miss, methods of advertising". There were many goods, he contended, whose total sales were not likely to be influenced to any extent by advertising campaigns - such as cigarettes, spirits, detergents, petrol and other widely-selling commodities; all that advertising could do, Mr. Darling declared, was to persuade customers to buy one brand rather than another. He doubted whether cigarette sales as a whole would go down if all advertising ceased. Was it therefore in the public interest in these circumstances, he asked, to spend so much money on brand competition "with all the gimmicks,

exaggerated claims, so called free gifts and the like, when public demand as a whole is not likely to be increased by advertising expenditure?" This was the issue that had been brought into public discussion by the Monopolies Commission's report on detergents. "And I must say that the report has provoked some remarkably adventurous comments from the Advertising trade."

SPECIAL FEATURE II :

THE CONSUMER AND EUROPEAN INTEGRATION

Following are some excerpts from an article in the October issue of European Community by Hilda van Praag, correspondent of the Dutch newspapers Het Vaderland and Handels en Transport Courant:

"It was not until 1961 that consumers in the Community really began to bestir themselves. But in Italy there are still no consumers' groups at all, in Belgium they have only recently been set up, and in France they are still very small."

"At about this time, too, the Common Market Commission began to call together all those who claimed to represent the consumer interest. At a conference in 1961, Commission Vice-President Sicco Mansholt made it clear that organised consumers could legitimately stand up against the producers during the formulation of the common agricultural policy, but at the same time he warned his audience that they would neither be listened to nor admitted to the various consultative committees unless they were organised on a Community-wide basis. The consumers acted on this advice. By the following year consumers' associations had set up a joint Community body. They learned a great deal from each other, set up their own office in Brussels and started jointly to carry out comparative tests on some products - so far, on aspirins, washing machines, cameras and foglamps - and published the results in the various national magazines. Perhaps the day will come when they have one joint laboratory."

"General policy is laid down by a European Community consumers' committee, which was also set up in 1962, representing four interests: the free and sectarian trade unions, the cooperatives, the family organisations and the consumers' groups. Each of these in turn takes on the administrative responsibilities. During the early years the secretariat was run by the free trade unions, whose Community liaison bureau provided an office and funds, and allowed one of its staff to take on work for the committee in addition to his normal duties. Another Community conference was held in 1963, and another is due to take place this autumn. Meanwhile, the administrative responsibilities have been taken over by the cooperative movement and though the present secretary-general of the committee lives in Paris, the administration is carried on in Brussels, at the offices of the Belgian Socialist Cooperatives."

"Under the auspices of the Common Market Commission several meetings have taken place with representatives of industry, but the consumers' representatives have not taken part systematically in the activities of the various Commission departments, except in that responsible for agricultural affairs. ..."

"Competition does not seem to be working very effectively at the distributive level", the Commission comments cautiously. Under its own competition policy, the Commission has taken a stand clearly opposed to exclusive-dealing agreements between companies. But technical and safety regulations, which are only slowly being harmonised, also act as barriers to trade. Of the 50 regulations on harmonisation planned, only five have so far been put into effect, and only those on colouring

agents in foodstuffs and on preserving agents in the transport of fresh meat directly concern the consumer. It seems to be difficult to reach agreement on uniform rules for free trade in pharmaceutical products, and consumers' groups have complained that they are being inadequately consulted by the Common Market Commission."

"We must therefore recognise that there is no real consumers' policy in the Common Market. The consumers' contact committee is only consulted by the Commission on agricultural questions. As the Dutch Government commented in its annual report to parliament on the Common Market: 'It still has no general consultative powers, as have the employers' associations, the trade unions and the farmers' representatives. The widening of its consultative powers could help the consumer make himself felt at Community level.' "

"But if consumers' representatives demand wider powers, they must also show themselves capable of talking on equal terms with industrial interests and officials. To do this the national consumers' associations must themselves give greater support to the contact committee in Brussels. It is precisely in such a community as the Common Market, whose subjection to democratic control is still in the balance, that it is necessary to find men - and above all, women - ready to defend the interests of the individual and of that smallest of private interests - the family. ..."



consumer affairs

BULLETIN

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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

SAFETY STANDARDS FOR TYRES

Under the new national Traffic and Motor Vehicle Safety Act, every new tyre sold a few years hence will carry a label indicating the tyre's quality in terms of Government standards for grades. No more Brand X "first line" tyres that may be no better than a Brand Y "second line" tyre - or even worse! This is the first peace time law in the United States requiring mandatory grade labelling for a non-food product.

Consumer Reports, Consumers' Union, November 1966

NETHERLANDS

COMPARATIVE GOODS TESTING

The Committee for Consumer Affairs of the Social and Economic Council has stated that it considers comparative goods tests to be of advantage both to consumers and to producers. Such tests enlighten the consumer on the quality of different articles, making it possible for him to know what he is buying and what he should ask for. The Committee supports the view that the public authorities should underwrite comparative market investigations, but feels that subsidies should be given only for

those tests which are of maximum usefulness to consumers. This implies that only those goods should be tested which are in common use, which will significantly increase the "transparency" of the market, and the results of which can be made available to the largest number of consumers. To achieve this, it recommended that brochures should be prepared on the outcome of tests and distributed to every one interested, and that a supervisory committee of five members appointed by the Minister of Economic Affairs should be instituted to guarantee the most accurate information.

Documentatie-Bulletin, COOP Nederland, 24th October, 1966

UNITED KINGDOM

COMPUTER INFORMATION FOR HOUSE BUYERS

A service to enable a house buyer to determine quickly and accurately the best method, in relation to his circumstances, by which to raise a mortgage has been announced by an assurance brokerage firm. The inquirer is required to fill in a form giving details of his family, income, existing life assurances, and tax situation, with the price of the house, the loan required and period of repayment. The answer given by the computer balances the merits, for the particular case, of a building society mortgage and of endowment policies, with or without profits, and indicates the organisation offering the best terms for this situation. The calculation takes into account all the relevant factors of tax allowances and personal circumstances, and is monitored to indicate when a loan is doubtfully high in relation to a particular income, or when it is so high as to be impracticable. According to a managing director of the firm "By this method it takes about four minutes to provide an answer, against an hour or longer for more complicated calculations, enabling more time to be given to advising a client on his ultimate choice.

Times, 9th November, 1966

INTERNATIONAL

SIZING CHILDREN'S CLOTHING

In 1964, the British Standards Institution, having accepted that "age is obviously no guide", issued a standard for infant's and girls' wear. This is based on the measurement which is most essential to the fit of the garment, for instance the chest size in a pullover or the length of a dress. The well-known firm Marks and Spencer considered the BSI recommendations, but felt that the table of measurements forming their basis differed from existing medical evidence on children's body growth. Marks and Spencer have therefore instituted their own system. They indicate size by age or age groups together with a relevant measurement - such as Age 8 - length 30in.

Britain seems to be way behind some European countries in the sizing of children's clothes. In the last few years, Switzerland, Germany, France and Italy have changed the basis of their sizing systems from age to height and have introduced

standardized methods of marking garments. In Switzerland, retailers are now given plastic scales to be mounted on the wall, to measure the height of the child. Sweden has a height sizing code also. Retailers have been advised to forget the old "illogical age sizing" and reclassify old stock.

Yvonne Millwood, Focus, The Consumer Council,
8th September, 1966

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UNITED STATES

AN ANTI-FRAUD DEVICE

An American firm has developed a device to prevent the kind of fraud by which drivers of motor tanks delivering fuel oil leave the housewife or fuelling station with a quantity short in measure and deliver the balance by pre-arrangement to a receiving "friend". Their "electro-actuator" is a device built on to the meter, which so far as can be seen can effectively prevent any kind of ticket fraud on the part of the operator of the tanker. Through electronic control it ensures that the driver: cannot deliver the fuel without inserting a ticket in the printing head; cannot deliver fuel without first getting the initial reading on the ticket; cannot make two deliveries on the same ticket; cannot make more deliveries than his tickets indicate; cannot pump air instead of fuel.

Monthly Review, Journal of the Institute of
Weights and Measures Administration, England, October 1966

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MARKETING AND THE CONSUMER

SWEDEN

SELF-SERVICE SHOPS

The Swedish Cooperative Societies have at present almost 100 percent self-service in their food shops. Self-service shops and supermarkets accounted for 50 percent of last year's turnover, counter-service shops for 3.2 percent and Domus, Kvickly, PUB and Obs department stores for 32 percent. The remainder is distributed on mobile shops, restaurants and special shops outside the field of everyday commodities. Swedish Cooperative Societies have a 26 percent share of the total food-stuffs turnover in Sweden.

CWS Market Research Weekly Digest, 26th October, 1966

WEST GERMANY

GEG MAIL ORDER CATALOGUE

The new autumn/winter catalogue of the Cooperative Wholesale GEG mail order business this year runs to an edition of 1,500,000 copies which were distributed in 7,500 KONSUM shops to cooperative members and customers in the beginning of September. It offers for the first time a complete stock range of consumer goods. New to the mail order catalogue are gentlemen's tailoring and women's, men's and children's shoes. There are 15,000 items in the assortment offered, taking up 340 pages.

ICA Cooperative Wholesale Committee,
Information Exchange Service, 7th October, 1966

EUROPE

CAR HIRE COMBINE

Victor Britain of London is one of the nine self-drive hire car companies with establishments in 13 European countries which have joined forces by setting up Carop Rentacar, a limited company under Dutch law with headquarters in Amsterdam. The step is seen as a defensive operation against the rapid penetration of the European car hire market by such U.S. companies as Hertz and Avis.

The initiative which led to this joint venture was taken several years ago by Ravero Rentacar of Amsterdam, the largest Dutch self-drive company which has branch offices in four other Dutch towns. The other companies involved are: France Union Location of Paris; Ital Rentacar of Madrid and Italy; Selbstfahrer Union of Hamburg; Carreras of Lisbon; Welti Furrer of Zurich and Geneva; Mosel Union of Vienna; and Scandinavia Car Rental System of Denmark, Finland, Norway and Sweden. These have a combined fleet of some 10,000 cars. Henceforward they will operate under their common name Carop Rentacar and a common trade mark. Early in 1967 Carop hopes to introduce its own credit card, which will be valid for car hire purposes in all the countries covered by the organisation.

Financial Times, 26th October, 1966

SWEDEN

COOPERATIVE SUPERMARKET FOR CARS

A cooperatively owned car supermarket in Stockholm sponsored by the petroleum and service station cooperative OK and known as BIVA now sells about 3,000 new and used cars a year. When first established a few years ago the supermarket held agencies for a wide range of European cars, but when the manufacturers learned that the coop was selling their cars at a minimum mark-up - just enough to cover expenses - they cancelled the agencies. Undaunted, BIVA sent a team of buyers to the U.S. and soon American cars were on display in BIVA's showrooms. Sales increased month by month until finally the Swedish and other European manufacturers decided it was in their own best interests to resume their association with the cooperative and allow it to set its own pricing policy. The coop can now supply almost any European or American manufactured car.

BIVA has no salesmen on its staff. When a prospective buyer enters the showrooms he simply selects the car he wishes to buy and drives it to a checkout point where the necessary formalities are completed. The price is marked clearly on every car; there is no bargaining. In the case of used cars a check list shows the customer which main components require repairs and which are in good working order.

A trade-in is treated as a separate transaction. The seller takes his car to the supermarket where it is given a thorough inspection by a team of mechanics. He is then told how much the co-op is prepared to give him; again there is no bargaining. The seller knows that the co-op's offer is not only fair, but that he is unlikely to do better elsewhere.

The Maritime Co-operator, 15th October, 1966

UNITED KINGDOM

LITTLE NEDDY TO STUDY SHOPPING

The Economic Development Committee for the Distributive Trades has set up a new subcommittee, including Mr. J. Jacques, chairman of the Co-operative Union, to study the size and pattern of future shopping capacity in Great Britain. The EDC has become increasingly concerned that shopping centre redevelopment schemes being considered all over the country might lead to the provision of more shops in total than can be economically utilised, while some areas may lack adequate shopping facilities;

and also about the apparent lack of consultation on the criteria used by different agencies in deciding the required size and location of shopping development schemes.

The Scottish Cooperator, 22nd October, 1966

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There were 67,100,000 TV sets and 228,000,000 radio sets in use in the United States at the end of 1964. Japan is second in television with 17,710,000 sets in use, and the U.S.S.R. is second in radio with 35,200,000 sets in use.

Council on Consumer Information Newsletter, October 1966

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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

LEGISLATIVE COMMITTEES ON CONSUMER AFFAIRS

The Senate's new Consumer Subcommittee is planning hearings on the hazards of flammable products; deceptive practices activities of the F.T.C.; mail insurance fraud; and credit advertising. At the same time the House of Representatives has established a special subcommittee to see if the government is providing adequate protection for the consumer. But the House has rejected a proposal for a National Commission on hazardous household products and recommended that a study be undertaken by existing agencies.

Daily Consumer News Sheet, 27th October, 1966

CANADA

ANNUAL MEETING OF CONSUMERS' ASSOCIATION

At the Annual Meeting of Consumers' Association of Canada the following resolutions were passed:

Food safety and labels: recommended that containers used to package foods and household chemicals should be made easily distinguishable; regulation requested under Food and Drug Act requiring that pre-cooked frozen foods meet a microbiological standard; requested publication at regular intervals of prosecutions and seizures under Food and Drug Regulations.

Drugs and cosmetics safety: resolved to support Food and Drug Directorate's educational programme on use and abuse of drugs and to urge participating organisations to do so too; resolved to help educate the public to dispose safely of drugs and other toxic substances when they are no longer required; requested that cosmetic manufacturers be required to submit evidence to the Food and Drug Directorate on the safety of new cosmetics before they are marketed.

Automobile safety: urged that Canadian Government "Standards for Safety of Automobiles" be given wide publicity and be incorporated in all new cars sold in Canada without delay; asked that the federal government establish minimum standards of quality and safety for automotive tyres sold in Canada and that information on safe performance be permanently displayed on the tyre itself.

Labelling: asked that the federal government revise Textile Materials Marking Regulations so that yardgoods be labelled with trade name and country of origin, generic name of fibres and basic care information, the label to be permanently

affixed to the product, package or container; requested that name and address of manufacturers appear on all packaged merchandise; in the case of non-packaged goods, the manufacturer's name and address should be made available to the retailer; requested the federal government to require that household chemical products with toxic properties carry warnings and instructions on their use, safe storage and antidotes, the cooperation of provincial governments to be sought in enforcing such legislation; asked the federal government to implement fully the recommendations on labelling of pesticides made by the Committee of House of Commons on Food and Drug (Report on Pesticides 1963).

"Suggested retail prices": resolved to press for legislation prohibiting manufacturers or other suppliers of goods to retailers from printing a "suggested retail price" on the product or its package.

Unsolicited Credit Cards: resolved to seek the cooperation of issuers of credit cards to discontinue the practice of distributing unsolicited credit cards.

Pollution: endorsed the statement of policy on water pollution control in Canada adopted by the Canadian Institute on Pollution control and reaffirmed its request to provincial governments to enact and enforce suitable laws.

International Organisation of Consumer Unions: resolved to set up a fund to enable CAC to participate more fully as a member of IOCU.

Canadian Consumer, Consumers' Association of Canada,
September/October, 1966

ISRAEL

CONSUMER PROTECTION COUNCIL

A public council for consumer protection has recently been set up in Israel. Its 17 members are headed by a member of Israel's parliament, the Knesset, and include economists, businessmen, a physician, the director of the Israel Standards Institute, and representatives of the Histadrut's Consumers' Protection Organisation. The council is charged with advising the Ministry of Commerce and Industry on matters relating to the prices and quality of products and services, and it will also propose legislation and regulations relating to consumer affairs.

Labour in Israel, Histadrut, August/September, 1966

SWEDEN

HIGHER INTEREST ON COOPERATIVE LOANS

At the beginning of October KF, the Swedish Cooperative Union and Wholesale Society, announced a decision to increase the interest on their five-year loans to 8 percent in order to encourage saving among members. At 8 percent, KF is paying a higher interest than the Swedish Banks, which offer $6\frac{3}{4}$ percent as highest interest on one-year loans.

CWS Market Research Department Weekly Digest, 26th October, 1966

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An American firm has marketed bread dough in a plastic bag. The dough is sold in a plastic package containing three loaves of bread, to which are attached three nylon bags. When the bread is ready to be baked, the wrapping is taken off and the dough put into the nylon bags and left to rise at room temperature.

Le Coopérateur Suisse, 29th October, 1966

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

INDIA

CHANGING FOOD HABITS

Four regional institutes (in Calcutta, Bombay, Madras and New Delhi) established by the government as part of a national training programme in food and nutrition are attempting to take the starch out of the country's diet and replace it with protein. Not only do the Institutes provide efficient catering and restaurant services for hotels, factories, hospitals and other institutions but they are making their clients familiar with more varied and nourishing diets than the traditional diets based on rice. In the main provincial centres the government is also establishing twenty food polytechnics and it proposes to build a number of bakeries in the heart of the rice-eating areas. School feeding programmes teach children the complementary values of various foods and wean them from rice. Pilot schemes are being planned in New Delhi, Madras, Calcutta and Bombay to feed 20,000 school children a day. Each of the new polytechnics will provide 10,000 school meals daily.

FAO Feature, 25th October, 1966

SWEDEN

PROTEIN FROM FISH

A method of extracting protein from fish and introducing it into foodstuffs on a commercial basis has been discovered by a Swedish drug company, A. B. Astra. The company state that they can produce 40 tons of protein concentrate per day at their new factory at Moelndal, in South Sweden. The installation is claimed to be the first of its kind in the world and a major step towards solving the world's shortage of food. It is understood that at first the concentrate, which is in the form of a white powder and excludes the shell of fish, will be used in animal fodder. But it is of special importance for the countries with hunger problems as the concentrate can be introduced into the main food of the country importing it, and used in bread and rice as well as to enrich soups and sauces.

Financial Times, 26th October, 1966

UNITED STATES

UNIVERSITY STUDY

Columbia University's Graduate School of Business has launched a \$500,000 study of consumer behaviour with the cooperation of 10 companies. It will gather and analyse information on buying habits of 7,000 to 10,000 housewives to verify marketing theories and to establish the limitations of mathematical models in marketing predictions.

Consumer Trends, 1st November, 1966

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In a large self-service shop on the Ruhr shock tactics are employed to combat theft. The loud-speakers which are ordinarily used for special offers announce the names and addresses of persons caught stealing in the store, and then proceed to denounce and condemn them.

Le Coopérateur Suisse, 29th October, 1966

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There are 460 beds per 100,000 population for psychiatric patients in hospitals in England compared to 450 in Sweden, 430 in the USA, 220 in Italy, 200 in France and 70 in West Germany. Draw your own conclusions!

Verbraucher Zeitung, 10th November, 1966

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A D V E R T I S I N G

UNITED KINGDOM

ADVERTISING AS SEEN BY AD MEN

Advertising can help Britain through the present economic situation by encouraging workers to increase productivity, according to the president of the Institute of Practitioners in Advertising, Mr. John Hobson. "The freedom of the market place and the advertising which achieves it has produced the highest standard of living for the masses in history throughout the western world. It must not be restricted, eroded or taxed away because of some economic theories or donnish distaste for the values of the mass of the people."

Schoolteachers, said Mr. Hobson, were among the "intellectual upper crust" of our society who showed widespread antagonism to advertising and today this "upper crust" was much closer to the Government than ever before. As an example he told his audience that 100 MPs in the present Parliament had school-teaching backgrounds. "Advertising is a sitting duck for these critics," said Mr. Hobson, "and it is always easier to score off advertising than it is to do something about the real underlying problems."

Financial Times, 12th October, 1966

UNITED KINGDOM

ECONOMICS OF ADVERTISING

Two surveys into the economics of advertising are to be made by the Advertising Association after consultations with the Board of Trade. They will comprise a short-term project, with a report expected within three months, and a longer one spread over three years. It is expected that the short-term study will be conducted by a group of leading economists, and that the longer study will be a visiting professorship at the London Graduate Business School over three years. This would lead to an associated programme of research which would produce a valuable factual study.

Times, 4th November, 1966

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"An Engineer is a man who knows a great deal about very little and who goes along knowing more and more about less and less until finally he knows practically everything about nothing. A Salesman, on the other hand, is a man who knows very little about a great deal and keeps on knowing less and less about more and more until finally he knows practically nothing about everything."

Canadian Consumer, Consumers' Association of Canada,
September/October, 1966

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MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

UNITED STATES

ANTI-TRUST DRIVE

In 1966 the Federal Trade Commission has addressed itself more vigorously to monopolistic trends in the food and household goods industries. It blocked supermarket chain mergers involving such giant companies as National Tea and Winn-Dixie, and it won Supreme Court backing of antitrust action against the merger of two strong Los Angeles chains, Von's Grocery Company and Shopping Bag Food Stores. The dairy and bakery industries also felt the thrust of FTC antitrust enforcement. And the agency put harshly restrictive conditions on the merger plans of two huge discount department store operators, Spartans Industries and E. J. Korvette.

Consumer Reports, Consumers Association, November 1966

UNITED KINGDOM

COMPETITION IN THE FILM INDUSTRY

The two big cinema circuits, Associated British Picture Corporation and Rank Organisation, should take the lead in helping the film industry formulate plans, for discussion with the Board of Trade, for greater competition in the supply of films to cinemas. This is one of the main recommendations in the Monopolies Commission's report on the Supply of Films for Exhibition in Cinemas. The report says that monopoly conditions do prevail and operate against the public interest in the industry, but the Commission does not recommend that either of the two big cinema circuits should be broken up, nor does it recommend the establishment of a "third circuit". Instead it recommends "less drastic" measures, designed to improve the flexibility of the supply of cinema films, including a more flexible booking policy by ABPC and Rank. It also urges the ending of certain practices by the distributors, such as making the hire of one film conditional upon the acceptance of others, and limiting the extent to which exhibitors use their premises for purposes other than showing films. The Commission also suggests that Rank should discontinue its practice of giving regular weekly bookings to its own documentary films and should book other documentary and short films on their merits.

Various press reports, October 1966

UNITED STATES

PRICE FIXING ON LIGHT BULBS

The Justice department is suing General Electric for price fixing on light bulbs. General Electric has been signing "agency agreements" with its dealers making the bulbs the "property" of GE until sold to the consumer or the small retailers; the seller is just an "agent" of GE. These "agency agreements" have been operating for half a century, and have been upheld by the Supreme Court in the past. But the Justice Department's suit says that GE has been able to maintain "artificially high" prices and that price competition has been restrained by the agreements.

The Maritime Cooperator, 15th October, 1966

COST OF LIVING ROUND THE WORLD -

FINANCIAL TIMES ANNUAL GUIDE

	Food basket		Bed and Breakfast		Lunch for two		Evening out for four		Monthly Rent		Services		Man's clothes		Woman's clothes		Car hire		King Size		20 cigarettes	
	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s	£	s
Stockholm	101		4	15	2	10	8	5	100	17	80	15	45	5	6	5	0	45	5	6	5	0
New York	95		9	10	6	15	8	12	180	17	67	23	32	3	4	3	4	32	3	4	3	4
Helsinki	93		5	7	4	1	7	8	110	12	54	15	30	4	6a	4	6	30	4	6a	4	6
Tokyo	85		5	18	2	17	5	2	300	15	35	15	25	3	0	1	5	25	3	0	1	5
Caracas	79		6	10	3	4	11	4	144	10	61	16	35	3	-d	3	4	35	3	-d	3	4
Montreal	73		5	10	4	0	5	7	59	11	56	11	17	3	0	3	0	17	3	0	3	0
Beirut	70		6	0	2	6	6	0	94	6	28	12	16	4	0	4	0	16	4	0	4	0
Rome	70		6	0	3	5	6	5	130	8	58	26	24	4	8	4	8	24	4	8	4	8
Paris	69		11	6	2	10	7	4	116	9	44	19	25	4	10	4	10	25	4	10	4	10
Düsseldorf	65		6	12	2	8	3	15	45	9	31	21	20	3	7a	3	7a	20	3	7a	3	7a
Brussels	64		5	10	2	10	4	10	75	7	59	20	27	5	0	5	0	27	5	0	5	0
Istanbul	62		6	15	3	0	6	10	65	4	38	22	63	4	0e	4	0e	63	4	0e	4	0e
Mexico City ..	61		6	9	3	16	7	12	145	7	57	15	28	3	5	3	5	28	3	5	3	5
Singapore	61		6	1	2	9	4	11	58	11	25	7	24	2	4	2	4	24	2	4	2	4
London	60		10	0	2	3	8	0	100	8	37	8	21	5	0f	5	0f	21	5	0f	5	0f
Melbourne	60		5	8	2	16	5	4	52	8	40	12	8	3	5	3	5	8	3	5	3	5
Athens	59		6	0	1	10	4	10	60	7	34	10	28	7	0	7	0	28	7	0	7	0
Lisbon	57		5	13	2	5	3	5	45	3	34	17	25	3	6	3	6	25	3	6	3	6
Dublin	55		4	10	1	5	2	11	50	6	40	9	16	3	8	3	8	16	3	8	3	8
Cairo	54		6	0	2	10	5	0	80	4	24	12	52	5	0	5	0	52	5	0	5	0
Buenos Aires ..	52		5	17	4	8	6	12	140	11	58	43	45	7	0d	7	0d	45	7	0d	7	0d
Johannesburg ..	50		6	0	2	10	4	0	55	3	42	9	24	2	3	2	3	24	2	3	2	3
New Delhi	45h		8	4	4	1	8	7	190	6	23	6i	71	-	-	-	-	71	-	-	-	-

Please see next page for explanations.

The Food Basket contains 1 lb fillet steak, a medium chicken, 6 fresh eggs, 5 lbs potatoes, 1 lb rice, 1 lb butter, 1 litre cooking oil, 1 lb sugar, 1 loaf bread, $\frac{1}{2}$ lb ground coffee, 1 pint milk, 1 bottle vin ordinaire, 1 large can of beer, 1 large tin each of vegetables and peaches.

Lunch includes two aperitifs, a three-course meal, a carafe of wine between two, and one liqueur, eaten at the equivalent of the Savoy Grill. The Evening Out includes front stalls at a West End-type theatre, a dinner at a fashionable restaurant consisting of two aperitifs, a four-course meal, and two bottles of good French wine, a visit to a night-club, where one bottle of champagne is bought, and 15 miles in a taxi.

Monthly Rent is for the type of three-roomed, furnished flat in which a U.K. company would house its senior executives. The Man's Clothes are a normal-weight lounge suit made to measure, a pair of good-quality shoes and a good shirt. The Woman's Clothes are a light cotton dress, a pair of nylons and a pair of evening shoes. Services consist of a charwoman working 20 hours a week, a week's laundry for one man, and the dry cleaning of a man's suit. Car Hire is based on a week's charge for a Ford Cortina or Chevrolet (or nearest equivalent), and includes mileage and petrol costs for 300 miles driving.

- a U.S. cigarettes made locally under licence.
- b The high figure reflects the cost of European wine.
- c No theatre - cinema prices.
- d Black market U.S. cigarettes available at 3s (Buenos Aires), 2s (Caracas).
- e Black market only.
- f Made in Switzerland.
- g Based on prices of best locally made wine.
- h A bottle of vin ordinaire costs £2 2s. Two cans of Indian beer have been substituted (cost 9s).
- i No nylons available.

SPECIAL FEATURE :

MAIL ORDER HOUSES IN EUROPE AND THE UNITED STATES

Following are excerpts translated from a survey by O. Faber in Le Coopérateur Suisse for October 22, 1966, under the title "Mail Order, the Distributive Method of the Future?".

American Giants

"Not surprisingly the giants of the mail order business are found in the United States, a country of long distances where the tastes of customers are largely standardised.

"The largest firm selling by catalogue is undoubtedly Sears Roebuck (Chicago) which was established in 1886. With more than 250,000 personnel, the company realised in 1965 a turnover of 6.4 billion dollars, three-fourths attributable to sales by correspondence and telephone, and the rest in its 800 or so large department stores and other sales outlets. According to its president-general director, Sears Roebuck, which in terms of volume of sales appears to be the largest retailer in the world, plans in the years ahead to set up business in Europe. This has already been accomplished in Spain; the next step will be in a Common Market country, perhaps West

Germany where Sears has already made its catalogue service available to several hundred thousand Americans residing on the banks of the Rhine.

"This catalogue, which appears in two general editions a year, is a large volume of about 1600 pages containing some 170,000 references and costing more than \$2 each. Each of the 9 million copies distributed should, however, in principle return ten times its cost price.

"Scarcely less voluminous, the catalogue of Montgomery Ward, (Chicago) with 7 million copies, brings to the company some \$3 billion. Here too total sales are not solely attributable to mail order sales, since not all shoppers are 'lazy shoppers' and since some of them are not afraid to actually go to the department stores of Montgomery Ward.

"These two firms, plus Spiegel (\$305,000 in 1964) and five other important enterprises which sell by mail order, account for 3.2 percent of the turnover of American distributors. This is a significant percentage, but according to some observers it is greatly surpassed by Great Britain (about 6 percent) and West Germany (7 percent).

Anglo-Saxon Countries

"The chain of Great Universal Stores is not well known, although it is the leading European retailer. This group, whose diverse activities range from whiskey manufacture through oil drilling and tourism to real estate, employs 70,000 people and derives one-third of its turnover, or some 1.5 billion francs, from mail order sales. The firm, which has been headed by Isaac Wolfson since 1932, has recently established a French branch named les Grands Magasins Universels in collaboration with the large Paris department store Au Printemps; in addition, GUS has several hundred affiliated shops in Canada and South Africa and controls the principal Dutch mail order firm N. V. Wehkamp (more than 20 million francs a year).

"The remaining two-thirds of the British market is divided between Littlewoods mail order stores, which sell on the basis of samples and which are experiencing a rapid rate of expansion (18 percent a year) and the Grattan Warehouses which lag rather far behind with 15 percent of the national market.

From Manufrance to Neckermann

"On the continent, France is relatively weak with respect to mail order business. From the broadcasts of peripheral stations we know the major specialised French firms; the very old manufacture of arms and cycles de St. Etienne (Manufrance), La Redoute, Roubaix - the major French firm, a family enterprise for five generations - , and the Spinning Mills of Trois Suisses, specialised in hosiery and ready-made clothes.

"We do not want to underrate the dynamism of these firms, nor that of the large stores which, like Galerias Lafayette (not to forget Bon Marché, one-third of whose sales are by mail order, or La Samaritaine, nor several specialised firms like la Guilde du Disque Phillippe (in Besançon, which sells 100 million francs of watches a year) which sell by mail order and which invest 40 millions in the creation of vast warehouses in the Paris suburbs for the stocking of mail order items. Nevertheless it can be said that total mail order sales amount to scarcely more than 200 million francs, or not even one percent of total retail sales.

"It is certain that the advent of the German firm Quelle, which has just opened a large warehouse in Orleans, will give a push to mail order distribution in France. here sale by catalogue seems to promise a good future, particularly in the Paris region where, given the difficulties of traffic and the virtual impossibility of finding parking space, customers more and more appreciate facilities for doing their purchase at home in peace by turning the leaves of a catalogue and ordering by mail or telephone.

"In Germany, matters have developed a little differently. After several years of extraordinarily rapid expansion, which led many to believe that mail order business was a fruitful field for speculation, this method of distribution has begun to lose its relative importance. In recent years specialised firms have adapted to this situation by opening large stores - as Sears Roebuck and other American firms did before them. Thus direct sales are complementing shipments by mail.

"Actually, Quelle, (Fürth/Nuremberg), Neckermann-Versand (Frankfort), Fr. Schwab (Hanover) and Otto-Versand, (Hamburg) form a powerful quartet whose mail order sales alone reached more than 2 billion francs in 1964, with a good half of this attributable to Quelle.

"Quelle is without doubt the major firm of its type in West Germany. In its 130 stores and through its catalogue of about 600 pages with 5½ million copies, it offers women's dresses (1.2 million sold in 1964), washing machines (about 200,000), vacations (45,000 rentals in 1965) and even prefabricated houses (about 600,000).

"Gustav Schickedanz, founder and proprietor of the group of which Quelle is a part, sees in mail order selling a satisfactory answer to the conditions of modern life, particularly in the large conurbations which are not equipped with the commercial apparatus required for the population residing in them. The success evidenced by shipment of 20 million parcels a year, would seem to support this view. It remains to be seen however whether transplantation abroad will prove equally profitable; the branches set up in France and in Switzerland, for example, are too recent to permit any conclusions as yet.

"As for the other mail order houses in Germany, they combine, like Quelle, this method of distribution with sales through stores; through a holding company General Shopping, Swiss capital has equity in Neckermann and in Otto-Versand.

The Situation in Switzerland

"Although there is some controversy on the figure, the percentage of retail sales accounted for by mail order is around 5 percent - not an insignificant figure even though slightly less than in Germany".

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consumer affairs

BULLETIN

INTERNATIONAL CO-OPERATIVE ALLIANCE 11 UPPER GROSVENOR STREET LONDON W1

Number 12, 1966

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Soviet research studies have revealed that in recent years moths have changed their eating habits. They no longer limit themselves to nibbling woollens and furs, but now find that synthetic materials and nylon stockings are also tasty.

Schweiz. Konsum-Verein, 19th November, 1966

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

CANADA

NEW CONSUMER DEPARTMENT

A new cabinet portfolio to protect consumers and regulate business practices was created recently as part of a federal government reorganization. The portfolio of registrar-general of Canada was proclaimed into law by cabinet order. The registrar-general's department will administer anti-combine, bankruptcy, patent and copyright laws and draft legislation to protect consumers. The department may initiate measures that would force lenders to disclose true interest rates and limit the effective interest rates that can be charged.

British Columbia Cooperator, October 1966

* * * * *

Meat Consumption in Kilograms per capita per year:

Australia)	
Argentina)	
Uruguay)	80 to 110
New Zealand)	
United States		75
Great Britain		72
France		62
Canada	around	70
Denmark	around	70

Bulletin d'Information, Laboratoire Coopératif d'Analyses
et de Recherches, November/December 1966

* * * * *

P R I C E S

INDIA

COOPS HELP HOLD PRICES

Joint action between the Government and consumer cooperatives in the fight against rising prices is intensifying. Producers of several consumer goods have agreed to supply the cooperative wholesales and department stores directly on a priority basis at producers' price as charged at the first point of distribution. The arrangement covers paper and stationery, soaps and toiletry, vanaspati, matches, cycle tyres and tubes, electric bulbs and fluorescent tubes, baby food, drugs and medicines and edible oils; also textiles, woollen fabrics and garments, kerosene oil, and the like.

The Bombay Pradesh Congress Committee has decided to set up a "food panel" to help cooperative movement in the city and fight rising prices, by enabling the cooperative stores to buy their stock directly from the farmers or manufacturers.

The Bombay Co-operator, 8th September, 1966

UNITED STATES

HOUSEWIVES' BOYCOTT

In the Guardian Alistair Cooke reports from America: "In California, as also in Florida, Tennessee, Colorado, Wyoming, Massachusetts and Ohio, the current election for the House of Representatives and one-third of the Senate might yet go down as the Supermarket Election. The housewives' boycott of the supermarkets has become, in the last few weeks, a dramatic and worrisome protest against the high cost of living. Before television, it might not have taken on such national emphasis, but it is easy to

wire for sight and sound and the nightly round-ups of national news on the two biggest networks, are a-bristle with regiments of women traipsing in front of mountains of fruit, and breads, and tinned goods and bearing such signs as 'Dante - We Can't Afford to Feed our Kids,' or 'Dante - This Pumpkin Cost me 2 Dollars 63 cents.' "Dante (no relation) is Dante B. Fascell, a Democrat running in Miami, who may ensure a foot-note to history by the juxtaposition of his majestic name with the housewives' boycott of 1966".

Guardian, 3rd November, cited in Consumers' Association
Daily Consumer News Sheet, 3rd November, 1966

* * * * *

Direct Drug Service, a joint effort of the National Farmers Union (U.S.A.), the National Council of Senior Citizens, and the Greenbelt Consumer Co-op, Beltsville, Maryland, supplies drugs to members of the three organisations at an average saving of \$3.00 per prescription.

Co-op Commentary, Cooperative Union of Canada, 20th October, 1966

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MONOPOLY AND RESTRICTIVE
TRADE PRACTICES

UNITED KINGDOM

NEW COMPANIES BILL

The new Companies Bill goes significantly further than the one published in February in enforcing disclosures and regulating insurance business. The major innovations are: 1. More stringent requirements for small insurance companies and wider policing powers for the Board of Trade. 2. Disclosure of "insider" share dealings by directors. They are forbidden to buy options in the shares of their own company. 3. Disclosure of any arrangements for directors to benefit by acquiring shares in the company or in any other company. 4. A requirement for anyone who has an interest of more than 10% in the voting shares of company to notify the company of his name, his holding, and any change in that holding. This is designed to unmask large nominee holdings and goes considerably beyond the Jenkins definition. 5. Disclosure of the salaries not only of the highest-paid executive or director whose emoluments are over £10,000 and of the chairman need be named. 6. Disclosure to shareholders of directors' contracts of service, by keeping a record open to inspection. 7. Disclosure in the directors' report of any significant contract in which a director has a material interest, directly or indirectly, naming the director concerned and the nature of his interest in the contract. 8. Shipping companies, as well as banks and insurance companies may now be made to publish more information. The Board of Trade is the judge of the national interest in deciding how much information should actually be disclosed; a statutory instrument calling for more informative insurance company accounts is now being drawn up.

CWS Market Research Department Weekly Digest, 9th November, 1966

EUROPE

GIANT COMBINES

EUFODA, the European Food Distributors' Association at Frankfurt which was set up in 1961, now represents 16 wholesaler buying combines in Belgium, Denmark, Finland, France, Germany, Norway and Sweden. Associated with them are 1,800 wholesalers in the above countries whose combined sales last year came to 1,545 million, of which about 25 percent was purchased through the buying combines.

Group Grocer, November 1966

UNITED KINGDOM

AFTER RPM

The position of retail prices two years after the addition of rpm was looked at in a recent article in the Daily Telegraph. It was reported that some prices have dropped, but a large number of groups of products were registered with the Restrictive Practices Court for exemption from the Act. This means the court is likely to be years rather than months working on the list. And until the court has examined these cases, the law insists the retailer sticks to the prices chosen by the manufacturers. It is true that there is a strong possibility that the process of abolition will speed up of its own accord: "as the court steadily rules that resale price maintenance is against the public interest in important groups of products, makers of other products become that much less inclined to make a fight of it - at perhaps £20,000 a hearing, who can blame them? - and choose to abandon resale price maintenance voluntarily."

In those products where competition, by nature of the trade, is limited "non-enforcement seems to have left prices largely unaltered. Sports goods, garden tools and bicycles are free of resale price maintenance yet keep their prices." What is needed is more shoppers who really do care whether they pay 1d. or 2d. less in one shop rather than another.

Daily Telegraph, 3rd November, cited in Consumers' Association
Daily Consumer News Sheet, 3rd November, 1966

* * * * *

New opportunities for advertising are still being discovered. A Philadelphia firm has decided to use the pieces of cardboard inserted in freshly-laundered shirts for colourful advertising with recipes and household tips. This is alright - so long as the shirt itself is not used as an advertising medium!

Schweiz. Konsum-Verein, No. 45, 1966

* * * * *

A D V E R T I S I N G

WEST GERMANY

ADVERTISING COSTS

A recent investigation by the IFO Institute has revealed the following ratios of advertising and promotional expenditures to product value: fish - a fraction of one percent; cosmetics - 21.4 percent; spirits - 9.3 percent; overall average - 2.0 percent. No hard and fast rules are considered feasible for items characterised by sharp and even excessive competition. 1966 advertising expenditures in West Germany were 10 percent higher than in the previous year.

Schweiz. Konsum-Verein, 12th November, 1966

UNITED KINGDOM

PHARMACEUTICAL SOCIETY CONDEMNS
ADVERTISING GIMMICKS

The council of the Pharmaceutical Society of Great Britain has come out against free gifts, competitions, and many kinds of advertising, both to the public and to the pharmacists themselves on the grounds that they "weaken the pharmacist's position as the guardian of the public interest in the safety and efficiency of medicines". Among the methods condemned are the following:- Promotion to the public by means of

free samples, prices, gifts, competitions, circulars (door-to door or direct mail), vouchers, temporary price reductions, bonus, 'money-off' or other special offers; promotion to pharmacists by means of: advertisements which put greater emphasis on the profit element than upon other information about the product.

CWS Market Research Department, 2nd November, 1966

* * * * *

Round-the-clock production of bread in an endless bar, sliced and wrapped to the desired lengths and with no end crusts should be possible with a new machine. This has been patented by an American engineer, who claims that his invention will make it possible to produce in 30 minutes what used to take eight hours.

Bread turned out on the new machine - a prototype of which is to be built shortly - will have carbon dioxide as a raising agent, with yeast only for flavour. The dough will rise as soon as it is extruded, will be shaped by conveyor belts and be baked and browned on passing through an electric field between metal plates.

Institute of Weights and Measures Administration, November 1966

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

UNITED KINGDOM

CONSUMER MERCHANDISING

"I am most concerned with what the shopper receives. By all means give her convenience foods and packs to contain them. But please remember that every penny counts: please give housewives easy-to-open packs; and don't let the idea of impulse sales carry you away: today's housewife is no fool, though she is confused by the clamour of marketing, with its exhortations to buy foods which slim her, foods to fatten her, foods to wake her up, and others to send her to sleep.

"I believe she needs help to be a good shopper, and you are the people to do this. I sometimes have the feeling that the shopper - who, after all, is the most important person in this chain - is the one least considered when it comes to the shape and size of the pack. The pack that looks good on the shelf is not necessarily the most convenient container when put in the housewives' kitchens.

"Is it too much to ask for more standardisation of amount of contents? We are brought up to 4oz., 8 oz. and 16 oz. amounts. I have not yet discovered how to compare 6½ oz. at 1s. with 9½ oz. at 1s. 5d., in the middle of a busy supermarket with two children hanging on to my skirt."

Lady Norah Phillips, opening Foodpack International 66 in London in October 1966. Group Grocer, November 1966

WEST GERMANY

A NEW EXPERIENCE IN SMOKING

Doctors all over the world are trying to convince people of the dangers of smoking, and in America cigarette manufacturers have even been instructed by their government to point out on the packet the possible dangers to consumers yet. Cigarette manufacturers in the Federal Republic are trying to alleviate the consumers' fear of cancer and other diseases by offering yet another variety of "coffin-nails" under the slogan "low nicotine smoke". Several new brands of cigarettes have been launched in recent months, all

of them advertising "healthy smoking". A totally new experience in smoking is supposedly provided by smoking extra-long cigarettes marked "low nicotine". Advertising for all these new brands is based on the "modern" motif; e.g. the slogan of the new slogan of the BAT manufactured cigarette "Kings Superior": "For men who love to discover new things".

Der Verbraucher, No. 42, 1966

UNITED KINGDOM

NEW SAFETY RULES FOR VEHICLES

The Minister of Transport has laid before Parliament new safety provisions requiring by January 1, 1968 higher braking standards, "plating" of goods vehicles to show weight, and the compulsory fitting of seat belts.

Consumers' Association Daily Consumer News Sheet, 4th November, 1966

NORWAY

STATE CONTROL OF PHARMACIES

Norway has fewer than one pharmacy for 13,500 people and there are many isolated communities without one. Accordingly the State exercise close control over pharmaceutical operations. A system of tax and subsidy had been set up to even out inequalities in income due to differences between populous and isolated locations. The subsidy is financed by a turnover tax paid by owners of the more prosperous pharmacies. Prices and dispensing fees are fixed by the Ministry and are the same throughout the country. Premises, fittings and equipment have to be approved by the Ministry. The individual pharmacies still undertake much of the production of tablets and ointments in contrast to other countries. There are special production-pharmacies which produce in quantity for other pharmacies.

The manufacture of pharmaceutical specialities - defined as medicines not produced in pharmacies and which were marketed or sold in individual packs - is controlled by a specialities committee. No product can be marketed until it had been approved by the committee. Approval is based on an evaluation of the formula of the preparation, its quality, etc., and also its price. No preparation for which directions for manufacture are not given in a pharmacopoeia would be approved.

Consumers' Association Daily Consumer News Sheet, 8th November, 1966

UNITED KINGDOM

CLOTHING GUARANTEES

The "Wear Dated" guarantee scheme launched by Chemstrand is to be extended to cover women's and children's wear in Acrilan and Blue C nylon. The merchandise now to be included in the warranty is men's, women's, and children's knitwear; children's schoolwear; lingerie; casual shirts; and men's trousers. The guarantee project will form Chemstrand's major promotion theme for next year. Already some 250 manufacturers are planning to participate in the scheme, by which Chemstrand, on receipt of a garment plus "Wear Dated" tag appropriately filled in, undertakes to replace or reimburse the price paid should it fail to give satisfactory wear within a year of purchase.

CWS Market Research Department, 2nd November, 1966

UNITED KINGDOM

FOOD HYGIENE CODE FOR HOUSEWIVES

Housewives are to be given "nine commandments" by the Ministry of Health to encourage food hygiene. 3M copies of the housewives' code will be distributed for the Ministry by the Central Council for Health Education, starting in the new year. The

"commandments" will be on these lines:- 1. Buy only from clean shops; 2. Use clean storing containers at home; 3. Never mix family and pet foods and utensils; 4. Wash your hands before preparing food; 5. Cover cuts and sores with waterproof dressings, and if you are off colour be extra careful about personal cleanliness; 6. Keep stores food cool, or piping hot; 7. Reheat left-overs really hot; 8. Stack washing-up to drain, and use a clean drying cloth; 9. Put the lid on the dustbin. Details of the code were given by Lord Strang, chairman of the Food Hygiene Advisory Council at a Ministry meeting attended by representatives of 40 organisations, including wholesale and retail trades and women's organisations, and called to discuss new ways of fighting food hygiene apathy.

CWS Market Research Department Weekly Digest, 2nd November, 1966

* * * * *

Self-service has become mobile in the U.S. Six escalated supermarkets have been constructed in large halls 120 feet high equipped with individual lifts and escalators as well as two or three merchandise towers with spiral staircases enabling shoppers to see the display of goods while moving up and down through the hall. The second floor contains a self-service gallery with prepacked assortments of goods placed behind plexiglass which can be opened by a switch for removal of articles.

Schweiz. Konsum-Verein, 19th November, 1966

* * * * *

M A R K E T I N G

AUSTRIA

CO-OP TOY EXHIBITION

Children need toys which they can love, which will provide exercise and teach them to be creative. Toys to love, i.e. dolls and animals, help to shape their affections; exercise toys provide a kind of physical training and experience of the body. Through toys the child acquires and exercises certain skills required in later life. For these reasons there was recently arranged for the first time in Austria an exhibition, called "The Right Toys For Our Children", organised by the Knittelfeld Consumer Co-operative Society in co-operation with the head of the Department for Child and Youth Psychology at the Institute of Psychology, University of Vienna. The exhibition will be shown in other Co-operative stores.

Co-operative News Service Konsumverband, 28th October, 1966

INTERNATIONAL

NEW RICE FOR ASIA'S HUNGRY

Two separate groups of American scientists, working in related fields, have made dramatic discoveries which should help to ease the problem of the world's hungry people. One group, working in the Philippines has developed strains of rice which are capable of producing up to eight times the present yield, and which will give three crops a year instead of the usual one or two. Their long-term plan is to introduce the 'new' rice - which has also a higher protein content - to the impoverished masses of Asia.

The second piece of research involves making the best use of poor soil to enhance crop production. The technique, which has been developed by two Michigan State University researchers, is to retain all the necessary rainwater in thin, sandy soil by setting a layer of asphalt 2 ft below the surface. This is done by a machine which pulls back some 2 ft of earth, sprays warm liquid asphalt in a watertight layer and

then returns the soil into place. In the Michigan experiments, the yield of beans, potatoes and cucumbers has been increased by up to 100 per cent.

Guardian, 20th November, 1966

UNITED STATES

COMPUTERIZED SUPERMARKETS

The president of a research and consulting firm predicts that by the end of 1967 between 15% and 25% of all supermarkets will be on some system of computerized restocking. Dataphone reordering - known by several acronyms, such as SLIM, IMPACT and MOST - practically eliminates the big backroom inventory. Warehouse withdrawals, therefore, are becoming a significantly more timely and feasible index of brand movement.

CWS Market Research Department Weekly Digest, 2nd November, 1966

SWEDEN

KVICKLY JOINS DOMUS

A decision has been made by KF, the Swedish Cooperative Union and Wholesale Society, to incorporate the "Kvickly" department stores in Stockholm in the "Domus" department store chain as from 1st January, 1967. There have been doubts regarding the profitability of the 10 "Kivckly" stores, and by this arrangement it is hoped to provide the "Kvickly" stores with a better assortment of goods and thus to increase their ability to meet competition.

CWS Market Research Department, 2nd November, 1966

DENMARK

COOP SELF-SERVICE SHOPS

Consumer co-op stores now do well over three-fourths of their turnover through supermarkets and self-service stores. Statistics for the year ended April 1966 show that supermarkets and self-service stores numbering half of the stores do 76 percent of the turnover. Supermarkets, holding the largest share of sales at 37 percent are 10 percent of total number of stores; their average sales area is 2,800 square feet. Self-service stores account for 35 percent of sales and 40 percent of stores; their average sales area is 1,150 square feet.

Group Grocer, November 1966

NETHERLANDS

SELF-SERVICE HOTHOUSE

Two self-service hothouses have been opened in Holland. During ten months of the year, customers can "harvest" fruit and vegetables themselves, weigh them, and, after having registered the price according to a price list, pay by placing the money in a slot-machine. By working in the hothouse three hours three times a week during one month under the supervision of gardeners, a limited number of customers can earn some money, either in cash or in the form of a credit note for future shopping. Most of the customers are women.

Schweiz. Konsum-Verein, 5th November, 1966

CANADA

ROMANCE IN FOOD SHOPPING

Canadian housewives like trading stamps, contests and games with their weekly grocery shopping trips because they bring adventure and romance into otherwise dull lives. This was one of the choicer bits of testimony from a vice-president of a grocery firm before the joint committee of the Senate and the House of Commons investigating the rising cost of living. "Not only do the supermarkets provide the housewife with the best food available at reasonable prices", he said, "but they give her the excitement and adventure of playing games, winning prizes and collecting stamps, . . .

thereby relieving the boredom brought on the grubbiness of routine household chores." All of which drew the comment from a committee co-chairman that "I felt like telling him most of us prefer to get our romance somewhere other than in the supermarkets."

The Western Producer, 27th October, 1966

AUSTRIA

PLASTIC CONTAINERS

Today housewives can buy a great number of liquid foodstuffs, such as vinegar, cooking-oil, and fruit-juices bottled in plastics. This has greatly helped to make shopping-bags less weighty. As plastic bottles are not recognised as bottles according to Government regulations, Konsumverband has made an application that they should be included so as to promote their use by housewives. A recent national award for good packaging won by the GÖC for a plastic bottle is evidence of their growing recognition in official quarters.

Cooperative News Service Konsumverband, 21st October, 1966

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An American Institute, on the basis of an investigation of the purchasing habits of women has decided that there is something to the notion that women easily change their minds. Of total purchases in retail trade, only 24 percent were planned beforehand; the remaining 76 percent (out of a total of about \$282 billion) were impulse purchases influenced by displays, advertising and other forms of persuasion.

Schweiz. Konsum-Verein, 26th November, 1966

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

AUSTRIA

MOBILE CONSUMER ADVICE

A large coach has been fitted out as a mobile centre of consumer information and advice by the Lower Austrian Chamber of Labour. It is looked upon as a way of overcoming the financial and skilled manpower barriers to installation of permanent stationary consumer advice centres.

die Konsum Genossenschaft, 15th October, 1966

UNITED KINGDOM

INFORMATIVE LABELS ON DRESS MATERIALS

John Lewis Partnership's use of 'Teltag' on dress materials

Teltag, the Consumer Council's informative labelling scheme is now being used on 85% of the dress materials stocked by stores in the John Lewis Partnership. The tags give details of composition, cleaning methods and price, as well as stock and department numbers.

CWS Market Research Department, 2nd November, 1966

NETHERLANDS

FIRST INFO LABEL

The first informative label, for eating and drinking utensils made of synthetic materials, has been introduced by the Foundation for Informative Labelling. The Foundation, set up on the initiative of the Dutch Household Council with the cooperation and representation of manufacturers, wholesalers, retailers and consumer organisations, is subsidised by the Government.

Documentatie-Bulletin, COOP Nederland, 7th November;
Maandelijkse Mededelingen, Nederlandse Huishoudraad, October 1966

SPECIAL FEATURE
CONSUMERS IN 1990

A. Below are translated excerpts from a report in CCO-Informatie-Bulletin, Stichting Consumenten Contact Orgaan, the Hague, August/September 1966 on the discussion at the International Congress for Distribution and Marketing held in France in the summer of 1966 under the auspices of the National Federation of French Commercial Directors (Fédération Nationale des Directeurs Commerciaux de France).

According to Professor Jean Fourastie, the future of the West European consumer will be characterised by at least four features;

- there will be many more consumers. i.e. about 400 million, and many more of them will be living in cities. At the same time, more of them will possess a second residence for relaxation and recreation. This will accentuate traffic problems;

- consumers will be even more affluent than today. French investigations have shown that over the next 25 years the living standard will at least double and that expenditures might increase three-fold. Not all branches of industry will profit equally from this "welfare surge". Fourastie believes that foodstuffs will multiply by a factor of 1.8, clothing by 2.5, household articles by 3.5, leisure activities by 5.5 and bodily care and hygiene by 4.8;

- the consumption both of young people under 18 and of older people over 65 will play an important role in these changes. In past decades, wars and inflation have automatically kept this last group in the category of the proletariat, but increasingly they will benefit from pensions and other payments;

- by 1990 Westerners will have accomplished industrialisation and socialisation. We shall, according to Fourastie, reach this stage through science. Already life is influenced more than is realised by science in a number of respects. Consumers, better prepared through schooling and vocational training and informed by radio, television, advertisements and informative brochures, will be better placed in the future to find their way through the complicated field of consumption. Closely connected is the fact that consumers in 1990 will themselves be more complicated and more sophisticated with respect to goods and services. One factor in this development will be increased leisure time at the disposal of the consumer. Hence businessmen not only will have to conduct intensive market research to keep track of and to fulfil increasingly diverse consumer needs, but will also have to provide for this free time.

Accordingly consumer orientation will increasingly reinforce technical development of new materials and new productive methods. More than before, this development will have an impact on competitive relations particularly with respect to synthetic goods. This might also prove unsatisfactory on account of the sales policies of enterprises which have been adapted to existing markets and productive processes. In order to survive, the enterpriser must be more prepared to adapt his operations to the needs of his customers. This problem will not be solved merely by adjustments by individual enterprises to changes in the wishes of consumers; undoubtedly there must also be solutions of which customers themselves are not aware and which therefore must be "sold" to them.

The Belgian Jacques Planchard, chief lecturer on marketing at the University of Louvain, predicted that services will become more prominent in the battle to woo the consumer. These services, however, must benefit not only the ultimate consumer, but also the intermediate links.

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B. Excerpts from an article entitled "The Consumer of Tomorrow in an Affluent Society" by Jacqueline Soyez, based on "Consumption in 1980" by Jean Boniface, Coopération, Liège, Belgium, November 1966.

"The consumer as he can be imagined in twenty to thirty years' time will not eat more, but he will be 'more demanding with respect to quality and service, he will look for products which are more varied, more elaborate, from farther away, and better adapted to changes in family life, in professional life, and in urban concentration. The more women work, the less time they will have for cooking. Products offered on the market will have to respond to this law of division of labour which is passing from the factory into daily life.'

"It should be noted that not all sectors of consumption will respond equally to the increase in incomes. Each type of expenditure has its particular coefficient of elasticity. Food expenditures are less flexible, less elastic than expenditures for holidays or for transportation. Housing expenditures are quite stable while expenditures for hygiene and health are capable of considerable expansion.

"The objective social changes which are transforming the individual and creating a new consumer can be divided into five major groups:

1) Changes in the structure of the professions: the further the economy progresses, the more tertiary activities develop, i.e. white-collar workers, staff, etc. For several years in the United States the tertiary sector has comprised half of the total labour force. The raising of professional qualifications, and particularly their different nature, will influence the quality and the variety of consumption. More complex, refined and cultivated motivations more sensitive to social values will inspire purchases;

2) the proportion of the inactive labour force in relation to the active: the proportion of the active population will decline at the expense of the 'under twenty' and the 'over sixty' (prolongation of schooling, lowering of the retirement age). Students and pensioners are the major consumers of 'services' (education, sports, culture, trips, grooming, etc.): even now it is estimated that three times more doctors, six times more dentists, and eight times more professors are needed;

3) the search for antidotes to the servitude and 'sickness' of civilisation: noise, air pollution, nervous fatigue, anxiety, overwork, boredom induced by the monotony of work and life in herds, the urge to escape mass conditioning - involving the development of rest cures, sanatoria, vacations in the mountains and by the seaside;

4) accelerated urbanisation: this implies a significant expansion of durable goods, housing and collective and individual services: transportation, domestic equipment to save time and to compensate for the disappearance of domestic personnel - mechanical robots, prepared dishes and products delivered to the home, use of firms specialising in laundry, dyeing, various repairs, floor cleaning, handy man services, washing of tiles and of cars, etc. Also there will be more and more social services; creches, resting places for children, nurseries, canteens, restaurants, etc.

"What will he be like, (the unknown consumer of the year 2000)? A straw floating on the ocean, conditioned by the influence of publicity, subjected to producers and traders, always ready to pounce upon the latest innovation, to invest in the last penny of his income, caught up in an historical and economic tide which overtakes him and adapting to it via the permanent injection of new artificial needs?'

"Yes, he will be all this. One can picture him with his 70 to 80 percent ext consumption, his more refined foods, his mechanical robots, his research into comple services and powerful antidotes and abundant means of relaxation and culture. One pictures him with his existence cut into three more and more equal parts; one before the age of 20 devoted to preparation for production; and another after 50 years of age for resting after having produced. One also can imagine his days - and his weeks cut into three more or less unequal parts - sleeping, and free time nibbling away at working time.'

"Will it be possible to master consumption rather than submitting to it? Certainly without needs there can be no consumption. The perpetual expansion of needs guarantees expansion of consumption. The trick is to stimulate these needs. The problem is to know whether, apart from the most basic needs, they correspond to human reality, or whether they are fictitious. If they do correspond to human realities, there is some chance, some freedom of choice and of accepting or refusing consumption which meets these needs."
