



Consumer Affairs Bulletin

International Co-operative Alliance

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CONSUMER ENLIGHTENMENT

GERMANY: The Working Group of Consumer Associations (AGV) has objected to the "anti-consumer" slant of a recent TV discussion (Nov.27) on "What does the EEC offer the Consumer?" by Prof. Hallstein, President of the EEC Commission and representatives of the German press. The discussion was limited, says the AGV, to the necessity of ensuring that the Common Market should be advantageous to the farm in the form of preserving high grain prices and possibly also through higher import duties, i.e. higher consumer prices.

Verbraucher Politische Korrespondenz .
December 5th, 1961.

GERMANY: The Ministry of Economics recently sponsored a radio roundtable discussion on the dangers with which economic prosperity confronts the consumer. Of particular interest were the views expressed by Dr. Elisabeth Weichmann, member of the executive board of the Working Group of Consumer Associations (AGV). Pointing to the embarrassment of consumer choice on the current market, Dr. Weichmann characterised today's consumer as "more confused, helpless, undecided and susceptible than ever before", and stated that enquiries as to supplies, quality and price were piling up at the central and local advisory boards of the AGV much more rapidly than they can be processed with the limited available personnel. "Irrational purchasing is being stimulated by encouragement of extravagant consumption habits, rapid style changes, appeals to social prestige, and promotion of dissatisfaction with existing possessions, Quality and durability are in danger of being sacrificed to the 'growth rate' which appears to have become the sole impetus and goal of modern life."

To counter this trend Dr. Weichmann recommends direct help to the consumer through advisory activities, lectures and study courses, exhibitions and demonstrations, and information material; consultation by consumer representatives with economic groups and government officials ("Such consultations are not easy for consumers. They lack the expertise and the confidence to parry the arguments of specialised interest groups, and they are increasingly treated as a 'demand' created by the businessman"); and protective consumer legislation, as, for example, labelling, product testing and pure foodstuffs regulations. "Shall man slowly be degraded to a manipulated end-user?", asks Dr. Weichmann, "or shall we try to learn how to exploit the as yet undeveloped possibilities for individualisation offered by an economy of abundance?"

Verbraucher Politische Korrespondenz .
October 25th, 1961.

F R A N C E: A budgeting book prepared by the Research Centre for Family Budgeting in co-operation with the Central Bureau of Savings Accounts, is being distributed to housewives or heads of families for the purpose of systematic recording of household expenses. The brochure is expected to serve the double purpose of facilitating statistical investigations of consumption and of educating families to the task of more effective consumption planning. The brochure also contains practical household hints.

Le Monde. November 26th, 1961.

G E R M A N Y: A recent T.V. film entitled "A Knowledgeable Purchaser Buys Better" (Der werweiss kaufft besser ein) was prepared by the working group of Consumer Associations (Arbeitsgemeinschaft der Verbraucher Verbinder AGV). The object of the film which depicted the information work of the society and its consumer advisory office was to make consumers conscious of their determinant rôle in the market economy.

Verbraucher Politische Korrespondenz
October 5th, 1961.

A U S T R I A: A Consumer Week recently programmed by the Association for Consumer Information (Verein für Konsumentinformation) from November 28th to December 1st featured lectures by experts, followed by seminar discussions, on the difficulties of obtaining an overall view of the market and of proper use of goods. A key problem under discussion was the lack of consumer information as to properties and performance of goods, and the necessity for compulsory introduction of appropriate labeling - especially for such essential items as food and textiles. Specific aspects of heating problems, quality labels for electric and gas equipment, etc. were also discussed. On the last day a "Consumer Parliament" gave consumers themselves an opportunity to express their views.

Die Konsumgenossenschaften. December 2nd, 1961.

CONSUMER PROTECTION

U N I T E D K I N G D O M - G E R M A N Y: The problem of air pollution is becoming acute in many industrialised countries. In the United Kingdom, the Clean Air Act of 1956 authorised action against excessive smoke and soot from chimneys. However the recent annual report of the Chief Medical Officer of Health disclosed that smoke control areas so far established cover only 45,000 acres and 292,000 premises; with such a slow rate of progress, the clean air programme will not be complete before 1970. Accordingly, the Ministry of Housing and Local Government has asked the local authorities in the "black" areas to submit revised accelerated programmes for smoke control. Meanwhile there has been a sharp increase in respiratory illnesses during periods of smog, reflected in thousands of deaths, statistics suggest that smoke is a cause of lung cancer, and the incidence of chronic bronchitis, accounting for some 30,000 deaths a year, is known to be directly related to atmospheric pollution.

In Germany a close relation has been noted between increases in heart and circulatory diseases and the size of cities and degree of exhaust fumes to which the population is exposed. A Commission for Air Purification was recently set up within the framework of the Association of German Engineers (Verein Deutscher Ingenieure, VDI) to coordinate and intensify the activities of biologists, chemists, doctors,

physicists, veterinarians and other technologists in this field; guidelines have been drawn up in a VDI Handbook on Air Purification. In December 1961 the Central Committee of Women's Guilds in the German consumer co-operative movement criticised the ever-increasing air impurity resulting from industrialisation, and called for more protective measures. They welcomed the addition to the new government of a woman, Health Minister Elisabeth Schwarzhaupt, and announced their support of the "Green Charter of Mainau" on air pollution which was drawn up last summer after deliberations by a group of experts in collaboration with an Inter-Parliamentary Working Group and representatives of various organisations.

Guardian, December 12th 1961. Verbraucher
Politische Korrespondenz November 5th, 1961.
Der Verbraucher, December 2nd, 1961.

UNITED KINGDOM - UNITED STATES

In the United States a Committee of the American Medical Association has officially protested against the use of drugs in cosmetics. Dr. Rothman, chairman of the AMA's Committee on Cosmetics, asserted that nobody has ever proved that any kind of drug whether vitamin, hormone or antibiotic, when incorporated into cosmetics, has any cosmetological effect in the sense that it improves the appearance of non-diseased skin. In response Helena Rubenstein - the cosmetics firm - said its skin cream containing hormones was marketed only after approval by the Food and Drug Administration - hardly a refutation inasmuch as the FDA tests drugs only to make sure they are not hazardous. Dr. Rothman went on to say "The incorporation of drugs into cosmetics often is done for promotional purposes rather than for the benefit of drug action. ... this not only serves the purpose of effective advertising but is also an excellent pretext to boost the price of a preparation, and to sell a jar of cosmetics for several dollars when it has a few pennies worth of material in it." He also charged that there are questions of the safety of putting drugs in cosmetics, since no drug has been found that is not absorbed in some degree through the skin. Many of the antibiotics used in cosmetics are poisonous if taken internally. He asserted, however, particularly in the case of estrogens, that "if a cosmetic preparation contains so little active ingredient as to be absolutely safe, it will probably not have any biological effect." There is a question, he said, as to whether widespread and indiscriminate use of antibiotics by means of cosmetics might encourage the spread of bacteria that are resistant to antibiotics.

In the United Kingdom a survey on hormone creams in cosmetics was conducted by the Consumers Association in 1960. Comparing Elisabeth Arden's Ardena Special Hormone Cream which sold at £1-10s. an ounce with its own non-hormonized cream costing 2s. a jar, CA found "that there is no satisfactory and conclusive evidence that the appearance and health of human skin can be improved by adding hormones to face cream."

Wall Street Journal, October 9th, 1961.
Which, February, 1960

F R A N C E: The Ministry of Health has issued a temporary decree prohibiting butchers from keeping minced meat under refrigeration following an announcement by the Academy of Medicine that it is a health hazard. The temperature of 2 to 4 degrees customary for refrigeration provides an ideal medium for multiplication of various bacteria in meat of which the fabric has been broken down by mincing. Several cases of severe poisoning from this source were recently reported in the Paris area. The Ministry recommends that producers and retailers of minced meat should, within a 6 to 12 months period, equip themselves for deep freezing of minced meat; meanwhile the public is advised to buy only meat that is minced for them at the time of sale.

Le Monde, November 30th, December 2nd, 1961.

I N T E R N A T I O N A L: At the initiative of Qualité-Français, Qualité-Belgique, Qualité-Italia and Qualitax (Spain), an international congress of quality certification was held in Barcelona on November 9th, 10th, and 11th. Standards for certifying agencies and specifications for quality guarantees designed to provide effective protection to consumers were discussed.

Bulletin d'Information, Union Fédérale
de la Consommation, October 1961.

G E R M A N Y: The Working Group of Consumer Associations (AGV) has communicated to the Ministry of Interior its concern over the request of the Association of the German Fishing Industry that permission to use the preservative "Hexa" (Hexamethylentetramin) for fish products be extended another two years beyond the original deadline of the end of 1961. AGV points out that scientific experts from the Health Committee of the Bundestag and the German research and medical community have characterised Hexa as dangerous to health.

Verbraucher Politisch Korrespondenz
December 5th, 1961.

U N I T E D K I N G D O M: An agreement for standardisation of domestic baking powder by a group of British manufacturers has been arranged under the auspices of the Food Manufacturers' Federation. The industry has also agreed upon a unit of measurement for quantities to be expressed as "level teaspoons" on retail distribution labels.

Food Processing & Packaging, July 1961.

U N I T E D K I N G D O M: A new code of safety requirements for children's toys has been published by the British Standards Institution. It recommends that: toys shall not be made from celluloid or similar flammable materials; paint shall not contain a harmful lead content; edges of metal toys shall be smooth; fillings of soft toys shall be clean and free from hard or sharp foreign matter; small solid particles used in children's rattles shall be harmless if swallowed; clockwork motors shall be enclosed; in toys with electric motors the operating voltage shall not exceed 20 volts; folding mechanisms as used in dolls' prams etc. must have a safety stop; toys to be used out-of-doors shall be rust-proof; wooden toys must be smooth and splinter-free.

Times, November 30th, 1961.

G E R M A N Y: Calling for consumer-oriented product testing and wide dissemination of the results, the German consumer co-operative movement has pointed out in a recent public statement that establishment of a Product Testing Working Group, with representatives of independent organisations as well as from industry and trade, has been pending for two years, and is still being obstructed by vested interests.

Zentralverband deutscher Konsumgenossenschaften
Service, December 11th, 1961.

G E R M A N Y: The Working Group of Consumer Associations (AGV) has long campaigned for better labelling of textiles, especially wool, on the grounds that consumer information as to contents is a prerequisite for price and quality comparisons. Continuous technical progress in the textile field has rendered existing labels obsolete and in many cases misleading. For example, 4 groups of labels are in current use for wool textiles: pure wool (at least 93 per cent wool content); wool (63 per cent wool), wool mixture (42 per cent), containing wool (15 per cent), with no indications as to whether the wool content is new or reprocessed. The AGV points to the U.S. example where "adequate" label requirements, in existence for a quarter of a century, have now been extended to all textiles. Also the AGV welcomes the recent intervention by the Economic Ministry which is preparing a new regulation requiring that the label "wool" can be used only for products made out of 100 per cent new wool, and that other partially wool textiles should give full information as to the wool content.

Verbraucher Politisch Korrespondenz
September 25th, 1961.
Verbraucher Rundschau, November 1961.

G E R M A N Y: AGV complains of a growing number of violations of the Federal price labelling requirements, pointing out that the legislation is so specific and clear that infractions cannot be justified on grounds of ignorance or ambiguity. A major type of infraction concerns goods of odd weights, e.g. delicatessen items and cosmetics which make price comparisons difficult; the law requires that prices must be stated both for the odd weight and for the weight which is customary in the trade. Offences

are also frequent for goods sold directly from exhibition rooms or warehouses, for example, furniture, especially by wholesalers or producers. AGV charges that the seller frequently omits the price label to avoid frightening off potential buyers, they want to interest the buyer first and quote prices only later when the price barrier can be "talked away". Another example is the illegal practice of omitting price tickets on certain "eye catchers" in window displays during the redecoration process.

Verbraucher Politisch Korrespondenz
November 15th, 1961.

I T A L Y - U N I T E D K I N G D O M

A recent survey of lung cancer in Venice, where the population is little exposed to general air pollution from motor vehicles and industry, clearly suggested that cigarette smoking contributed significantly to the disease. Among males lung cancer caused 28 per cent of the cancer cases studied; among women, however, it accounted for only 5 per cent.

In Iceland where there has been a sharp rise in the incidence of lung cancer, there has also been a very considerable increase in the sale of cigarettes.

Scientists at Nottingham University believe they have made a big advance in cancer research. Experiments have demonstrated that certain additives used in motor lubricating oil cause cancer in animals and should be considered "potentially harmful for man."

In the island of Jersey, which records the highest male lung cancer death rate in the world, more tobacco per capita is consumed than anywhere else; also there is no air pollution problem, and no case of lung cancer was recorded in a non-smoker between 1957 and 1959.

Financial Times, December 15th, Times, Dec. 14th.
Times December 5th, 1961.

B E L G I U M: UFIDEC (Union Feminine pour l'information et la defense du consommateur) is currently campaigning for legislation to prohibit harmful food and cosmetic additives. Pointing out that such legislation has been prevented to-date by the outcries of manufacturers and even of some consumers, the organisation asks for the creation of a Commission of scientific and administrative representatives to hold impartial hearings. The UFIDEC demands include: adoption of the principle of positive lists, placing the burden of proof of innocuousness on the manufacturer, flexibility in legislation to permit adaptation to technological developments, official expression of all points of view, wider publicity, official acknowledgment of the necessity of full information to consumers, and more effective control and supervision.

Bulletin No. 11 de l'UFIDEC.

U N I T E D K I N G D O M: A research station to investigate effects on health of chemical additives to foodstuffs, drinks and cosmetics has been set up jointly by manufacturers and the Department of Scientific and Industrial Research. It will begin operations in 1962.

Home Economics, November 1961.

U N I T E D K I N G D O M: The British Egg Marketing Board is planning to survey egg weights to determine the suitability of present grade weights, and of their names. Some packing stations are now selling assorted "family packs" containing 4 large, 4 standard and 4 small eggs.

U N I T E D K I N G D O M: A group of scientists has recommended additional research into various aspects of the use of toxic chemicals in agriculture and food storage after reaching the "broad conclusion" that present arrangements have been "generally" successful in ensuring the safe use of pesticides. Further research staff and facilities are proposed to look into the way pesticides work; the breeding of

resistant crops; the nature of acquired resistance in insects; the toxicity of pesticides to mammals; natural mortality among wild species; repellents for birds, bees, and other beneficial insects; new methods of analysis for residues; the effects of pesticides on farm animals, including poultry; means of reducing the use of pesticide and avoiding spray drift; the persistence of pesticides and their breakdown products in the soil; the possible contamination of water; effects on wild life. The Government has indicated its intention of implementing the recommendations as fully as possible.

Times, December 6th, 1961.

F R A N C E: Maize oil, widely publicized for its anti-cholesterol properties, has recently been tested by the Co-operative Analysis and Research Laboratories. Results indicate that (1) maize oil can be effective in reducing cholesterol, but is not a definite cure for heart diseases in view of the many variable factors involved; (2) despite frequently misleading labels, all of the tested maize oil products have been refined and hence are not "pure" oil; (3) the frequent use of medical vocabulary on the package is inadmissible for products sold in food shops; (4) the wide variety of prices (from 335 to 600 francs) bears no relation to quality: two brands made from low grade oil were more expensive than others produced from high quality oil, and three sold under different brand names at widely differing prices were identical.

Bulletin d'information, Laboratoire co-operatif
d'Analysis et de Recherches, July, 1961)

U N I T E D K I N G D O M: A British Standards Institution Committee is to investigate the problem of odour contamination of foodstuffs from packaging. A code of practice may be prepared to give guidance as to methods of assessing the suitability of various materials.

C.W.S. Market Research Department Weekly Digest,
December 13th, 1961.

U N I T E D K I N G D O M: A warning is being sent to all doctors in the National Health Service that the antibiotic, chloramphenicol, which they are using to kill bacteria in treating various complaints, is dangerously apt to kill patients as well. A survey by the Food and Drug Administration in the United States brought to light 139 cases of aplastic anaemia following its use, 96 of which proved fatal. In 1954, 28 cases were found in the United Kingdom, with 24 deaths. Both adults and children have been affected, after treatment of such infections as bronchitis, bronchiec-tasis, urinary tract infection and whooping cough. Experts report that typhoid fever is the only common infection for which chloramphenicol is superior to other drugs.

Guardian, December 8th, 1961.

C A N A D A: The Consumers Association of Canada is launching an educational programme on the importance of keeping aspirin safely away from children. The Minister of National Health and Welfare reports that aspirin causes nearly 23 per cent of all accidental poisonings, and that of these more than two-thirds involve babies' or children's type of tablets. CAC has asked for an amendment to the regulations regarding labelling of aspirin requiring larger and more legible type of cautionary statements.

CAC Bulletin, November-December 1961.

The former Toy Testing Committee sponsored jointly by the Consumers Association of Canada and the Citizens' Committee on Children is now the Canadian Toy Testing Council, a national independent body working in co-operation with the Department of Trade and Commerce in Ottawa. The Council continues to test toys, including toys for children with special handicaps, but its requirements and scope have been broadened.

CAC Bulletin, November-December, 1961.

The Microbiology Section of the Food and Drug Directorate has debunked the popular fallacy that frozen foods which have been thawed and refrozen are dangerous. The Committee recently evaluated the code of practice, formulated by technicians from the United States and Canada, for guarding quality and safety of frozen foods at all stages of production and distribution. The code is not a law, as it is in some states of the United States, but rather a guide for industry.

CAC Bulletin, Nov-Deco. 1961.

The Food and Drug Directorate prescribes that chocolates may contain not more than 2½ per cent of alcohol by volume (liquid) or not more than 2 per cent alcohol by weight, such as in a cream bar. This is purely for flavouring and harmless. When liqueur-flavoured chocolates enter Canada, they are analysed at Customs, and if alcohol content is more than the prescribed amount, the shipment is refused entry, and is either destroyed or returned to the shipper.

CAC Bulletin, November-December, 1961.

UNITED STATES: At a National Congress on Medical Quackery, held in Washington on October 6th and 7th under the auspices of the American Medical Association and the Food and Drug Administration, it was pointed out that U.S. consumers spend more than \$1 billion a year "needlessly on falsely represented drugs, foods and cosmetics. But quackery's costs in dollars only introduced the story. In terms of false hopes raised, ugly delusions fostered, tinkering with human life itself, the cost cannot be measured. People who have serious medical problems are being misled by these false claims to rely on products which do not actually help them. Such persons may fail to get proper medical attention until it is too late. Others cannot afford such products - priced far beyond their actual value." The most widespread and expensive type of quackery in the United States today is in the promotion of vitamin products, special dietary foods, and food supplements. isof

Although much of the printed and spoken word is outside the jurisdiction of Federal law, it has been established that oral statements about the curative and other health properties of foods and drugs are subject to the jurisdiction of the Federal law, and that writings in all forms, labels, pamphlets, circulars, placards, proof copies of advertisements, advertising mats, books, magazines, newspapers, scientific articles, catalogues, etc. are subject to the jurisdiction of the Federal Food, Drug and Cosmetic Act when they are used to promote the sale of food, drugs or cosmetics. It was the consensus of conference experts that: there is no sound scientific basis for consumers in the United States to take vitamins if they consume a reasonably normal diet; the average diet of the American people is so varied that there is no shortage or deficiency in proteins; there is no easy way to weight control; there are no cure-all machines that are capable of diagnosing or treating different kinds of diseases simply by turning dials and applying electrical contacts to the body. It was pointed out that 22 per cent of the drugs introduced since 1955 and evaluated since that time by the Council on Drugs of the American Medical Association are being promoted by some claims which the Council considers unproven.

U.S. Dept of Health, Education & Welfare
Press Releases, October 6th & 7th, 1961)

HIRE PURCHASE

SWITZERLAND: The growing popularity of instalment buying and prepayment schemes (instalment payments in advance) has given rise to certain abuses which have recently led to public demands for increased legal protection for less experienced and lower-income consumers against exploitation by unscrupulous dealers. The Parliament recently considered a draft proposal, prepared by an expert commission appointed to consider these abuses, which requires "clarity and simplicity" in the payment contract, and stipulates that these must be written and must provide precise information on name, residence, item being purchased, net price, additions for instalment credit, total price, additional obligations of the purchaser, due dates of payment, number of instalments, and the right of cancellation. The proposal would authorise the purchaser to cancel by registered letter within 5 days after concluding the contract (10 days for prepayment schemes), and requires that at least 1/5 of the net purchase price be paid on delivery and the balance within 2½ years. Also the written agreement of the spouse would be required for purchases over 1000 fr, a feature which is causing considerable Parliamentary controversy because of the charge that it does not accord with Swiss civil law according to which the man is the head of the family.

Neue Zürcher Zeitung, October 10th, Dec.8th.

INNOVATIONS

UNITED STATES: People who sneeze, wheeze, operate fish markets, choke on stale cigar smoke are giving a boost to a small but expanding industry, air purifiers - plug-in devices, often portable, which the manufacturers claim can filter dust, pollen and odours from the air. In the U.S. the field has grown from a handful of producers three years ago to 37 at last count.

Wall Street Journal, November 21st, 1961.

PERU: Food from the sea has become a real prospect for the undernourished in Latin America. Anchoveta, a small fish that abounds off the 2,000 mile coastline of Peru, but which is so far not palatable to humans, is now being processed into fishmeal for fowl and cattle. Scientists from the Institute of Marine Resources and the Food and Agriculture Organisation, predicting that it should be possible to use this protein-rich fishmeal to supplement the human diet through careful processing to eliminate the unpleasant odour, have set up experimental pilot plants for this purpose.

Times, November 11th, 1961.

UNITED STATES: Scientific researchers are constantly developing new uses for cotton, such as non-flammable cotton cloth, cotton auto "lubricants" (packing for bearings to eliminate need for normal lubricants), cotton wall coverings, cottonseed "milk", and new "wash and wear" fabrics. Cotton farmers are making a new \$1 a bale contribution to the research funds of the National Cotton Council for this purpose.

Wall Street Journal, November 11th, 1961.

UNITED KINGDOM - UNITED STATES: U.S. manufacturers of co-operated laundry equipment are stepping up their operations overseas, especially in Western Europe, to capitalise on the potential demand in countries where still comparatively few households own an automatic washer and almost none a dryer. However, the chairman of the U.K. National Association of Launderette Owners objects to the claim that outside the U.S. "the market has hardly been scratched" on the grounds that "the market is not relative to the number of washing machines installed in private homes - it is relative (obviously) to the amount of washing available. In Britain the percentage of private ownership of washing machines is far less than half of what it is in the U.S. But the domestic washing machine is a symptom of a rising standard of living; another symptom of a rising standard of living is the ownership of a large wardrobe of shirts, blouses, underwear, bed linen, etc. - and most important of all, the desire to wear clean clothes not once or twice a week but all the time."

Financial Times, October 31st, November 15th.

UNITED STATES: With an eye on the success of the automatic laundry, appliance makers have produced a dry-cleaning machine that operates on the same coin-in-the-slot, done-while-you-wait system as the automatic washer. The new machines can take an 8lb. to 10lb load (for example, two skirts, three sweaters, a wool dress, a child's snowsuit, a woman's jacket and a man's jacket), dry-clean the works for \$1.50 to \$2.00. Average price for the same job at a standard dry cleaners: \$8.35.

Time Magazine, December 1st, 1961.

CONSUMER ORGANISATIONS

CANADA: The Canadian Association of Consumers has set up a testing department similar to Consumers' Union in the U.S. It will test a wide variety of products and publish the results. CAC has previously limited its work to education and representing the consumer, for example in the drive against trading stamps.

Co-operative League News Service.
October 25th, 1961.

A U S T R A L A S I A: The Australasian Consumers' Association Ltd is an independent, non-political, non profit-making organisation with the object of helping its members to get the best possible value for their money. It does this by testing consumer goods and services and publishing the results in a bi-monthly periodical entitled "Choice", which is available only to members. Test projects currently planned or in progress include: childrens' shoes, portable transistor radios, ball point pens, torch batteries, photo-exposure meters, liquid detergents, sun tan preparations, room heaters, tinned baby foods, toilet paper and bed sheets.

Choice. October 1961.

J A P A N: The Japanese Consumer Association has recently moved to new office headquarters in Tokyo. The Educational Department is planning a new evening radio programme "Consumer Corner", and a "consumer counsel" service to deal with complaints on goods and services; a study group, including large numbers of housewives, regularly make visits to industrial plants. The Research Department tests consumer goods and publishes the results. The Publishing Department has revised its monthly publication "Better Buying".

Japanese Consumer Association's Bulletin
No.1. December 1961.

S W E D E N: The Federation of Co-operative Women's Guilds is active in the field of consumer information. A major project is the Housewife's Advisory Board composed of representatives of management and such experts as cooking teachers, buyers and consultants from the government consumer research institute and from industry in addition to members of the Guilds. The Board investigates prices and quality of specific goods, e.g., shoes, underwear, children's clothes and margarine. The Federation also conducts courses on prices and quality, conducts tests of bread quality for the co-operative bakeries, issues information bulletins on specific items, and undertakes market investigations based on questionnaires relating to consumer demands, price comparisons, etc.

B E L G I U M: The Women's Union for Consumer Protection (UFIDEC), which is supported by the co-operative movement, attempts through the education of women to improve the quality of consumer goods, to safeguard the interests of consumers, and to improve the standard of living. It conducts research and publishes information on household economics, falsification of product claims as to quality and price, and provides consumer representation wherever possible.

CO-OPERATIVES AND THE CONSUMER

S W E D E N: An interesting description of the concept of "Consumer Geography" as applied in Sweden appeared recently in a Swiss consumer co-operative publication.

The most important factor in the effort to adjust consumer co-operatives to overall changes in economic structure is of course the member consumers. Their wishes and attitudes in large part determine the type of goods supplied, the method of supply, and the geographical distribution of selling outlets. Better knowledge of the wishes and attitudes of the consumer is essential for supply and distribution, in order to decide on the pattern of assortment, form of business and its geographical location. It is in this connection that knowledge of purchasing habits and purchases by areas is important.

Purchasing habits of consumers and their determination

Determination of purchasing habits and the corresponding determination of purchasing areas has been an increasingly central task of overall consumer research in recent years. The consumer co-operatives have tried to make practical use of these numerous studies. Thus, for example, the proposed "dynamic structure" of consumer co-operatives in Sweden, as outlined by Olaf Moback,

is in large part based on investigations of the distribution habits of consumers in certain residential areas. The 1960 edition of Danish Consumer Co-operative Statistics included a map with 44 distribution areas as a basis for structural adjustments of the Danish consumer co-operatives.

The investigations on which such concepts as "natural economic region" (from the standpoint of selling and maximization of consumer volume) or "purchasing areas" are based depend on determining "retail-catchments" of certain cities and communities in order to obtain a regional view - as, for example, with the work of Professor Arpi used in the "Dynamic Structure". In these studies the purchasing catchments of the people in a stretch 142 kilometres long through a middle-Swedish province were investigated. From this a list of smaller locations with fairly narrow retail catchments could be identified in which the population within an area of a few kilometres made some two-thirds of their total consumption purchases on the average. Further, it appeared that three cities (the largest with a population of 54,200) had retail catchments, partly overlapping the smaller localities, of over 30 kilometres (Cases A and B) and, in Case C (the largest city), partly overlapping both the other two cities and the smaller localities, of about 60 kilometres. By grouping all these in a single catchment area a distribution zone with the largest city in the centre, within which the population made 100 per cent of their purchases without trips to the outside, could be established. After analysing the purchasing habits of the consumer in this zone, it became a useful means for rationalising the distribution of goods.

The practical significance of the "purchasing area".

Delineation of distribution zones can serve various purposes. In general, it provides a useful basis for planning and investigating, particularly for speciality goods.

Foodstuffs are usually purchased within a very restricted area. A KF questionnaire in 1959, for example, showed that of 100 interviews, 35 seldom or never went very far from their home to buy, 31 only occasionally, 25 frequently, and 9 regularly. A distribution zone determined as above, however, is not very useful as an overall tool. Applied to specialities, however, it can be used, given more exact knowledge of potential demand and its distribution as well as the approximate share of competitors, to determine the possibilities for rationalisation of distribution.

Rational distribution of specialities on the basis of distribution zones has a particular bearing on consumer co-operative structure and optimum size. For example, in the above-mentioned zones A and B, and assuming that 80 to 90 per cent of all consumer expenses are made within them, it would be clear that they offer possibilities for retail distribution of specialities and for separate societies. At the same time it is clear that this is not the only or the best possibility. For one thing, 10-20 per cent of the demand is excluded and probably goes to area C. Also, demand for speciality goods, except for a small number, has a tendency to go to larger buying centres. Hence, much can be said for a concentration in a central outlet in area C. This would be advantageous not only from the selling viewpoint, but also for other economic considerations like advertising. Moreover, there is also the possibility of supplying specialities from a central warehouse, purchasing halls or self-service stores in a larger region. All of which serves to underline the usefulness of amalgamating areas A, B, and C in a common distribution zone, and also for a consumer co-operative of comparable size. In this connection it is not decisive whether or to what extent existing autonomous societies in areas A, B, and C have the possibility of rationalising distribution on their present scale, but rather whether amalgamation would stimulate membership. This is the basis of the dynamic society structure outlined by Moback and supported in recent statements of SKV.

Consumer Geography as a means to structural
Adjustment, Schweiz. Konsum-Verein, Nov. 4.

UNITED STATES: Consumer co-operatives in the United States are actively participating in efforts to improve labelling and packaging in the interest of consumers. National Co-operatives Inc., which is the central purchasing and distributing organisation for 25 regional Co-operative wholesales serving Co-op member-patrons from coast to coast, has developed a special CO-OP label based on the following principles: presentation of accurate, honest and complete specifications on the label; listing of limitations as well as advantages of a given product, emphasis on product identity to facilitate product selection; denial of the CO-OP label to goods which are uneconomical in use, "shoddy", wasteful, harmful or for any reason a poor value; identification of quality grades through use of red (highest quality), blue (second quality), green (third quality) labels; requirement that all regionals should abide by standards and specifications set by National Co-operatives.

The largest U.S. consumer co-operative society, Greenbelt Consumer Services, not only actively supports the labelling policy of National Co-operatives, Inc., but is also campaigning for federal regulation in the following sectors: (1) a requirement that weight of contents be imprinted on the front of packages in type which is at least one quarter the size of the largest type used on the label; (2) a requirement that weights of like products be standardised; (3) a regulation outlawing the fractionalisation of ounces in the content weight of food products; (4) regulation of package sizes, indicating the relationship of contents weight to size of package; (5) regulations requiring manufacturers to report the cost of packaging of given items in relation to the cost of contents; (6) enforceable regulations requiring accurate, honest and complete specifications on the label including limitations of the product, the lack of knowledge of which may mislead the consumer; (7) requirement that advertising claims be tailored to the specifications on the label.

Statement of the Co-operative League of U.S.A. for the Sub-committee in packaging and labelling practices of the Senate Judiciary Committee.

GERMANY, SWITZERLAND & AUSTRIA: For more than three years consumer co-operative associations in Germany, Switzerland and Austria have been making price and performance comparisons of their co-operative food stores. The comparison for 1960, based on returns from 1,270 German, 1,020 Austrian and 830 Swiss stores, contains the following highlights:

- average selling space of Swiss stores is 78 m², of German 62 m², and of Austrian 57 m²;
- average monthly turnover for Swiss stores is 32,920 DM, for German 30,270 DM and for Austrian 25,880;
- 33.5 per cent of Swiss stores are self-service, 27.4 per cent of German, and 9 per cent of Austrian;
- average monthly turnover per employe is 6850 DM for Swiss stores, 6000 DM for German stores, and 5750 DM for Austria;
- In Austria 8.07 per cent of income is spent for personnel, in Switzerland 7.31 per cent, and in Germany 7.27 per cent.
- average annual stock turnover was 21 times in Germany, 13.8 times in Switzerland and 10.6 times in Austria.

MARKETING AND THE CONSUMER

UNITED KINGDOM, UNITED STATES: Trading stamps continue to be popular as a promotional device for attracting and holding customers, particularly in food stores. The usual pattern is for retail merchants to buy trading stamps in bulk from a stamp company and to distribute them to customers according to the value of their purchases, along with stamp books and premium merchandise catalogues. When a customer has filled a book with stamps, it can be exchanged for a premium gift provided by the stamp company. Trading stamps may be used either to supplement or to replace other promotional devices such as advertising, low-price specials, coupons or cash discounts.

The stamp companies have sold the idea to retailers by claiming that (1) the resulting increase in sales (by attracting new customers and enhancing customer loyalty) will much more than cover the costs of the plan (including stamps and extra labour and accounting expenses); (2) the scheme increases the tempo and effectiveness of competition, particularly in cases where resale price maintenance precludes competitive price-cutting; (3) it discourages excessive use of consumer credit since stamps are given only for cash sales; and (4) consumers like the system as a method of "painless saving" - in addition to the psychological satisfaction of "getting something for nothing".

More objective appraisals - notably by Consumers' Association in the U.K. (in May, 1960 issue of Which), and the Department of Agriculture in the United States (Do Trading Stamps Affect Food Costs?, Marketing Research Report, No.147, January 1957) - provide a different slant on the problem. It is clear that to cover the added costs of the stamp scheme, the retailer must (1) increase prices, or (2) reduce other costs, e.g., alternative forms of advertising, or (3) accept lower profit margins; the latter would be compatible with higher earnings only in the case of an appreciable increase in turnover. The stimulating effect on sales will depend on many factors including the type of store, merchandising methods, reactions of competitive stores, etc. Clearly, however, sales would have to increase a great deal to cover the increased cost, e.g., 20 per cent if stamps cost 2 per cent of turnover; this, indeed, is the crux of the objections to trading stamps raised by retail trade associations, e.g., the National Chamber of Trade in the U.K. which characterises the plan as "The Great Illusion." However, if competitors adopt the scheme in defense, or if they intensify other promotional activities, opportunities for increasing sales are correspondingly reduced. A national survey in the United States revealed that less than 10 per cent of the operators were able to absorb the added costs through increases in volume of sales; about 27 per cent increased their prices, 43.5 per cent used fewer low-priced specials, about 38 per cent reduced their advertising, and some used other means. About one-eighth said they could not offset the additional costs by any means. Moreover the cost of stamps to the retailer frequently exceeds the retail value of the premiums to the customer, making the scheme an expensive form of advertising.

The implications for the consumer are obvious. (1) If prices are increased, this offsets the gain from premiums. (2) If less is spent on alternative forms of advertising, there will be a net gain for the consumer. (3) The same is true if profit margins are reduced per item; in this case, however, the consumer would probably prefer lower prices, better services or cash dividends to a gift.

NETHERLANDS, CANADA, UNITED STATES: Standardisation of Garment Sizes. The garment industry is awakening to the fact that it is in its own interest as well as that of the consumer to produce ready-made clothing that really fits. Recent trends in sizing stress systematic development and expansion of categories based on mass measurement of actual body dimensions. Manufacturers and distributors are finding that the effort pays off handsomely in increased sales, reduction of alteration costs, and fewer returned orders for mail order houses. Customers obviously benefit in terms of improved appearance, and saving of time and money spent for alterations.

In the Netherlands, the new system for men's clothing, called 4-D, is based on four basic dimensions: waist girth and height, broadness of hips, and slope of shoulder. The waist measurements have led to 18 basic sizes and the other two dimensions to 16, giving a total of 34 different sizes covering all except really outsized individuals. Suddenly realizing eight years ago that there were no statistics on the body measurements of the Dutch male, the industry made some 500,000 measurements of 4,000 men throughout the country, analysed these by electronic computers, translated them into a size chart for tailors, tested the results by experiments with free suits to some 2,000 men who were then inspected for "fit" by a "jury" of tailors, salesmen and housewives, and conducted a sales test of 8,000 4-D suits to check the effect on alteration costs (which proved to be more than halved).

The new system is beginning to spread throughout Europe, partly because it is truly international in that it does not use centimetres or inches or words, but rather letters and figures (e.g. 22-4-VO), and partly because various measuring polls have revealed that the average European male is built much like the average Dutchman.

In Canada, a National Trade Mark Garment Regulation was enacted in March 1961, and a "Canada Standard Size" label was designed to identify garments manufactured to required specifications based on studies over a period of years of body measurements, particularly of children. The labelling system is voluntary; manufacturers and retailers who are ready to comply with the regulations are issued a licence from the Standards Branch, Department of Trade and Commerce, authorising them to use the "Canada Standard Size" label. The regulations specify in detail the obligations to be fulfilled and the exact manner in which the label must be displayed on the garment.

A beginning has been made with the establishment of dimensional standards for eighteen kinds of children's underwear and nightwear garments. Specifications for outerwear are to follow, and eventually for women's wear. There are three sizing systems for children's clothing - the Chest-Hip System (sweaters, undershirts, T-shirts, waist length jackets, pyjamas, dresses, overcoats, etc.) the Waist-Hip System (shorts, bloomers, panties, boxer shorts, slacks, jeans, etc.), and the Neck-Arm System (boys' dress and sport shirts).

In the United States, the Department of Commerce began scientific studies on body sizes in 1944, based on raw data gathered by the Works Projects Administration in 1939. A study was published encouraging standards for boys' clothing based on height rather than age alone (e.g. a size 14 should fit all boys 5 ft., 1 in. tall), and a revised version appeared in the summer of 1960, with a new size category in addition to "slim", "regular", and "robust" (fat); it appears that 13 per cent of all boys are "husky", i.e. not fat, but stockier than average in chest, hips, waist, arms, and legs. In 1958 a similar size study for women was published.

Retailers claim, however, that manufacturers are slow to conform to the suggested standards. On the other hand, both manufacturers and retailers are now putting new emphasis on out-of-the-ordinary sizes. Saks-34th (a New York store) has opened a department in which the salesmen and fitters will be extra short and the display counters will be slightly lower than in other parts of the store to cater to customers five feet six inches or shorter. (Sample merchandise: a necktie five inches less than regular length). Robert Hall Clothes has opened Big Men's Shops (to size 60) in 22 stores around the country. A growing number of manufacturers of women's apparel are turning out a new junior petite size for women who are five feet one inch or shorter. And major mail order houses, including Sears, Roebuck and Co., Aldens, Inc. and Spiegel, Inc., are offering the new "husky" size in boys' clothing.

Christian Science Monitor, August 18th, 1961.
Wall Street Journal, November 23rd, 1961.

UNITED KINGDOM: Average per capital expenditure on packaging in Britain is now about £12 (\$54), compared to more than £30 (\$84) in the U.S. Lavish use is being made of new materials, particularly plastic films, moulding compounds, and in a small measure, foam plastics. The demand for some traditional materials, such as paper, board, glass, metal and other containers continues to expand, but other older forms of packing - wooden boxes, baskets, hessian and jute bags in particular - are rapidly losing ground to laminated paper bags, high-strength kraft paper bags, metal and other containers.

Times, December 13th, 1961.

UNITED KINGDOM: A national consumer survey of consumer desires concerning fresh fruit and vegetables is being undertaken by the Horticultural Marketing Council in co-operation with two market research organisations. The objective is to discover what changes are required at the retail, wholesale and growing stage to meet the needs of consumers. A spokesman for the Council said that the horticultural industry is maladjusted to perform the function of giving the housekeeper what she wants in terms of quality, attractiveness and convenience. Grading and packing standards are not high enough, some of the produce reaching the markets "should never have left the farm", the markets themselves are old and badly designed, and too many shops fail to provide the light, airy and attractive surroundings that other retailers find necessary.

Times, December 12th, 1961.

F R A N C E: January 1st, 1966 has been announced as moving date for the transfer of the famed Paris market, Les Halles, in existence since the reign of Louis VI, to a new location 10 kilometres south of Paris. The move will make possible the largest, most modern market of the world, as well as the renovation of the centre of Paris. 216 hectares will be available as compared with 16 hectares at present, permitting absorption of 11,000 tons of merchandise as compared to 4,000. The new market will comprise unloading platforms, a packaging centre, refrigeration annexes, selling premises, a railroad station, a road terminal, parking for nine thousand vehicles, an accommodations centre, numerous warehouses, and repair shops.

Le Monde, November 26th & 27th, 1961.

I N T E R N A T I O N A L: One of the problems which is likely to be discussed more or less regularly in this Bulletin is that of the rôle of advertising in the modern economy with particular reference to the implications for consumers. Increasing attention is being focussed on this issue in most industrialised countries of the world, partly as a result of the extraordinarily rapid increase in advertising expenditures in the past few years, partly because of a public outcry over dubious advertising practices which have been highlighted by various recent exposés "The Hidden Persuaders", "Madison Avenue USA", etc. - and the growing suspicion that the supposedly "sovereign" consumer is being degraded to a "manipulated end-user".

Advertising Expenditures

Meaningful data on advertising costs are hard to come by in view of the reluctance of producers and distributors to reveal the size of their advertising budgets to competitors and to consumers. Scattered information indicates that the annual advertising bill in the United States is over \$12 billion, and that Western Europe spends approximately one-fourth this amount. A recent study by the International Advertising Association yielded the following breakdown for the EEC and EFTA countries (including Finland) for 1960; it is interesting to note that Great Britain and West Germany accounted for almost two-thirds of the total, largely because of the prevalence of T.V. in these countries.

Total Expenditure for Advertising in 1960 (in Mill. Swedish Frs.)

Great Britain	5355	Holland	525
West Germany	4620	Belgium/	
France	1596	Luxembourg	462
Sweden	798	Denmark	357
Switzerland	630	Austria	316
Italy	630	Norway	273
		Portugal	147
		Finland	126

Advertising expenditures in the United States account for almost 3 per cent of the gross national product, and in Switzerland for 2.2 per cent; the proportion is between $1\frac{1}{2}$ and 2 per cent for Sweden, the U.K., and West Germany, between 1 and $1\frac{1}{2}$ per cent for Norway, Denmark, Austria, Holland and Finland, and below 1 per cent for Belgium, France and Italy. Switzerland's high ratio stems from the number of languages in regular use, the large tourist trade, the fact that many Swiss products are in a highly competitive field, and the general conception of Switzerland as a prestige market.

Even more interesting than the absolute level is the rapid growth of advertising expenditures. In England, for example, the total has more than trebled in the past decade, and the increase for 1961 was probably close to 14 per cent; private firms are spending considerably more for advertising than for research and development, and almost half as much as total public and private expenditures for education. Nor is there any indication that advertising has reached a saturation point; a Swiss expert has predicted a 46 per cent increase for Western Europe by 1965.

Pros and Cons of the Issue

The advertisers present with eloquence their case for advertising as essential to the dynamic functioning of the economy. Product information, they say, is basic to operation of the market. It is consumer demand that guides the allocation of productive factors, and only a well-informed consumer can make sound comparative judgments as to quality and price. But the range of available goods is so profuse and products so differentiated technically that consumers cannot, without guidance, make rational purchasing decisions; hence the important role of advertising.

Furthermore, consumers are passive and do not themselves know what they want or what is available; another function of advertising is to stimulate consumer demand and channel inarticulate wants into consumer satisfaction. "The needs and wants of people have to be continuously stirred up" (Ernest Dichter, The Strategy of Desire).

Indeed, it is this deliberate creation and shaping of consumer demands, according to promotional experts, which motivates and supports mass production, technological progress and ever-improving standards of living. "Advertising is the dynamic of our consumer economy". (Peter Craig-Raymond, the Statist, December 29th, 1961.). "The striking evidence of success-advertising correlation is too unmistakable for demur In almost any consumer product group, the company first in turnover has the highest promotional appropriation. ... And pro rata down the scale. Advertising is causing more revolutionary upheavals than product change. ... pack means more than the product, the campaign more than the quality, the trade reaction more than the consumer's approval." "We in the West live better, more ingeniously and more rewardingly ... not because of advertising, but because the world we are building is one where advertising has a major role to play."

Attempts to curb or control advertising are even characterised as threats to basic freedoms - freedom of expression, of press, radio, T.V., etc. "In the turmoil of ... triumphant discoveries of a few bad or vulgar or dishonest advertisements, the rousers ignore the vast, vast bulk of constructive advertising. They forget an even more vital factor, too: we live in a capitalist, consumer economy. We live, freely, under a choose-refuse merchant structure. And it is in our successful working of our system that we have our only effective response to Communism. Every slip - from barring free radio to having Francis Noel-Baker (Chairman of the independent Advertising Inquiry Council) devote his life to snipery - is a small but significant disavowal of the freedom we pursue." (Peter Craig-Raymond, op.cit.)

The advertising critics are equally eloquent, if less well endowed financially. Their indictments have raised a number of fundamental issues which call for careful investigation. One of these relates to the appropriateness of entrusting to partisan interests the essential market function of product information. There is no question of the importance of informing the consumer; it is rather a matter of how to provide him with adequate and objective information which will be an unbiased guide to the rational selection and use of goods required for optimum allocation of economic resources. The crux of the problem is that the advertisers' interests do not coincide with those of the consumer or of the economy. Objective advertising is not usually effective advertising; most advertising is based upon non-existent product differentiation and is more confusing than enlightening; advertisers are by definition prejudiced in favour of particular brands, and in addition are skilled in the art of appealing to the irrational motives of consumers (e.g. Dichter's "motivational research"). In the words of Colston Warne, President of Consumers' Union in the United States: "If sales must be achieved through irrational means, then those sales are the empty votes of a disenfranchised electorate and merely represent consumer manipulation to producer-dictated ends. In the absence of rationality in purchase consumer sovereignty becomes a meaningless concept." (Advertising - a Critic's View, address given before Boston Conference on Distribution, October 17th, 1961).

On a different level, the critics point to the waste and misallocation of economic resources involved not only in the staggering direct costs of advertising, but also in the form of resulting instability of demands, built-in obsolescence, expensive distributive systems, unnecessary replacements, rapid style changes, and deliberate cultivation of consumer dissatisfaction with existing possessions.

Others point out that large advertising budgets have restricted rather than intensified free competition. Because of the enormous advertising expenses required to launch new products, small firms are in effect precluded from free entry to the market, and this indirect pressure is sometimes supplemented by overt preclusive arrangements, e.g. refusal by trade journals to accept advertisements of newcomers. Also, as Warne points out: "... to the extent that partisan advertising ... creates brand loyalty, it creates a non-competitive market situation. ... little wonder that in recent years we have seen a flight from price competition into promotional rivalry, and that along with that flight have come fewer ounces in the package, a lowering of product quality control, an increase in promotional costs, and a rapidly stepped-up wave of mergers in the consumer goods field. Not only the small company but the middle-sized company stands a decreasing chance to survive in a period when market survival depends upon the magnitude of promotional outlays rather than upon efficient production reflected in lower prices."

This is the dilemma, and obviously no easy solution to it is at hand. From the consumer point of view a constructive approach to the problem would seem to be in two fields: (1) on the one hand, efforts to curb the more blatant abuses of modern advertising - particularly those relating to actual deception or misrepresentation - must be intensified through pushing for legislative sanctions, placing the burden of proof as to advertising claims directly on sellers of branded goods, and requiring full disclosure on packages, and (2) new ground must be broken by creating sources, alternative to advertising, of the objective product information required by consumers; this implies greatly expanded efforts in such fields as grade labelling, product standards, scientific testing of products and dissemination of the results, and direct consumer education. Clearly these objectives cannot be achieved without more effective consumer organisation and representation.

Sources: Neue Zürcher Zeitung, December 9th, Mitteilungen der Deutscher Genossenschaften, December 1961; The Statist, January 6th; Warne, Advertising A Critic's View.

CONSUMER BEHAVIOUR

UNITED KINGDOM: The Tavistock Institute of Human Relations - a research organisation drawing its funds from Government and Foundation grants and partly from contract work for clients - has conducted a number of studies concerning social and psychological aspects of consumer behaviour. Industrial and commercial sponsors (e.g. food processing firms, petrol companies, drug houses) have sponsored projects. Before taking up this kind of work for clients the Institute has to be satisfied that it is possible to benefit both producers and consumers as well as to make a contribution to knowledge in the human sciences.

UNITED STATES, UNITED KINGDOM, GERMANY: Recent data on patterns of consumer spending show an encouraging trend towards "good living" and leisure consumption.

In the United States, significantly more of the consumer's dollar is being spent for recreation, personal appearance, private education, foreign travel, medical care and the personal financing involved in past purchase and maintenance of consumer durables (household equipment, automobiles, etc), and proportionately less on food and tobacco, clothing, public transportation, and new consumer durables; relative expenditures for motoring remains about constant. Services now account for about 40 per cent of gross national product as compared to about 33 per cent at the end of the war; this is, however, a reversion to the ratio prevailing in the late twenties. One-third of the total for services is accounted for by housing.

In the United Kingdom, the consumer is still increasing his relative expenditures for housing (in higher income brackets), fuel, light and power, private motoring, domestic appliances (particularly radios, T.V.s and other electrical apparatus), and "luxury" items like photographic equipment, record players and discs, jewellery, leather goods and toys; spending for personal hygiene, education and private medical

care is also rising proportionately. On the other hand, less is being spent for food and tobacco and clothing (except women's wear). Food accounts on the average for about one-third of the total for households earning less than £30 a week, and one-fifth for those earning more. There is, however, a noticeable trend toward purchase of better quality foods (more meat, fish, chicken, butter instead of margarine, fats and oils, dairy products, sugar and preserves, fruits and vegetables and less bread and cereals) and more "convenience" time-saving pre-packaged, tinned and frozen foods; these increased 31 per cent between 1955 and 1960 as compared to 12.5 per cent for other foods, and now account for one-fifth of total food purchases. This is in part due to the growing number of young marriages and of women at work.

In Germany, the trend toward what the journalists call "a wave of aristocratic eating" has also been striking, but again within the framework of relatively declining shares for food (38 per cent in 1960 as compared to 50 per cent in 1953) in total consumer expenditures. Interestingly, Germans are spending proportionately less for recreation and education, and about the same for housing and clothing. The big jump has been in the categories of household and leisure equipment; these include vacuum cleaners, electric cooking ranges, washing machines and dryers, refrigerators, T.V.s and radios, photographic equipment, record players and automobiles.

Verband Politische Korrespondenz, Dec.5th; Der Verbraucher, Oct.28th; Financial Times, Octo 23rd, Sept.7th, Jan.4th 1962; Economist, Jan.6th 1962; Co-operative Review, December; American Economic Report, American Embassy, November.

CONSUMER ECONOMICS

COMMON MARKET: The Council of Ministers of the European Economic Community has given its unanimous approval to a set of cartel regulations to be applied among the Six.

Under the Rome Treaty all cartels are forbidden unless they promote production or distribution of goods or assist economic or technical progress as laid down under Article 85 para 3. This principle is written into the present agreement, which declares that cartels seeking the benefit of Article 85 (3) must first be registered and subsequently authorised. To counteract French opposition to compulsory registration, however, the new regulations list a number of types of cartels which are released from this requirement. The chief of these are purely domestic cartels not concerned with international trade; individual resale price maintenance agreements; patent and trade-mark contracts; standardisation cartels under arrangements for joint research programmes. These exceptions are not considered ipso facto legal, however, and a provision making registration voluntary for the exceptions has been included to encourage cartels of doubtful legality to register themselves from the outset.

Basically, these provisions apply to both existing and new cartels. Those already in existence and not falling within the group of exceptions, however, are given until July 1st, 1962 to register. In addition, any "old" cartels which are prepared to adapt themselves to conform with Article 85 (3) of the Treaty may be able to secure agreement that their earlier non-conformity should be ignored.

The power to authorise a "legal" cartel is vested in the EEC Commission, which may make its authorisation retroactive to the date of registration. The Commission will also be responsible for ensuring observation of the Treaty provisions prohibiting the misuse of monopoly power. To this end, it is empowered to oblige companies to supply any necessary information.

FRANCE: A wide range of basic research problems in connection with investigating consumer needs and their economic implications was opened up at a recent Conference at Grenoble organised by the French National Centre of Scientific Research, which was attended by, inter alia, a number of internationally-known economists including Professors Hicks from Britain, Schneider from Germany, Fossati from Italy,

W. Adams Houthakker and Bell from the United States, Tinbergen from the Netherlands, and Goetz, Allais, Vinot, Murat, Rottier, Reynaud, and Fourgeaud from France.

The consensus of opinion in the Conference on some of the more important of these issues is indicated in the following summary of an account for *Le Monde* by Professor Robert Mossé of the National Centre of Scientific Research.

On the question of estimating consumers' needs, it was agreed that ethical values must be taken into consideration. Needs differ according to custom, belief, and aspirations, even to the conception of man himself, and theoretically asceticism can even outweigh the desire for pleasure and material possessions.

The definition of maximum welfare is a purely theoretical problem, i.e., independent of the economic system. It was even suggested that the economic system should be regarded as an "unknown quantity" to be solved only after first defining maximum welfare; this implies a choice of economic system as between the market economy, planned economy or mixed economy.

The gap between needs and effective demand was stressed, as was the importance of research into real needs. Consideration was also given to the concept of "rationality" in consumer behaviour; does it consist merely of the best adaptation of resources to the attainment of definite objectives, which is the traditional attitude of economists, or is it necessary to consider the rationality of the objectives themselves?

The consumer himself does not always know what he needs, nor is he able to state his order of preference or be well informed as to available goods. Hence the need for an educational programme in order not only to create, promote or define needs, but also to provide objective information regarding the quality of consumer goods. For example, information on cars and washing machines ought to be provided by organisations independent of producers (specialised newspapers, consumers' associations, trade union organisations or even State institutions); consumer representation in planning departments and on management boards should be greatly increased; and experimental research work through public opinion surveys should be intensified, taking into account recent discoveries in psychology. Some participants felt that the consumer is always right, but others stressed the need for intervention; Mr. Tinbergen went so far as to defend film censorship, even when based on aesthetic standards.

With respect to the optimum economic system from the consumer point of view, it was agreed that the free competitive market economy is the best, given certain adjustments including studies and measures designed to render producers more conscious of demand elasticities, control of monopolies (although there were differences of opinion as to the type of control), establishment of scientific criteria for determining the appropriate scope within a free market economy for free distribution of certain essential consumer goods and services relating to medical care, roads, education, community facilities etc., and re-distribution of income to "make needs effective". In connection with the latter point reference was made to certain econometric studies which purported to demonstrate that for certain categories of goods changes in distribution of income have little effect on total consumption, a conclusion which some participants were not prepared to accept without further research.

E U R O P E: A recent study published by the UN Economic Committee for Europe on Housing Construction and Housing Policy in Europe makes it clear that there is scarcely any European country which is not confronted with a serious housing problem. In the face of acute housing shortages there was actually a slight decline of one-half of one per cent in the number of completions in 1960 as compared with an 11 per cent increase in 1959. This setback was due to anti-inflationary restrictions imposed on demand and to shortages of manpower and of construction materials. The varying situation as between different countries is indicated in the following tabular comparisons of housing completions per 1,000 people in 1959 and in 1960; the largest declines were in East Germany, the U.S.S.R. and Hungary.

	<u>1959</u>	<u>1960</u>
Belgium	5,3	5,7
West Germany	10,6	10,5
Denmark	5,8	6,1
Finland	6,8	7,1
France	7,1	7,0
Ireland	2,3	2,1
Netherlands	7,4	7,4
Norway	7,5	7,5
Austria	5,0	5,5
Sweden	9,3	9,1
Switzerland	6,8	9,3
Great Britain	5,5	5,9
Italy	6,0	6,0
Portugal	3,7	3,7
Spain	3,8	4,3
Yugoslavia	3,3	4,0
Bulgaria	6,4	6,3
East Germany*	3,5	2,9
Poland	4,7	4,6
Soviet Union	14,5	14,0
Czechoslovakia	5,0	5,6
Hungary	4,7	4,2

* ECE Secretariat's estimate.

The share of private construction has noticeably increased in many countries of Western Europe in recent years, as has the share of housing co-operatives. Costs of housing construction mounted in 1960 in all Western European countries except France, due in part to higher prices for iron and steel products and for timber. The study recorded declining construction costs for the Communist countries, but noted the difficulty of evaluating costs in a completely planned economy.

The report also indicated that most Western European countries are gradually dismantling the rent controls which were a heritage of the war and early postwar years, and permitting rents to rise enough to facilitate necessary repairs; at the same time various countries are subsidising certain hardship cases in lower-income groups.

The share of rents in private consumption expenditures in various Western European countries is shown in the following table:

Share of Rents in Private Consumer Expenditures
(current prices)

	<u>1938</u>	<u>1950</u>	<u>1958</u>	<u>1959</u>
	%	%	%	%
Belgium	- ¹	11.4	13.2	12.8
Denmark	12 ¹	6.3	8.1	8.7
Finland	-	3.1	7.9	7.7
France	-	3.3	4.9	5.1
Italy	11	1.5	3.4	3.6
Netherlands	11	5.8	7.6	7.7
Norway	12	5.7	8.0	8.2
Austria	- ²	4.7	4.7	4.6
Sweden	12 ²	8.8	9.5 ³	9.9
Switzerland	-	-	14.2 ³	-
Great Britain	12 ⁴	8.5	9.1 ⁵	9.3
West Germany	14 ⁴	8.2	7.5 ⁵	-

¹1939; ²1938/39; ³1955; ⁴1936; ⁵1955.

UNITED KINGDOM: In a new attempt to assess the sales promotion costs of the drug firms which supply goods to the pharmaceutical service, the Health Ministry has again asked for information about the cost of sales promotion activities of door-to-door representatives. The industry has once refused to give details on grounds that the only figure it could supply was the total cost of these representatives, which would be misleading because they have other duties besides sales promotion. The Ministry is concerned about apparently high rates of profit, and has indicated that when prices for drugs supplied under the pharmaceutical services are being negotiated, the prices charged to the hospital service will be used as a basis for comparison.

Guardian, November 26th, 1961.

UNITED KINGDOM: A private member's (Mr. W. T. Williams) bill seeking to reform certain aspects of existing legislation concerning hire purchase was "talked out" on its second reading in the House of Commons on 8th December, 1961.

This procedure was a grave disservice to consumers. Responsible opinion was strongly weighted in favour of giving the bill close examination when the committee stage was reached. "The Times" for example, commended the bill editorially but thought that comprehensive legislation was needed. Referring to the Government's attitude to the Bill "The Times" spoke of the "opportunity of obtaining a useful sample of parliamentary opinion by at least allowing the Bill a fair run." The episode was well described by "The Economist" as "a shabby affair". The finance houses lobby was active shortly before the bill came before the House and there is no doubt that their opposition to the bill influenced some members against allowing the bill to progress any further. The Government's view on the bill was put by the Parliamentary Secretary of the Board of Trade, Mr. Niall Macpherson, who raised a number of doubts on the bill and ended his contribution to the debate by saying:

Perhaps I can therefore commend to the House the virtue of patience, a virtue which is perhaps not as exhilarating as action but nevertheless often the right course, particularly since not much time has to pass before we receive a detailed examination of all these matters on which the Molony Committee (on Consumer Protection) is lavishing so much time and care."

The Government's spokesman showed considerable audacity in making such a remark! Adopting the course of waiting for the Molony Committee report and then acting will mean a delay of at least 3-5 years. Indeed as Mr. George Darling remarked after Mr. Macpherson had made his speech, the effect of waiting for Molony in this respect would be like waiting for Samuel Beckett's character 'Godot' - nothing would happen! Meanwhile the number of cases coming before the courts showing the need for reform continues to rise and the number of welfare workers' cases stemming from hire purchase problems grows!

The Private Bill's Proposals

Mr. Williams's Hire-Purchase Bill contained three significant proposals for changes in the existing Acts:

- (1) The ceiling for agreements to come within the scope of the hire purchase laws to be raised from £300 to £1,000;
- (2) A Notification of Proposed Terms to be placed in the hands of customers at least two clear days before the hire purchase agreement is formally completed. The Notification to be in simple terms and printed in large type. Amongst the information to appear in the Notification would be the cash price, the credit charges, the amount of the deposit, a listing of charges other than credit charges (e.g. insurance and installation charges);
- (3) The owner of the goods to be made responsible for any Warranty or statement concerning the goods given to the hirer. The dealer would thus become the agent for the owner of the goods - that is the finance house.

The first reform - the £1,000 limit - was proposed upon the grounds of the general increase in affluence and fall in the value of money which has taken place since the £300 limit was adopted. A number of relevant cases have recently been before the courts, including several concerning motor cars, which because they cost

more than £300 placed the hirer outside the protection of the Act; the cases revealed very sharp practices upon the part of finance companies, amounting to a reversion to the worse 'snatch-back' rackets practiced in the 1930s.

Secondly, the Notification procedure would permit a cooling-off period after a consumer had decided to take possession of goods in which the financial consequences of decision could be considered carefully. Welfare workers are well acquainted with the results - often tragic - of over-commitment by some consumers on hire purchase goods sold by high-pressure salesmen.

Lastly, Mr. Williams proposed to make the finance house responsible for the assurances of good performance given by a dealer in making a sale. This would ensure that there was more likelihood of the goods sold actually performing satisfactorily or if they did not, of the consumer having a more certain remedy. Dealers have sought to evade their responsibilities for goods in the past by referring the matter to the finance houses as owners of the goods. The finance houses in turn regard disputes about the satisfactory performance of the goods as a matter for dealer and customer. Second-hand motor cars have been particularly troublesome in this respect. The suggested reform would make it possible for the consumer to proceed against either the dealer or the finance house.

Opposition to the Bill

The Finance Houses Association made clear its opposition to all three main proposals in the bill on the day before the debate. The £300 limit should be retained in their view, since to remove it would mean that "a salutary discipline on the less credit-worthy customer" would no longer apply. In other words it would be possible for the finance house to take back a car costing more than £300 if 23 of the 24 instalments had been paid but the final instalment could not be met. The F.H.A. also anticipated that the courts in dealing with breaches of hire purchase agreements within the new ceiling would require repayment in such small amounts and over so long a period that heavy losses would be incurred. Long delays in court proceedings are not uncommon.

For some goods - cars particularly - the F.H.A. asserted that the 48 hour cooling-off period was not practicable, it being necessary to clinch a sale as soon as possible. Customers want to make immediate use of goods it was argued.

The bill's proposals concerning hirers' remedies for defective goods were unnecessary, said the F.H.A. because there already existed sufficient legal redress.

What Next?

The failure of Mr. Williams's bill to make progress leaves the law in its present unsatisfactory state. In the period before the Molony Committee report appears - probably in the second quarter of 1962 - it is to be hoped that most more discussion and information on reform proposals will take place. The next issue of C.A.B. will contain a special feature on the state of the hire purchase law and proposals for reform.

LATE NEWS - CONSUMER ENLIGHTENMENT

UNITED KINGDOM

Consumers' Association - the rapidly growing independent testing organisation - has broken new ground by publishing the first of a new series of reports on cars.

For the first time British consumers have available the results of comparative tests of British and continental cars. The report, published on 11th January 1962, contains details of the performance of six British cars - Austin A40, BMC Mini-Car, Ford Anglia, Ford Popular, Morris Minor and Triumph Herald S - together with a French small car the Renault Dauphine and the German Volkswagen. Unlike the trade or popular newspapers' assessments, which are mainly subjective, C.A. carefully measured

performance wherever possible, basing conclusions upon a 10,000 mile run rather than the usual 2,000 miles or less. Comfort and convenience were also considered by the test team and are taken into account in the report. Departing from the practice in test reports in the publication "Which", the car reports do not nominate a 'best buy'. Consumers' Association's capital outlay on testing facilities - a special testing circuit and associated equipment - was in the region of £30,000. All tested cars were purchased anonymously and the purchase was in no way linked to Consumers' Association.

As well as giving comparative results on acceleration, hill climbing performance, fuel consumption, tyre wear, etc., C.A. make observations on safety and the condition of the car on delivery and at the end of the tests. A disturbing feature of the reports is the very large number of defects discovered upon delivery, some examples of which are given below:

Austin A40. A worrying piston-slap rattle from the engine (it disappeared after a few thousand miles); clutch pedal needed adjustment; brakes pulled persistently to the left for four to five thousand miles; steering wheel spokes mis-aligned; rubbing noise from steering column; rattles from dashboard and left door; squeaks from rear spring bushes; exhaust silencer leaked gas; all wheels out of balance; left door courtesy light switch not working; return of indicator switch sluggish. Water leaked into interior over doors, through front vent panes and front parcel shelf. Front wheel bearings needed adjustment; some heater controls not lubricated; engine tappet clearances too close; engine side plates not fully tight.

Ford Popular. Slight rear axle whine at 35 mph; carburettor and ignition timing needed adjustment; all wheels out of balance; leaked into interior through both front ventilating panes and into boot through the lid; outside paint scratched in two places; rear bumper slightly rusted; patches of dried glue (or some other adhesive) on interior paint work; supplied with wrong-sized tyres.

Renault Dauphine. Not enough water in cooling system; fan belt loose; carpet in back soiled; paintwork on right rear wing scratched; rain leaked through front ventilating panes and rear sliding windows; rattles from left rear window and dashboard; left front and both rear wheels out of balance; direction flashers worked irregularly; windscreen wiper arm needed re-setting; dynamo belt loose.

That cars should be delivered to customers with so many faults does not reflect well upon the motor industry and the motor trade. Even where faults are remedied without question delays and inconvenience for car users were inevitable. Perhaps the industry will become more quality control conscious in the face of this independent and well authenticated evidence.

None of the guarantees under which the cars were supplied were considered satisfactory from the consumers' standpoint.

SPECIAL FEATURE - ONE

MEAT - PRICES AND DISTRIBUTION

Recent events in the meat trade in both France and the United Kingdom show that there is need for reform, if the interests of primary producers and consumers are to be advanced.

FRANCE.

The contest between the French meat trade and the French Minister of Commerce, Monsieur Missoffe, which concluded with a partial victory for the Minister in the first week of January, is the latest in a long succession of battles concerning meat prices and meat distribution.

At the beginning of November the high price of beef in France required the intervention of the central Government, and the Minister of Commerce announced plans for the re-introduction of price regulations for meat - last in force in September 1958. By a system of price controls in the Paris region butchers were to be placed within five price categories, each category having a maximum price. It soon became obvious that the curb on beef prices was ineffectual, primarily because the price reductions for beef were compensated for by rises in the price of lamb and veal. The butchers became so enraged by the regulations imposed upon them that they organised a boycott of beef supplies. In November and December the boycott of the wholesale markets led to disturbances; supplies of meat being taken from the markets were removed from vans and doused in oil, while some butchers who did not observe the boycott were the subject of bomb attacks. The Minister maintained his opposition to the butchers' demand that the law be withdrawn, but met their representatives to discuss the possibilities of improving the channels of distribution. Talks between the Minister and the butchery trade continued without any obvious concessions on the part of the butchers until the beginning of January when the buying boycott finally broke down as a result of a threat of government requisition of butcher's shops. The Minister also invoked ordinances introduced in the immediate post-war years concerning price conspiracies in his campaign against the extreme elements among the butchers.

Significance of the Meat Struggle.

The attack upon high meat prices is of importance firstly, because of the part meat plays in raising general retail prices with consequent wage demands. The Government regards such a situation as contributing to the inflationary process, and hence is very keen to bring down the price of meat. Meat prices and methods of distribution have been the subject of Government initiative since the Rueff-Armand Committee highlighted the central position which distribution occupied in preventing future expansion of the French economy.

Earlier Attempts at Reform.

A number of attempts have been made, not only by the Government, but by the trade itself to reduce meat prices in the post-war period. Under the Fourth Republic five campaigns were launched, while there have already been three campaigns in the life of the Fifth Republic. A campaign carried out in the Autumn of 1960 with the title -

'Suivez le boeuf' succeeded in reducing the price of beef but only at the cost of an increase in the price of lamb. More recently, 'Opération Biftec' resulted in an even larger decrease in beef prices, but again there was an increase in meat prices which have risen by 10% in the course of three years.

The Extent of the Problem.

There are three aspects of the problem of meat distribution. The first is the anarchic situation which persists in the central markets of Paris. Another aspect is the non-competitiveness of retail meat distribution, allied to the failure of consumers to be discriminatory in terms of price. The third important factor in the situation relates to meat production, particularly the quality of cattle raised and timing of supplies to market.

Meat supplies in Paris still arrive at the central market on the hoof. The commission agents who arrange the sale of beasts for slaughter are frequently also cattle raisers themselves. They are able to manipulate the flow of supplies so as to take advantage of price fluctuations. Market prices are purely notional since transactions take place on prices agreed verbally which are significantly different from prices which appear on invoices. Wholesale dealers recover in the course of sales to butchers any losses which they may incur by buying a mixed collection of cattle of varying qualities from commission agents. All purchases are made by estimating live beasts' potential dead weight. No weighing of carcasses takes place in the market. The wholesaler dealer presents a carcass to the butchers which has been in many cases tampered with by the injection of air or treatment with chemicals in order to improve its appearance. Slaughtering in the market is carried on under primitive, unhygienic conditions. The rigged market, unhygienic slaughtering and the various frauds practised in the presentation of carcasses constitute an obvious case for reform. Both the Paris markets (La Villette and Les Halles) have been the subject of reports suggesting reform since at least 1937, but the interests concerned are so entrenched and well organised - their organisations being very wealthy - that reform would appear to be almost impossible. In the course of the struggle which has taken place, plans have been announced for moving Les Halles to completely new sites on the outskirts of Paris, a radical solution which may introduce the possibility for reform. It is clear, however, from the administrative failures which occurred at the beginning of the struggle between Missoffe and the butchery trade concerning the introduction of price regulation, that the weaknesses in the central administration - apparent when reform plans were formulated in 1959 - are still present.

Consumer expenditure upon meat has been steadily rising in France but the pattern of purchases has remained stable. Certain cuts of meat which are traditionally purchased remain in very strong demand and the insistence of consumers upon buying cuts of good quality, regardless of price, is one of the factors which stands in the way of any easing of meat prices.

Cattle raisers have also been criticised for not regulating the flow of supplies to the market and for not breeding cattle of suitable quality for slaughter.

Suggested Solutions to the Problem of Distribution.

If the consumer were more price-conscious, selecting those butchers whose prices were lower for comparable quality, then some flexibility might be introduced into the price situation. The grouping of butchers' shops which the Minister's tax proposals introduced is a step in this direction. The daily collection over the telephone of meat prices by the Ministry from selected consumers ('telex-consommateurs'),

and their dissemination by means of radio bulletins and press announcements, may also serve to make consumers more price-conscious. The scheme for 'telex-consommateurs', highly publicised at the time of its inception, could - if it is proved to be a reliable method - make retail meat prices more sensitive in the Paris area. The moving of the central markets to a site near Orly Airport could assist in the reform of this archaic institution. If, upon reaching their new premises, meat were supplied by satellite abattoirs in carcass form and the weighing and inspection of carcasses on arrival adopted, then distribution might become less costly and more efficient, particularly if sales were made on the basis of written invoices which reflected actual rather than notional prices.

Because of the entrenched interests, perhaps the most promising reform would be to completely by-pass traditional channels of distribution. M. Missoffe has discussed with a number of groups the possibility of a 'circuit court' which would cut out some of the intermediary dealings in meat. The meat trades Union (Groupement national des ouvriers de la viande, G.N.O.V.) discussed with the Minister plans for a chain of 40 shops in the Paris region supplied from a central meat preparation depot. The central depot would buy directly from farmers' co-operative abattoirs in the provinces which in the main are more hygienic and efficient. The Minister also examined the possibility of meat distribution through poulterers in the Paris region. Perhaps in the longer term the most practical change would be an increase of sales of meat through supermarkets and other distributors in the food trades who draw their supplies not from the established central meat markets but from abattoirs in the provinces.

Consumers in France would certainly benefit from any rationalisation in distribution which can be achieved. Estimates of possible price reductions fall within the range 25 - 50%.

UNITED KINGDOM.

In mid-December 1961 the Minister of Agriculture indicated to Parliament that additional funds would be required, far in excess of the original estimates, for deficiency payments to home meat producers. Of the £78 millions Supplementary Estimate, £66 millions was directly attributable to fatstock, although at the end of the financial year total price subsidies for fatstock will be in the region of £120 million. The deficiency payment scheme operated by the British Government starts from a standard price for fatstock. When the average price for fatstock falls below the standard price, deficiency payments are made to farmers.

Reasons for the Supplementary Estimates.

While it would be easy to regard the large rise in the taxpayers' burden as solely the result of a gross departmental miscalculation, there are some exceptional factors in the situation.

The Government's encouragement of home beef production certainly had a good response in 1961 from the farmers. There were also exceptionally good pastures to assist the raisers. Probably the import of beef, especially from Ireland, also accounted for the increase in supplies on the British market. As supplies increased the wholesale price level fell and the Government became committed to an ever larger deficiency payments bill.

Why did the Scheme not work?

The effectiveness of the scheme for deficiency payments for fatstock turns upon a well-calculated standard price, a market price which reflects the interplay of demand and supply, and prompt reaction to price changes on the part of producers and consumers. Fat cattle sold on average at 120 shillings per live hundred weight last summer as against 153 shillings in 1960.

The fall in auction market prices below the guaranteed price level did not discourage raisers from selling. They did not foresee a long-run reduction in supply and hence a rise in prices for which it was worthwhile to wait. One agricultural

economist (George Huston of Glasgow University) has argued that very low auction market prices and a high subsidy can even increase the flow of cattle through the markets since "it is well known that some farmers sell their fatstock and receive the deficiency payments, then, by agreement with the buyer, take the animals back to their farms for two or three months and split any difference in prices actually realised." The other side of the market - the demand side - did not respond to the increase of supply as anticipated. Although there are insufficient retail price statistics, it is clear that in general retail meat prices did not fall as low as might have been expected. Hence there was no possibility of an increased turnover building-up which might have held up market prices.

No Cheap Beef for the Consumer.

The most disturbing feature of the affair has been the failure of retail prices to respond to lower auction market prices. Because the price charged by the butcher was no lower, the consumer found himself digging into his pocket to pay for meat which should have been cheaper and also paying taxes to subsidise farmers for low prices from which he did not benefit.

Butchers clearly benefited from the imperfections of competition in retail meat distribution. Housewives are alleged to be insensitive to lower prices - preferring stable prices and consistent quality - and inflexible in their choice of butcher. Some of the larger multiple shops which sell pre-packed joints certainly took advantage of the lower prices of their meat supplies to cut prices but their competition was not widespread enough or well known enough to produce a general all-round reduction in butchery prices.

It is claimed by some butchers that demand for meat is relatively inelastic - reductions in price making little difference to turnover. The increase in beef supplies came in the summer at a time when there was little inclination to increase meat consumption and when losses through deterioration were higher than normal.

A facet of consumer demand which has been causing some perplexity in the meat trade concerns a possible change in consumer taste to the detriment of beef. Broiler chickens are thought to be the foodstuff which is taking up more of the consumer's food expenditure. Interestingly enough there has been a steady downward trend in broiler chicken prices.

Some Suggestions for Reform.

The increase in supplies, which caused the bottom to fall out of the market and such a large supplementary estimate for deficiency payments, was relatively small. In the first nine months of 1961 total supplies of beef and veal were only 2% above 1960 levels. The 2% increase in supplies produced a price collapse of some 20%. This clearly indicates a need for an overhaul of the marketing system. The Lucas Report on Fatstock Marketing (1947) suggested the creation of a non-profit making Commodity Commission which, to quote Lord Lucas, "should be set up on the lines of a public utility corporation, independent of both Government departments and boards of vested interests, statutory or otherwise". A buyer of last resort with adequate storage and financial resources would be able to perform an essential function, buying as the price fell to around the standard price and releasing supplies as shortages became evident, thereby providing producers and consumers with an essential service, namely - price stability.

While a buyer of last resort would decrease the dangers of price collapse, the other major problem - that of making the chain of distribution more responsive to price changes - requires other remedies. As a first step it is necessary to establish what the current margins and costs are at the various stages in the distributive process. Investigations in other countries (Canada and the United States) showed very wide gaps between farm gate prices and retail prices, with intermediaries benefiting at the cost of producers and final consumer. The position in the United Kingdom requires clarification, especially since the Minister of Agriculture was unable to allocate some £10 million of the Supplementary Estimate as between producers, consumers or the distributive trade.

Another essential piece of information which is required is an accurate and rapidly published index for retail meat prices, broken down into categories recognizable to the consumer. Such an index could provide a means for official comment on trends in retail meat prices. The Ministry of Agriculture remained silent while retail meat prices kept high last summer, it could have assisted the consumer by providing guidance on reasonable retail prices.

The third sector in which there is need for a new approach is the consumer sector. Consumer pre-occupation with the purchase of quality cuts of a limited range from one butcher precludes price flexibility or the allocation of costs rationally between the various parts of the carcass. There is scope for basic consumer education in terms of meat buying, with emphasis on relative prices and the choice and preparation of different cuts.

** * * * * **

THE CONSUMER AFFAIRS BULLETIN is intended as a service to consumers all over the world. It is hoped that an exchange of information and experience on developments affecting consumers will help make consumers themselves more articulate, and make Governments and businessmen more consumer-conscious.

To this end we hope to make the news coverage of the Bulletin as timely and as broad as possible, both geographically and in range of topics.

To do the job properly we need your help. The more material the readers of Consumer Affairs Bulletin send us, the more adequately we can meet your needs and interests. Any items or bibliographical references you can send us concerning consumer protection, consumer enlightenment, consumer behaviour, consumer organisation, consumer economics, or other aspects of consumer problems in your area will be greatly appreciated and acknowledged.

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Consumer Affairs Bulletin

International Co-operative Alliance
11, Upper Grosvenor Street, London, W.1.

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A QUESTION OF APPROACH

A fundamental change in attitude is necessary amongst those who produce goods and services if the requirements of consumers are to be satisfactorily met.

The case for a new approach was stated recently by Caspar Brook, the Director of Consumers' Association, in a paper to the British Association for the Advancement of Science.* From four years experience by Consumers' Association in the field of comparative testing of consumer goods it had become evident, he said, that the necessary next step for the Association was an identification of products which consumers require but which are not yet on the market. Mr. Brook expanded the idea in this way:

It is a characteristic of our producer-dominated society that many of the consumers' real needs are insufficiently studied by the engineers and business men who, as Adam Smith suggested, work to satisfy us. For instance car manufacturers have failed to give us the private vehicles that consumers really need in the second half of the twentieth century. Do we really need and want cars that still bear a visible resemblance to horsedrawn carriages? Do we really want chromium and other so-called brightware that has to be polished with loving care on cars and domestic appliances? Do we really want cars with seats that resemble chairs and that, therefore, transmit to our bodies every movement of the vehicle? Or, at the other extreme, do we really need or want openers that produce razor sharp discs when we use them? Why cannot we have sinks and working surfaces in kitchens whose height we can vary at will?

This kind of plea has already evoked a response from the building and furniture trades.

SWEDEN

In Sweden the Statens Institut för Konsument frågor (the National Institute for Consumer Questions) has a well-established programme for investigating consumers' requirements for goods in collaboration with other research groups. One example of this collaboration is the publication by the Stengka Slöjdföreningen (the Swedish Society of Industrial Design) of a report on the domestic storage requirements of Swedish households. On the basis of an exhaustive study of the contents of the Swedish household, the study suggests an adaptable range of storage units which can fulfil a variety of functions; e.g., one unit could be a toy cupboard, clothes store or games cupboard as required. The dimensions of the suggested units are arrived at by considering the storage volume required by the average family, tests to ensure that objects can actually be fitted in, and body measurements, e.g. height.

2.

* "Progress of the Consumer", Stores and Shops, November 1961.

** See "Domestic Storage Investigated" by Dorothy Meade, Design, November 1961.

UNITED KINGDOM

A significant report (written for the central Housing Advisory Committee of the British Ministry of Housing and Local Government) on "Homes for today and tomorrow"*** applies the same sort of approach to the even more complicated problem of housing. The report starts from the premise that it is necessary to examine, firstly, the activities which take place in the home and their relative importance and secondly, to determine appropriate areas and arrangement of rooms. Postwar social and economic changes have increased the urgency of the problem, e.g., more room is now required to store household appliances and more time is spent in the home on activities which require some isolation. The Committee also points to the need for additional floor space, communal rooms for joint family activities, better planned and equipped kitchens with room in which to take at least some meals, more satisfactory circulation and storage and more adequate heating. "With the greatly increased rate of social and economic change, the adaptable house is becoming a national necessity... We see the investigation of the practical possibilities of doing it easily and at reasonable cost as one of the most important lines of future research into the development of design and structure. The sooner it is started the better."

CONCLUSION

From the work which is being done in Sweden and the United Kingdom, as well as from similar studies undertaken in Denmark, Holland and the United States, a valuable body of information is accumulating on consumer requirements. Soon it will be possible for the enlightened producer of goods and services to take account not only of market research which points the way towards larger profits, but of real consumer requirements. Expenditure on this kind of research - activity sampling, ergonomics and the analysis of consumer behaviour - would be well spent if only because it would then be less necessary to convince people by means of advertising that what is produced is what they want.

F.D.B.

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

UNITED KINGDOM

WARNING AGAINST SELF-SERVICE OIL DISPENSERS

A warning as to the dangers associated with coin-operated dispensers for petrol, oil mixtures and paraffin, which are highly inflammable, has been sounded by the Institute of Weights and Measures Administration in its journal The Monthly Review (January 1962). The hazards arise from the possibilities for spillage and jamming of the mechanism; fire or explosion due, for example, to smoking by users or bystanders; and from carrying of petrol or oil in unsuitable containers. Weights and Measures Administrators have jurisdiction over the accuracy and suitability of such machines as measuring instruments, but not over their safety, which is a matter for decision by the petroleum authorities. There is, however, no act or conditions of license which can be invoked for paraffin machines, except that certain local authorities have Private Act provisions relating to vending machines.

UNITED KINGDOM

MOCK FISH

When does a fish cutlet cease to be fish? The Divisional Court has recently held a retailer guilty of offence under the Food and Drugs Act for selling as "mock salmon" cutlets containing only 33 per cent fish. It was pointed out that even fish cakes, with their lesser pretensions, are required (under the Fish Cake

*** Ministry of Housing and Local Government, available from Her Majesty's Stationery Office, York House, Kingsway, London, W.C.2. Price 4 shillings.

Order of 1950) to contain at least 35 per cent fish, and that in the absence of a legal standard, the evidence of a public analyst is sufficient to establish minimum requirements; further that the fact that "mock cream" contains no cream at all does not provide a legal precedent in this case.

Times. January 14th, 1962.

UNITED KINGDOM

IRRADIATION FOR PRESERVING FOODS

Original high hopes that irradiation (using expended fuel elements from atomic reactors containing highly radioactive fission products to destroy micro-organisms which contaminate foods) could replace heat or preservatives as a cheap method of sterilisation in the preservation of food have given way to a "much more guarded view" according to a recently published annual report of the Chief Medical Officer to the Ministry of Health. One major difficulty is that the necessary dosage is so high that it produces chemical and physical changes in the food making it unpleasant in odour, taste or colour. Moreover, since even high doses do not destroy many of the enzymes that cause decomposition during storage, irradiation has to be supplemented by other methods, adding to costs. On the other hand, low-dosage irradiation has already proved useful in prolonging the "shelf-life" of fresh beef, prevention of mould in strawberries and peaches, preventing sprouting in stored potatoes, and in control of insect infestation such as the flour and the rice weevil.

UNITED STATES-UNITED KINGDOM

FOOD POISONING FROM POULTRY

Processed poultry, consumption of which has grown tremendously in recent years, is reported to be a major source of salmonellosis (a type of typhus). In the United States, poultry are regarded as the largest natural reservoir of salmonellae, and the recent Annual Report on the incidence of food poisoning in England and Wales estimated that about one-third of the salmonella sero types isolated in recent years have been found in poultry and in other animals. It is thought that dissemination of salmonellae most probably occurs during evisceration of poultry and in chilling tanks; experts suggest that the most effective way of eliminating this hazard is by eliminating the salmonellae pathogens from feeding stuffs.

Food Processing & Packaging, May 1961.

UNITED KINGDOM

KEEPING MEAT PIES FRESH

A Public Health Official, writing in The Grocer (November 1961) has suggested that the bulk of responsibility for ensuring that meat pies are fresh and hygienic when they reach the consumer should be shifted from the retailer to the manufacturer. Manufacturers are concerned over the storage and handling of pies by retailers, because of the adverse publicity resulting from court cases on sale of stale or mouldy pies; hence the Food Manufacturers' Federation has suggested a Code of Practice for retailers involving meticulous attention to stock rotation and a coding system, careful handling, avoidance of extreme temperatures, special precautions on hot, humid days, covering of cut surfaces, allowing free air space, selling on day of delivery, keeping orders in line with requirements, not storing near vegetables, not stacking goods on top, no contact with odorous goods, etc. Manufacturers are not willing, however, to accept the date-stamping in the factory suggested by Public Health inspectors, because of the difficulty of disposing of left-over stocks and because this would involve Sunday work. As an alternative the writer suggests provision of suitable storage cabinets in the shop with suitable financial agreement between the manufacturer and the retailer; in this way pies could be stored by the delivery man to comply with the makers' stock rotation suggestions, and need not be handled by the retailer. Thus the latter would be freed from responsibility, and the producer would know that his goods were not manhandled and were properly stored, and the consumer would be protected against staleness, or far worse, food poisoning.

UNITED KINGDOMPROGRESS TOWARD FOOD PURITY

Interesting comments on Food Purity and Standards were made recently in an address by J. Hubert Hamence, President of the Association of Public Analysts. Summarising the enormous progress that has been made since enactment of the first Food and Drink Act in 1860, and noting that "as a nation we enjoy some of the purest food in the world", Mr. Hamence warned that the widespread use of prepared and prepacked foodstuffs has introduced new problems, and that this standard can only be maintained by "eternal vigilance of all concerned with the enforcement of food legislation". He stressed the need for more government studies, particularly for meat products, soup powders and cream cheese, pointing out that although agreed codes of practice between manufacturers and the Local Authorities Joint Advisory Committee have achieved notable results, the snag lies in cases of failure of the two sides to agree; "who acts as arbitrator?" In connection with exaggerated claims for specific health-giving properties of certain foods, Mr. Hamence argues that the current revision of the Labelling of Food Order offers an excellent opportunity to introduce restrictions on claims of slimming and energising, as was recently done with respect to claims for tonic properties. On the problem of food additives, the need for which arises from the problem of feeding large urban populations (e.g. the use of preservatives and antioxidants), and from public taste (e.g., the preference for white bread), Mr. Hamence expressed the hope that the new Biological Laboratory for testing the toxicity of additives, would provide valuable assistance in deciding which additives are harmless.

Food Trade Review, February 1962.

UNITED NATIONSFOOD ADDITIVES LEGISLATION

A Bulletin on Current Food Additives Legislation is published ten times a year, in English, French and Spanish, by the Rural Legislation Branch of FAO under the joint FAO/WHO programme on intentional non-nutritive food additives. It lists current Acts and Regulations in this field from all over the world which have been made available to the Legislative Services of FAO and WHO. It also covers legislation on pesticide residues in foods. Short summaries are prepared in consultation with the Nutrition Division of FAO. Entries are given under countries and a subject index is included. Micro-films or photocopies of any text mentioned are provided on application to the Rural Legislation Branch.

UNITED STATESFOOD AND DRUG ADMINISTRATION SEIZURES

The Food and Drug Administration has charged the Nutri-Bio firm with false and misleading labelling by claiming its products prevent heart trouble, hardening of the arteries, rheumatism, frigidity, impotency, and 22 other catastrophies, and has seized the firm's protein tablets, instant protein mix, "organic" vitamins, and "natural" minerals, along with a booklet, sales manuals, recruiting kits, programme aids, records, and filmstrips.

Toy cake-mix sets containing a package of frosting mix with food colour Red # 1, banned last year from food, drugs or cosmetics that might be swallowed, has been seized by the Food and Drug Administration, which subsequently warned toy makers that they must meet legal food requirements in toys intended for eating.

Co-operative News Service, May 12th & Dec.19th 1961.

UNITED STATESBALLOON BREAD

The Texas Agricultural Commission has notified bakers that making or selling of bread loaves "puffed up" to appear larger will be considered a "misleading trade practice".

Wall Street Journal, January 9th, 1962.

UNITED STATES

FIRM CHARGED WITH SELLING OLD BLOOD

The Westchester Blood Service and Company has been indicted by a Federal grand jury in New York on charges of mislabelling human blood supplied to hospitals to make it appear fresh when it was dangerously outdated, in contravention of public health service regulations.

Times, January 25th, 1962.

UNITED STATES

MANUFACTURER CAN BE SUED FOR CLAIMS

Connecticut has joined the growing number of states where manufacturers can be held liable for statements made about products sold at retail. The state supreme court in reviewing a 50-year old decision that consumers cannot sue manufacturers because no contract and thus no warranty exists between them, stated that it found "no sound reason" for depriving a customer of the right to sue if he was harmed when the product failed to measure up to "express or implied representations" in the manufacturer's advertising.

Co-operative News Service, November 21st, 1962.

UNITED KINGDOM

NEW DRUGS PROVE DANGEROUS

The journal Lancet warns that new drugs should never be marketed before their safety has been tested by properly planned controlled therapeutic trials. Pointing out that this is rarely done at present, The Lancet proposed a single body to screen new preparations and decide whether or not to arrange clinical trials.

The urgency of this warning is underscored by a number of recent disclosures as to dangerous side effects of new drugs. Merrell National Laboratories has sent a warning to all doctors in the National Health Service that excessive dosages of MER-29, their new anti-coronary drug for curtailing the amount of cholesterol in the blood, can cause baldness, skin rashes, loss of libido and even rare cases of cataract. The Distillers Company confirmed by letter to all doctors in the United Kingdom a recent press report that use during pregnancy of a sedative called thalidomide (Distaval) has been associated with the birth of gravely deformed babies. McNeil Laboratories has withdrawn its drug Flexin, which removes uric acid from the blood and was prescribed for gout. Messrs John Wyeth are conducting liver function tests on patients being treated with their antibiotic Evramycin following reports from the United States of liver damage following its use. Messrs Bengers Laboratories announced discontinuance of active promotion of their product, Cavodil, because of cases of liver injury. And the Lancet reports seven drugs which have been either withdrawn or made subject of warning letters in the United States; these include an antibiotic related to erythromycin which has been found to damage the liver; an anti-bacterial compound furaltadone, a worm-killing compound diathazanine iodine reported to have caused six deaths, and a tranquilliser, amphenidone, which may produce a dangerous disease of the blood.

Guardian, January 26th 1962.

INTERNATIONAL

INTERNATIONAL FOOD REGULATIONS

A one-day international symposium on "Food Regulations in Relation to International Trade" will be held in London on September 24th, 1962, following the First International Conference of Food Science and Technology. The symposium will be concerned with the problem of differences in national regulations concerning food additives and food labelling.

Food Packaging and Processing, February 1962.

UNITED STATES

INFLATED INTEREST CHARGES ON SHELL HOUSING

In New York State a new type of housing construction - a shell house, which is an unfinished house which the buyer undertakes to finish himself - has brought with it a serious abuse in the form of financial charges of about 16 per cent per annum. Unscrupulous financing companies claim that because the shell house is sold unassembled, packaged for delivery at the buyer's lot, it is not real estate but personal property; this permits them to charge the maximum allowed under an Act which the New York Attorney General says was never intended to cover real estate financing. Charging that this "inhuman and misleading method of financing leads the buyer into an unexpected nightmare of debt", the Attorney General proposes limiting interest charges on shell houses to 6 per cent.

Credit Union Bridge, January 1962.

CANADA

AMENDMENTS TO FOOD AND DRUG REGULATIONS

Recent amendments to the Canadian Food and Drug legislation set up a standard Dairy Drink as well as standards for ice milk and ice milk mix. Further amendments state more clearly how the names of various oil ingredients shall appear on the labels of "salad" and "table" oils. The new law makes additions and changes in the sections concerning pesticide tolerances, requires that mandatory statements for drugs and cosmetics be clearly and prominently displayed on labels and be readily discernible to the purchaser or consumer under customary conditions of purchase and use. The maximum recommended daily dosage of Vitamin D in cod liver oil is reduced by the amended legislation from 2,000 to 1,000 International Units per day. The amended law provides that no person shall sell cosmetics containing sex hormones, unless they have been proven to be free from systemic effects.

CAC Bulletin, January 1962.

GERMANY

CHEWING GUM REGULATIONS

The Working Group of Consumer Associations (AGV) has written to the Health Ministry rejecting a proposed revision of chewing gum regulations as incompatible with the health of consumers because it permits the use, previously prohibited, of artificial materials which have not been adequately tested according to standards established by the German Research Institute (Der Deutschen Forschungsgemeinschaft) and the World Health Organisation.

VPK, Verbraucher Politische Korrespondenz, February, 15th, 1962.

GERMANY

CONTROL OF DIETETIC FOODSTUFFS

Consumer associations are supporting a draft regulation on dietetic foodstuffs intended to prevent advertising exploitation of the word "diet"; at the same time, however, they have sent to the Health Ministry proposals for strengthening amendments. To prevent abuse of the fact that unusual physical strains involve increased requirements for food, they want these spelled out in detail; also they would prohibit representation of most foods as dietetic or limit their dietetic pretensions to certain purposes, e.g., meat and sugar products only for salt-free or low salt content diets, and milk products only for infants and small children, and insist that vitamin foods should not be characterized as "dietetic" solely on the basis of their vitamin content. The proposals also include sharpening and clarifying the definition of "dietetic" and of "low-salt content" of meat, sausage and fish products, and obligatory rather than voluntary testing and registration of dietetic foodstuffs.

VPK, February 5th, 1962.

UNITED STATES

PROPOSALS FOR CONSUMER PROTECTION LEGISLATION

A number of consumer protection bills have been or are being proposed for Congressional consideration. These include:

- Senator Estes Kefauver's proposal to set up a Secretary of Consumers, and combining into a Department certain agency functions;
- Agriculture Department's legislation extending jurisdiction of the Federal meat inspection act to meat which does not itself move in interstate commerce, but is derived from livestock which has done so;
- Civil Aeronautics Board's legislation to prevent airline "ticket scalplings," (resulting from the sale of short seating space), regulate rates and practices in foreign air transportation, and clarify CAB authority to examine books and records to prevent "improper practices";
- Commerce Department's legislation to clarify the role of the Business and Defense Service Administration in setting commodity standards to protect consumers;
- Federal Power Commission's request for amendments to the federal power act and the natural gas act to "facilitate the regulatory process," in determining fair rates;
- Federal Trade Commission's request for authority to issue temporary cease-and-desist orders in cases involving alleged unfair trade practices, pending final FTC decisions;
- Health, Education and Welfare's request for authority for the Food and Drug Administration to make studies of production procedures and controls used by food factories and processors; to require manufacturers, wholesalers and retailers of dangerous drugs to be registered and subject to FDA inspection; to require new drugs to be proven effective before being marketed; to require reporting of all adverse reactions to drugs; to require certification of all antibiotics in use; to require that therapeutic devices be proven safe and effective before being placed on the market; to require that cosmetics be pre-tested for safety before being marketed; and also legislation for the Public Health Service to strengthen milk sanitation activities and provide a legal basis for the current voluntary shellfish sanitation program;
- Justice's anti-trust division's request for legislation to compel production of documents needed to decide whether civil or criminal anti-trust action is called for in specific cases; and legislation to require prior notice of intended mergers, and information relating to the effect of such mergers on competition;
- Securities and Exchange Commission's request for amendments to the 1933 securities act, the 1934 securities and exchange act and the 1940 investment company act, to provide additional authority for SEC to strengthen criminal laws for offences involving trading of securities.

UNITED KINGDOM

CONTROL OF FOOD ADDITIVES

A stimulating and comprehensive discussion of administrative machinery for handling food additive problems was recently given by Professor A. C. Frazer in his Presidential address to the British Food Manufacturing Industries Research Association. Professor Frazer outlines the steps needed to translate into effective control measures available scientific information on food additives.

First, specifications should be established, by a group of people experienced in chemistry and physics, to provide information to ensure ready identification of the substance under discussion, the acceptance of a level of purity that will contribute to safe usage and good manufacturing practice, the exclusion or control of any potentially dangerous impurities, and the description of adequate methods of quantitative analysis.

Secondly, the need for and technological efficacy of each new food additive should be examined by a competent body with knowledge and experience of the current problems in food technology and the needs and wishes of the consumer.

Thirdly, the biological information on a food additive must be evaluated by a group of people with experience in biochemistry, nutrition, food science, pharmacology, toxicology and pathology, to decide whether the evidence is adequate to enable the highest dosage level that would not cause any significant deleterious effect in experimental animals to be determined.

Fourthly, a group of people experienced in food science and technology, food consumption surveys, nutrition, medicine, law and government administration should make the final decision as to whether the food additive should be used, the particular use or uses, and the levels of tolerance. This decision should take into account such factors as the types of food for which the additive is intended, its effects, the pattern of consumption in relation to population group, and climatic or seasonal conditions.

Professor Frazer also proposes a Food Additive Codex consisting of an authoritative monograph on each permitted food additive, giving details of specifications and analysis, a resumé of the biological information and proposed uses and tolerance levels.

Food Trade Review, December 1961.

NORTHERN IRELAND

FOOD HYGIENE COMMITTEES PROPOSED

The Northern Ireland Ministry of Health and Local Government has issued proposals for regulations to be made under the Food and Drugs Act (Northern Ireland) 1958, providing for the constitution of a Food Hygiene Advisory Committee for each Health Authority area. In the Ministry's view the general aim of the proposed Advisory Committee should be:- to secure a better understanding between health authorities, the food and drink trades and the general public; to maintain contact between areas in order to further, as far as is proper, some broad uniformity of practice throughout Northern Ireland with regard to food hygiene; to make available to health authorities advice on matters concerning food hygiene. The Ministry proposes that there should be equal representation on the Advisory Committees for the two main interests, i.e., the trades and the health authorities - the remaining places to be taken up by persons from other interests.

CANADA

COMBINES LAW AND DISCOUNT HOUSES

Mr. D.H.W. Henry, the Federal Government's Combines Investigation Director, said in a recent Canadian Press dispatch that he has as yet found no evidence of offences under the Combines Act in the price-cutting operations of discount houses. He referred to the Act's prohibition of predatory pricing - the sale of goods at unreasonable low prices which result or tend to result in lessening competition substantially or eliminating a competitor.

Consumers' Association of Canada Bulletin.
No. 113, January 1962.

UNITED KINGDOM

CONSUMER BILLS REJECTED

Two useful pieces of proposed legislation on consumer protection have recently been rejected in the Commons, a Consumer Test Regulation Bill providing for regulation of persons who issue seals of approval or diplomas on consumer goods and services, and for the registration of marks of approval, failed to get second reading on grounds of the practical difficulties in application. A Fair Trade Practices Bill prohibiting "deceptive and misleading advertisement and labelling of consumer goods and other unfair trading practices" was eliminated as premature in view of the forthcoming report of the Government-appointed Molony Committee on Consumer Protection.

Times, January 23rd & 27th, 1962.
Financial Times, January 27th, 1962.

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

UNITED STATES

CALIFORNIA CONSUMER ADVISOR

California is the only state with a fulltime Consumer Counsel. Mrs. Helen Ewing Nelson, a career civil servant appointed in 1959, advises the Governor on consumer affairs, makes recommendations on consumer legislation, proposes and disseminates studies on consumer problems, and acts as consumer spokesman before governmental commissions, departments and agencies. The importance of this kind of consumer representation at the legislative level has been aptly summarised by Mrs. Nelson: "As a group, consumers do not give their legislators confidence to represent consumer interests because there is no certainty of the consumer's reaction and support in areas which affect him vitally. Large organisations employ lobbyists and wield disproportionate influence because the consumer is neither predictable nor adequately represented. The legislator knows that special interest people will recognise and reward him. But he is not sure that the consumer will know, recognise or reward him when he represents the consumer's interests."

Credit Union Bridge, December 1961.

UNITED KINGDOM

CONSUMER ADVISORY COUNCIL ON BLANKET TESTS

Tests on blankets reported in the January issue of Shopper's Guide revealed that several blankets were deficient with respect to claimed size; only 8 out of 15 conventional blankets were strong enough to withstand all normal use, and four were likely to come apart in ordinary handling. Shrinkage ranged from 7 to 19 per cent, with two blankets which claimed to be "shrink resistant" in the upper part of the range.

UNITED KINGDOM

CONSUMER ADVISORY COUNCIL ON GREETING CARDS

The Shopper's Guide points out in its January issue that in certain specialised shops prices of greeting cards were considerably higher than those recommended (in code on the back of the cards) by the manufacturer; in the majority of outlets, however, prices were much as recommended.

GERMANY

ERHARD ON PRODUCT TESTING

Interesting comments on the problem of consumer goods testing were made by Economics Minister Erhard in a radio interview on February 10th.

Question: "For a long time consumers have wanted really good consumer testing, Herr Minister. And here in Germany we look with envy to England and especially to Sweden, where state institutions, financed by taxpayers, undertake such tests and publicise them in periodicals. Why is it, actually, that we do not have such State institutions in the Federal Republic?" Erhard: "You have certainly raised an important issue. I would like to leave open the question of whether the German consumer looks with envy to Great Britain or Sweden, because there is no doubt that in Germany competition is livelier than in either of these countries, and I consider competition to be still the best regulator. But I concede the need for better market enlightenment, for education and informing of the consumer, as being more urgent. The modern tempo is so rapid, and the range of needs to be satisfied and of goods offered ever broader ... however much I favour individual business initiative, it cannot be denied that this service cannot be fully provided by individual business firms. ... We are looking into these problems in the Economics Ministry from the legal and the economic point of view, and of course there are also organisations in the Federal Republic, as for example, the Working Group of Consumer Associations (AGV) or now a new publication, Die Deutsche Mark, which are basically concerned with these questions. They must, naturally, be placed in the proper responsible hands."

Question: "Do you mean, Herr Minister, that perhaps the State itself could finance such an institution? Erhard: "The State would take an interest in such an organisation, but I would on no account want to have established a government organisation of this kind."

Question: "In short, you would like to continue to leave it in the hands of private initiative?" Erhard: "Scientific initiative, I would almost say that I would much prefer this to private initiative."

VPK, February 15th, 1962.

UNITED KINGDOM

CONSUMER LEGISLATION

Consumers' Association has just published a book "The Law for Consumers" which "seeks to extract from the complexity of the law the essence of that part which has an impact on him (the citizen) as a consumer." It is written entirely in layman's language, and includes a comprehensive glossary explaining such legal terms as could not be avoided. The chapter headings - "This is the Law", "It's a Deal", "Buying Goods", "Negligence", "Hire Purchase", "Services", and "A Roof Over Your Head" cover most situations in which legal problems may arise in regard to consumer matters.

Consumers' Association Press Release, February 15th.

AUSTRALASIA

SLIMMING FOODS

The Australasian Consumers' Association recently tested two synthetic dieting products, Metrecal and Dietrole - which are powdered or liquid mixtures of essential food constituents with added flavourings, vitamins, mineral salts, sugar, flour, starch, and vegetable oils - and compared the results with a restricted "natural" or normal reducing diet recommended by the nutrition department of a leading hospital which provided an equivalent number of calories (900 to 1,000 a day). Conclusion: cost - natural is about half, or less, the price of synthetic; taste - natural has more flavour and texture variety; appetite - natural leaves the dieter feeling hungrier than synthetic; habit - synthetic does not train good dietary habits, with consequent rapid return to former weight; convenience - synthetic is much more convenient.

Choice, December, 1961.

DENMARK

CONSUMER COUNCIL

The Consumer Council has proposed that names of producers of inferior quality goods should be publicised. For years the Consumer Council (Verbraucherrat) has been watching over the quality of goods offered on the market and intervening to bring about improvements. The results of its work and research are published regularly in an Information Bulletin (Mitteilungsblatt). Its success has been largely due to the activities of Danish women's organisations, particularly the Consumer Co-operative Women's Guild.

Genossenschaftlicher Nachrichtendienst, Vienna, Jan. 29th.

UNITED STATES

NEW WEIGHTS AND MEASURES LAW

A new law in Delaware outlaws meaningless descriptive terms on packages; makes it a crime to "voluntarily mislead the purchaser" with packaging and labeling; requires every package to carry the generic name of the product, its amount and price and the maker's name and address; forbids odd weights; requires weights to be quoted net of the paper or cardboard in which the product is weighed; and stipulates that price fractions must be printed as least half as large as the whole number.

Co-operative News Service, December 26th.

UNITED STATES

DECEPTIVE PACKAGING

More than 10 per cent of the consumer's food dollar is spent on food packaging, according to the California Consumers Association which has proposed standardisation of container sizes to eliminate packages that appear to contain more than they do, odd sizes that make comparisons difficult, misleading quantity terms such as "jumbo quart", small type for a package's net weight, misleading drawings of package contents, and false designation of sales price through month-after-month use of a printed "15 cents off regular price" statement as part of the package. The Association has pointed out that packaging costs stay about the same regardless of the size of the package, and that "smaller sizes mean the consumer pays more for food." Whenever a food maker boosts the number of packages he puts his product in, he adds to retailer's cost of stocking and shelving it, and this is added to consumer price.

Co-operative News Service, November 14th,
December 26th, 1962.

UNITED NATIONS

STANDARDISATION OF PERISHABLE FOODSTUFFS

As the result of the efforts of a Working Party on Standardisation of Perishable Foodstuffs, established in 1949, a Protocol has been adopted by the Economic Commission for Europe as a basis for various European standards and Provisional Recommendations, and has been accepted by Austria, Belgium, Bulgaria, Czechoslovakia, Finland, France, Greece, Hungary, Italy, Poland, Portugal, Rumania, Spain, Turkey, Union of Soviet Socialist Republics and Yugoslavia. In addition, the authorities of Denmark, Netherlands, Norway and Switzerland have stated that they already apply the provisions of the Protocol, or intend to do so shortly. The Swedish and United Kingdom authorities, while not accepting the Protocol nor taking steps to enforce its provisions, have undertaken to encourage voluntary acceptance of those provisions by the traders concerned.

The Protocol comprises general provisions for commercial standardisation and quality control of fresh fruit and vegetables moving in international traffic (definition of produce, minimum quality requirements, quantity classification, sizing, presentation, marking, etc.). By accepting the Protocol a government commits itself to take the necessary steps under its domestic law to adapt its commodity standards to the general provisions of the Protocol, and to refer to individual product standards as these are prepared by the Working Party.

In connection with packaging of perishable foodstuffs, the Working Party has agreed on standard package dimensions for cardboard packages for eggs, poultry, apricots, citrus fruit, artichokes, asparagus, cherries, cucumbers, witloof chicory, melons, peaches, pears, apples, tomatoes; and to wooden packages for all types of fruit and vegetables. Appropriate package dimensions will be developed for each product standardised in international trade.

¶ 8, Geneva Protocol on Standardisation of Fruit and Vegetables, AGRI/WP.1/EUR.STAN.8 United Nations, Economic Commission for Europe, 1962; Standardisation of Packaging, Note by the Secretariat, Economic Commission for Europe, AGRI/WP.1/192.

UNITED STATES-UNITED KINGDOM

FOOD GRADING

Food grading down to the retail level has been carried much further in the United States than in the United Kingdom according to a commentary in the journal of the U.K. Institute of Weights and Measures Administration.

"A comprehensive organisation for grading of many types of food is operated in the United States for the guidance of the consumer. This is a Federal Service and examination of foods is qualified by appropriate marking of each product by Federal Officers. The gradings appear on a shield badge and have a wide range, from "Prime" to "Utility", for example, in the case of butchers' meats, designations in fact which we see are not so different

from the Schedule headings of our own Fatstock Marketing Corporation for wholesale dealings. In the U.S.A. the Federal marking each carcase ensures the designations continue to the retail sale. In the U.K. designations are not apparent at all after the wholesale stage.

Other articles of food which are graded and marked include poultry, eggs in six sizes with weight classification prescribed for a dozen eggs, cheese, butter and dry milk (non-fat). Fruit and vegetables are graded and marked only at the wholesale stage where this is possible and only a few grade markings are found on retail sales packs. Foods packed in cans are all graded and marked, as are fresh frozen food products. ...

We quite obviously have a long way to go yet to ensure that ... all consumers should have the privilege of choosing at a glance the grade required for the price they are prepared to pay for it."

The Monthly Review, November 1961.

UNITED KINGDOM

PERFORMANCE GUARANTEES

The Institute of British Launderers has recommended its members to adopt a "Good Laundering" guarantee of service to customers. Some 300 of the Institute's members have founded a Guild of Professional Launderers and Cleaners, and launched a national marketing campaign based on the following Guild guarantee: "As a member of the Guild of Professional Launderers and Cleaners we accept full responsibility for every article entrusted to our care. We undertake to reprocess free of charge any article considered unsatisfactory, and to compensate fairly for loss or damage."

Financial Times, January 24th, 1962.

UNITED KINGDOM

CONSUMER PROGRAMME ON TV AND RADIO

After two years of negotiation the BBC has instituted regular programmes based on the reports in Which? (Consumer's Association) and in Shopper's Guide (British Standards Institution's Consumer Advisory Council). On television a half-hour programme Choice has been scheduled once a month in the evening (6.20.p.m.). On sound radio a short weekly talk is given in the morning. The programmes will review the results of the comparative tests on various items of consumer goods undertaken by the Consumer's Association and the Consumer Advisory Council, and published in their respective journals. The BBC itself will not carry out any tests or make its own comments on products. Commercial television (ITV) refused to cooperate in carrying a similar programme. Local groups are being organised to view and discuss the new programme Choice under the auspices of the Study Conference for Television viewing.

Consumer's Association Press Release, Feb.15th
Financial Times, January 19th, 1962.
Times, February 14th, 1962.

CANADA

PROPOSAL FOR TEXTILE LABELLING

The Consumers' Association of Canada, with the support of the Primary Textiles Institute, has requested the Federal Government to form a committee under the Canadian Government Specifications Board to establish labelling standards for use and care of textiles. CAC Bulletin, January 1962.

UNITED STATES

NUTRITION INFORMATION FOR CONSUMERS

An information program for consumers on the importance of proper nutrition, and an offensive against "food faddists and quacks who are spreading exaggerations and misunderstandings about America's food supply" are to be undertaken by the Nutrition Foundation, a non-profit research and educational organisation supported by 50 major food companies.

Wall Street Journal, December 8th, 1962.

THE NETHERLANDS

NEW INSTITUTE FOR HOME ECONOMICS RESEARCH

Under the auspices of the Netherlands Household Council a new Institute for Rural Home Economics Research (Instituut voor Landbouwhuishoudkundig Onderzoek) has been established with Dr. W.D.M. Janssen as Director. The Institute will conduct studies of general home economics (planning, home management, time budgeting, etc.), household apparatus, textiles, food and food preparation, and housing. The Institute will not be in direct contact with housewives, but is intended to provide the basic scientific information for "enlightening" the average housewife who is unable to keep pace with modern developments, equipment and working methods.

Maandelijkse Mededelingen, December 1961.

UNITED KINGDOM

DISCUSSION GROUPS ON CONSUMER PROTECTION

In an attempt to stimulate public discussion and interest in consumer problems, the Consumer Advisory Council (of the British Standards Institution) has sent out to hundreds of women's organisations and other groups a brochure entitled "Outline for Discussion Groups on Consumer Protection". The discussion material is arranged according to the terms of reference of the Molony Committee on Consumer Protection, whose report is expected to appear in the summer. Subjects dealt with are:- raising standards of quality; fuller information on labels; quality marks and 'seals of approval'; misleading advertising; hire-purchase problems; shoppers' complaints; improving the law to help shoppers; do we need a national Consumer Council? Each series of notes and discussion questions on a topic is followed by a bibliography of available booklets, free-booklets etc., and a list of organisations to which discussion groups can send resolutions or recommendations. The objective is to counter consumer apathy and prepare the way for discussion of the Molony Committee Report. As the Consumer Advisory Council points out "too many useful government reports do not receive the critical attention which they deserve, simply because the public was not well informed on the issues at stake."

Consumer Advisory Council Press Releases.
January 25th - February 14th 1962.

CANADA

CO-OPERATIVE TESTING CENTRE

L'Interprovincial Coopérative has opened, at Winnipeg, a Research Centre for testing "Co-op Products".

Ensemble, January 10th 1962.

SWEDEN

BUILDING A HOME

"Building a Home" was the name of an information campaign and exhibition recently organised by the Housewife's Department of Kooperativa Förbundet. The exhibition was displayed in some 40 co-operative departmental stores all over the country, and showed the consumers a modern Swedish home equipped with high quality goods sold at reasonable prices in co-operative shops. The campaign media included: a book dealing with the many aspects of modern home-making distributed free to young couples; a colour motion picture shown to youth organisations; film strips and material for discussions and debates distributed among the women's co-operative guilds and other women's organisations; material for study groups sent out to consumers' co-operative societies and adult education associations.

Kooperativa Förbundet, June 1961.

CONSUMER BEHAVIOUR

SWEDEN

SOCIOLOGICAL ASPECTS OF CONSUMPTION

A syllabus on Consumption Research from the Sociological Viewpoint (om Konsumtionsforskningen Oversikt ur Sociologisk Synpunkt) was recently compiled for use in the Sociological Institute of Stockholm University. The work was financed by the governmental Consumer Council.

As a framework for organising and analysing material on consumer problems, a schematic model has been developed of the relationships between "consumer objectives" and "consumer behaviour". "Consumer objectives" comprise the stimuli confronting the consumer, and include anything used by an individual - not only basic needs (e.g. air, nourishment, warmth) and concrete objects (e.g. rice, toothpaste), but also qualities (e.g. convenience, colour, taste, capacity, novelty) and services. "Consumer behaviour" is determined by such variables as sex, age, status in the household, incomes, knowledge of products and attitudes towards them, and is broadly developed into two groups - manifest behaviour including acquisition, application, consumption and maintenance of goods, and non-manifest behaviour including, for example, knowledge of goods, attitudes, preferences and expectations.

The syllabus is divided into three sections: theories and methods in consumer research; actual consumer investigations, both those dealing with basic concepts and those in specific economic sectors (food, luxury goods, clothing, housing, stocks, leisure consumption, saving, shopping services); and the status of consumer research and education in Sweden and in other countries.

CANADA

DISCOUNT BUYING

The Consumers' Association of Canada reports that:-

"Many of our members are asking why discount merchandising has suddenly burst upon us. Professor James M. A. Robinson, lecturing at the University of Toronto School of Business and himself a man with wide retail experience, has an answer. He tells retailers, 'you have ignored changes in the consumer'. He claims that there has been a basic re-distribution of income from the higher income groups to the low and middle income groups in the population; that these groups do not mind the austere surroundings of the discount house and see no reason for paying more for an excess of services they do not wish. On the other hand, he claims that 'professional people have experienced the squeeze of higher taxes on incomes that increased less rapidly than those of other groups and may have turned to discount sellers as a means of maintaining their standards of living.'"

"There can be little doubt that many of today's consumers are willing to shop on a 'do-it-yourself' basis, paying only for the goods received. To these consumers self-service, possibly lower prices, evening shopping hours and adequate parking make discount stores attractive for family shopping."

Consumers' Association of Canada Bulletin.
January 1962.

UNITED KINGDOM

CHANGING EATING HABITS

Some observers claim to have noticed a growing interest in varied and high quality food which they attribute to the rising standard of living, the shortage of domestic workers, and the stimulus of increased foreign travel. This tendency is being encouraged by the British Farm Produce Council, comprising representatives of Marketing Boards and National Farm Unions of England and Scotland,

which hopes 'to make the public aware of the value, variety, quality and availability of Britain's agricultural and horticultural produce.' This effort has involved, in addition to food exhibitions and newspaper publicity, the institution in Birmingham of a "phone-a-meal" service which provides, over the telephone, recipes requiring in-season British produce with instructions on preparation. The response to the telephone service has been about 4,000 calls a week.

Financial Times, February 19th, 1962

GERMANY

BUYING HABITS IN BADEN-WÜRTTEMBERG

At the request of the Southwest German Retail Association, the Society for Consumer Research in Nürnberg conducted a study of purchasing habits in Baden-Württemberg, based on purchases of 14 groups of consumer goods by 715 households during the month from October 20th to November 19th, 1960. Among the more interesting results:

- 27 per cent of the purchases are for meat products, 21 per cent for dairy products, 15 per cent for beverages, 10 per cent for bread and pastry, 9 per cent for prepared foodstuffs, 7 per cent for fruit and vegetables, 3 per cent for washing and cleaning preparations, 3 per cent for chocolates and sweets, and 5 per cent for fish and fish products, marmalade, honey, preserves, jelly, frozen foods and cosmetics;

- 31 per cent of the purchases were made on Saturday and 18 per cent on Friday;

- on weekdays 54 per cent of the purchases were made before 11.30.a.m., and on Saturday 74 per cent;

- 47 per cent of the purchases are prepacked;

- 29 per cent of the purchases were made in general food shops, 23 per cent in butchers' shops, 9 per cent in co-operatives, 9 per cent in bakeries, 6 per cent in dairy shops, and the rest in factories, breweries, wholesale houses, public markets, department stores, vegetable and fruit stands, drug stores, etc.

Verbraucher, January 6th, 1962.

UNITED KINGDOM

CHANGING PATTERNS OF MEAT CONSUMPTION

Housewives are buying smaller, leaner, more tender cuts of meat, and show little interest in flavour, according to various experts at a recent British Cattle Breeders' Club conference. A corollary to this development is the growing popularity of hamburgers, "steakettes", and similar items. One result of the conference was a decision to establish a meat research centre, under the Agricultural Research Council; the work of the centre will include studies into the growth and properties of meat tissues and the factors influencing quality, against the backdrop of changing eating habits.

Times, February 2nd and 5th, 1962.

UNITED KINGDOM

FORECASTS OF CONSUMER DEMAND

Significant changes in consumer demand will occur in the mid-sixties as a result of the postwar bulge in births, according to a pamphlet "When Postwar Babies Come of Age", by Donald McRae and David Hardman, which bases its predictions on the fact that in 1964 the age group 15-19 will be 20 per cent larger than in 1960, and five years later the 20-24 age group will be 23 per cent larger than in 1960. "The young parents of the 'mid-sixties' will be home centred and house proud. They will have learnt at school how to appreciate the latest

fashion in all types of goods and equipment. They will consider all goods as for immediate consumption and not durable, and the goods will have to be stylish, efficient but not everlasting. Newness itself will be a value to these young parents. Standards of to-morrow will be more exacting and the popular range of interests much wider."

Co-operative News, February 10th 1962.

FRANCE

THE CONSUMER PANEL

Valuable information on French consumption patterns is provided on a voluntary basis by housewives recruited for a consumer panel by special investigators who call at individual homes. The country is divided into areas and strata localities from which 2,200 households are chosen by lot. The participating housewife checks her weekly purchases of products listed on a printed form. A weekly check is made of replies, and a quarterly check as to veracity. The resulting data provides information on the extent and evaluation of the market; the position of the market of different types and models; the general market structure for each product and brand according to geographic area, type of dwelling, the age of the housewife and the composition of the household; frequency of purchase; seasonal variations; quantities bought at one time; brand loyalty; and the effectiveness of advertising and promotion campaigns.

OEDEC, Digests of Marketing & Distribution
Publications, No.5, 1961.

GERMANY

THE CHANGING MARKET FOR HOSIERY

German women are buying 17 pairs of stockings a year on the average as compared to one pair a decade ago, and they are shifting to seamless hose which account for 72 per cent of the total (1961) as compared to 28 per cent in 1950. This is partly the result of higher incomes and lower prices - the average manufacturer's price for seam hose declined by one-third between 1956 and 1960 - but it also has occurred at the cost of marked deterioration in quality, according to "Der Verbraucher". (February 3rd, 1962)

GERMANY

BABY EQUIPMENT

Parents are buying much more baby equipment than formerly; in 1961 German sales of children's textiles and clothing increased 25 per cent, and of children's furniture 40 per cent in the last two years. This trend appears to have resulted not only from higher incomes, but also from the smaller size of families permitting larger expenditures per child; replacement of homemade with ready-made clothing because of the growing number of working mothers, increased travel, particularly to Italy, and the associated demand for fashionable clothing adapted to warm climates, and the increased size of homes permitting separate nurseries.

Verbraucher, January 27th, 1962.

UNITED STATES

SURVEY RESEARCH CENTRE

A report on Consumers' Attitudes and Inclinations to Buy between October 30th and December 2nd, 1961, released on January 4th, 1962, is the latest in the series of Periodic Surveys conducted at the Survey Research Centre of the Institute in Social Research, University of Michigan, by George Katona and Eva Mueller. The work of the Center is oriented to a psychological analysis of consumer and business behaviour through quantitative measurement of the relation of motives, attitudes and expectations to spending and saving. The results of the Periodic Surveys are published in mimeographed reports and in scholarly articles and books. The Centre also conducts in co-operation with

the Federal Reserve Board annual Surveys of Consumer Finances which are reported in the Federal Reserve Bulletin and are devoted largely to a measurement of the distribution of incomes, assets, debts and purchases. Occasionally the Centre also conducts special surveys on specific problems of economic behaviour sponsored by business corporations; however, it does not conduct surveys like those undertaken by market and advertising research organisations which are intended to serve the competitive advantages of a sponsor.

The surveys are nationwide; the universe from which stratified representative samples are drawn by probability methods consists of all private households in the continental U.S. The sample size of each Survey of Consumer Finance is approximately 3,000 spending units, that of each Periodic Survey 1,300 to 1,700 families; for each survey a different representative sample is drawn.

Survey Research Centre, Press Release,
January 4th, 1962.
George Katona, The Powerful Consumer, 1960.

UNITED STATES

ESTIMATES OF CONSUMERS' STOCKS OF DURABLE GOODS

For the first time estimates have been made of consumer stocks of durable goods, i.e., the existing inventory of durable goods in the hands of consumers. At a one-day working-group meeting conducted by the Foundation for Research on Human Behaviour in New York on January 9th, 1961, William F. Butler, Vice-President of Chase Manhattan Bank, in presenting the estimates - which are based on a National Bureau of Economic Research paper by Raymond Goldsmith - stressed that the relative sizes and conditions of consumer stocks of durable goods are a major determinant - along with the level of income, people's feelings as to future incomes, liquid assets and the state of debts - of consumer purchases. Mr. Butler reported that:-

"The gross value of stocks is on the order of \$365 billion in terms of 1947 to 1949 prices. This is an estimate of what it would cost to replace present stocks. Autos make up almost 40 per cent of the total. Average gross stock per household is now about \$7,000, or equal to one and one-third of an annual income."

"These gross estimates, while useful for some purposes, over-estimate the significance of consumer durables since the existing stock is composed of items of various ages and stages of depreciation. Thus, the net value of stocks (gross stocks minus accrued depreciation on a straight line basis, all in 1947 to 1949 dollars) is about \$170 billion, or less than one-half the gross figure. Net stocks per household average out to about \$3,300 or a little more than three-fifths of an annual income."

"This is still a tidy sum. It is four times the total of consumer instalment credit outstanding. It is 57 per cent of business investment in plant and equipment, and it is probably greater than the entire Soviet investment in plant and equipment."

"Net stock per household has gone up from about \$1,500 in 1920 to more than \$3,300 today, or an average annual increase of 2 per cent...."

"The ratio of net stock to annual income per household has risen from 41 per cent in 1920 to 52 per cent in 1930, and to 63 per cent today. Relatively speaking, consumer investment in durable goods is, therefore, some 50 per cent more important now than forty years ago."

Consumer Behaviour in 1961. Summary Report
of the Foundation for Research on Human
Behaviour. 1961.

GERMANY

SURVEY OF CONSUMER SPENDING

A nationwide inquiry into the spending habits of different consumer classes is being conducted by the Federal Bureau of Statistics at the request of the Ministry of Economics. Some 50,000 households have been requested to participate voluntarily and have been given special account books for entering all items of expenditure, however small, for one month, and all large amounts for the remaining months of the year. Questions are also posed as to savings.

The Statist, February 23rd, 1962.

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

SWITZERLAND

CONSUMERS AND WORKERS ADVISE GOVERNMENT
ON INFLATION CONTROL

The Working Group of Workers and Consumers has entered the sphere of over-all economic policy by sending to the National Council a series of proposals for countering price rises. These include a more active Federal policy on import of foreign workers and improved housing for them, resistance to further relaxation of rent controls and to demands for higher farm prices, fewer tax concessions for new investments, and tighter government and banking controls over credit.

Neue Zürcher Zeitung, February 3rd, 1962.

GERMANY

PRICE SUPERVISION

The Working Group of Consumer Associations (AGV) has appealed to readers of its monthly publication Verbraucher Rundschau to report blatant cases of excessive prices to one of the 33 price supervision offices which have been set up throughout Western Germany.

Verbraucher Rundschau, February 1962.

UNITED KINGDOM

MEAT MARKETING

A committee of inquiry to investigate the organisation of marketing and distribution of fatstock and carcass meat in the United Kingdom, and the existing facilities and methods has been promised by the Minister of Agriculture as a response to the heavy additional burden to the Exchequer of supplemented costs revealed in the recent Supplementary Estimate for Agriculture (see CAB No.1. page 3 of Special Feature). The Minister added that the inquiry would examine the possibility of a meat marketing board, making it plain that such a proposal is very much alive.

Financial Times & Times, February 13th.

UNITED STATES

PETROL PRICE WAR

In reaction to a flooding of the market by unbranded products, several petrol companies have introduced a "sub-regular" grade priced 2¢ a gallon or more below regular brand prices, and have also cut prices on regular brands. Meanwhile domestic and international oil problems including world prices and Russian oil are being officially studied by the Assistant Secretary for State, and oil import policy by the Office of Emergency Planning.

Financial Times, February 20th.

MARKETING AND THE CONSUMER

UNITED STATES

COLGATE TV ADVERTISING CASE

Fake props or tests are not justified by technical problems of television photography according to the Federal Trade Commission which has issued a ruling prohibiting Colgate-Palmolive Company from misrepresenting the shaving qualities of "Palmolive Rapid Shave" by purporting to show the quick and easy shaving of sandpaper after application of the cream, but actually using instead of sandpaper a sheet of plexiglass sprinkled with sand - because "sandpaper does not photograph realistically".

Wall Street Journal, January 4th.

GERMANY

SLOT MACHINES

The Constitutional Court has ruled unconstitutional legislation requiring that automatic vending machines must adjoin a retail shop and be run by its owner. This is expected to give a boost to slot machines, which are already popular; for example, they account for 40 per cent of total sales of cigarettes in West Germany. It is reported that a slot machine for dispensing eggs is under consideration.

UNITED STATES

SHOPPING BY PUSH-BUTTON

The introduction by Bell Telephone Laboratories of a new telephone with push buttons instead of a dial has led to speculation that it may be the first step toward electronic shopping. All commercial operations using any form of key-punch could be linked with such a telephone. Thus it is conceivable that a housewife could, by pushing buttons on her home telephone, signal her personal identification number followed by the appropriate code for the items she wished to order. Electronic equipment already available would register the order and pass it to an automatic warehouse, at the same time updating her account and carrying out necessary stock control procedures. Similar systems could be used for hotel or airline bookings.

Retail News Letter, January 1962.

UNITED STATES

CREDIT CARDS NOT SUCCESSFUL

Most of the more than 100 banks which once offered credit card schemes have now abandoned them, and the three major credit card organisations, Hilton Credit, Diner's Club and American Express have had to raise membership fees. Insufficient volume, rising overhead costs, increasing competition and the large proportion of bad debts are reported to be the sources of difficulty.

Financial Times, February 2nd.

UNITED STATES

FOOD PURCHASES AS PART PAYMENT FOR PHILCO HOUSEHOLD APPLIANCES

The Philco Corporation, now under the control of Ford, has made an agreement with a supermarket chain of Philadelphia, Food Fair Stores, to install an "instand dividend" plan in its food stores. Under the plan a customer who buys a household appliance from a Philco dealer and pays for it by instalment credit can apply 5 1/2% of his monthly purchases of food in the Food Fair Stores against the monthly instalments due on the appliance. All he has to do is to save and present the cash register slips from the Food Fair Store.

Retail News Letter, January 1962.

CO - OPERATIVES AND THE CONSUMER

UNITED KINGDOM

WARNING AGAINST TRADING STAMPS

The Co-operative Union has reacted to the recent campaign by trading stamp companies directed at co-operative retail societies with a warning that "..... there are no advantages to a Co-operative society and approaches from stamp trading companies should, therefore, be firmly declined." "A Co-operative society does not appear to have anything to gain from participating in stamp trading schemes. Indeed, some of these schemes were publicised in the years between the wars as a means by which private traders could combat Co-operative dividend." "Experience has shown that once trading stamps enter an area, the stamp companies rapidly flood the whole area with coupons so that in a short while the competitive situation is as it was before except that all the traders are paying two per cent of the turnover to the stamp trading company. In reporting this development, the Co-operative trade journal Producer quoted the characterisation of trading stamps by the executive secretary of the Associated Food Retailers of Chicago as "Prostitution at their best, economic insanity at their worst". An additional point has been made in an editorial in Home Magazine; according to "an independent report on various gift stamp schemes, the gift value for each £100 the shopper spends ranged from £1.1s to £2.4s. The average Co-op divi today, at just under 1s. in the £, returns twice as much as the best of them."

Producer, January 1962.

Home Magazine, January 1962.

CANADA

CO-OP ASKS FOR OFFICE OF CONSUMER AFFAIRS

The Prairie consumer co-operative movement, protesting unethical business and advertising practices in modern retailing, has asked the federal government to establish an office of consumer affairs within an existing government department with authority to take quick and immediate action against any and all forms of product misrepresentation; it noted that the Royal Commission on Food Price Spreads had recommended such an office. It also urged the government to take action to ensure that the term "regular price" is used only to represent the price at which goods have been, or are, regularly sold in the area, asked for an official formula for the standard grading of tyres, and, finally, for standard methods of denoting weights on packages.

The Western Producer, January 25th, 1962.

FRANCE

DECEPTIVE PUBLICITY

Consumers are frequently misled by articles and publicity designed to popularise scientific information, particularly with respect to food products. In two brochures designed to alert the consumer against distortions, omissions and exaggerations, the irresponsibility of journalists, editors and publishing houses in this respect is deplored. Legislation is proposed which would require that authors writing on food possess certain minimum qualifications, that a commission of experts be appointed to publish warnings against misleading publicity, and that the public health code incorporate controls over medical or para-medical advice in the press. The brochures also argue for the enforcement of the French Law of 1905 prohibiting deception in the marketing of foodstuffs.

Laboratoire Cooperatif d'Analyses et de Recherches, A propos de Vulgarisation sur les Aliments, January 1962; Le Consommateur et les Aliments, Vulgarisation et Publicité, October 1961.

SWEDENNEW TEST KITCHEN

A modern test kitchen in the new quarters of Kooperativa Förbundet's Provköket will greatly facilitate its activities, which include sampling and testing of new goods, preparing cookery books, recipes and brochures, and testing kitchen equipment. The test kitchen publishes a basic household kitchen equipment list.

Var tidning, Kooperativa Förbundet,
Stockholm, No.3, 1961.

UNITED STATESPACKAGING REFORM?

Posing the question as to whether co-operatives can stimulate packaging reform by introducing standard sizes for co-operative items, a California co-operative official recently pointed out to a U.S. sub-committee studying packaging that co-operatives "have to keep sizes close to others to make it easier for shoppers to compare prices", and must follow the general trend in providing a wide variety of containers with respect to size and shape in order to meet competition. Hence the solution to the problem of protecting the consumer from the higher costs and the confusion resulting from multi-sized packages must lie in legislation.

The Western Producer, February 1st, 1962.

FRANCECONSUMER PROTECTION AND ECONOMIC PLANNING

In a report on consumer needs sent to the Commerce Committee of the General Planning Committee (Commissariat Général au Plan) for consideration in connection with the forthcoming Fourth Plan, F. Custot, Chief of the Cooperative Laboratory for Analysis and Research, made a number of proposals for legislative and administrative improvements: the Service for Eliminating Fraud should be more oriented to consumers through systematic consultation with consumer representatives and strengthening the personnel of their laboratories; protective legislation should be provided in such areas as control of insecticide residues, radioactivity, bacterial studies for fish, ices, butter, etc. The practice of issuing circulars permitting illegal tolerances contrary to official requirements should be eliminated, argues M. Custot, the jurisdictional responsibilities of various public authorities should be changed and more scientific and technical research should be directed towards consumer protection.

Liaisons Cooperatives, January 1962.

C O N S U M E R O R G A N I S A T I O N SUNITED KINGDOMCOUNCIL OF SCIENTIFIC MANAGEMENT IN THE HOME

The Council of Scientific Management in the Home, comprising representatives of women's organisations, observer members from government departments, and a few individual members with special qualifications, studies design and equipment in the home and ways of organising and carrying out domestic tasks, and encourages wider application of efficient methods of work. It conducts investigations, advises individuals and institutions in regard to kitchen planning and arranges lectures on request for women's and other organisations. As a co-ordinating body on which many women's organisations are represented, its chief influence is through filtering ideas through these bodies to the housewife, but it also maintains contacts with architects, builders, equipment manufacturers

and local authorities. The Council is recognised as the official body responsible for British contributions and representations to the Domestic section of the International Scientific Management Congresses, and has prepared papers for the four Congresses held since the war. It is a specialist committee of the Women's Group on Public Welfare.

UNITED STATES

BEHAVIOUR RESEARCH

The Foundation for Research on Human Behaviour in Ann Arbor, Michigan, established in 1952 and financed from membership fees and annual contributions by business organisations and foundations, has as its objectives "to mobilize increased support for scientific study of human behaviour, particularly in the fields of (a) management and organisation, (b) consumer economic behaviour, and (c) public communication;" and "to stimulate the practical application of behavioural research findings relevant to business and other organisations." The Foundation does not itself conduct research; it plans and co-ordinates, primarily for member organisations, a series of seminars and working-group meetings, publishes reports in non-technical terms, summarises and integrates current research findings, makes small research grants to qualified researchers and institutions, and helps behavioural scientists obtain access to company sites for research purposes.

SWITZERLAND

NEW WOMEN'S GROUP

Various women's organisations in German-speaking Switzerland have now joined forces with their counterparts in Italian-speaking and French-speaking Switzerland to form a nationwide Forum of Women Consumers for the purpose of studying practical questions of interest to consumers and disseminating the results to housewives.

Schweizerisches Frauenblatt, January 5th.

FRANCE

CONSUMER FEDERATION

L'Union Fédérale de la Consommation (UFC), established in 1951, comprises representatives of the major national organisations dedicated to informing and protecting consumers, particularly family associations, women's organisations, trade unions, local consumer groups, and centres for economic and social studies. The objective is to assist consumers to fulfill their economic function, and to this end its activities include studies, information, and liaison between consumer groups, between consumers and professional groups, and consultation with various economic councils including various committees of the Government Planning Committee, the Productivity Committee and the Ministers of Agriculture, Industry and Commerce and Construction. Its publications include:

- the bi-monthly Bulletin d'Information dealing with different aspects of consumer problems including legislation, legal decisions, standardisation and quality control, markets, food hygiene, consumer organisations, and practical problems of prices, quality, budgeting and home economics;

- a series of Documentary Notes, 6 to 10 pages in length, concerning production, prices, quality and practical uses of specific products;

- a series of brochures "Savoir Acheter" (Know how to Buy), summarising the economic and elementary technological information required by consumers in particular economic sectors; four have appeared to date on artificial and synthetic textiles, plastics, poultry and consumer credit;

- a new bi-monthly review "Que choisir?" as a vehicle for publicising the results of comparative tests of branded goods conducted by the UFC. Like the British Which?, Que choisir? does not accept advertising nor permit advertising references to the results, or reproduction of test results, without prior authorisation.

AUSTRIA

TEST KITCHENS TO BE DISCUSSED

A conference of the Housewives' Counsellors of the Austrian Co-operative Wholesale Society (G&C) was scheduled for February 28th in Vienna to discuss the work of the G&C test kitchens, including the collection and testing of new recipes, and carrying out of product tests and surveys. The objective is to disseminate the results to homemakers via the Housewives' Counsellors, and in turn to ascertain through them the interests and wishes of housewives.

Genossenschaftlicher Nachrichten Dienst,
Zentralverband der Osterreichischen Konsum-
genossenschaften, February 26th.

INTERNATIONAL

INTERNATIONAL OFFICE OF CONSUMER UNIONS

On the occasion of its second birthday a Second Conference of the International Office of Consumers Unions (IOCU) will be held on March 21st, 22nd, and 23rd in Brussels. Discussion topics will include: how to choose a laboratory; how to compile a brand list; handling of complaints; how to set up a consumers union; subscription procedures; consumer education; co-operation between members; and international test projects; Particulars available from Mr. J. H. van Veen, IOCU, 15 Surinamestraat, Hague, Netherlands.

SPECIAL FEATURE - TWO

A NEW DYNAMIC TEST FOR CAR SAFETY BELTS

Over the last two years car safety belts have proved their value, improved their "safety" standard, and have definitely come to stay. They are being increasingly accepted by car owners in most countries, and more and more they are becoming an integral part of the car - for instance, under a new State law in Wisconsin, all cars, commencing with 1962 models, will be required to have safety belts in the front seat.

In Britain there has been repeated testing and research, in order to ensure a reliable standard of performance where safety belts are concerned. Eighteen months ago the British Standards Institution inaugurated the Kite-mark approval scheme, and since then 800,000 approved belts have been produced by British firms, and it is expected that sales of the approved type will be over a million this year. Sixteen manufacturers are now licensed by BSI to make and sell Kite-mark safety belts.

When B.S.3254 was first published, all the belts then being marketed had to be modified before they were able to pass the tests laid down in the standard. The publication of the standard and institution of a scheme of supervision and control have, so far as is known, driven all the inadequate types of safety belt off the market. Also, reputable manufacturers, having been provided with a known standard and the facilities available at BSI's test centre, have been able to effect improvements in their designs, materials, and manufacturing methods. As soon as there was a British Standard yardstick to measure the strength and efficiency of safety belts, the safety harness idea was given powerful encouragement by the authorities, headed by the Ministry of Transport.

Results of tests done through the Consumer Advisory Council and the Consumers Association have appeared in Shoppers Guide (Nos.17 & 19) and in Which? (January 1962). They have shown the advantages and disadvantages of different types of harness, and adverse results in some cases have led to the necessary improvements on the part of the manufacturer.

The testing that resulted in a better standard was, in all cases, static testing, and this is the type of test that all safety belts have to undergo before they can carry the Kite-mark. It is said to provide the most practicable method of routine test for safety belts.

Like other British standards, B.S.3254 is a progressive standard, continually under review and revision. When the standard was published it was made clear that a study programme regarding the various aspects of testing was in hand. That programme has been carried on to the present time, and the British Standards Institution is now getting ready to make changes and additions in test procedure at its Hemel Hempstead test centre. It is made clear, however, that the changes will only be complementary to existing arrangements. The BSI Committee on Seat Belts has no doubts about the value of the belts now being made that carry the Kite-mark. But wide experience and the work of scientists at the Road Research Laboratory and BSI's own laboratory staff have shown that a high standard can be made even higher.

The most interesting development is the introduction of dynamic testing. This will supplement and not supplant static testing, of which BSI says, "We are quite satisfied that static testing seeks out any weaknesses which would become apparent under accident conditions, and we shall continue to use it for the bulk of all our routine testing of seat belts."

In the static testing, where the harness has to stand the strain of a 4,000 lb. load and show no sign of damage, there is little movement of the dummy and harness. With dynamic testing, the seat belt is fitted to a dummy mounted on a fast moving trolley which travels along a track.

It was not possible to introduce dynamic testing into the British Standard 18 months ago, because then the BSI had no scientific data of their own, and all they could have done was to adopt the sort of dynamic test equipment that Sweden was then using, and is using still. The BSI Committee felt the Swedish method, though useful, was not sufficiently satisfactory to include in a British standard. The test equipment was of a rather simple kind and not particularly well instrumented, and had insufficiently flexible or controllable deceleration. Also, the Swedish machine can only simulate "head-on" collisions, which are actually quite rare in practice. The static test, as written into B.S.3254, was felt to be more consistent than a simple and incomplete dynamic test.

These problems were studied for over a year. The BSI Committee became convinced that both static and dynamic testing were necessary to improve the safety belt still more. The dynamic test rig to be built shortly at BSI's Hemel Hempstead test centre, will consist of a 100 foot long track enclosed in a tunnel. Along it a trolley with a dummy driver will be accelerated to speeds of up to 40 mph and then stopped suddenly within any desired distance, from 3 inches to 3 feet. The behaviour of safety belts, fitted to the dummy figure, will then be scientifically recorded. The dummy and its seat will be designed so that the effect of not only head-on crashes, but the more common angled collisions (in which a motorist is flung sideways out of a car) can be simulated. The equipment will be capable of high terminal velocity (twice that of the Swedish machine) and the whole rig will be scientifically instrumented.

Extensive study has satisfied the Committee that the equipment to be installed will be much in advance of any similar equipment in use anywhere in the world. It will also provide valuable information regarding the behaviour of safety belts under varying conditions, and assist manufacturers in the continued development of these assemblies. The new test will be used for basic research into the behaviour of seat belts and will be one of the tests on all new prototypes. It will also be used for a limited amount of routine testing that may later be increased. The machine has been designed to produce any deceleration up to 240g on the trolley, the corresponding deceleration of the dummy depending on the particular harness being tested.

It is hoped to install the new equipment this spring. So far, the only country using both static and dynamic testing is Switzerland, where the Swedish method is used. All other countries with a standard for car safety belts - United States, France, Germany, Holland and Chile - employ a static test only. Australia and New Zealand have both adopted the present British Standard practice.

SPECIAL FEATURE - THREE

ENCYCLOPAEDIA SALESMEN ON THE DOORSTEP

In the United Kingdom householders are being warned of dubious door-to-door selling techniques used by encyclopaedia salesmen. Complaints are pouring into the Consumer Advisory Council, the Advisory Centre for Education, the Citizens' Advice Bureaux and many women's organisations. Charges relate not so much to actually false claims, as to high-pressure tactics and misleading statements. Mothers are made to feel that failure to buy would constitute neglect of parental duty; salesmen arrive equipped with children's names and ages obtained earlier by telephone or by canvassers claiming to be making surveys; leaflets are distributed to children as they leave school, and salesmen imply that they are representing the school or the local Education Authority.

The New Zealand Consumer Service recently followed up complaints about a Junior Encyclopaedia published by the New Zealand Educational Foundation Ltd., which is owned by an Australian organisation which distributes a similar encyclopaedia in that country. The selling technique used was to convince mothers that large school classes precluded individual attention for their children and that hence parents must be enabled to step in with visual aids, project material and the encyclopaedia; to imply that the encyclopaedia cannot be ordered directly from the firm; to confront clients with order book and enrolment form (frequently already filled in with children's names and ages) and obtaining deposit and signature - before they have time to think or to discuss with their husbands - to a form which is not subject to cancellation, which does not permit previous inspection of the books, and which involves an annual "true" interest rate of 38 per cent for two monthly instalments, or 49 per cent for six.

In the United States, where 90 per cent of encyclopaedia are sold by some 80,000 door-to-door salesmen, sales methods have recently involved publishers in difficulties with the Better Business Bureaux and the Federal Trade Commission. Complaints relate to "special" prices that turn out to be regular; "bargain" offers supposedly available for a limited period, but actually running indefinitely, or to special "prestige" groups which turn out to include just about everyone; "free" books for which the recipient finally pays full price; price schedules so bewildering and including so many "services" as to make it impossible to determine the basic price for encyclopaedia alone; the implication that the encyclopaedia cannot be ordered directly from the firm; and, in the case of the Encyclopaedia Britannica, which is not intended for children or usable by them, advertisements stressing that they are indispensable to children's welfare.

In December 1960 a Federal District Court ordered the publishers of the Encyclopaedia Americana to pay a \$16,000 penalty for misleading prospective customers into believing they were getting a special price. In 1952 the Federal Trade Commission issued an order to stop the Encyclopaedia Britannica "School Advancement Programme" which was being used to sell the Britannica Jr. by claiming to be aiding the schools. In 1960 the Federal Trade Commission released a decision confirming charges that the Britannica prices for a combination of books and research material had been falsely advertised. And in August, 1960 a Federal Trade Commission examiner held that Encyclopaedia Britannica salesmen had labelled regular prices "reduced prices", and falsely implied that continuing offers were about to expire.

Publishers insist that only a relatively small number of salesmen are responsible for giving the industry a bad reputation. Whatever the proportion, cases of consumer complaints are numerous. A married couple were offered an encyclopaedia, dictionary, bookcase, and other items for \$375 if they would furnish ten

names of prospects and promise to write a letter that could be used for advertising purposes. They were told that only "certain people" in the community were being offered this special price. When they asked for time to think, the salesman said he could not make call-backs, and departed. A month later a second salesman called with the same combination offer and price. He waived the requirements for names of prospects and a letter, but assured his customers that they could not buy the encyclopaedia by itself. The couple made the purchase, and some weeks later learned that the \$375 combination was available to anyone, and that they could have bought the encyclopaedia alone for about \$300.

Another victim was a schoolteacher who was told by a salesman that his firm wanted to place a few of its sets in the homes of certain professional people "free of charge". Once inside, he went on to explain that, although the encyclopaedias were free, the teacher would have to pay nearly \$300 for ten annual supplements. The teacher signed, and later discovered the price he had paid was the regular cost of the encyclopaedia.

These complaints raise a number of issues. Do prevailing sales methods reflect a bad product? Is there something wrong with the system of recruiting salesmen? Would regulations of the type exercised by the United States Federal Trade Commission be desirable elsewhere?

In any case, householders would be well-advised, as the British Consumer Advisory Council suggests, "to treat any doorstep enquirer cautiously". They should also insist on a "cooling-off" period before signing contracts.

SPECIAL FEATURE - FOUR

HIRE PURCHASE

Hire purchase and the commercial practices of finance houses in the United Kingdom have been under close scrutiny in recent months by several groups:

- (i) Social workers who were concerned with effects on family life of easy credit;
- (ii) The judiciary who had a large volume of hire purchase debt cases to deal with and found both law and commercial practices in an unsatisfactory state;
- (iii) Parliament which considered a private members' bill on the reform of the hire purchase laws (see CAB No.1. pg.20-21), and
- (iv) The hire purchase trade and the financial press who were confronted by a series of poor finance house trading results attributed, in part, to a large volume of bad debt.

From this debate the general lines of solution to some of the graver defects in present hire purchase law practice have begun to emerge.

Contractual relationships

A consumer entering upon a hire purchase contract avails himself of a service which permits him as 'the hirer' to take possession of an article belonging to 'the owner' upon payment of a deposit. The goods remain in possession of 'the hirer' until the series of payments is concluded, at which time he "purchases" the goods by payment of an agreed amount - usually nominal. Should the hirer fail to maintain his payments, 'the owner' may repossess the goods.

If the consumer deals with a retailer or dealer who finances his own hire purchase scheme, then the retail store or the dealer and 'the owner' are one and the same. A complication arises, however, when the retailer or dealer refers the consumer to a finance company. The finance company then becomes 'the owner' although the goods are supplied by the retail store or the dealer who may act for the finance house in collecting the debt. There may be a 'recourse agreement' between the retailer or dealer and the finance company, in which case the latter can require the former to pay the balance of any hirer's debt in case of default.

The position of the dealer or retailer in cases where the hire purchase agreement is between a finance company and an individual consumer has been under discussion recently. Dealers have been known to supply a defective second-hand car to a customer and then disclaim all responsibility for the goods, asserting that redress must be sought from the finance company who were owners of the goods. Finance companies are, of course, unwilling to be made responsible for the misrepresentations of a dealer. In a series of decisions the courts have sought to clarify the position. In *Lowe v. Lombank, Ltd.* (1960) the Court of Appeal dealt with a case in which a widow of 65 entered upon a hire-purchase agreement for a car described by the dealer as in very nearly perfect order.

The car proved to be quite defective and upon complaint to the finance company the widow was referred to a clause in the agreement in which the signatory acknowledged that the hirer "had not made known to the owner expressly or by implication the particular purpose for which the goods were required." This 'acknowledgment clause', the finance company asserted, freed them from liability. The Appeal Court rejected the validity of the clause as clearly an attempt to evade the provisions of the Hire Purchase Act.

In another case, *Yeoman Credit Ltd v. Apps* (1961) a car supplied to the hirer was towed to the hirer's home at night by the dealer. The car was in very bad shape and proved of no use to the hirer. Eventually it was towed (not driven) away. The Court of Appeal held that the supply of a car in such a condition was a fundamental breach of agreement and that the exemption clause of a contract could not be relied on.

One of the most recent cases of this kind is *Yeoman Credit Ltd., v. Odgers and Vosper. Motor House (Plymouth) Ltd.* (1962). Odgers was sold a car with defective brakes although the dealer had alleged it was in perfect condition. All attempts to repair the fault failed and the finance company took possession of the car at the hirer's insistence after four instalments of the debt had been paid. The car could not be resold locally since it was known to be defective and was therefore sold in London. The finance company attempted to recover from the hirer the unpaid portion of the hire purchase price less the amount realised on the sale of the car. The Court of Appeal upheld the view that in supplying an incurably unroadworthy car a breach of warranty had occurred on the part of the dealer and that the outstanding amount and other costs should be recovered from the dealer not the hirer.

The Hire Purchase Bill introduced by W. T. Williams, which did not pass beyond the second reading stage, would have remedied the unsatisfactory state of the law by making finance houses responsible for assurances of good performance given by dealers in making sales. Case law is tending to place the dealer in the position of agent to the finance house. The reform suggested by Mr. Williams would give formal recognition of such relationships.

Bad debts

Britain's hire purchase debt rose rapidly from £480 million in September 1958 to £961 million in July 1960. During the period of uncontrolled hire purchase business and vigorous competition a good deal of risky business was contracted. The volume of bad debt is thought to be in the region of £40-60 million and as far as motor vehicles are concerned some 500,000 have been or will be repossessed. The default rate is said to be five times higher than before 1958 and is now about 2 per cent.

Part of these losses are no doubt due to dishonest customers but the contribution of dishonest traders is not insignificant. The lesson of the need for vigilance in selecting dealers or retailers with whom to trade has been harshly learnt by the finance companies. As a result of the heavy volume of bad debt incurred in the last two years, there now seems to be a fair possibility that a centralisation of information on credit-worthiness will be achieved before too long. A consortium of finance houses acquired "Kemp's Gazette" - a credit reporting journal - at the end of 1960 and in December 1961 four London credit bureaux merged into a single Greater London Credit Reference Bureau. A further

list of 5-6 million people is maintained by the International Association for the Promotion and Protection of Trade. Many local credit bureaux exist. These credit reporting organisations give only partial coverage, however; they are no substitute for a national scheme which would provide full information on consumer's present commitments and past credit performance. Such a scheme would guard the trader or finance house against bad debts and assist the consumer too, because by diminishing bad debt the cost of supplying a credit service should be lowered.

The irresponsibles

There is a very clear difference between the haulier who systematically builds up a fleet of vehicles from different dealers and through different finance companies, uses them for a contract and then disappears with the proceeds without paying his hire purchase debt and a person of slender means who is talked into overcommitting himself to a hire purchase agreement by slick, high-pressure salesmanship. In the first case it is the individual who is irresponsible, in the second the salesman. To assist the consumer to meet the high-pressure salesman on more equal terms a number of remedies have been suggested - registration of door-to-door salesmen, simpler agreements and a requirement that agreements be signed by both husband and wife. Possibly the most effective change that could be made is to require a cooling-off period of 48 hours between the initial contact and formal signature. Higher initial deposits might discourage consumers from too readily undertaking new commitments. Deposits and maximum permissible interest rates would have to be fixed by government regulation.

Credit Education

More credit cost consciousness would assist in reducing the number of people who get into difficulties with their hire purchase agreements. If the true rate of interest were written into credit agreements and consumers were aware of the significance of that percentage, then more failures to pay might be avoided. 'Shopping for credit' might be encouraged in this way too. Apart from the excellent literature provided by the Finance Houses Association, a private institution, too little is done by public authorities - the Board of Trade and Ministry of Education - to provide consumers with basic information about credit terms, credit agreements and credit trading. The consumer advisory organisations, some trade unions and social welfare organisations have disseminated information on hire purchase matters, but their efforts have touched only the fringe of the matter.

Alternative Methods

The Chairman of The Wagon Finance Corporation, a large finance house, made this statement about some credit defaulters in his annual review.

"There are a considerable number of perfectly creditworthy people who pay their rentals promptly for half the hiring period or even longer and then, finding the goods are no longer worth the remaining balance, quite legitimately return them to the finance company which must sell at a loss."

This quotation exposes the bankruptcy of present-day hire-purchase thinking. Traditionally finance companies have chosen to 'hire' goods rather than extend credit directly because:

- (1) consumers' incomes were considered too uncertain;

- (2) the goods on hire had a relatively high resale value;
- (3) the finance house could not assess credit worthiness;
- (4) legal limitations restricted the lending of money by institutions which were not banks.

Only the third of these reasons is still valid and as has been suggested above even this situation could be remedied if credit reporting were developed into a comprehensive national system. Hence, a more satisfactory arrangement, since it would mean the elimination of dealer commissions and other intermediary charges, might be direct consumer-finance house relations. The granting of personal loans for consumer goods would seem a natural development and competition between banks and finance houses in this field should effectively reduce the cost of this service to consumers. Should the finance companies not wish to extend the system of personal loans to all their potential customers, then a system of chattel mortgage would be appropriate. Under this system, which operates successfully in the U.S., the title to the goods passes to the buyer when the sale is made and the seller is given a chattel mortgage on the goods on which he may foreclose if the buyer defaults on his payments.

Unfortunately, an institution which in a great many other countries has resolved consumers' credit difficulties has not developed in the United Kingdom. The Credit Union, a co-operative which will make a loan to its members on the basis of past or future savings, is responsible for financing a growing part of consumer debt in the United States and Canada. Because these associations are composed of individuals with a common bond they can readily establish the credit worthiness of members and make loans at low rates of interest. Credit Unions experienced very low default rates.

A Parting Shot

In an article on hire-purchase in an authoritative financial journal the possibility was recently canvassed "that new attitudes of brotherly non-competition born of recent losses (among the finance houses) will spread from overseas markets, where at least the possibility of "foreign" competition exists, to the home market. In short, there does appear to be a risk that the Finance Houses Association may come to exercise too dominating a rule over the operations of its members."

Since the Restrictive Trade Practices Act does not extend to the service industries, the possibility of restricted competition argues for some form of public supervision. The case for a Registrar of Finance Houses, which was argued when the question of the acceptance of deposits by finance houses was under examination, is given new interest. Once established such an office might, in the absence of a national credit reporting system initiated by the finance houses themselves, require the registration of all hire purchase contracts with the Registrar. Such a step would also make it possible to detect the introduction of new and objectional clauses into hire-purchase contracts and for the Registrar issue appropriate warnings to the public.



Consumer Affairs Bulletin

International Co-operative Alliance

11, Upper Grosvenor Street, London, W.1.

Number 3, 1962.

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EDITORIAL

Market asymmetry

The current public concern about the health effects of cigarette smoking raises in an acute form a problem of market asymmetry. Advertising to persuade people to smoke far outweighs in magnitude the expenditure of the health authorities to dissuade people from the habit.

Wilhelm Röpke in a discussion of advertising⁽¹⁾ remarks that: "The market's asymmetry opens a gap which has to be closed from without, from beyond the market..." An outright prohibition of advertising would do rather more than adjust a condition of asymmetry; what has to be sought is a measure which would redress, not eliminate, the persuasive powers of modern advertising.

By placing greater stress on the measurement of differences in physical performance of consumer goods the consumer advisory organisations have begun to supply an 'informational' balance to the overwhelmingly persuasive content of current advertising. Recently it has been argued⁽²⁾ that more information content might be given to advertising if advertising agencies were established which were consumer-oriented. Such 'consumer agencies' would be highly selective when taking on new accounts and would submit advertising material to a consumer panel for approval before publication. These agencies would encourage manufacturers to consider the objective needs of the public, excluding those manufacturers whose products did not qualify for appropriate standards, or who indulged in resale price maintenance, directed their advertising at children or made pseudo-scientific claims.

But even with more information available there would not necessarily be any lessening in the acquisitive pressures. How can such a correction be made? Röpke suggests support and encouragement 'for the cause of reasonable conduct' as a possible solution. In the context of cigarette advertising this would mean a step-up in the publicity given by the health authorities to the detrimental effects of smoking. More generally it could mean an increase in consumer education - the formation of reasonable habits of living - in the schools.

Subscription rate: 15 shillings a year. Discounts on bulk orders are available at the following rates:

5 - 9 copies	5%
10 -15 copies	10%
15 -25 copies	15%
more than 25 copies	25%

In the short-run a curb on advertising through taxation might be introduced, especially if, as one advocate of such a measure suggests(3), the proceeds were used to establish a Consumer Advice Fund to finance consumer research and information. When the incidence of advertising in highly concentrated industries is considered then there are seen to be further arguments for limiting advertising. Concentration of ownership and high advertising expenditures are evident in the cigarette industry. The rigidity of prices and the appeal to persuasive selling which go with such concentration are also evident.

A diminution in the volume of advertising is desirable in order to restore some symmetry to the market situation and this might be achieved by taxation. Alongside such a tax should go more consumer information, whether supplied by the advertising industry itself or some independent public body.

F.B.

Source Note:

- (1) "A Humane Economy - the Social Framework of the Free Market" 1960.
- (2) "Consumers Unite", Victor Gordon, Spectator, 12th January 1962.
- (3) "A Tax on Advertising", Max Corden, Fabian Society, 1961.

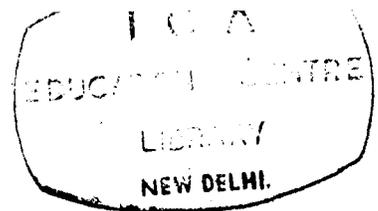
C O N S U M E R P R O T E C T I O N

UNITED KINGDOM

PERSPECTIVE ON FOOD ADDITIVES

In their concern to protect consumers against abuses relating to food processing and food additives, observers sometimes exaggerate their dangers and ignore their legitimate functions. The soundest approach to adequate protection lies in objectivity. In this sense we offer as a contribution to perspective the following excerpts from some commonsense remarks made by J. G. Davis, chairman of the Food Group of the Society of Chemical Industry, in his Presidential Address to the 69th Health Congress of the Royal Society of Health on April 10th.

"The idea that processing of foods is a modern scientific invention is quite fallacious. ... There is incontestible evidence that man has been processing foods for tens of thousands of years. ... Modern processing not only permits the sale of all foods all the year round, but also enables an adequate supply of these foods to be made available in densely populated regions at an economic price. ... Natural and artificial processing are fundamentally identical. ...in processing physical factors are more accurately controlled than in nature, and chemical materials are purer than those responsible for natural processes, for example, acetic acid and vinegar. For every type of processing so far devised there is usually a parallel natural physical treatment or chemical substance."



"... The idea that "natural treatments" such as cooking, smoking, souring, heat-drying and pickling do no damage to foods, but that "scientific processing" or addition of chemicals is harmful, is also a fallacy. ... The use of additives may not only improve appearance, flavour and keeping quality, but may preserve or even increase nutritive value, as when ascorbic acid, carotene or vitamin E is used as an anti-oxidant."

" ... The concept held by some enthusiasts that anything produced naturally is right or safe to eat, while changes produced or chemicals used by man are harmful, is likewise false. ... There is no difference between substances produced by nature and those synthesized by the chemist. Provided that the substances are chemically identical they have the same beneficial or harmful effect independently of their origin. ... The terms "poisonous", "harmful", and "dangerous" are meaningless in respect of food constituents and food additives unless considered in relation to concentration. Thus salt (sodium chloride) is essential to life, and yet a pound of salt would probably kill a man if taken over a short time. ... Many people who object strongly to addition of chemicals to food do not realize that these same substances, or closely related substances, are always present in the natural foods they eat.

... An attractive appearance is a very important part of palatability, and palatability is a big feature in appetite and digestibility which in turn can influence efficiency of absorption. ... It is not generally realized that a considerable part of our vitamin and mineral requirements are supplied by legally compulsory additions to certain foods.

... It is well established that tribes subsisting on a well-mixed diet containing dairy products are superior physically and mentally to those whose diet is largely restricted to the carbohydrate type of plant food. ... Overall the best-fed races are the most successful, although it may be difficult to separate cause from effect. ... foods which are easiest and cheapest to grow are often the least nutritive. ... Startling improvements can be effected in under-nourished populations by the provision of a "made-up food" designed on sound scientific principles. ... Much more harm has been caused by inadequate diets, deficient diets, the use of wrong foods, or the wrong proportion of foods, than by the use of additives. While some processing methods admittedly lower the nutritive value of some foods, they can also preserve valuable foods in a palatable and highly nutritive condition. Provided that a mixed diet is taken, the loss of part of some nutrients in some foods is not important. The advantage of having valuable foods made available to all people at all times of the year far outweighs the disadvantage of a slight loss in some vitamins in some foods. Moreover, far more loss in such vitamins is usually caused by cooking in the home than by the processing of the food manufacturer.

GERMANY

PROPOSED FOOD CODE

A set of standards for German foodstuffs and their constituents to guide the housewife in her shopping and to protect manufacturers and distributors against unfair competition is to be drawn up by a commission of experts representing medicine and dietetics, industrial chemistry, food manufacturers, consumer advisory bodies and public health services. It is anticipated that the new code can eventually be integrated into the European Food Code now being worked out by Common Market authorities.

Times. March 8th 1962.

UNITED KINGDOM

A NEW GUIDE FOR SHOPPERS

A book entitled Your Money's Worth by Elizabeth Gundrey, editor of Shoppers' Guide (Consumer Advisory Council of the British Standards Institution) provides a compact description of services available to consumers, their legal rights, warnings as to sharp practices, advertising, price fixing, hire purchase, the effects of self-service and mail-order buying, etc., as well as shopping advice on specific household items.

EUROPE

ROAD SAFETY

A Council of Europe road safety conference, held in Strasbourg in the second week of April, recommended adoption of a standard European highway code, a cumulative points system of driving license endorsements leading to automatic suspension for habitual offenders, compulsory attachment by automobile manufacturers of safety belt fittings, and obligatory road sense training in schools.

Times, April 16th 1962.

UNITED STATES

FOOD AND DRUG ADMINISTRATION SEIZURES

1. The Food and Drug Administration has seized 1,600 copies of the latest medical best seller "Calories Don't Count" by Dr. Herman Taller, which were being displayed in connection with safflower oil capsules recommended in the book as "effective for weight control without regard to caloric intake, and ... in lowering the cholesterol level of the blood, for treating arteriosclerosis and heartburn, improving the complexion, increasing resistance to colds and sinus trouble, promoting health, increasing sexual drive and for other purposes." In truth, the FDA said, the capsules "supply only 5.5 grams of safflower oil daily, an amount which is insignificant for any purpose". Reporting on the book, Consumer Reports (published by Consumers Union of U.S.) states that an exaggerated increase in dietary fat has no place in reducing weight, and that convincing experimental and clinical evidence is lacking on Dr. Taller's claim that "unsaturated fatty acids both help prevent hardening of the arteries from developing and improve existing conditions even of long standing."

Consumer Reports, March 1962

2. Several cases of "Quick" drink flavourings made by Nestlé Company, and of "Instant Cocoa" made by Hershey Chocolate Corporation have been confiscated on the charge of "false and misleading" labelling which claimed that the former are essential for "strong bones, strong teeth and healthy blood", and that the latter "promotes healthy nerves and skin".

Wall St. Journal, March 16th 1962.

3. A large quantity of household turpentine has been confiscated following the death of an infant after drinking it. This was the third seizure under the Federal Hazardous Substances Labelling Act which became effective on February 1st. The bottles lacked the required labels "Danger", "Harmful or Fatal if Swallowed", and "Keep out of Reach of Children" and also precautionary and first aid instructions.

U.S. Dept. of Health, Education and Welfare,
Press Release, March 29th 1962.

UNITED STATES - GERMANY

DECEPTIVE PACKAGING AND LABELLING

Since July the U.S. Senate's Anti-trust and Monopoly Sub-committee has been holding hearings to "decide whether shoppers can make a rational choice among competing products on the basis of an examination of a package and its label." Complaints have included: slack fill, inconspicuous contents information, meaningless size terminology, weight variations among competing products in similar-sized container, selling "economy" packs at higher price per ounce than standard-sized packages, misleading statements on the number of helpings contained. A co-operative store buyer commented "Deceptive packaging and labelling is a highly-skilled and highly paid function of the grocery trade."

The Federal Trade Commission chairman, in his testimony to the Sub-committee, proposed legislation authorizing the Federal Trade Commission to draw up detailed regulations on deceptive packaging, including "specific affirmative disclosures of

the ingredients of a package", prohibition of deceptive shapes, and meaningful contents measures. This, he said, would give the Commission much more effective control than the current method of enjoining specific companies to stop certain practices and having to prove these practices to be unfair or deceptive.

Already there is evidence of the constructive influence of these hearings. A recent survey revealed that 78 per cent of the supermarket product packagers interviewed had done something to improve their labelling since the inquiry started, more than half had checked the accuracy of their packaging equipment, some are now printing on packages the reasons for empty spaces, and a good many propose minimum type-size for indicating contents, weight and description.

Financial Times, Wall St. Journal, April 9th.

UNITED KINGDOM

DOES CHOLESTEROL CAUSE HEART DISEASE?

The popular "cholesterol" theory relating angina pectoris and coronary thrombosis to excessive consumption of "hard" fats (of animal origin) has been discounted by a Professor of Nutrition and Dietetics at the University of London, who states that the results of many of the numerous scientific investigations in process are difficult to fit into the thesis. He states that the increase in incidence of coronary thrombosis in the United Kingdom over the last quarter of a century does not at all fit the changes in consumption of fat, and he advances as an alternative hypothesis the increasingly sedentary nature of the modern way of life, as well as overweight, mental stress and heredity.

AScW Journal, organ of the Association of Scientific Workers, January 1962.

UNITED STATES

ORAL CONTRACEPTIVES AND CANCER

Evidence that the use of oral contraceptives helps prevent cancer of the cervix was provided by a recently announced six year sampling study of 800 Puerto Rican and Hawaiian women using Enomid (G.D. Searle brand of norethyodrel). Only one woman was found to have a confirmed case of cancer of the cervix as compared with the normal 1.1 per cent, and there were only 0.2 per cent of possible cases as compared to the normal 3.3 per cent. It is hoped that the drugs will also have the effect of reducing cancer of the breast.

Wall St. Journal, March 22nd 1962.

SOUTH AFRICA

CONSUMER PROTECTION LEGISLATION

The annual Report of the Assize Division of the Department of Commerce and Industries stresses that in the last analysis the consumer is the most important and the most in need of protection. In view of new products and new packaging techniques, larger variety of container sizes and shapes, meaningless size terminology and deceptive packaging, the report opines that the time is fast approaching when consideration should be given to the legal requirement that all commodities be sold either by weight, measure or number.

Monthly Review, Journal of the Institute of Weights & Measures Administration, March 1962.

BELGIUM

CORRECTION

In Consumer Affairs Bulletin No.1. it was reported that legislation to prohibit harmful food and cosmetic additives "has been prevented to-date by the outcries of manufacturers and even of some consumers." The exact text of the source, UFIDEC No.11, October 1961, is: "In the past legislation relating to foodstuffs has been violently attacked by producers and subjected to the bitter criticism of consumers."

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

GERMANY

NEW ERA FOR TESTING OF CONSUMER GOODS

There are good prospects that consumer-oriented comparative goods testing is about to achieve a breakthrough in Germany. So far this program has lagged about 20 years behind the development in Denmark, Sweden, United Kingdom and the United States, according to Frau Dipl. Volkswirtin Helga Merkel, business manager of Arbeitsgemeinschaft der Verbraucherverhände, partly because German legislation prohibits advertisers from making comparisons between their goods and those of competitors, and partly due to the opposition not only of the business community but also of the government; the Economics Ministry, for example, has pursued a "zig-zag course" in its attitude to the problem.

Several recent events, however, point to a rapid development in this field: (a) A number of test cases, many of them pushed by the AGV, have shown that the courts are now inclined to consider comparative testing as legitimate; (b) Economics Minister Erhard, who on a previous occasion characterized goods testing as "censorship", has now declared his open support for the undertaking of objective consumer goods testing under government supervision in the interest of clarifying the market and enlightening consumers; and (c) Various sectors of the business community have acknowledged such tests as inevitable.

The AGV stresses that an expansion of consumer-oriented goods testing must be carefully prepared to provide a sound basis in terms of legality, testing methods, choice of products and methods of publishing results. The "quality marks of product testing", it states, include the following:

(i) They must be accurate and objective, conducted according to correct procedures, and provide a reliable picture of the market. This requires on the part of the tester both the integrity of the scientist and the incorruptibility of the judge. (ii) They must be informative and useful. Above all the consumer must not be misled as to actual supplies and producer efficiency through an inadequate choice of test products. (iii) They must encourage competitiveness. Product tests stimulate competition in that they restore price and quality as the major criteria. This is all the more necessary since advertising, packaging, services and other sales-promoting measures divert consumers from true standards of value. (iv) They must be carried out by consumer associations. However, an exchange of experience with industry and a degree of supervision by the State are desirable. Product testing is not a weapon in a new kind of class warfare between consumers and producers, but rather a legitimate and constructive institution of a consumer-oriented market economy.

Verbraucher Politische Korrespondenz, April 16.

Verbraucher. April 14th, 1962.

Financial Times. March 7th, 1962.

FRANCE

TELEX-CONSOMMATEURS

Two-hundred housewives are participating in a scheme for central reporting of food prices in Paris. On three consecutive days each month, each participant telephones to the Central Agency her notes and comments on prices, qualities, quantities, and place of purchase with respect to her day's food purchases. The information is coordinated and given wide radio, television and press publicity, and also made automatically available to consumers by telephone.

Bulletin d'Information, Union Fédérale de la Consommation, Jan-Feb, 1962.

UNITED KINGDOM

"WHICH?" CAR TESTS

The second car test supplement of the journal "Which?" reports on the testing of six cars costing from about £800 to £950 with about 1500 cc engine capacity (Austin A60 Cambridge, Ford Consul Classic 315, Ford Consul 375, Hillman Super Minx, Singer Vogue, and Vauxhall Victor). Stating that this group of cars were not delivered in any better condition than the first eight reported on in January, "Which?" reports that it does not accept the view that a buyer should not complain if anything goes wrong with a new model bought in its first six months of production; buyers of early production models should not be guinea pigs for the car.

Consumers' Association Ltd., Press Release,
April 12th, 1962.

CANADA

CONSUMER SURVEY

An opinion survey on consumers' attitudes to modern packaging and labelling and the use of food additives was recently carried out by the Consumer Relations Section of the Food and Drug Directorate, Department of National Health and Welfare. 5,600 shoppers in 46 supermarkets in 6 Canadian cities were selected at random. Among the significant results: a large majority wanted to know how much food is contained in a package; price is a predominant factor in buying; many buyers want to see the brand name, list of ingredients, grade, name and address of manufacturer, common name of the food and mention of preservatives, chemical additives or colour on the package; nearly 20 per cent did not know who was protecting them from health hazards or fraud; 68 per cent approved of food additives; of those who objected to chemical additives less than a fifth gave their reasons. In the opinion of the investigators "consumers should carefully consider why they object to a practice. To be helpful and constructive to manufacturers or government, consumers must state their reasons for their objections or wishes. If they do so, their objections will carry much more weight."

The Consumer Speaks Up About Food Protection, Packaging, Labelling, Additives, Department of National Health and Welfare, Canada.

UNITED KINGDOM

CONSUMER EDUCATION FOR TEEN-AGERS

A course on Commerce for the Consumer which is to be introduced in the autumn in some secondary schools in the London area will cover the processes and organisations through which the economic system meets consumer needs, the elements of wise buying (money management including budgeting, planned shopping) buying on credit, savings and investments, and the various monetary and credit facilities in a modern community. This effort has been commended by the Consumer Advisory Council which is also urging greater use of educational programs on television and radio.

Syllabus of the London County Council;
Consumer Advisory Council Press Release,
March 26th, 1962.

UNITED STATES-GERMANY

LABELLING OF SOFT DRINKS

The U.S. Department of Health, Education and Welfare are to revoke as from June 15th, 1962 the optional exemption for soft drinks from the requirement that additives must be shown on labels. As a result each bottle of caffeine-containing beverages will have to indicate the presence of ortho-phosphate substances*. In the justification for this step the Health Department indicated that it was largely consumer initiative that led it to make the change.

* Ortho-phosphate, otherwise known as sodium hexameter phosphate, acts as an emulsifier in foodstuffs. The substance has alternative uses as a water-softener and in photographic processing.

In Germany this move has been greeted as a precedent by the Arbeitsgemeinschaft der Verbraucherverbände (AGV) which has protested the action of the Health Ministry last December in extending for an indefinite period the authorisation, about to expire, for soft-drink manufacturers to omit from the label the information that ortho-phosphates have been added. As justification the Ministry argued that such an omission "would not deceive the consumer in his just expectations", implying that consumers are already aware of the addition of these stimulants, an implication which AGV emphatically denies, pointing to a sample survey which, they claim, demonstrated that not one normal user, not even doctors, had any idea that such phosphates had been added. Since labels are intended "as an informational aid to consumers," and in view of increasing travel and exchange of goods within the Common Market and overseas, "it is intolerable that these drinks should remain incognito."

Verbraucher Politische Korrespondenz, March 23rd, 1962.

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

UNITED KINGDOM

NEW CEILING ON H.P. COMMISSIONS TO CAR DEALERS

A maximum rate of 15% on commissions paid to motor dealers for introducing hire purchase business to finance houses, imposed May 7th by the Finance Houses Association (FHA), has ended a commission rate war which had threatened to increase costs to car buyers. FHA is a trade association of the larger finance houses whose members do four-fifths of the hire purchase financing in the country. Two months ago its Code of Practices designed to protect both the finance houses and hire purchase customers collapsed when the largest member, United Dominions Trust, unilaterally renounced the FHA ceiling of 10% on commissions to dealers and introduced a sliding scale up to a maximum of 20%. This precipitated a fierce competition via commissions from which only the motor dealers benefitted, since the resulting increase in expenses cut into finance houses' margins and build up pressure for an increase in charges to the public. Simultaneously with the new 15% ceiling on commissions the FHA announced a reduction of 1% in its ceiling on hire purchase charges to the levels of 9% on new cars, 10% on cars less than three years old and 12% on older cars; actual charges are currently somewhat below these levels, however. An editorial in the Financial Times (May 4th) expressed the hope that dealers commission's will be still further reduced and eventually eliminated; "the finance houses should compete in providing credit at the cheapest possible cost to the public. One day, when credit facilities are more developed than they are at present, they should be able to provide personal loans to many car buyers at much lower rates than H.P. necessarily entails. But it is quite illogical, even now, that they should woo the car dealers rather than the car buyers".

Various issues of Financial Times, Times, and Guardian during March and April.

UNITED STATES-GERMANY-UNITED KINGDOM

PRICE LEADERSHIP AND THE CONSUMER

In both the United States and Germany during April top government officials intervened in the market to protect the "public interest" against what they characterized as unwarranted price increases.

In the United States, President Kennedy reacted promptly to the "deep, deep effrontery" of the U.S. Steel Corporation, the acknowledged price leader of the industry, in announcing a $3\frac{1}{2}$ per cent price rise shortly after the trade unions had been persuaded by the government to accept a wage increase limited to $2\frac{1}{2}$ per cent. Mr. Kennedy stated that the price increases were "wholly unjustifiable" and showed an "irresponsible defiance of the nation's interests. He accused "a tiny handful of steel executives" of acting "in pursuit of private power and profit" and showing "utter contempt for the interests of 185 million other Americans". As a result of his statement plus threats of anti-trust prosecution and the unprecedented refusal of certain other steel firms to follow suit, U.S. Steel announced a few days later that the price increases were to be rescinded.

In Germany, Economics Minister Erhard has taken a firm and outspoken stand against recently announced price increases of 3 to 5 per cent for motor cars on the domestic market - with the result that at a meeting called on April 26th by Erhard, officials of the Association of the Motor Industry and the managing directors of Volkswagen, Daimler Benz and NSU promised to consider his demand that "if good faith still rules in business" they should rescind the price increases, and said they would report again within a few days. Subsequently (April 30th) Volkswagen refused to cancel the increases, and Erhard countered with the statement "This of course is not the last word... Such an attitude is outrageous". At the Hanover trade fair April 29th Erhard told an audience of businessmen that he expects "the maximum degree of price discipline," and it is reported that the Government is considering reducing import duties on foreign cars.

In the United Kingdom, however, a prominent industrial leader, Viscount Chandos, Chairman of Associated Electrical Industries, has openly renounced free competition because of what he sees as a conflict between the public interest and that of the consumer. Delivering the fourth Macmillan Lecture to the Institution of Engineers and Shipbuilders in Scotland on April 13th, Lord Chandos said: "We have reached the absurd exercise of forcing ourselves to believe that the only people in the industrial community who have got to be protected are the consumers." Yet the consumers, he said, would suffer from unrestricted competition under which large firms, able to command large lines of credit, would be able to remain in business when their smaller competitors died, or when conditions occurred in which they could be b ght up. "I make the unequivocal statement that we have carried the protection of the consumer in our minds to such an absurd degree that we shall end by damaging the industries from which he draws the power to consume."

Lord Chandos rejected both the extremes of cut-throat industrial competition, leading to only the largest and strongest firms being left on the field, and combinations of manufacturers, price-fixing associations and cartels. He believed the right course should be a "price-leadership" system, under which a company - perhaps in a single commodity or in a single product - became recognised as the price leader. Its competitors would not undertake never to sell below the price-leader's prices, but it would be generally understood that if those prices gave no more than an adequate return on the capital they would be respected. "It is equally understood that, if for reasons of immediate gain, the smaller competitors start cutting prices in order to gain more of the big man's business, they must face the consequences of a price war, which will lose them a great deal of money and possibly lose them their existence. Price-leadership really means self-discipline in the producers of certain products. There is no predetermined sanction to the breaking-down of the discipline, but it becomes recognised that such a sanction is round the corner."

In a passage clearly pointing to market sharing, Lord Chandos said there would have to be co-operation in compiling statistics on the particular products covered. "If the whole market in, let us say, toys has in fact declined by 10 per cent, the small man whose trade has shrunk by 10 per cent will know that it is a general shrinkage and will not think he is being outsmarted by his competitors." The big companies - controlled by the managerial or salaried classes - wanted to see no more than a fair return on their capital. "They are against bloated profits or over-fat margins, for practical reasons - that they promote competition and will ultimately lead to a disorderly market".

Financial Times, April 11th & 30th 1962.

UNITED STATES

CONSUMER CREDIT ABUSES

Truth-in-lending legislation has been proposed in Kentucky, Hawaii, Minnesota, Michigan, Missouri, Rhode Island and Wisconsin. Although none of these bills has yet been enacted, the publicity stimulated by them has aroused public opinion and educated people on credit costs. Credit unions are encouraging a shift of emphasis from the federal to the state and provincial levels. The managing director of the Kentucky Credit Union League states "Our bill has established ourself squarely in the camp of the consumer in the fight for better credit legislation."

The Credit Union Bridge, April 1962.

AUSTRIA

NEW INSTALMENT PURCHASE LAW

The major features of a new hire purchase law in Austria are as follows:

(1) Contracts involving payments up to a total of 50,000 schillings must be written; purchasers of larger items are advised to also use the forms required under the law, and buyers are warned not to rely on mere promises. (2) The contract form must contain all important details of agreement including total amount of interest and possible credit supplements. Sellers must ensure that correct contractual formulae are used. The contract must be fully completed. (3) If there is an additional contract between the purchaser and a credit institution, it must also be included. To avoid a double order, the purchaser should make sure that the credit contract is only a component of the instalment purchase and not a second order. (4) A minimum instalment is required at the latest upon taking possession of the goods. If the seller delivers without this, he loses his claim to it. In this case the total purchase price is diminished by the amount of the minimum payment. (5) The maximum term is 36 months. The law expressly permits earlier repayment of the outstanding balance. (6) A cooling-off period of five working days after signing is provided where the purchase is made from an agent. If the purchaser withdraws during this period, he cannot be required to pay a cancellation fee. It is recommended that he send a cancellation letter as tangible proof of the timing. No cooling-off period is provided if the goods are purchased in a store. Since the cancellation fee is usually 10 to 30 per cent of the price, purchasers are urged to consider carefully before making a final decision.

Die Konsum Genossenschaft, March 17th 1962.

MARKETING AND THE CONSUMER

INTERNATIONAL

MEASURING ADVERTISING EFFECTIVENESS

A brochure entitled About Methods to Measure the Effectiveness of Advertising by Bo Wickström of the Gothenberg School of Economics and Business Administration, recently published by the European Productivity Agency (OEBC), is a systematic compilation and analysis of European and U.S. research on measurement of advertising and its effect on consumers. The measuring methods discussed related to three kinds of effect: on consumers' attitudes, on consumers' value scales, and on consumer behaviour; and are of three types - interview methods, observation methods, and experiments. It is stressed that the various methods make different demands on administrators according to the degree of difficulty and the cost; some require little professional knowledge, others necessitate extensive preparation and the help of outside specialists. The purpose of advertising measurement is described by the author as follows: "The demands on the advertiser in future will be dependent on the development of consumer's consumption and purchasing habits. It is quite conceivable that the consumer's advertising sensitivity will gradually be changed so that he will lose belief in certain arguments and tend to acquire product information by other means than mass media. The advertising should be adapted to this development if it is to give the consumer the information he really needs to make correct buying decisions. Continuous advertising measurement may give guidance in this and help the advertiser to adapt his advertising to the consumer."

NETHERLANDS

NEW DESIGN CENTRE

The Dutch Council for Industrial Design, with the help of the government and industry, will open in the summer a Design Centre in Amsterdam. The Centre will, like its counterparts in London, Stockholm, Essen and Tokyo, present products of good quality and modern design in a permanent but constantly changing exhibition. A systematic register of products will be established and the offices of the Council of Industrial Design will be installed in the same building.

U.S.S.R.

NEW STATUS FOR CONSUMERS?

An official campaign to adapt production to consumers' tastes appears to be under way in the Soviet Union. "The time has come", said Mr. Krushchev to the 22nd meeting of the Communist Party, "when it is urgent to improve the quality of all goods ... All goods used by the people will be not only functional, but pleasing and of good quality." The Central Party recently sponsored a conference of representatives from various firms to discuss variety and quality of goods. A current exhibition in Moscow features a comparative display of high quality goods and rejects and shoddy articles which consumers have refused to buy. Some factories have been fined for failure to meet quality standards. An the Economic Gazette, published by the Central Committee has been criticising producers and distributors for poor quality and styling, and disregard for customer tastes and quality requirements; stress has been placed on consumer interest in attractive packaging. Commenting on a sampling survey of consumers' habits carried out at an economic institute, the journal has proposed systematic consumer market research.

Economic Gazette, March 1962.
The Statist, April 13th 1962.

EUROPE

STRUCTURE OF RETAIL TRADE

According to a study recently completed by the E.E.C. Commission: there are 29 people to every retail shop in Belgium, 80 in West Germany and between 50 and 60 for other Common Market countries; numbers employed in retail trade range from about one in 20 for Belgium to one in 33 for the Netherlands; large departmental, multiple and co-operative stores account for only about 5 per cent of total retail turnover in Italy against more than 20 per cent in West Germany, with France, Holland and Belgium falling between these two limits; at the end of 1960 there were 23,000 self-service stores in West Germany and 2300 in Holland, and only 400 each in Belgium and Italy; there are 3 million retail establishments in the Common Market as compared with only 1.8 million in the United States, but nearly 8½ million people are employed in the latter as against 5½ million in the former.

Financial Times, February 28th 1962.

CONSUMER ORGANISATIONS

INTERNATIONAL

FOOD CONGRESS

The Fifth International Food Congress of the International Association for Distributors of Food Products will be held in New York from November 10th to 14th 3500 participants from 30 countries will discuss specific problems associated with the theme "The Flow of Products from the Farm to the Table", including food supplies in the United States, the contribution of the food industry to the welfare of man, food research in the service of the cook, and questions of marketing and food distribution. In conjunction with the Congress a Food Fair will also take place from September 8th to 16th.

Verbraucher, April 14th, 1962.

UNITED STATES

CONSUMERS UNION

Consumers Union of U.S. Inc., a private, non-profit product testing organisation, yearly tests and rates more than 1,500 commercial products, and publishes the results in its monthly Consumer Reports, which had an average circulation in 1961 of 883,000. Its headquarters in Mount Vernon, New York, houses well-equipped

laboratories and a staff of 200. In addition to employing about 35 full-time specialists in chemistry, physics, electronics and other technical fields, C.U. occasionally uses outside testing agencies. It also employs a nationwide corps of 80 part-time shoppers who collect marketing data and purchase merchandise for testing from local retailers. Consumer Reports presents detailed ratings of products on a scale ranging from "Best Buy" through "Acceptable" to "Not Acceptable". The rating system is flexible, however; sometimes C.U. does not find any brand good enough for the "Best Buy" category or bad enough to be labelled "Not Acceptable". Increased attention is being given to services; in its March issue Consumer Reports carries the first of seven planned articles on auto insurance, rating policies such as brands of merchandise are rated.

INTERNATIONAL

IOCU CONFERENCE

Under the general theme "The Consumer and the World of To-morrow", the International Office of Consumers' Unions held its second conference in Brussels, 21st, 22nd and 23rd March. Sixteen member organisations from 14 countries were represented, viz. Australia, Belgium, Canada, Denmark, France, Great Britain(2), Iceland, Israel, Japan, New Zealand, Netherlands(2), Norway, Sweden and the U.S.A.

Subjects discussed included picking and handling a laboratory; compiling a brand list; setting up a consumers' union; handling subscriptions; handling complaints; copyrights, translation and legal responsibility; promotion of special publications; printing, editing, artwork; relations with the press; relations with other media; promotion of operation of IOCU; collaboration (bi-lateral) between Consumers' Unions in neighbouring countries; consumer education and co-operation with schools and other organisations; consumer information; does the organised consumer handicap economic expansion;; and how do consumer organisations strengthen the individual consumer? A report from the Consumers' Union (U.S.A.) on fallout in foods was distributed, but was not discussed.

In his inaugural address IOCU Chairman Prof. Colston E. Warne of the American Consumers' Union, referred to the substantial growth of consumers' organisations in certain countries during the last few years. He quoted the examples of the British Consumers' Association, which rose in membership from 30,000 to 300,000 in two years' time and of the Consumentenbond (Netherlands), from some 12,000 to over 30,000 during the same period. He stressed the point that only organisations which are not too closely tied up with the state and are completely free from any business influence, are admissible to IOCU.

Prof. Warne also re-stated the functions of consumers' organisations. Their main activity should be in the field of product testing. Furthermore they have an important educational task. In the third place they should and in fact may become a countervailing power to secure legislation to promote and secure free competition. And finally they should press for better legal protection of the consumer in such a way that this legislation is directed towards the least intelligent consumer. Internationally the consumer movement should work for the establishment of an international organisation which, as the I.L.O. has been doing for 40 years in the field of labour, should set up standards for consumer protection which no country could afford to ignore.

At the closing session it was reported that the next conference will probably be held in the spring of 1964 in Oslo. Further it was stated that liaison will be sought with other consumer organisations in the countries of the European Common Market in order to establish a joint representation for consumer affairs with the Common Market bodies and authorities. Also the IOCU will ask for consultative status with ECOSOC, WHO, FAO and Unesco.

A draft manifesto was placed before the conference for study and possible amendment by the affiliated organisations, the final text will be decided upon at the next conference. The draft states that it is fitting for the International Office of Consumers' Unions "to speak for a voice which has so far been largely silent: the consumer interest". It goes on to say that apart from supplying information to consumers about the merits of consumer goods, the consumer organisations affiliated to IOCU will have to strive for the removal of at least four impediments to reaching "the great potential of science for the benefit of mankind"; they are ignorance on the part both of producers and of consumers, poor quality, restraints of trade and tariffs. (I.C.A. Netherlands Correspondent)

UNITED KINGDOM-CANADA

INFORMING THE BUYER ON THE SPOT

As British consumer co-operatives become increasingly conscious of their role in the accelerating drive to equip the shopper with adequate information, emphasis shifts to the potentialities of making that information available on the premises of the co-operative shop. A notable editorial in the Co-operative News (Feb. 24th, 1962) stated the issue as follows: "If the movement is wise it will not allow ... specially created consumer organisations ... to monopolise the stage but will itself present more clear evidence of caring for consumer interests as distinct from selling goods to them. ... Consumers may well follow the tendency to organise themselves into an effective force and it would be a great pity if this had to be done completely outside the co-operative movement which has already organised millions of consumers into a large and effective trading organisation. The ball could be set rolling by some of the larger co-operative societies particularly in their department stores where it should not be difficult to offer an advisory service to prospective purchasers. Already to some extent this is done in the field of furnishing, home decoration and the like, but it should be possible also to advise consumers about new materials and even on the best value in purchases of food."

This policy is being implemented in a number of interesting local experiments. The Bristol Society has organised a Consumer Group attached to the co-operative Hartcliffe Emporium for the purpose of arranging demonstrations, discussion conferences and social entertainment at the store in an effort to make the Emporium a focal point for local co-operators; a Consumer Education "Fortnight" with films and demonstrations designed "to provide the necessary know-how in relation to a selected range of merchandise; and a Consumer Education Week with demonstrations (on cookery, curtain fabrics, home laundry, care of furniture, meat, etc.), fashion parades, concerts, lectures and refreshments at the Weston-Super-Mare Co-operative Emporium. The Birkenhead Society is conducting a series of courses "What We Eat and Use" comprising lectures and demonstrations on comparative qualities and prices of specific products "designed to help the housewife get the best buys for her money". The Boston branch of the Women's Guild, with the help of the Nottingham Society, recently organised a public meeting on the theme "Value for Money" at which Mrs. Nesta Nuzum, the Guild branch secretary, said it was high time the housewives spoke out against manufacturers who were treating them as children by offering them bribes and gimmicks to buy their products, and the local inspector of weights and measures demonstrated how shoppers can be deceived by misleading packs. Guild delegates at a rally organised by Barrow Society were told by Councillor Mrs. Doris Fisher that she would like to see the development of the Guild as a consumer council inside the movement, offering advice and suggestions to the C.W.S. and retail boards of management. The Guild might well take the initiative in organising "trade" conferences extending invitations to all women's organisations. "Fair deal for the shopper" meetings could be a continuation process where all aspects of bad quality, shoddiness, weights and measures, labelling, etc. could be discussed with experts in the field together with local society managers, who would illustrate how the movement safeguarded consumers.

In Canada on-the-spot consumer informational activities are under active consideration by the Co-operative Movement. Among the recommendations in a report recently published by the Co-operative Communications Committee which are being studied by the Federated Co-operatives Ltd (Saskatoon), two are of particular relevance, namely, the publication of a "Consumers' Information Bulletin" to be distributed through the retail associations, and the establishment of Consumer Consultants in the larger retail associations. The following excerpts are from the Summary of the Communications Report:

"The real secret of our success lies in differentiating ourselves from the chains, and this we can do by offering the consumer something the others can not; namely, consumer-orientation instead of profit-orientation in everything we do and say. For, while the patronage refund is credited to the member's equity or returned to him in cash only once each year, the co-op can provide the member with a daily refund, not in cash necessarily, but in extra service, extra concern for his needs, extra integrity and consumer protection, and the extra information he needs to make intelligent choices as a consumer. ..."

"...consumer information, by which we mean all kinds of information a consumer requires to do his marketing intelligently ... should be provided to the consumer particularly in the course of the shopping situation itself, by means of in-store information aids, but also by other means. Providing consumers with objective information about "best buys", together with the reasons for the choice, is an example of the type of activity that would fall under this heading. Letting the consumer know the price per ounce of packaged soaps and detergents, and of other products, is another such example. Information about the nutritional value of inexpensive cuts of meat that can be interestingly prepared, how to choose a rug or a washing machine -- these are still other instances of what can be done. ..."

"What we have stressed here is a new element in co-op education, through which we can effectively show the consuming public, at the actual point of everyday contact with consumers, right in our daily store operations, that co-ops are a potent means of protecting the interests of the consumer in the merchandise jungle."

Sources: Women's Outlook, April 1962; Co-operative News, February 24th, March 17th; Home Magazine, February 1962; Correspondence with Bristol Co-operative Society Ltd; Co-operative Communications and Co-operative Growth, A Summary of the Communications Report, Federated Cooperatives Ltd., Saskatoon, Canada.

SPECIAL FEATURE - FIVE

SMOKING AND LUNG CANCER.

A recent holiday traveller from the Continent to London was told, on the channel crossing, that "the British have stopped smoking".

The Reports.

An exaggeration, to be sure, but nonetheless indicative of the public impact of a report published March 8 by the Royal College of Physicians of London on the relation of smoking to lung cancer and other diseases. The furor stemmed from the definitive conclusion of that report, arrived at after testing and rejecting several alternative hypotheses, that "habitual cigarette smoking over many years is a cause in the ordinary sense of lung cancer". Subsequently the evidence has been reinforced by the publication on the following day in Copenhagen of a report, prepared by a Committee of doctors, health authorities and members of the Danish National Society for the Combatting of Cancer, stating that there is a definite connection between smoking and lung cancer, and then a month later, the issue of an exhaustive report on tobacco advertising by the Advertising Inquiry Council Ltd., a "non-party, independent organisation formed in March 1959 to represent the interests of the consumer in all aspects of advertising". In addition to the economic analysis of tobacco advertising, the latter report included a medical summary of the conclusions from major independent scientific investigations in various countries on the relation between smoking and diseases.

Although the connection between smoking and lung cancer has been repeatedly confirmed in the past decade, the official reputation of the Royal College is such, and the facts in its report are so frequently marshalled, as to result in widespread public concern.

From these various studies the following sobering facts stand out in reference to the U.K. -

diseases associated with smoking are the chief killers of people in middle age, particularly men.

such diseases affect smokers more often than non-smokers, and heavy smokers more often than light smokers.

the death rate is directly proportional to the amount smoked.

those who give up smoking have a lower death rate than those who continue to smoke.

cigarette smokers have a higher death rate than pipe or cigar smokers.

in men aged 35 to 44, the death rate is four times as great among heavy cigarette smokers as among non-smokers.

although most smokers adopt the habit during adolescence, 11 to 15 per cent of boys smoke by the age of 10, and 25 per cent acquire the habit by the age of 12.

between 1951 and 1961 every third smoking doctor gave up the habit.

heavy smoking also is an important cause of chronic bronchitis, heart disease and cancer of the bladder, and it aggravates ulcers.

by 1960 consumer spending on tobacco had increased 22 per cent (in constant prices) over 1948 and equalled nearly one-quarter of total food expenditures; cigarettes account for 94 per cent of this total.

in 1960 approximately 20 million was spent on various kinds of sales promotion for cigarettes, tobacco and cigars, about five times as much as in 1935.

Public Reaction

Discussion of the report was lively in both the House of Commons and the House of Lords, and the evidence has been acknowledged as convincing by the majority of the parliamentarians. Viscount Hailsham, Lord President of the Council and Minister for Science stated "It is of supreme importance that we cannot afford to trifle with the truth. We cannot afford to yield to the interests of the revenue. We cannot afford to fear economic consequences to business interests..." He said further that he regretted the present "agnostic" attitude on the part of the tobacco trade, although he "realised that it must be a hard and a bitter thing to persuade oneself that an honourable business was capable of implanting mortal disease; they should drop the escapist propaganda they were putting out, which was both distasteful and lacking in scientific integrity. Education on the hazards of smoking had been and would continue to be the policy of the Government".

To-date, however, the only concrete measure announced by the Government has been the distribution to local authorities of posters warning of the dangers from smoking.

Meanwhile public alarm has been registered in the sharp decline in cigarette sales and in tobacco shares, in a noticeable acceleration of the trend towards filter cigarettes, and in a ten-fold increase in sales of anti-smoking pills.

The initial petulant "agnostic" and escapist" - but wholly predictable - reaction of the tobacco industry was to belittle the report by suggesting that: the scientific and statistical evidence is not yet conclusive; that atmospheric pollution may be a major cause of lung cancer; that press and TV advertising by tobacco manufacturers represents "only" 1½d. in a £ of retail sales, compared with 3d. in the £ for all consumer goods and services (the AIC has pointed out that if tax is eliminated, the advertising component of the cost to the consumer is nearly 6d. in the £.); that the Royal College of Physicians report fails to take account of the "growing body of evidence that smoking has pharmacological and psychological effects that are of real value to smokers"; that there is a danger that such reports will induce an unwholesome "cancerphobia". In the United States the Tobacco Industry Research Committee reacted by stating that the lung-cancer-smoking relationship is still a theory, and the President of the Tobacco Institute charged that the Royal College of Physicians' report "contains a number of contradictions and inconsistencies". Alistair Cooke reported (in the Guardian, April 5) that "The tobacco companies havenot been laggard... In a way, they are are grateful to the British and Danish studies for isolating so unerringly the audience to be captured, namely the teenage and college smoker. 'Students', says the director of College Sales in one company, 'are tremendously loyal. If you catch them they'll stick with you like glue because your brand reminds them of happy college days'. Accordingly, there is a vast national campaign under way to 'promote the 20 brands to which college students today are addicted'..."

Following the initial shock, the major tobacco firms have apparently realised the necessity of appropriate gestures to the "public interest" and have espoused some of the more painless of the many proposals being offered for constructive action. They are, for example, reminding retailers of the existence of the law forbidding sales to young people under 16, conferring with TV officials on rescheduling of their programmes to the hours after 9.00 p.m. and accelerating the shift to production of more filter-type cigarettes.

The Proposals

The problem has now been posed more pointedly than ever before; namely, what can be done in a free society to alter a widespread personal habit which has been proved to be physically dangerous as well as very costly? Suggestions for action run the gamut from the ideal solution - making cigarettes safe - through the least interventionist approach of anti-smoking propaganda ("public enlightenment") to the extreme of strict government control like that imposed by food and drug regulations.

a. Making Smoking less Harmful.

The Physicians' report mentions the possibility of making filter plugs that retain all the smoke of the cigarette, pointing out that cigarettes with increasing filtration efficiency are being introduced in the United States, and that sales of filter-tipped cigarettes are increasing in Britain. At the same time, it is suggested that since filters vary in efficiency, it would be desirable to have them tested by an official agency, with the results indicated on the packet. Similarly the statistical director of the American Cancer Society advocates that tobacco companies be required to state the tar and nicotine content of their cigarettes on the packet; the hope is that increased demand for those with lower content would induce the highly competitive cigarette industry to lower the tar and nicotine contents. In Britain the market opportunity has quickly been grasped by "Sanitas Trust" which has formed Aquafilter to manufacture and market in Britain and the Commonwealth "the most efficient filter ever devised" - a water-activated filter incorporated in a small disposable cigarette holder, which extracts from the smoke "the greater part of the nicotine and tars therein without affecting the natural taste of the cigarette".

In this context it is significant that in Holland wide publicity was given recently to results of tests on the tar and nicotine contents of leading Dutch brands conducted by the Dutch Consumers Association. This publicity has been climaxed by the public challenging of the results, in full page advertisements in leading newspapers, by the makers of the brand which topped the list for nicotine content and was second for tar content; on the latter score the firm has asked for a recheck by laboratories in New York, in Switzerland and in Britain.

Clearly, making smoking harmless would be the optimum solution from the viewpoint of all concerned - except perhaps that of the family budget. But the fundamental difficulty with this approach has been underlined by the Royal College of Physicians' report; since the injurious substance in tobacco smoke has not yet been definitively identified, additional research is required, and meanwhile no firm claims as to safety are possible.

b. Make the Public Aware of the Danger.

The most likely - and perhaps the only - outcome of the present flurry of excitement will be an increase in educational publicity on the hazards of smoking. Implemented on a significant scale drawing upon all the resources of modern propaganda this could be a highly effective approach to the problem. Presumably, what the tobacco firms have accomplished through advertising could be undone by equally effective counter propaganda. But it would have to be undertaken in concerted fashion on a nationwide basis with a thorough penetration of all the media available to the public authorities, including particularly the educational system, and it would be extremely costly. In the United States a bill is pending in Congress that would provide grants to states to finance education of school children "with respect to the harmful effects of tobacco, alcohol and other potentially deleterious consumables"; a Montana high school has formed a group similar to Alcoholics Anonymous to help students break the smoking habit; the California State Department of Health provides top staff personnel to speak to school groups on smoking and cancer; and the Connecticut Tuberculosis and Health Association has sponsored a major conference on smoking and health for doctors, teachers, clergyman and others and successfully urged some high schools to begin anti-smoking campaigns.

In the United Kingdom the government promises to push the drive for a publicity campaign on the part of local authorities. But no additional funds for this purpose have been forthcoming, and when pushed for evidence of concrete action, all that could be pointed to was the distribution of a few free posters for schools. In the last five years, expenditure on tobacco advertising has more than doubled to an estimated £20 million in 1960. The best available estimate of the amount spent on information and propaganda to curtail the smoking habit is £5,000 in 1961.

Minor variations on the propaganda theme are the proposals for anti-smoking clinics and non-smokers clubs - which are probably to be recommended as far as they go, but are surely marginal in terms of the numbers that can be reached in this way. Similarly nothing much can be expected from the suggestion that responsibility for making children aware of the danger be placed on parents; no measure of good intentions can overcome the obstacle that the net effect of parental strictures is likely to be to make smoking appear all the more attractive as the privilege and mark of the adult.

c. Limit Advertising of Tobacco.

Much of the discussion as to what to do about the problem has revolved around the question of cigarette advertising. In the face of the enormous gap between propaganda for smoking and that against it, not much weight can be attached to the argument that it is enough to inform the individual of the hazards and then leave him "free" to make his own choice. The Advertising Inquiry Council argues that advertising costs may well increase as the industry becomes increasingly dominated by a few concerns of reasonably comparable size and financial resources. Other arguments advanced by the tobacco industry are equally unconvincing. "The comments on tobacco advertising that have been made by the manufacturers have a particular charm and interest of their own. We have been told, for example, that whatever the actual physical effects of smoking, advertising is guiltless as far as increasing the consumption of cigarettes is concerned. It has been stated on no less authority than that of the Tobacco Advisory Committee that advertising cigarettes is simply a matter of influencing demand as between one brand and another. Those who had been persuaded that the principal economic justification of advertising was to increase total demand so as to make it possible to reduce/through higher production may understandably be a little puzzled by the new-found modesty of these particular advertisers".*

*Scrutiny, Bulletin of the
Advertising Inquiry
Council, April, 1962.

In Britain the possibility of prohibiting advertising of tobacco products has not been broached and is not likely to be. In Denmark the Minister of the Interior, in agreement with the view of the public health board, announced that he did not intend to carry out the recommendation of the committee of experts that cigarette advertising should be abolished. In Italy, however, a law has just been passed which forbids the advertising of any form of tobacco for smoking, and imposes fines of from £11 to £1,000.

On the other hand, milder forms of restriction on advertising are being proposed. The Danish Minister of the Interior has approached the Danish cigarette trade in the hope of achieving a voluntary limitation of cigarette advertising. In Britain, however, the Advertising Inquiry Council has suggested that compulsion is required, and that the Government should intervene and fix a ceiling for expenditure on tobacco advertising and sales promotion, perhaps determined as a percentage of the value of each manufacturer's home sales in the preceding year; to-date, there has been no response to this suggestion.

A variant of the restriction proposals is that manufacturers should alter the emotional appeal of their advertisements so as to reduce the impact on younger people; for example, less stress should be given to cigarettes as a symbol of manliness, romantic appeal, success, popularity and distinction, or, alternatively, outright prohibition of all emotional content, i.e., limiting advertisements to mere information. However, in view of the potentialities of the teen-age market for cigarettes there is certain to be strong resistance to this kind of approach.

Thus the only form of advertising restriction that is likely to be acceptable to the British tobacco industry is to limit television and radio advertising to "adult" listening hours; seven firms have already agreed to limit their television advertising to the hours after 9 p.m.

d. Indirect Restriction through Taxation.

Both the Royal College of Physicians' report and that of the Danish committee of experts suggested a revision of the tax structure to discriminate against cigarettes and in favour of pipe tobacco and cigars. In Denmark such a move is reported to be supported by the Ministry of the Interior and the health board. But in the United Kingdom the Chancellor of the Exchequer said in his Budget speech that he was sure the House would expect him to be cautious about tobacco duty, which yielded so large a proportion of the revenue. Mr. Lloyd added "It would be possible, though more staff would be needed, to deal specially with cigarettes delivered from the factories. The difficulty is that any differential tax could be easily avoided by people making their own cigarettes from tobacco which could not be distinguished for Revenue purposes from some kinds of pipe tobacco. Simple devices exist for this purpose. Some of us may have used them already. Manufacture would be shifted from the factory to the home. If I were to make a further, penal, increase in the general rate of duty, smoking even in moderation would be taken quite out of reach of many people of limited means. I am not prepared to do this".

The dimensions of the Treasury's vested interest in tobacco revenue is indicated by the fact that it accounts for nearly 30 per cent of the total revenue from consumer taxes. Still it would be unfortunate if fiscal considerations were allowed to block action in the public interest. Further, has Mr. Lloyd balanced the possible loss in tobacco revenue against the financial and medical burden to individuals and to societies associated with expenditures for tobacco?

e. Direct Restrictions on Smoking.

To-date there have been no proposals for outright prohibition of smoking, which is rejected in the Physicians' report as "neither acceptable, justified or enforceable". The suggestions that are being given serious consideration in the United Kingdom include enforcement of, and increased publicity on, the law prohibiting sale of cigarettes to minors, coupled with appropriate warnings on slot machines (the industry has rejected the proposal that the machines be removed from the streets and public places accessible to children); and prohibition of smoking in public by children under 16, or, alternatively, of all smoking in public facilities such as public transport, public buildings, etc.

Finally, it is reported that in the United States there are occasional suggestions that cigarettes should be put under the jurisdiction of the Food and Drug Administration, which would mean that, like makers of food and drug additives, tobacco manufacturers would have to prove their product safe for human use or have it banned from the market. An article in the Lancet points out: The analogy with the existing statutory restriction on the sale of alcohol and various drugs is not complete: for there is nothing to suggest that smoking directly harms anyone but the smoker... there is no indication that even the most excessive smoking contributes to criminal acts or moral wrongdoing affecting other members of the community". If, however, the analogy is extended to foods, which are subjected to strict regulation in most countries, the argument cannot be so airily dismissed - particularly in view of the demonstrated financial and health hazards associated with cigarette smoking.

Nevertheless, the main issue raised in the Lancet article is a provocative one, and has yet to be resolved, namely, "Can a democratic Government reasonably seek to restrict smoking by statute?".

SPECIAL FEATURE - SIX

CONSUMERS AND THE COMMON MARKET

The Consumer Stake in the Common Market

The purpose of embarking upon a common market, i.e., its economic rationale apart from the much-discussed political implications, is to stimulate the rate of growth and the efficiency of the economy in order to raise living standards in member countries. The expectation is that elimination of trade barriers, increased mobility of factors of production, expansion of the market (to 250 to 300 million population, depending on the eventual country composition of the Community) and exposure to more vigorous competition will result in greater specialisation and division of labour, the economies of optimum-scale operation and increased efficiency, thus lowering costs and prices.

Sharper competition and larger markets should also bring about a marked improvement in quality and in service to consumers. Confronted with new customers, new suppliers, new ideas and the competitive scramble to exploit this dynamic market, producers and distributors will be shaken out of their complacency and forced to rationalise in every sense of the word - higher standards of quality, new and improved designs, wider assortments better adapted to consumer needs and tastes with stress on local differences and customs, and provision of modern shopping facilities catering to customer requirements, i.e., self-service supermarkets, discount houses, one-stop shopping centres, automatic vending machines, popular department stores appealing to working class tastes, etc.

In short, consumers are expected to benefit substantially from the larger, more competitive market both in terms of the incomes they receive (fuller and steadier employment, higher national product and steadily rising wages, salaries, profits) and what they can buy with these incomes (better prices, quality and service).

Larger Markets

These are the expectations.

Their realisation will be, in part, a function of the dismantling of economic barriers within and around the Community, a process which is occurring at a more rapid pace than originally anticipated. The Treaty target for reduction of customs duties between the Six for Stage One of the transition, just ended, was 25%; in

actual fact, duties have been reduced by 40% for industrial products, 35% for non-liberalised agricultural products and 30% for liberalised agricultural products; in addition a further 10% reduction in industrial tariffs has been agreed upon for July 1st, 1962 plus a 5% cut on certain agricultural products. Quota restrictions on imports within the Community were abolished at the end of 1961, and a number of steps have been taken towards removal of barriers to freedom of establishment for enterprises, a common transport policy, and free movement of capital and of manpower.

With respect to the tariff wall surrounding the Community, steps are being taken, ahead of schedule, both to make it homogeneous and to lower it. Benelux and German industrial tariffs are to be gradually increased and French and Italian tariffs reduced until a common level is reached. The first moves towards this common external tariff were made a year in advance on December 31st, 1960 with full application of the common external rate for countries whose duties were not more than 15% above or below it; in other cases the gap was reduced by 30%. Moreover, through triangular negotiations with the United States and the United Kingdom, generalized to other GATT participants through the most-favoured-nation clause, this common level has already been lowered by about 20% over the previous average of the national tariffs. Prospects are that the level will be further reduced under pressure of GATT and particularly of the United States which is concerned that neither its own exports or those of Latin America should be excluded from the Common Market.

Competitive Market for Industrial Goods?

Removal of trade barriers within the Common Market will accomplish the economic purposes of the Treaty only if the resulting larger market is also a free market fully open to the impact of competition. Consumers will benefit only if these new entrepreneurial opportunities result in bigger turnover, greater efficiency, lower margins, lower prices and/or better quality and service rather than in private agreements across country lines to divide up markets, limit output or sales and maintain prices. It has been widely acknowledged - particularly by the framers of the Treaty - that the gains from economic integration could be thwarted by consolidation and expansion of cartel and monopoly positions across national boundaries; and evidence accumulates daily that such a process is occurring. True, when the market is enlarged overnight through the reduction of trade barriers, the relative market shares, and hence potential monopoly control, of given combines or cartels are automatically reduced; also new opportunities are opened up for new firms. But for this very reason - given the dramatic impulse and ample warning provided by the schedule for removal of trade barriers - firms are encouraged to broaden and strengthen their international ties with a view to "cushioning" the impact of increased competition; such efforts, indeed, are currently being publicised as "gearing for competition".

Hence the major importance of the monopoly and cartel provisions of the Treaty. These provisions are strong; they prohibit a priori all business agreements, decisions and other concerted practices which hinder, restrict or distort competition in trade between member states, particularly price-fixing, control of output, markets or investments, sharing of markets or supplies, discrimination between distributors or consumers, and abuse of dominant market position. Exemptions may be granted to cartels which "contribute to the improvement of the production or distribution of goods or to the promotion of technical or economic progress", but only if they reserve to users an equitable share in resulting profits and do not impose unnecessary restrictions or "eliminate competition in respect to a substantial proportion of the goods concerned."

Because of the inherent complexity of the subject and the many differences between monopoly and cartel regulations of participating countries, these provisions were sketched only briefly in the Treaty, with a directive to the Commission to propose, and the Council to approve, implementing regulations. The first Implementing Regulation, adopted in February after protracted discussion, provides reasonable hope that a vigorous effort will be made to keep the Common Market free and competitive. The directive reaffirms that the prohibitions stated in the Treaty apply without prior decision, and requires that with certain exceptions (cartels based on

patents or trade marks, uniform application of standards, joint research, or resale price maintenance) firms must register with the Commission in order to apply for authorization under the Treaty exemptions. The Commission retains sole competence to grant exemptions, and these are only temporary for specified periods and are revocable retroactively in cases of changes in vital conditions, falsification or abuse. The Commission also has authority to require firms to revise their procedures so as to conform, to demand all necessary information from governments and directly from firms and trade associations, and to assess fines and penalties; and member governments participate in the regulatory process only to the extent of giving the Commission all necessary support, carrying out investigations at its request, and testifying at hearings of the advisory committee on Commission decisions.

Some commentators point to what they call "loopholes" in the Implementing Regulation which they feel could lead to significant erosion of the legislation in its practical application. These include the possibility of too loose an interpretation of the exemptions granted in the Treaty, the exceptions to the requirement for registration, the lack of specific implementation on Article 87 relating to abuse of dominant market position and particularly the failure to require prior authorization of mergers and the absence of divestiture procedures; even the advisory status given to the participating governments has been interpreted as a weakness by some observers. Specifically, consumer groups are demanding that exemptions to the registration requirement should be granted only after preliminary studies in which the firm is required to prove the advantages to consumers as well as to business, that prior hearings should be held at which consumers are permitted to express their views, and that authorized exemptions should be registered on a Cartel list which is published in the official organs of the Community; they also object to the authorization of vertical combinations, particularly those facilitating resale price maintenance.

Nevertheless, against the backdrop of the deeply divergent points of view that had to be reconciled, and the difficulty (pointed out in the preamble to the Implementing Regulation) of combining effective supervision with simplified administrative control and of coping with the overwhelming number of potential registrations, it appears that the Regulation is fully as strong as could reasonably have been hoped for. But it too, like the Treaty itself, provides only a framework. Everything will depend upon the manner in which it is executed and this, in turn, will hinge to a large extent on the relative effectiveness of the various interest pressures with which the Commission is confronted. Hence the importance of strong consumer representation on all relevant Community organs.

Competitive Market for Agricultural Produce?

The difficulty of agreeing upon a common policy for agriculture - which is sketched in only the barest outlines in the Treaty - almost caused a serious setback in the process of European economic integration. In the end, however, by dint of an extraordinary effort, a compromise agreement was hammered out in February which filled in some - and postponed others - of the details for the blueprint of the Common Market farm policy as it will take shape at the end of a $7\frac{1}{2}$ year preparatory period, thus enabling the Community to pass on to Stage Two of the Transition.

As characterised by the Bulletin for the European Community (February 1962 - Special Number), "The Council of Ministers' decision will bring into being, for the first time, ... a single Community market in which all farm products will be able to circulate freely without restriction, with a common general price level and a single Community system of protection towards the rest of the world. The piecemeal and often illogical systems of protection applied by the member countries, ... are to be replaced by a global system which aims at raising efficiency and achieving a fair balance between the interests of the farmer and those of the consumer; stable markets and a fair return for the farmers, and high quality products at reasonable prices for the consumer."

Consumers of course welcome the stress on a single agricultural market freed of restrictions, on steadily increasing agricultural efficiency, and on high quality farm products at reasonable prices. They are concerned, however, by the explicit acknowledgement of a need for agricultural protection and the possible height of the common price level.

Certainly, it is still an open question whether the Common Market for agriculture will develop in the direction of an open, competitive area with rationalized production and specialisation on a worldwide basis and steadily declining costs; or of a sheltered self-sufficient high cost bloc. The former would be to the advantage, and the latter to the disadvantage, both of consumers and, in the long run, of farmers inside and outside the Common Market.

For perspective on the issue of protectionism in agriculture, the special dimensions of the "farm problem" must be kept in mind. The farmers' claim to governmental intervention is so deeply entrenched in the legislative framework of several of the present and prospective member countries, and in a different way in each, that it cannot be simply written off by a supranational treaty. This claim rests upon the urge for security of supplies in time of war, upon the political influence of the powerful farm lobby, on the special needs and helplessness of farmer in the face of inelastic demand and the caprices of the weather, and in many cases of small fragmented farm holdings and antiquated production methods.

It is clearly not possible to eliminate protectionism overnight. Farm incomes must first be bolstered by rationalizing production methods - which the Community hopes to achieve through structural reorganization, training and financial assistance. Meanwhile the preliminary step to full competition from the outside (which will also help to rationalize production) is to unify the various systems of protectionism in order eventually to start dismantling them. This harmonization is to be accomplished differently for different products, but with uniform regulations throughout the Community for each product. For some products, e.g., wheat, coarse grains, sugar and dairy produce, protection will take the form of intervention by marketing boards when prices fall too far below stimulated target prices and of variable import levies to bridge the gap between internal and world prices. For others, such as fruit, vegetables and wine, free circulation within the Community for products meeting certain quality standards will be supplemented by protective customs duties. Export subsidies will be permitted in cases where import levies have raised internal prices; also national governments are allowed to suspend or restrict imports from other Community countries in cases of "serious disturbance", but only with Commission approval.)

Internal community price levels are to be brought into line during the transition period through a gradual process of bringing down the higher prices in the Community, and moving up the lower prices. Although the level and criteria for price alignment have yet to be worked out, it is expected that eventual price levels will lie somewhere near the average of the existing Community differentials - e.g. prices will be reduced for German consumers, and raised for some French and Italian products. If the United Kingdom goes in, British consumers will certainly have to pay more for food than at present; at the same time, however, the shift from deficiency payments to import levies and other forms of protection should reduce the British tax burden, and taxpayers are also consumers.

The absolute level of Community farm prices will depend partly on the success of the rationalization program. It is generally agreed that the wide margin for improved efficiency could mean a sharp drop in costs. But farm prices - and indeed the success of the rationalisation program - will hinge even more on whether the Common agricultural policy develops in an inward- or an outward-looking direction; whether the harmonization of protective measures proves to be a prelude to self-sufficiency or, on the contrary, to an opening up of the Community's border as the beginning of a free world market in farm product accompanied by a shift to alternative methods of underwriting domestic farm incomes. Of significance in this context

is a study of trends in production, consumption, imports and exports of major agricultural products recently undertaken at the request of the Commission by several independent experts. The experts worked on the assumption that the present agricultural policies, especially the various national price policies, would not be changed. The results of their enquiry are as follows:

Net imports or net exports*
of non-tropical agricultural produce
(in thousand tons)

1955/56-1957/58	1965 (average forecast)
Beef	213
Dairy produce (in terms of milk)	550
Sugar	137
Wheat	3,175
Coarse grains (incl. feed grain imported in the form of eggs, poultry and pigmeat)	6,500
	170
	5,400*
	535*
	164
	5,400

The conclusions drawn from this study as stated in the March Bulletin for the European Community, (Special Supplement on Agricultural Policy in the European Economic Community) are of such importance for consumers that they are worth citing here. "This study has helped to make it clear that present national farming policies must be changed because they will eventually reduce imports from countries outside the Community and increase exports from the Six."

"The system of variable levies at the common frontier, which offsets the difference between the world market price and the European price, may well be of advantage to the agricultural export countries also. This system means that imports will be considerably freer than they can be said to be under the present arrangements applied by the Member States.

"One point to be watched in applying the levy system will be to make sure that the price level in the Community is not too high. The Commission does not propose to allow an unduly high price level to give artificial encouragement to the existing trend towards increased production, as this would impair trade with non-member countries."

Fortunately in their attempt to tip the scales in favour of freer world trade in agriculture consumers already have powerful allies in the persons of leading Commission officials. Walter Hallstein, President of the Commission, recently emphasized to a group of agricultural journalists in Brussels that the Common Market agricultural policy must take account not only of farmers' views, but also the interests of consumers, i.e., that in the interest of consumers and also of the competitiveness of European industry, it must not result in higher food prices. And Dr. Sicco Mansholt, vice-president of the Commission and head of the Common Market Agricultural Division, in pointing out that the "extended Community" (including the U.K., Denmark, Ireland and Norway) would be by far the greatest importer of food in the world, taking 60% of cereals, 70% of meat, and 75% of the dairy products, said: "That means that we have a great responsibility. Up to now every country has been able to escape its obligations under GATT agreements by means of its agricultural policy, but a community of 240 million, with a common agricultural policy which is decisive in world trade, cannot escape from the rule.

We have to follow certain rules of good behaviour in agricultural policy, because agricultural policy is decisive to the world's trade in the future. It means that we shall have to take into account the necessity of imports from third countries to our community. After eight years, or six years, there is no more reason, it seems to me, for a special preference to Commonwealth products, but we have to replace that by common arrangements with third countries. When we import 60% of the world's cereals, we have to give guarantees to importers on such matters as quantities, prices and reasonable stocks. We must have a transition period in which we should give to the Commonwealth countries a guarantee for perhaps five years, to be replaced by world-wide arrangements with exporting countries."

Similarly U.S. officials under the leadership of President Kennedy himself are engaged in a concerted drive to influence the Community (which is assumed to include the United Kingdom) to join with the United States and Canada in an Atlantic Community project for reducing trade barriers vis-a-vis third countries. These officials are asking the Congress for complete removal of trade barriers on tropical agricultural and forestry commodities with the proviso that the Common Market makes similar commitments, and for free trade (generalized through GATT to other member countries) in industrial commodities in which the United States and the Common Market produce 80% of world export value; they are also urging replacement of Commonwealth preferences and Common Market preferences to associated countries by such alternatives as financial assistance, stabilization agreements and long term purchasing contracts. The U.S. has recently succeeded in concluding a special agricultural treaty with the EEC, within the GATT framework, under which the Community promises that import restrictions of member countries will not be increased pending promulgation of Community policy on grains, sorghum, rice and poultry, that it will negotiate with the U.S. on its policy for imports from the U.S., and that special consultation will take place if at any time any third country's exports to the Community show an appreciable fall as the result of EEC agricultural policy.

Nevertheless, the fundamental decision as to the ultimate nature of the Common Market agricultural policy, although it appears to be heading in a less-protectionist direction, has yet to emerge. But by the same token, it is still open to influence by organized consumers.

The Need for Consumer Representation

Clearly no Treaty or implementing regulation can guarantee a free, competitive market in industry or in agriculture; special efforts and constant vigilance will be required on the part of consumers to ensure that their interests are protected. This is particularly true in view of the effective organization and lobbying activities of industrial and agricultural groups whose objectives sometimes diverge from those of consumers.

In connection with both the cartel and the agricultural regulations there are specific opportunities for consumer pressure. Article 19 of the Implementing Regulation on cartels provides for appeals by third parties "if they have sufficient interest and ask to be heard." In addition, hearings by third parties are to be held on proposed Commission decision.

Similarly, the Community agricultural regulations envisage a series of market regulations for agricultural products, and for this purpose market regulatory offices with consultative committees are to be established. These advisory committees will have important functions, such as carrying out measures decided on by the Commission, and administering stabilization funds; hence it will be vital for consumers to be represented. Also the probable institution of Annual Reviews on agricultural policy should provide consumers with an opportunity to express their views at the level of the Council of Ministers.

The strength of farm lobbies underscores the urgency of equally articulate and self-conscious consumer representation in connection with Community agricultural policy. The Commission is reported to feel that it can take into account only those views which are formally presented to it by central associations; but of the 160 central organisations with which the Commission is now in contact, 90 are agricultural.

Even in the unlikely event that an entirely open and free market were achieved, this would not ensure complete protection for consumers. Experience has proved the necessity of government intervention in the form of legislation on such matters as pure food and drugs, weights and measures, deceptive packaging and labelling, and hire purchase. Each country has its own set of such laws and administrative regulations, all of which differ from one another. In a Common Market these divergent standards will have to be aligned to prevent distortions of the market and of relative production costs. Accelerated competition will provide the stimulus toward such "harmonization" on the part of producers and distributors. But for the consumers this situation presents an opportunity, a danger and a challenge. The opportunity is that of creating a set of international legislative standards that draws upon the best in the various national statutes - a "levelling up process" from which a body of regulations superior to that of any participating country will emerge. The danger is that the difficulty of reconciling conflicting attitudes will result in adopting the easy way out, i.e. a "compromise" on a minimum set of international regulations conforming to the least common denominator, namely to the least restrictive, hence least protective, provisions of the various national laws. A case in point has recently been provided by the EEC proposal for harmonization of national regulations covering food colourants; according to UFIDEC (January-February 1962) the proposed Community regulation comprises a longer list of permitted colourants than presently allowed by any member state; in short, many are included that are not authorized - and in some cases are explicitly prohibited - in member states; in addition certain colourants are exempted from the requirement for authorization. UFIDEC complains that the proposal has been submitted to the food industry and the chemical industry for evaluation, but not to consumers. Hence the challenge is for consumers to organize and to coordinate their lobbying activities in order to avert the danger and make the most of the (unprecedented and non-recurring) opportunity.

Organisational Progress To-Date

The first concrete step towards obtaining formal consumer representation in the Common Market was taken in June 1957 with the establishment of the Community of National Consumer Co-operative Organisations in the Common Market (Communauté des Organisations Nationales des Coopératives de Consommation du Marché Commun) for the purpose of examining the implications for consumers of application of the Treaty, defining and coordinating the tasks of consumer organisations in their efforts to safeguard consumer interests, and assuring consumer representation in the Social and Economic Committee, the consultative organ of the Community. This consumer group has already made known to the Committee its views on a large number of issues, and in some instances has succeeded in influencing the recommendations of the Committee to the EEC Commission and the EEC Council of Ministers.

In June 1961 representatives of family associations, consumer co-operatives, trade unions and consumer associations in the Common Market countries held a three-day conference in Brussels on the theme "The Consumer in the Common Market". On this occasion Mr. Mansholt, vice-president of the Commission, deplored the fact that consumers are not as strongly represented in the Common Market as producers and commercial interests, and made a plea for the establishment of a consumer committee. Accordingly at the initiative of the Union de Consommateurs a temporary European Bureau of Consumer Unions (Bureau Européen Provisoire des Unions de Consommateurs) was set up and given the task of establishing by the end of 1962 a Constitutive General Assembly of representatives of consumer unions of the six Common Market countries. Meanwhile the Bureau is maintaining close contact with the EEC Commission. Also in December, February and April it met with the Committee of Four (representatives of the Communauté des Organisations Nationales des Coopératives de Consommation du Marché Commun, of the International Confederation of Free Trade Unions, of the International Federation of Christian Trade Unions and of the European Action Committee of the International Union of Family Organisations) which had prepared the June Conference in Brussels, and made plans for setting up a "European Committee for Contacts on Consumption Problems (Comité Européen de contacts pour les problèmes de consommation), and also for a second conference on "The Consumer and the Common Market" to be held in October or November of 1962.

Thus the problem has been faced - the familiar problem of making articulate the clearcut but not very forcefully expressed concern of consumers in issues which initially affect their interests. A great deal more effort and concerted drive will be required, however, to ensure that the problem is coped with.

SPECIAL FEATURE-SEVEN

CONSUMER CHARTERS IN THE UNITED STATES AND GERMANY

A. UNITED STATES

President Kennedy has made an unprecedented gesture to United States consumers with a special message to the Congress on Protecting the Consumer Interest (on March 15). His proposals are so comprehensive, and so significant in their implication, as to be of interest to the consumer movement all over the world. The following excerpts, covering the major substantive portions of the message, speak for themselves.

* * * *

Consumers, by definition, include us all. They are the largest economic group in the economy, affecting and affected by almost every public and private economic decision. Two-thirds of all spending in the economy is by consumers. But they are the only important group in the economy who are not effectively organized, whose views are often not heard....

Fortunate as we are, we nevertheless cannot afford waste in consumption any more than we can afford inefficiency in business or Government. If consumers are offered inferior products, if prices are exorbitant, if drugs are unsafe or worthless, if the consumer is unable to choose on an informed basis, then his dollar is wasted, his health and safety may be threatened, and the national interest suffers. On the other hand, increased efforts to make the best possible use of their incomes can contribute more to the well-being of most families than equivalent efforts to raise their incomes.....

Additional legislative and administrative action is required, if the Federal Government is to meet its responsibility to consumers in the exercise of their rights. These rights include:

(1) The right to safety -- to be protected against the marketing of goods which are hazardous to health or life.

(2) The right to be informed -- to be protected against fraudulent, deceitful, or grossly misleading information, advertising, labeling, or other practices, and to be given the facts he needs to make an informed choice.

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

(4) The right to be heard -- to be assured that consumer interests will receive full and sympathetic consideration in the formulation of Government policy, and fair and expeditious treatment in its administrative tribunals.

To promote the fuller realization of these consumer rights, it is necessary that existing Government programs be strengthened, that Government organization be improved, and, in certain areas, that new legislation be enacted.

I. Strengthening of Existing Programs

This Administration has sponsored a wide range of specific actions to strengthen existing programs. Major progress has already been achieved or is in prospect in several important areas. And the 1963 budget includes recommendations to improve the effectiveness of almost every major program of consumer protection.

(1) Food and drug protection. Thousands of common household items now available to consumers contain potentially harmful substances. Hundreds of new uses for such products as food additives, food colorings and pesticides are found every year, adding new potential hazards. To provide better protection and law enforcement in this vital area, I have recommended a 25 percent increase in staff for the Food and Drug Administration in the budget now pending before the Congress, the largest single increase in the agency's history. In addition, to assure more effective registration of pesticides, a new division has been established in the Department of Agriculture; and increased appropriations have been requested for pesticide regulation and for meat and poultry inspection activities.

(2) Safer transportation. As Americans make more use of highway and air transportation than any other nation, increased speed and congestion have required us to take special safety measures.

-- The Federal Aviation Agency has reexamined the Nation's air traffic control requirements and is designing an improved system to enhance the safety and efficiency of future air traffic.

-- The Secretary of Commerce has established an Office of Highway Safety in the Bureau of Public Roads to promote public support of highway safety standards, coordinate use of highway safety research findings and encourage cooperation of State and local governments, industry, and allied groups -- the Department of Health, Education, and Welfare is likewise strengthening its accident prevention work -- and the Interstate Commerce Commission is strengthening its enforcement of safety requirements for motor carriers.

-- In addition, I am requesting the Departments of Commerce and of Health, Education, and Welfare, to review, with representatives of the automobile industry, those changes in automobile design and equipment which will help reduce the unconscionable toll of human life on the highways and the pollution of the air we breathe. Additional legislation does not appear required at this time in view of the automobile industry's action to incorporate in the new model design changes which will reduce air pollution.

(3) Financial protection. Important steps are being taken to help assure more adequate protection for the savings that prudent consumers lay aside for the future purchase of costly items, for the rainy day, for their children's education, or to meet their retirement needs.

-- Legislation enacted last year has strengthened the insurance program of the Federal Savings and Loan Insurance Corporation.

-- The Securities and Exchange Commission has undertaken at the request of the Congress a major investigation of the securities market which should provide the basis for later legislation and administrative measures.

-- The Postmaster General and the Department of Justice have stepped up enforcement of the mail fraud statutes. Arrests for mail fraud last year set an all-time record; and convictions increased by 35 percent over the previous year.

(4) More effective regulation. The independent regulatory agencies also report increased emphasis on programs directly helpful to consumers.

-- The Interstate Commerce Commission has instituted proceedings designed to prevent excessive charges for moving household goods in interstate commerce.

-- The Civil Aeronautics Board has recently taken action to protect air travellers from abuses of overbooking.

-- The Federal Trade Commission has intensified its actions against deceptive trade practices and false advertising affecting a variety of goods, including refrigerators, house paint, sewing machines, vacuum cleaners, kitchen utensils, food wrapping, and carpets.

-- The Federal Power Commission is initiating a vigorous program to assure consumers of reasonable natural gas prices while assuring them of adequate supplies -- revitalizing all of its regulatory programs in the electric power field -- and undertaking a national power survey designed to identify ways of bringing down power costs in the decades ahead by making the best possible use of our capital and energy resources; and I recommend that the Congress enact legislation and make available funds to enable the Commission to provide for 34 million natural gas consumers the information similar to that now provided electrical consumers on typical bills in various areas, thus spotlighting abnormally high rates and stimulating better industry performance.

-- The Federal Communications Commission is actively reviewing the television network program selection process and encouraging the expanded development of educational television stations; and it will also step up in fiscal year 1963 its enforcement program to prevent interference with air navigation signals, distress calls, and other uses of radio important to public safety.

-- For all of the major regulatory agencies, I am recommending increased appropriations for 1963 to provide the increased staff necessary for more effective protection of the consumer and public interest.....

(5) Housing costs and quality. The largest purchase most consumers make in their lifetimes is a home. In the past year, significant steps have been taken to reduce the cost of financing housing and to improve housing quality. The level of interest rates and other charges on mortgage loans has been reduced by a variety of Federal actions. Under authority provided by the Housing Act of 1961, new programs have been started (a) to encourage experimental construction methods likely to develop better housing at lower cost, (b) to provide lower interest rates and longer maturities on loans for rehabilitation of existing housing, (c) to provide especially low cost rental housing for moderate income families, and (d) to provide housing for domestic farm labor. The same legislation also authorized demonstration grants to develop better methods of providing housing for low income families.

(6) Consumer information and research -- and consumer representation in Government. Government can help consumers to help themselves by developing and making available reliable information.....

-- The Food and Drug Administration will expand its Consumer Consultant Program which, together with the home demonstration program of the Agriculture Extension Service, now provides valuable information directly to consumers on product trends, food standards and protection guides.

-- The Bureau of Labor Statistics is now conducting a nationwide survey of consumer expenditures, income, and savings, which will be used to update the widely-used Consumer Price Index and to prepare model family budgets.

-- Too little has been done to make available to consumers the results of pertinent government research....

many agencies are engaged in testing the performance of certain products, developing standards and specifications and assembling a wide range of related information which would be of immense use to consumers and consumer organizations. The beneficial results of these efforts -- in the Departments of Agriculture, Commerce, Defense, and Health, Education, and Welfare, and in the General Services Administration and other agencies -- should be more widely published. ... With this in mind I am directing:

-- First, that the Council of Economic Advisers create a Consumers' Advisory Council, to examine and provide advice to the government on issues of broad economic policy, on governmental programs protecting consumer needs, and on needed improvements in the flow of consumer research material to the public; this Consumers' Council will also give interested individuals and organizations a voice in these matters;

-- Second, that the head of each Federal agency whose activities bear significantly on consumer welfare designate a special assistant in his office to advise and assist him in assuring adequate and effective attention to consumer interests in the work of the agency, to act as liaison with consumer and related organizations, and to place increased emphasis on preparing and making available pertinent research findings for consumers in clear and useable form; and

-- Third, that the Postmaster General undertake a pilot program by displaying, in at least 100 selected post offices, samples of publications useful to consumers and by providing facilities for the easier purchase of such publications.

II. New Legislative authority for Added Consumer Protection

In addition to the foregoing measures, new legislative authority is also essential to advance and protect the consumer interest.

(A) Strengthen regulatory authority over foods and drugs

... (1) First, legislation to strengthen and broaden existing laws in the food and drug field to provide Consumers with better, safer, and less expensive drugs, by authorizing the Department of Health, Education, and Welfare to:

(a) Require a showing that new drugs and therapeutic devices are effective for their intended use -- as well as safe -- before they are placed on the market;

(b) Withdraw approval of any such drug or device when there is substantial doubt as to its safety or efficacy, and require manufacturers to report any information bearing on its safety or efficacy;

(c) Require drug and therapeutic device manufacturers to maintain facilities and controls that will assure the reliability of their product;

(d) Require batch-by-batch testing and certification of all antibiotics;

(e) Assign simple common names to drugs;

(f) Establish an enforceable system of preventing the illicit distribution of habit-forming barbiturates and amphetamines;

(g) Require cosmetics to be tested and proved safe before they are marketed in accordance with the law;

(h) Institute more effective inspection to determine whether food, drug, cosmetics, and therapeutic devices are being manufactured and marketed in accordance with the law;

(2) Second, legislation to authorize the Federal Trade Commission to require that advertising of prescription drugs directed to physicians disclose the ingredients, the efficacy, and the adverse effects of such drugs; and

(3) Third, legislation to broaden the coverage of the Meat Inspection Act administered by the Department of Agriculture, to promote adequate inspection -- in cooperation with the States and industry -- of all meat slaughtered in the United States.

(B) Require "truth in lending".

.... Legislation should be enacted requiring lenders and vendors to disclose to borrowers in advance the actual amounts and rates which they will be paying for credit. Such legislation would require full disclosure to installment buyers and other prospective credit users, and thus permit consumers to make informed decisions before signing on the dotted line.

(C) Manufacture of all-channel television sets

Five out of six home television receivers today are equipped to receive programs on only the 12 very-high frequency (VHF) channels. As a result, in most areas, stations desiring to operate on any of the 70 ultra-high frequency (UHF) channels would usually have such small audiences that there is little incentive to make the substantial initial investment and continuing expenditures that effective broadcasting requires. The result is a sharply restricted choice for consumers.

After extensive study, the Federal Communications Commission has concluded that an effective and genuinely competitive nationwide television service, with adequate provision for local outlets and educational stations, is not possible within the narrow confines of 12 VHF channels. Legislation now before the Congress would authorize the Commission to prescribe the performance characteristics of all new television receivers shipped in interstate commerce to assure that they can receive both VHF and UHF signals. I strongly urge its passage as the most economical and practical method of broadening the range of programs available. This step, together with the Federal aid for construction of educational television stations which is nearing final passage by Congress, will speed the full realization of television's great potential.

(D) Strengthen laws promoting competition and prohibiting monopoly

The most basic and long-standing protections for the right of consumers, to a choice at a competitive price, are the various laws designed to assure effective competition and to prevent monopoly. ... In addition to the measure now nearing final passage which would provide subpoena powers for civil as well as criminal antitrust investigations, several other improvements are needed:

(1) The Federal Trade Commission should be empowered to issue temporary cease-and-desist orders against the continuance of unfair competitive practices while cases concerned with permanent relief from such practices are pending before the Commission. ...

(2) ... I strongly recommend enactment of legislation to require reasonable advance notice to the Department of Justice and to the appropriate Commission or Board of any merger expected to result in a firm of substantial size. This will enable the businessman to obtain advice in advance, without litigation, as to whether a proposed merger would be regarded as contrary to the public interest. In addition, along with the recommended authority for the FTC to issue cease-and-desist orders, it is an essential safeguard against combinations which might cause unwarranted increases in consumer prices.

1. Those primarily concerned are of course the consumers, who must bear the responsibility through self-help for strengthening their organizational base and for a rational division of labour in their sector. There is a very great gap to make good in comparison with the well-organized structure of associations in other economic sectors.

2. However, the effort should be supported much more than at present by entrepreneurs who are open to objective persuasion by the consumer. This would not only lighten the present burden of consumer consultation in the enterprise in the long view, but also would improve its price and quality competitiveness.

3. The State, too, would be considerably helped if it recognised consumer enlightenment as a contribution to stabilizing, underwriting and normalizing the market economy, especially with reference to sobriety, moderation, thrift and reasonable transactions. In this sense reference is made to the efforts of President Kennedy in the United States, of the English Parliament, and to Scandinavian economic measures for activating consumers.

4. Public opinion media must also concern themselves more deliberately with consumer enlightenment; the concept of consumption is so comprehensive that it simply cannot be ignored by a mass medium. In the field of public opinion we are also passing from the stage of handicraft into industrialization; with all due respect to mouth-to-mouth propaganda, substantive lectures and personal talks, it cannot be denied that we live in an era of mass media which can communicate consumer enlightenment to millions of people.

5. In this context belongs also modern advertising which could provide a consumer-oriented method on a grand scale if the obligation of informative advertising could be enforced. Hence efforts should be made to eliminate abuses of many kinds through a type of voluntary self-control by advertisers in co-operation with advertising media and those at whom the advertisements are directed.

IV. Methods of Consumer Enlightenment

1) Product testing, whose significance and priority in the catalogue of consumer enlightenment measures cannot be overrated.

2) Shopping guides, market surveys and consumer information which, independently of tests, offer comparative data relevant to wise purchasing.

3) Such indicators as product descriptions, labels, market price reports, etc.

4) Promotion of schooling, training and research in the consumer sector, both theoretical and practical, with expanded activities in primary schools, continuation schools, higher schools, adult schools, academies, universities, etc.

V. Goals of Consumer Enlightenment

Consumer enlightenment serves consumers, the economy and the State.

1) For consumers it contributes to fulfillment of the economic function and improvement of market opportunities, promotes household efficiency and strengthens consumer consciousness.

2) For the economy, it provides a means of mutual understanding, evaluation and information, and, not least, equalizing of economic participants, as well as a means of standardizing, moderating, removing frictions and rationalizing.

3) For the State, it is an easy way of underwriting the market economy and anchoring market economy principles in the consciousness of non-producing economic participants. It overcomes the alienating effect of modern economic life and acquaints the broad masses with the laws of economic processes. Finally, and not least, it eradicates anti-social sentiments.

The economic population is more than the sum of the social partners, several large economic blocs, anonymous pressure groups or green, grey or colourless fronts. It is the sum total of active and passive economic participants who in an open society must live and work together. This is best characterized by the concept of the Consumer.

L A T E N E W S

UNITED KINGDOM-UNITED STATES

INFORMATION BULLETIN ON NEW DRUGS

It is welcome news that Consumers' Association is now publishing and distributing a British edition of The Medical Letter, an information bulletin on new drugs started three years ago by an independent group of American doctors.

The urgency of objective, widely disseminated appraisals of drug manufacturers' claims has been underlined by recent publicity attendant upon the withdrawal from the market of a large number of new drugs following the disclosure of dangerous side effects (see CAB No.2). According to Consumers' Association "The Medical Letter on drugs and therapeutics is intended specifically to meet the needs of the busy doctor who wants unbiased, reliable and timely information on new drugs...A high proportion of the new drugs now being marketed - antibiotics, tranquilisers, anti-inflammatory drugs, hormones and many others - have serious side effects. But many of them are also highly useful. Sound decisions on the administration of such drugs cannot be made without accurate knowledge of the therapeutic benefits, the hazards involved in their use, and the availability of other, less toxic drugs with similar therapeutic effects. The Medical Letter gives this information".

The Medical Letter is published fortnightly in a 4-page letter form. Each issue presents in concise straightforward style an appraisal of a number of drugs as to their effectiveness, toxicity, side effects and possible alternatives.

It "provides preliminary assessments of important new drugs as soon as possible after the drugs are marketed; that is, in the period in which they are most heavily promoted, but before evaluations are available to the doctor in books or journals. As new information confirms or changes the picture, follow-up reports are made. If a new drug offers genuine advantages over older drugs, therapeutically or in reduction of side effects, The Medical Letter says so. If it is no better, but is less expensive, The Medical Letter points out this advantage. If it offers no advantages, if its effectiveness is low or its toxic effects are dangerous, The Medical Letter says so plainly. The Medical Letter also reviews older drugs where there is important new information on therapeutic effects or side reactions, or where current promotional material is misleading. Drafts of proposed articles are sent by airmail to the members of the British Advisory Council and other consultants for their comments; these are then passed back to The Medical Letter Editorial Board in New York". The bulletin is not available to the lay public, carries no advertising and may not be used for advertising. American circulation is now approximately 25,000.

The British edition differs from the American original only in that it refers to drugs by the British generic and proprietary names, gives prices that are current in Britain, and draws attention to relevant differences in American and British prescribing practices. Advance copies of each issue published in New York are sent by airmail to London so that the British Edition can normally be printed and posted to subscribers within ten days of first publication in the United States.

One thing leads to another. The question now arises as to whether Consumers' Association (which is increasingly undertaking specialised projects - viz., the Car Supplement in "Which?" and The Good Food Guide) will follow up this important venture into the field of prescription drugs by offering the wider public a British version of The Medicine Show, a reference book for the consumer on drugs - "popular products for common ailments" - published last year by Consumer's Union (United States), largely from material published over the years in Consumer Reports. Also - an even more intriguing speculation - shall we hear more of the suggestion which has been made on both sides of the Atlantic for compulsory preliminary testing of new drugs in publicly authorised laboratories and clinics prior to their marketing?



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International Co-operative Alliance

11, Upper Grosvenor Street, London, W.1.

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EDITORIAL

No longer can historians be induced to play the game of "what if...". They will not conjecture what would have happened if Napoleon had not been defeated at Waterloo or if Lee had not been beaten at Gettysburg. The historians argue that such exercises are fruitless - they are probably right, anyhow they should know!

Economists, in their own field, undertake similar exercises with more helpful results. Messrs. Fisher, Griliches and Kaysen have recently made some estimates of the saving in resources which would have accrued if American motor manufacturers had not made annual model changes each year since 1949*. Assuming that cars of the same length, weight, horsepower, transmission etc. were produced under the improving technological conditions of subsequent years, they have calculated what the savings would have been. The basic data is as follows:

	<u>Av. estimated cost per car in current prices, 1956-60 (dollars)</u>
<u>Higher construction costs because of higher horsepower, greater length, greater weight, etc.</u>	454
<u>Optional equipment</u>	116
<u>Advertising</u>	14
<u>Retooling</u>	99
<u>Gasoline</u>	40

The estimated cost of the model changes made in the 1956-60 period - if the 1949 model is taken as the datum - is estimated at around \$5,000,000,000 per annum. A not inconsiderable saving over a five year period!

*"The Costs of Automobile Model Changes Since 1949", American Economic Review, May 1962.

The authors of the study had this to say about their conclusions:

"In thus assessing the costs of automobile model change, we do not mean to deny that such changes also brought benefits. Indeed, it is quite clear that most or all of the changes involved were in fact desired by the consuming public (perhaps after advertising) and that the automobile companies were satisfying such desires. Nevertheless the costs estimated seem so staggeringly high that it seems worth while presenting the bill and asking whether it was "worth" it, in retrospect."

In the course of a recent seminar sponsored by the Foundation for Research on Human Behaviour, George Brown (Director of Marketing Research, Ford Motor Company) had some revealing things to say about the consumer behaviour surveys undertaken by his company.* Pertinent to our current theme are his remarks that it had proved impossible to conduct a consumer survey to discover what buyers want. "The many efforts we have made in this direction have failed," said Mr. Brown, "The direct approach of asking consumers how they would improve a given product produces a long list of suggestions with little or no concentration around any simple idea that can be interpreted as 'the public wants'. The indirect approach designed to get at gripes or complaints about the product leads to desirable, but impossible goals such as cutting the price of the product while improving its durability, operating economy and appearance, or producing a car that will give very high gasoline economy with no reduction in acceleration, carrying capacity or top speed."

Here then is a real dilemma! The manufacturer does not know what the consumer wants next but is accustomed to the annual model change. Manufacturers would like to know what the consumer wants but no techniques yet exist which enable the research man to establish what it is the consumer wants. Hence model changes are made, which as the American industry knows to its cost, can be disastrously wrong.

When we turn from product modification to product innovation the situation becomes far worse. George Katona has crystallised the problem by stating: "Consumers cannot guide industry in indicating the direction innovating endeavours should take because they have not enough fantasy to detect what they may need and want before they are told what kind of new goods or services are available".*

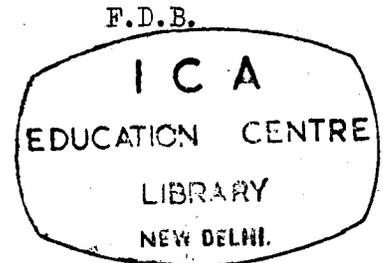
It may be that improvements in research techniques can help the manufacturer to get closer to consumer wants but probably it is a change in attitudes and a change institutions which is needed first. This is not to argue for the prescription by authorised experts of those goods which the consumer 'really' wants and his conditioning to accept these goods. Nor would one argue for a direction of industry to produce the expertly chosen goods. Rather it is an argument for drawing the consumer sooner than is done at present into the decision-making process so far as new or modified goods are concerned and for industry to be willing to shake off such customs as the annual model change when it becomes clear that the cost is too great.

Incidentally it should be remembered that this kind of problem is one with which the centrally planned economy is confronted as much as the unplanned. A study made by the Economic Commission for Europe in 1959** showed that the existing indicators for tracing changes in consumer behaviour in Eastern Europe and the Soviet Union recorded what consumers did not want rather than what they did want.

*"Psychological Research on Consumer Behaviour" published by Foundation for Research on Human Behaviour, Ann Arbor, Michigan, \$2.00. See elsewhere in this issue for further details of the studies.

**"Economic Survey of Europe, 1958"

The very early stage of studies of consumer wants in the industrialised world is yet another proof of the relative neglect of these questions in the past by both manufacturers and social scientists. It is to be hoped that the results of the pioneering work which is being done in this field will be disseminated as rapidly as possible and that the current climate of increased consumer awareness will prove propitious for its rapid application. More consumer oriented or controlled manufacturing and distributive units would help to sustain such a development too.



CONSUMER ECONOMICS

UNITED STATES

CONSUMER ATTITUDES AND FORECASTING

Considerable experience of surveying consumer attitudes and expectations has been amassed in the course of the last ten years in the United States. Work is now in progress to establish if data of this kind can be used in forecasting business conditions.

Professor Klein has recently described ("Comparing Economic Forecasting Models to Consumer Surveys") the current use of anticipatory variables for consumer expenditure in econometric models and outlined the way in which it is hoped to improve the data.

Eva Mueller ("Survey Methods as a Forecasting Tool") has also written on the value of the Survey Research Centres index of Consumer Attitudes in prediction. The Index would seem to have predictive value only for 6-9 months and hence can not be used in longer range forecasting, however current research suggests that an alternative and more promising method of forecasting may be found through undertaking detailed studies of specific aspects of the attitude formation process.

Both the papers referred to above appear in "Psychological Research on Consumer Behaviour" published by The Foundation for Research on Human Behaviour, Ann Arbor, Michigan, U.S.A. Price \$2.00.

EUROPE

HOUSEHOLD BUDGETS

Spending by workers in the coal and steel industries of Europe have been compared in a study issued by the Statistical Office of E.E.C. The results show some large differences in spending on the most important consumption items.

Spending in Important Consumer's Groups
(in % of total expenditure)
(results from budgets in 2,000 households)

Families Spending	France	Italy	Belgium	Netherlands	Federal Republic
	Food (incl. beverages)				
Coal miner	51	59	42	39	42
Iron & steel worker	47	52	41	38	39
Iron ore miner	40	60	-	-	37
	Housing (incl. household effects)				
Coal miner	10	10	15	19	17
Iron & steel worker	16	17	18	23	19
Iron ore miner	18	12	-	-	19
	Clothing				
Coal miner	13	10	12	13	12
Iron & steel worker	11	8	10	11	12
Iron ore miner	13	10	-	-	12

FINLAND

CHANGING PATTERN OF CONSUMPTION

There are certain similarities in the way the pattern of spending is developing in Finland when compared to more industrialized countries, e.g., the U.S. and the U.K. Sales of food, clothing and tobacco are rising slowly while consumer expenditure on services, health and leisure is growing fast. There are also some marked differences between Finland and these other countries. In the U.S. the market for durable goods since the middle of 1950 has become a replacement market. Since early 1960 the postwar boom in consumer durables in Britain has abated and there too the market may be saturated so far as T.V. sets, vacuum cleaners and possibly motor cars are concerned.

In Finland the pattern of consumption today resembles that of the U.S. up until 1955 and of the U.K. until 1960. Spending on durables is still growing faster than on services, and the market is far from saturation. The percentage of families owning a car is considerably lower than in Britain or Sweden, while television was introduced only a few years ago and is still expanding at a rapid rate.

Changing Pattern of Consumption Finland 1954-60

	<u>% increase</u>
Total population	7
Private consumption	21
Durable goods	55
Non-durable goods	16
Services	27
Food	21
Beverages	7
Tobacco	20
Housing	15
Clothing	16
Furniture and household appliances	59
Household utensils and services	6
Health	29
Travel and vehicles	47
Studies, books and stationery	20
Hotels and restaurants	5
Leisure expenditure	35

The sluggish growth of spending in hotels, restaurants and on beverages in Finland is probably contrary to the trend in most countries, and is difficult to explain. The small increase of expenditure on household utensils and household services, on the other hand, is due to a fact well-known in all countries: that domestic servants are becoming extinct.

A Finnish Correspondent.

UNITED KINGDOM

CONSUMER DEMAND STUDIES

A programme of studies in the measurement and analysis of consumer demand is being undertaken at the National Institute of Economic and Social Research. The Institute is an independent non-profit making body whose object is to increase knowledge of social and economic conditions in contemporary society.

The aim of the study programme is to improve short and long-term forecasting of consumer demand. Investigations are being made of markets for single commodities, special attention being given to assessing the development of new tastes, methods of acquisition and usage. In addition attempts are also being made to project whole patterns of expenditure.

NIESR Annual Report for 1961.

JOURNAL ABSTRACT

Differential Changes in the Prices of Consumers' and Capital Goods.

R.A.Gordon. The American Economic Review, December 1961.

There is a certain tendency it is claimed in the U.S.A. and some other advanced countries for capital-goods prices to rise faster than those of consumer goods; capital goods were about 50% more expensive in terms of consumers' goods in 1959 than they were in 1929.

The ratio of gross fixed capital formation (P_k) to that of consumers' goods (P_c) tended to rise whether the trend in the general price level was upward or downward. It was relatively greater in the depression than in the 1950s. This phenomenon holds true though not to quite the same extent as in the U.S.A. for countries like England, Canada, Sweden and Denmark.

Over the last half-century actual costs of construction have risen more than the prices of consumers' goods. This is one of the effects of the rise of capital goods prices over those of consumer goods.

JOURNAL ABSTRACT

Producer Goods, Consumer Goods and Acceleration of Growth. by M.Frankel. The Economic Journal March 1961.

The author contrasts the different emphasis shown by the Western countries, with that of the Russian and Eastern European countries to a "group of industries variously called investment, producers, heavy or basic goods industries".

The author contends that in Russia and East Europe and in the underdeveloped countries the above industries have special emphasis placed on them and are given preferential treatment in resource allocation. In the West these industries although recognized as important are not given preferential treatment. Thus in the U.S.S.R. and underdeveloped countries the above industries grow more rapidly than other industries whereas in the West they do not. The Soviet allocation of investment to the investment-goods sector point to a figure that is 40% greater than that of the U.S.

In view of the high investment-goods sector allotment there is a relatively high savings-investment ratio. The author concludes that the Soviet government will have to change its economic planning in the near future and will have to show greater concern for the material well-being of its citizens by shifting the investment-consumption balance in favour of consumption.

JOURNAL ABSTRACT

Consumer Asset Formation and the Future of Capitalism. H.T.Oshima. The Economic Journal, March 1961.

The author shows a difference between the U.S.A. and Japan in consumer asset formation (purchases of dwellings and durables by households, including furniture, refrigerators, stoves, dish-washers etc.). The purchase of dwellings and major durables is a mass phenomenon in the U.S.A., this is not the case in Japan. The author contends that the more industrialized the economy becomes the more does the purchasing of durable goods increase. As the semi-developed countries (Japan included) move out of the semi-developed stage consumption patterns will gradually shift from the purchase of non-durables to the purchase of durables and services. As capitalism develops, new vigour is added to its structure and operations. The purchase of durable goods allows for more enjoyment of life and makes suburban living possible and attractive. Thus in the U.S. residences of city people are increasingly found on the outside of cities. The author concludes that the continued growth of capitalism provides for peaceful competition and also for more leisure living.

Mr. Cuthbertson's argument is that the prime influence which affects new hire purchase contracts in the United Kingdom at any time is not the size of the minimum deposit or the maximum length of repayment but the incidence of completions of past contracts. The hire purchaser puts aside a part of his income for monthly instalments. In terms of car purchasing this means that as soon as the old car is paid for, plans are made for trading it in for a new one. Thus the size of the deposit is not important as it is covered by the trade-in. Cuthbertson states: "The experience of one of the larger hire purchase finance houses over the past two-and-a-half years shows that about 50% of vehicle buyers on terms are not greatly affected by controls on hire purchase repayment periods so long as the maximum is not less than two years."

Thus the changes in regulation will have little effect on h.p. contracts, but by advancing or postponing the date at which contracts will be paid off these changes will have a sharp effect on the level of hire purchase business two and three years ahead.

The author constructs a model of h.p. contracts and shows for example that buyers who took 3 years for the period of repayment will have completed no contracts between the summer of 1960 (when the last of the two year contracts were paid off) and the summer of 1961 (when the first payment on the three year contract are repaid).

This type of purchasing creates a fluctuation in the market which Cuthbertson argues requires government regulation.

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

SCANDINAVIA

NORDIC CO-OPERATORS' STATEMENT
ON CONSUMER INFORMATION & EDUCATION

Representatives from the Consumers' Co-operative Movements in the nordic countries concerned with information services have met in Stockholm to discuss consumer information and education. In a statement issued by the group were the following remarks:

There is a need for a substantial increase in the resources available for impartial consumer educational activities carried out under state aegises intended to develop more price and quality-consciousness in the consumer. Today this information and educational activity is disseminated in such a way that it does not meet peoples' needs.

It is also important that the informative content of advertising receive greater attention and that the volume of false and misleading advertising be reduced. It should be possible to achieve this without ignoring advertising's primary concern - to sell.

The Co-operative Movement has a great responsibility to contribute to the development of a conscious and capable consumer. Through broadened inter-Nordic collaboration within our movements new and better methods for the pursuit of informational and educational activity can be found. We should strive at increased efficiency in the field of consumers information and education.

The conference suggested that the Nordic Inter-Governmental Council for Consumer Information inquire into the methods by which radio and television can better serve the cause of consumer education. The commercialisation of radio and television is at present under discussion in some of the Nordic countries. An investigation to determine:

- (a) to what extent the dissemination of impartially presented consumer information is made more difficult or even hindered by a commercial radio and television system or by a monopoly enterprise with some commercials, and
- (b) to what extent the informative content of advertising is reduced by the commercialisation of these media,

would be of great general interest in the context of this discussion.

A Swedish Correspondent.

SWEDEN

KF'S TEST KITCHEN HAS MANY TASKS

The Test Kitchen of Kooperativa Förbundet (the Swedish Co-operative Union and Wholesale Society) started its activity in a small way in 1943, but in 1948 it was rebuilt and planned on the basis of the experiences gained since its start. It then became a large kitchen in two divisions, with the smaller division doing experimental work. The kitchen was already then equipped with rooms for tasting and assessing food. During the 1950's its activity was greatly increased. More testing and more intense quality appraisals were undertaken. As time passed, even the test kitchen built in 1948 became over-crowded, and therefore, a new one was planned in 1958. Past experiences has been drawn upon in planning, while the possible demands for future development have been kept in view.

The following units are accommodated in the test kitchen:

1. A big kitchen for cooking and baking, where recipes are composed and tested. In this big kitchen demonstrations are held for groups of housewives, school classes or courses from the co-operative college Var gard.
2. An experimental kitchen, where more accurate tests can be carried out. Exact scales and measuring equipment are available. The experimental kitchen is directly connected to a room for tasting food.
3. The room where the tasting of foodstuffs takes place, is secluded from all other activity, so that the persons engaged in tasting and assessing are able to concentrate on their task in peace and quietness. At one of the long sides of the room there are eight special boxes, where the persons tasting sit with their backs to the daylight. Special light, which can be transformed from daylight to red or green, is available.
4. In the equipment testing room and the appliance testing room, special equipment is available for the accurate measurement of consumption of electric power, gas, and water.
5. The test kitchen also has a photo studio. It is supplied with lighting and other special equipment for photography. In this room there is every facility for arranging and taking photographs for consumer information and publicity work.

The foodstuff processing and other manufacturing units of KF have their goods tested and assessed at the test kitchen. The staff of the test kitchen, consists of seven domestic science teachers, four assistants, and office staff. The staff prepare the dishes, taste them, and judge their economic value and quality. This is done in collaboration with the purchasers of KF's departments and the planning staff in the manufacturing units. KF's food producing units keep continuously in touch with the test kitchen when new products are in the experimental stage. The test kitchen then has the task of testing the actual product in collaboration with the laboratory of the manufacturing unit in question. When the composition of a product for some reason is changed, the test kitchen is again involved.

All the practical suggestions, indications and recipes on the wrappers of co-operative foodstuffs are devised by the test kitchen.

In order always to be informed about the quality of co-operative foodstuffs, the test kitchen continuously tastes them, and compares them with the same kind of products from the private market. On the average, 75 co-operative foodstuffs are tested three times during a season. The co-operative foodstuffs are each time tested and compared with three or four other brands. All products are blind tested, i.e. the persons carrying out the testing does not know which brand is being tested. The persons engaged in this activity are a previously tested group of about 25 housewives and the domestic scientists of the test kitchen. The records from the tasting of foodstuffs are not public. They are available only to KF's Board of Directors and to the department or industry concerned.

Household articles and chemical products are also tested from the housewife's point of view in the test kitchen, practical examples of such testing are meat thermometers and plastic measures. The test kitchen keeps in touch with Swedish households through articles in the co-operative press. For instance, the journal "Vi" contains each week a menu for the week and an article of consumer information on food, methods of cooking, household utensils, and so on. Publicity material such as booklets and pamphlets for foodstuffs are produced for KF's departments and manufacturing units.

In collaboration with KF's film department and housewives' department the test kitchen has also written the scripts for and participated in several information films for housewives.

One result of the test kitchen's work with foodstuffs is the cookery book "Var kokbok" (Our Cook Book). In this cook book there are more than one thousand recipes, where nutritive value and rational preparation are given particular consideration.

Information provided by KF.

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

UNITED KINGDOM

HEALTH CONGRESS ON CONSUMER PROTECTION

At the Royal Society of Health Congress in Scarborough on April 12th complaints were voiced that "labelling and advertising of products had reached a stage where misleading had become a fine art in its subtlety"; a plea was made for international standards for food additives (it was pointed out that of 82 colourants permitted in 22 countries only one was permitted in all of them); consumers were advised to complain to the Independent Television Authority about TV commercials which they consider objectionable; and it was suggested that local health authorities should be given a month's notice of intention to open food premises to allow time for hygienic inspection.

Guardian, Times, 12th April, 1962.

UNITED KINGDOM

HOUSE SALES CODE

The Council of the Federation of Registered House-Builders has set up a small working party to consider the preparation of a code of good sales procedure for registered house-builders in the hope of establishing improved relations between house-builders and the house-buying public. It is hoped to "eliminate the unfavourable publicity which often stems from the careless sales procedure followed by some house-builders".

Financial Times. 21st March 1962.

UNITED KINGDOM

DEATHS FROM POISONING

Deaths from poisoning in England and Wales have risen to over 4,000 a year according to a recent Ministry of Health report which calls for a regular information service on poisons for hospitals and family doctors, regional and district treatment centres, establishment of a centre for academic research on toxicity, consideration of identification marking of commercial tablets and capsules and an international identification code.

Times, 1st March 1962.

UNITED KINGDOM

CONSUMER PROTECTION ACT: FIRST REGULATIONS

The first regulations to be issued under the Consumer Protection Act apply to oil-heaters and lay down standards for construction and performance as well as requiring that heaters carry warning notices. Enforcement is to be carried out by local authorities.

UNITED KINGDOM

GUARANTEED SERVICING STANDARDS FOR MOTORISTS

The Motor Agents' Association (MAA) with 20,000 members amongst motor traders appointed a committee on standards of trading when it became apparent that the dishonest garage man was undermining the confidence of the public in the service provided by the trade. After two years work the Standards of Trading Committee of the MAA have devised a Fidelity Scheme which, if widely enough adopted, could help to improve the garage man's reputation. For the consumer the Fidelity Scheme offers the prospect of a fair deal from garages operating the scheme. The scheme would operate in this way:

- Traders joining the scheme would pay a £7.7s. fee each year.
- A customer in dispute with a garage would approach the MAA who would first attempt to negotiate a settlement.
- A dispute not settled by negotiation is referred to a member of the Institute of Arbitrators for settlement providing the customer first pays a £3.3s. deposit.
- A fund will be established from which payments in compensation to customers of up to £500 on any one claim will be met and which will guarantee compensation payments by traders of up to £2,000 in any one year.
- Provision is made for eliminating traders whose compensation payments are met by the scheme.

Consumers will be able to identify traders who are members of the scheme by an appropriate symbol.

The MAA is at present canvassing support for the scheme amongst its members and it is anticipated that sufficient support will be forthcoming to bring the scheme into force in the autumn.

Times, Guardian, 14th June 1962.

UNITED KINGDOM

CONTROLLING THE WONDER DRUGS

In 1955 a German pharmaceutical firm produced a sedative called "Thalidomide". It was an effective sedative and it did not kill if too much was taken, as did the barbiturates. In January 1960 a patient using the drug complained of lack of sensation in hands and feet. In 1961 news came from various places (Germany and Australia for example) that an exceptional number of births of deformed babies had

occurred; in most cases arms and legs had failed to grow. The mothers had taken "Thalidomide" in early pregnancy. It was estimated that in England and Wales 500 infants were born (during 1960 and 1961) with malformations due to their mothers taking the drug during pregnancy. The drug was taken off the market and it was one of the eight drugs withdrawn in the United Kingdom and in the United States during 1961.

The problem is not confined to this drug along. Many drugs are issued by various pharmaceutical companies in England every year, and very few sound clinical trials are undertaken. Dr. G. T. Stewart writing in the "Lancet" says that "... Anyone can conduct a clinical trial with any substance, and some dangerous new drugs have been marketed, and intensively promoted with little or no attempt at a rational independent clinical trial, or even a reasonable modicum of toxicity data on laboratory animals...."

It is most unfortunate that Britain has no statutory authority - like the Food and Drug Administration in the U.S. and a similar body in France - whose permission is needed before a drug can be offered for sale and prescribed by doctors.

More important is the fact that there is no independent body to which disturbing observations can be submitted. The only thing a doctor can do in England at the present time is write to the medical press or to the makers and point out the dangerous side effects of the drug.

Most firms may be honest and try to produce good drugs, but unfortunately because of the severe competition among drug-manufacturers, pressure is put on them to produce new drugs as rapidly as possible and too often the results are disastrous.

At a recent conference, Professor M. L. Rosenheim of University College Hospital, London, urged the need for a central drug council in the United Kingdom to supervise the control of new drugs Most of the doctors supported him, but drug industry spokesmen found the plan to be "unworkable and unnecessary". This attitude on the part of the drug industry is surely an astonishing one, and an unfortunate one. The doctor in England like his compatriot in the U.S. is at the mercy of "representatives" of drug companies who promote new and wonderful drugs. Very few doctors are experts (in fact there is only one professor of therapeutics in England) and surely it is too much to expect a doctor to familiarise himself with the deluge of drugs being poured out of the large mouths of the drug companies. Planned controlled therapeutic trials are vital and one cannot use patients as guinea-pigs to search for toxicity. Finding out about the toxicity of a drug has to be left to an independent control and not to the whims and vagaries of drug companies.

UNITED STATES

RADIOACTIVE MILK

A rise in the incidence of the radioactive substance Iodene 131 in milk in the Middle West of the United States is causing concern. The danger level was exceeded in the three month period following the Russian nuclear tests last autumn and rose again in May when there were American atmospheric tests in the Pacific.

Studies of the effect of the rise in radioactivity on the human body are being conducted in two of the five towns most affected. Some scientists are advocating the use of counter-measures at once.

Times. 28th June 1962.

Statist. 6th July, 1962.

UNITED STATES

DANGEROUS CHEMICALS LABELLING

A further suspension of sections of the Dangerous Chemicals Labelling Act has been announced by the Food & Drug Administration. The new date for the appearance of warnings on products is 1st February 1963.

UNITED STATES

LETHAL TOOTHBRUSH?

The Food and Drug Administration have seized 224 Vibra Dent electric toothbrushes as misbranded. The Chase Manufacturing Company claimed the toothbrushes were sealed against water and presented no shock hazard - FDA contests this saying the motor and cord were not sealed and could produce a shock if put in water.

Co-operative News Service, 15th May, '62.

UNITED STATES

FDA NAILS FOOD FADDIST

One less food quack is cajoling people to buy his products and solve all their aches and pains. A 1-year suspended prison term and three years probation was imposed on Royal Lee, president of Vitamin Products (Milwaukee) and U.S. District Judge Robert Tehan fined his company \$7,000 in a judgment delivered in May this year.

Lee produced 115 special dietary products that he claimed were good for treating more than 500 different diseases, from acne to cancer. In his literature Lee claimed "all disease conditions are the result of malnutrition." Heart patients die because of a "deficiency of natural vitamins," and "arthritis and tooth decay are caused by eating cooked foods." Lee, who holds a dentistry degree, has never been a dentist. Instead, Federal authorities told the court, he became one of the country's leading health faddists and a regular speaker on the subject. Lee first ran afoul of the law in 1934 when a jury found him guilty of misbranding a product. In 1945 Federal Trade Commission ordered him to stop some of his false advertising. In 1956, the Post Office Department charged that Lee was receiving money through the mails for a book, Diet Prevents Polio, which they labelled a fraud.

Co-operative News Service, 18th May 1962.

UNITED STATES

FDA SEIZES GIANT ECONOMY SIZE COFFEE

The FDA seized more than 5,400 "giant economy size" jars of Maxwell House instant coffee. The FDA explained that the package cost more per ounce than the regular six-ounce jars and was therefore mislabelled. This was the first such action ever taken by the FDA. Investigation showed that the ten-ounce "giant economy size" jars were being sold by National Tea Company retail stores for \$1.44 or 14.4 cents an ounce. Six-ounce jars of the same coffee were being sold in those stores for 75c or 12.5c an ounce. Following the seizure the manufacturer, General Foods of Hoboken, N.J., said it had decided "some months ago to eliminate the word 'economy' on the 10 ounce size and was well along toward making the label and jar lid changes" when the product was seized. If sustained, this seizure can have far-reaching repercussions to the advantage of the buying public.

Consumers Union comments that while this case is a milestone in the campaign against deceptive packaging "even if existing laws over packaging practices were energetically and conscientiously enforced to the fullest limit of the intent as well as the letter of the law, existing law would still be inadequate. The packaging chaos will not subside until orderly marketing that allows for rational choice between brands until Federal legislation to control packaging to price and odd-fraction sizes has been added to current packaging laws."

CCI Newsletter May 1962.
Consumer Reports, July 1962.

Shell housing - cheap housing through a combination of do-it-yourself and instalment credit, has proved to be a chimera in the United States. The basic idea of the scheme was for a buyer to purchase an unfinished home and himself undertake to finish the work by putting in wiring, plumbing, partitions and fixtures and painting and weatherproofing his home. In some cases the buyer would need to find a site and dig the foundations too!

The shell house is a pre-fabricated house. Since the shell home is sold knocked-down upon delivery it is not regarded as real estate but personal property and hence sellers can charge interest rates as appropriate under retail instalment debt laws. In New York State these payments have been almost three times as high as the legal rate for real estate mortgages. To attract buyers some sellers have quoted low monthly instalment rates, not disclosing a very large final payment, known as the balloon payment. Here is an actual example: A man purchased a shell house in New York State priced at \$5,424. The downpayment was \$124. His schedule of repayments was of 59 monthly repayments of \$75.58 and a final repayment of \$3,448.

The industry got away to a spectacular start and sales of around a \$1,000,000,000 a year were anticipated. But already high pressure door-to-door selling and the too ready extension of credit have begun to leave an unhappy toll. In 1961 there were estimated to be 100 companies selling around 75,000 shell-housing units a year. During the current year sales have fallen off and companies have begun to go out of business.

A major problem faced most families who were eager to acquire a home of their own at a large saving. It proved very difficult to find enough money for materials to finish the house at the same time as buying the shell. If the buyer lived in rented accommodation while finishing the new home the situation became even more difficult.

The shell-house idea is basically an attractive one but it has been the vehicle for abuses and has certain inherent defects as a means of home buying. The search for cheap housing has to be renewed because shell housing as it has been practised in the United States is not the answer.

Credit Union Bridge, January 1962.
Wall Street Journal, 11th June 1962.

New readers begin here:-

In the 1930s the American processors of smoked ham devised a short-cut method of curing hams by pumping a curing liquid into the meat under pressure. Because this method increased the moisture content of ham consumers protested against the practice and in July 1950 the Department of Agriculture issued a regulation requiring that pressure pumped hams be brought back to their pre-curing weight before sale. In the course of the 1950s phosphates were added to the curing liquid used and the water absorption potential of the ham increased thereby. The Department of Agriculture regulation applied only to hams moving across state lines and hence subject to Federal inspection. Within a particular state pumped hams with a high water content could be legitimately sold in competition with Federally controlled ham. In this situation the Federal Department of Agriculture conceded that ham curers might ship pumped hams if they bore the label 'imitation ham' - there being provision for such a relaxation in the regulations. A further concession granted on the 30th December 1960 which was made under industry pressure and without consumers being consulted, permitted Federally inspected hams to weigh 116% of their original weight. Thus the distinction between over-pumped (imitation) hams and hams which had been returned to their pre-curing weight began to disappear.

The new regulation met with strong opposition from organised consumers and in the course of the next few months, under a new administration and a fresh Secretary for Agriculture public hearings established that there was strong support for the stricter standards which had existed between 1950 and 1960. Accordingly in August 1961 the new order was withdrawn and the more stringent regulations reinstated.

Now read on:-

The Armour Company contested in the courts the Secretary of Agriculture's right to require that hams be returned to their original or "green" weight and that over-pumped hams be labelled imitation. The USDA regulation was upheld in the District of Columbia Court where the action was begun but Armour succeeded when the case went to the Court of Appeal. A preliminary injunction was issued by the Court of Appeal barring enforcement of the regulations. The USDA appealed to the Court for a rehearing but by a 5 to 4 majority the plea was rejected. Judge E. Barrett Prettyman delivered himself of a lengthy opinion in which he referred to "bureaucratic absolutism run wild" and suggested that the Department of Agriculture intended "a gross deception of plain ordinary people in the mass". Prettyman's argument was that a watered ham "... may be more moist than the un-wetted pork meat, but it is still ham if it is cured hog thigh. As a matter of fact such a ham is not even an imitation ham. It is a real ham, a ham by definition and by universal common acceptance."

The USDA appealed to the Supreme Court against the Court of Appeal judgment, and in due time the Supreme Court spoke against the regulation by refusing to review the Appeal Court judgment.

In such a situation no regulations existed to protect the consumer from having to purchase water at the same price as ham. Secretary of Agriculture Freeman has since issued a directive requiring that hams with moisture added be labelled "ham-water added". It is expected that the packers will argue against the new regulation as they did against the old. Hence we must reluctantly end..... Unfortunately probably to be continued.

Correspondence from Washington.
New York Times)
Wall St. Journal) various dates.
Consumer Reports

HOLLAND

TESTING OF ELECTRICAL APPLIANCES

A royal decree of 1953 requires testing for safety, solidity and suitability of certain electrical products by the scientific testing laboratory N.V. KEMA in Arnhem. Certified goods receive a mark of approval. To date, however, this compulsory testing has been enforced only for electrical wall plugs, and the Consumenten Contact Orgaan is pressing for wider application. Meanwhile voluntary testing of electrical appliances at the request of producers, also by KEMA, has achieved some importance, particularly for materials used in the electrical equipment of buildings (switches, cables, etc.)

Correspondence with Consumenten Contact Orgaan.

INTERNATIONAL

SHOP HYGIENE

The International Labour Organisation is at work on the preparations for an international standard of hygiene in shops and offices. Member governments are taking part in a procedure designed to highlight points of possible difficulty before the 47th Session of the International Labour Conference (1963). Although mainly concerned with working conditions - ventilation, lighting, temperature, sanitary conveniences, matters such as food handling are also touched upon. A general review of legislation in this field which has been made by ILO points to the increase in the share of the total labour force accounted for by distribution throughout the world.

INTERNATIONAL

CAR SAFETY BELTS

Attempts are being made to standardize the test requirements for car safety belts. A sub-committee of the International Standards Organisation is to consider the question in Frankfurt in November.

U.S.A. - New York

All 1965 model cars registered in the state must be equipped with safety belts in the front seat. An act establishing performance specifications for belts sold or installed in the state has also been passed into law. Previously the Legislature enacted a measure requiring that all 1963 model cars sold in the state be equipped with devices for attaching safety belts.

United Kingdom

The Parliamentary Secretary of the Ministry of Transport has announced that regulations are to be issued requiring all new cars to be fitted with driver and front-seat passenger safety belts.

UNITED STATES

CAR SMOG CONTROL DEVICES

Mandatory installation of smog control devices on all new cars registered in California after April 1963 became law following approval of the new devices of five companies. The installation schedule calls for installation on all used commercial vehicles by April 1964, and all motor vehicles in the state must have approved crank-case ventilators by April 1965.

EUROPEAN COMMUNITY

HARMONIZATION OF VETERINARY LAW

Hygiene in intra-Community trade in fresh meat is the subject of a draft directive recently submitted by the EEC Community to the Council of Ministers, who have asked for opinions from the Economic and Social Committee and the European Parliament. The Directive will comprise a first set of provisions on uniform rules on veterinary matters to remedy the disparities between those now in force in the member states. Detailed requirements are indicated on abattoirs from which meat is dispatched, covering their organisation and equipment and conditions for storage and transport. Each consignment of fresh meat must be accompanied by a certificate of fitness for human consumption by the veterinary official in the supplying country. Importing countries will benefit in terms of protection, and supplying countries in terms of access to member countries.

Community News, Information Service of the European Communities.

ADVERTISING AND THE CONSUMER

UNITED STATES

THE AD-MENS BOSSES SPEAK

The opinion of those Americans who use and pay for \$12 billion worth of advertising annually have been ascertained through a questionnaire circulated by the Harvard Business Review. The questionnaire was sent to 2,400 businessmen, of whom 30% polled.

Some of the conclusions are as follows:-

1. Businessmen regard advertising as essential since it raises the standard of living, and develops the market for new products.
2. Businessmen consider the amount spent on advertising is about right, but have "a singular lack of knowledge about the total amount spent on advertising".
3. Advertising often persuades people to buy things they should not buy.
4. Today's advertising standards are slightly higher than in the past, there are some deficiencies however, the major problem being in content.
5. Advertising should have stronger and more stringently enforced ethical codes than the industry of the businessman. Businessmen have little knowledge of self-regulation in the advertising industry.
6. There should be more truth in advertisements.
7. Irresponsible advertising affects all business and half the businessmen feel that if advertising cannot keep its own house in order then the Government will have to step in.
8. The public is in a position to help or hurt advertising. Greater knowledge of advertising's role in the economy is needed and the industry needs greater self-regulation.

Of those answering, 85% agreed generally or partially that advertising helps raise the standard of living. 77% agreed that it fosters better products for the public. 90% agreed that it is the most efficient way to stimulate buying in today's complex markets.

Some examples of the breakdown of answers on specific questions are given below:-

Advertising persuades people to buy things they should not

<u>Oft</u>	<u>Seldom</u>
78% true	24% true
4% don't know	5% don't know
18% false	71% false

Amount of attention paid to Advertising

<u>Greater than in the Past</u>	<u>Less than in the Past</u>
60% true	20% true
21% don't know	12% don't know
19% false	68% false

Does Advertising have more Influence today than 10 years ago

<u>More Effective</u>	<u>Less Effective</u>
60% true	20% true
25% don't know	16% don't know
15% false	64% false

Advertising's effect on public taste

<u>Improves</u>	<u>Down-grades</u>
55% true	25% true
13% don't know	11% don't know
32% false	64% false

Advertising's influence on Children

Healthy

22% true
24% don't know
54% false

Unhealthy

41% true
14% don't know
45% false

Harvard Business Review, May/June 1962.

UNITED KINGDOM

CURB ON TELEVISION CIGARETTE ADVERTISING

The Independent Television Authority (the commercial television regulating body) and representatives of tobacco manufacturers have reached agreement on a code for cigarette advertising. The tobacco industry has voluntarily agreed to withdraw all cigarette advertising until about 9.p.m. In future no advertisements are to be screened which fall within these categories.

- (1) Advertisements that greatly over-emphasise the pleasure to be gained from cigarettes;
- (2) Those featuring the conventional heroes of the young;
- (3) Appealing to pride or general manliness;
- (4) Using a fashionable social setting to support the impression that cigarette smoking is a "go-ahead habit" or an essential part of the pleasure and excitement of modern living; and
- (5) Advertisements that strikingly present romantic situations and young people in love in such a way as to seem to link the pleasures of such situations with the pleasures of smoking.

These steps will go some way to meet the criticism of cigarette advertising directed towards the young made in recent reports on smoking and lung cancer (see the Special Feature on this topic in CAB No.3.1962).

The enforcement of the code by ITA and the interpretation of the rules by the tobacco companies will, of course, determine the effectiveness of the new arrangements in curbing the appeal by cigarette manufacturers to the young.

The Assistant Post Master General announced in the House of Commons that neither the ITA nor its advertising committee had wished to exclude cigarette advertising from television altogether.

CONSUMER ENLIGHTENMENT

UNITED KINGDOM

COMPLAINTS ANALYSIS

The Retail Trading Standards Association has published an analysis of the investigation of complaints submitted to their testing laboratory in the period October 1961 to March 1962. Of 83 complaints alleging poor wear of carpets, 14 were found to be valid, for furnishing fabrics the valid figure was 18 out of a total of 49, while in the clothing category of 153 complaints of poor wear 34 were held to be valid. A high proportion of the complaints concerning inadequate fastness to light in furnishing fabrics were held to be valid. (27 out of 38).

RTSA Trade Information Service, April/May 62.

As the number of smoke control areas in the United Kingdom increases so does the demand for smokeless fuels to be burnt in domestic grates. "Shoppers' Guide" the magazine of the Consumer Advisory Council of the British Standards Institution has carried out a survey of supplies of smokeless fuels and concludes that the inadequacies of the deliveries of some of the smokeless fuels is such as to jeopardise the implementation of the Clean Air Act. "Shoppers' Guide" sampled 113 5-cwt. deliveries of fuel during a 3-4 month period under varying weather conditions. Samples were tested by independent testing houses. The physical characteristics and heating performance of the fuels was compared with the manufacturers' claims. Nine smokeless fuels were examined and a summary of one report will illustrate the picture which emerged.

Sunbrite is a fuel claimed to produce 'very little ash' when burnt, to be consistent in quality and to produce more heat 'from every lovely cwt.'. Size analysis showed that there was a wide variation in the size of larger types of Sunbrite. Heat values varied between 12,022 b.t.u.s per lb. to 9,370 b.t.u.s, with inert contents (ash and moisture) of 16.5% to 35% respectively. Weight for weight this fuel gave no more heat than coke. Ash content ranged between 6.5% and 11.6% - not 'very little' as claimed - and users also complained of clinker being formed. Moisture at delivery was as much as 27.7%. Sunbrite failed to pass the standard test for an open-fire fuel.

The report concludes that whatever the condition of these fuels at the time of production there was clearly excessive deterioration by the time they reached the householder. "Shoppers' Guide" calls for the publication of more information on quality and performance of these fuels and the preparation of standard for domestic fuels. (The fuel which is produced to an existing standard is of a more consistent quality than the others) Much of the confusion about trade descriptions of these fuels - which Shoppers' Guide says 'is bordering on exploitation' - could be removed if buying were more informed and selling less indifferent.

Shoppers' Guide, No.26.

The June 1962 number of "Which?" makes a comparison of life assurance endowment policies issued by 90 companies. In the report "Which?" compares:

- (i) the endowment policies of life assurance companies one with another;
- (ii) non-profit and with-profits endowment assurance policies;
- (iii) saving through an endowment policy with saving in other ways.

The report concludes that though the premiums were higher for with-profit endowment assurance so were the returns in terms of "profits". Investment through Unit Trusts as compared to with-profits endowment assurance are chancey, but it was found that Unit Trusts had averaged twice the return of with-profit endowment policies in the period 1946-60. Low premium assurance offers the largest possible sum for a person's dependents, but it is payable on death within a given period only, while non-profit endowment assurance offers security of capital and a fixed rate of return but does not take inflation into account.

"Which?" offers advice on a number of alternative ways of investing in endowment policies and promises further information on the possibilities of combining this method of saving with the purchase of Unit Trust shares.

The New York State Co-operative Extension Service (11 Park Place, N.Y.7, N.Y) has published a well-written and elegantly produced leaflet entitled "Do You Know Food Labels?". One of a series of leaflets on food marketing information for consumers, it describes how food laws and standards affect labels and how this information can be put to use by the consumer.

INTERNATIONAL

MEN'S WATCHES

At the 1960 International Office of Consumers Unions conference, watches were chosen by the IOCU technical committee as the subject for the first international joint test project. The results of the project have now begun to appear and there is a report on 24 jewelled-lever watches in the June 1962 issue of "Which?".

The draft test methods were agreed internationally amongst the consumer organisations of the participating countries which included Australia, Belgium, Canada, Denmark, France, Holland, New Zealand, Norway, Sweden and the U.S.A. The actual testing was done in Britain; the tests are comparative but the results relevant to the different countries will be reported separately by the appropriate consumer organisations.

BELGIUM

REVIEW OF INSTALMENT CREDIT LAW ENFORCEMENT

In 1957 a Law was passed intended to regulate the conditions of instalment credit sales in Belgium. The Law has the following features:-

1. The law does not cover a purchase less than 2000 Belgian Francs or above 150,000 F.
2. Publicity for hire purchase has to include the cash price, the total credit price, the amount of the deposit, the number, the timing and amount of instalments.
3. The buyer has to pay a deposit of at least 15% of the cash price.
4. The highest interest rate is 1.25% per month if the price is less than 5,000 F. and is as low as 0.75% per month if the price is over 35,000 F.
5. The contract must include the name and surname of the purchaser and the vendor, a description of the object sold, the cash price, the full amount to be paid (including instalment payments), rate of interest, amount of initial deposit, the amount of money to be financed, the number of instalments, the approval number given the firm by the Ministry of Economic Affairs and details about the credit firm.
6. The person purchasing is given from 6 to 36 months to pay according to the item purchased.

Union Féminine pour l'Information et la Defense du Consommateur, in a report published in their May-June 1962 issue, state they found these regulations to be insufficient and frequently infringed. Dishonest firms avoided their obligation to make the consumer pay a minimum deposit of 15%. UFIDEC regard the maximum permitted rates as excessive and consider that the consumer does not appreciate what is involved when payments are expressed in terms of absolute monthly interest rates. UFIDEC found evidence that contracts are improperly drawn up by some dishonest firms and do not conform to the stipulations of the law. In relation to advertising of hire purchase terms, UFIDEC found that offers made by individuals escape all regulations and that the rules about advertising are infringed.

As to remedies UFIDEC suggests that since the maximum legal rate is too high consumers should deal with firms which have the lowest rates and never deal with a private individual. UFIDEC also recommends that licenses should be taken away from those firms which have dishonest contracts. A lot is left to be done for the consumer and UFIDEC suggests that the lower interest rates of reputable traders indicate that a lower maximum rate of interest is feasible and that the law might be amended. The law does not require newspapers or magazines to verify the honesty of hire purchase advertisers. UFIDEC points out that the journals therefore have an additional responsibility in this regard.

Two of the consumer goods testing magazines "Consumer", N.Z. (December 1961) and "Which?" U.K. (July 1962) have reports on life-jackets.

"Consumer" tested eleven life-jackets. "Initial buoyancy in fresh water" was determined by attaching iron weights until the jacket submerged. "Suitability for life saving" was determined by the wearer falling with the jacket into the water and simulating an unconscious person. Of the eleven life-jackets tested, it was found that only three would "give adequate initial buoyancy and would have kept the face of an unconscious person out of the water".

"Which?" tested twenty-six life-jackets. The tests were done in the laboratory, in swimming bath trials, in sea trials, and in convenience and comfort tests. Of the twenty-six tested "Which?" found that none were perfect. For example, twelve out of the twenty-six had poor buoyancy and only three out of the twenty-six had a buoyancy figure up to the minimum of the provisional draft British Standard. Only four out of the twenty-six jackets would turn an unconscious wearer into a safe, backward inclined position within five seconds of entering the water. Eventually, four were found which came up to CA's basic requirements for safety and of those four, one was inconvenient because it had an inflating tube and valve that knocked the wearer's face, one had a valve which was very awkward for inflating in the water and one if worn without a shirt chafed the neck. Only one (and that was the dearest) was considered to be the best buy and "Which?" stresses that it was not perfect.

Thus it seems that the quality of most of the life-jackets tested by "Consumer" and "Which?" is not very good and could not be relied on in situations of emergency.

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

UNITED KINGDOM

WASHING TEMPERATURE CODE

A voluntary agreement between manufacturers of washing machines, detergents, fibres, materials and garments as well as retailers concerning washing temperatures was announced in mid-June. The agreement covers two important aspects of washing instructions:

- 1) the temperatures which are desirable for the washing of fabrics and garments and which are practical from the housewife's point of view;
- 2) the description of these temperatures on -
 - (a) care labels; (b) cartons containing detergent and soap powders; (c) washing machines; (d) instructional literature published by these manufacturers.

The details which the manufacturers have agreed are as follows:

<u>Agreed Washing Temperatures</u>			
<u>Brief</u>	<u>Expanded Description</u>	<u>Approximate</u>	
<u>Description</u>		<u>Temperature</u>	
		°C	°F
Warm	Pleasantly warm to the hand	40	(104)
Hand hot	As hot as the hand can bear	48	(118)
Hot	Hotter than the hand can bear - temperature of water coming from most domestic "hot" taps	60	(140)
Very hot	Near boiling - water heated to near boiling temperature	85	(185)
Boil	Self-explanatory	100	(212)

While this is a welcome development, there are now a number of similar codes in use with varying definitions. Consumers while welcoming this development in the care labelling field will await with particular interest the outcome of current British Standard Institution talks to produce a standard code.

The confusion in the United Kingdom in this field is paralleled internationally by a similar poliferation of care labels. There are labelling systems in France, Netherlands, the United States, Sweden, as well as the United Kingdom (See "Which?" for full details).

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

UNITED STATES

THE CALIFORNIAN CONSUMER

The Association of Californian Consumers, a non-partisan organisation whose task it is "to give aid and encouragement on the state and federal level to those who are attempting to secure protection for the consumer", has just published the first number of its newsletter "The Californian Consumer". A four page printed quarterly edited by Professor Roy Cave, "The Californian Consumer" carries news of President Kennedy's proposal to create a Consumer Advisory Council, describes and defends the work of California's Consumer Counsel as well as carrying more general consumer news and book reviews. The headquarters of the Association are at 41, Salter Street, San Francisco 4, California.

AUSTRALIA

ACA'S SCIENTIFIC PANEL

The Australian Consumer Association confronted with the high cost of consumer goods testing, considerable differences in internal market conditions and the virtual non-existence of commercial testing laboratories has set up a Scientific Panel to help it overcome some of its difficulties. ACA follows thereby the example of Consumers Union in its early days in the United States.

The Scientific Panel is a body of scientists who advise the Council of ACA on testing and as individuals direct or referee some of the test projects. All project directors act in an honorary capacity.

"Consumer-Organized Research" by R.G.Wylie.
Food Technology in Australia, Vol.14,Nos.
5 and 6.

GERMANY

NEW PERIODICAL ON GOODS TESTS

The first issue of a new monthly press service, TEST, designed as a vehicle for disseminating the results of comparative goods tests, has been published by the Working Group of Consumer Associations (AGV). The service, which is produced by the AGV in co-operation with independent testing institutions, will be distributed free of charge to all media of public information, and must not be sold. The service consists of a short and a detailed version of specific test reports, plus an appendix with comparative appraisals of the specific brands tested. The detailed version, including investigation procedures, will be published regularly in the AGV's journal Verbraucher Rundschau.

Die Verbraucher-Politische-Korrespondenz,
July 5th, 1962.

INDIA

STANDARDS CONVENTION

The Seventh Indian Standards Convention to be held in Calcutta from 28th January to 2nd February 1963 will include sessions on the following topics: Food Purity and Food Quality Standards; Informative Labelling; Consumers' Organisations and Standardisation.

A Correspondent in India.

MARKETING AND THE CONSUMER

UNITED STATES

PREMIUMS AND PRICE CUTS AT THE PETROL PUMP

The attempt by some of the smaller oil companies, not least amongst them Gulf Oil, to break into profitable markets has led to an upheaval in petrol retailing in Texas and California.

In Texas Gulf Oils new marketing weapon has been an economy grade petrol which has been sold at or below the price of private-brand petrol. As well as reducing the number of private brand stations this tactic has forced Gulf's competitors to introduce "sub-regular" economy gas. From a former normal price of 30¢ a gallon petrol prices have been forced down to 17-20¢. Gulf's actions are being investigated by the Federal Trade Commission on grounds of predatory pricing.

Gulf argues that they are catering for new markets amongst compact car owners, low-income young people and retired motorists. Established oil companies in the Texas market have fought back by offering trading stamps and credit cards.

In California Wilshire Oil (a Gulf subsidiary) is offering those who buy its petrol the chance to win Ford Falcon cars. Free petrol is being offered by competitors to motorists who guess correctly how much their tank will take when they come in to top-up. Trading stamps and free gifts are very much in evidence.

Wall Street Journal, 2nd May 1962.
Economist, 14th July.

EUROPE

NESTLE-FINDUS MERGER

Two of Europe's leading food groups - Nestlé of Switzerland and Findus of Scandinavia - have formed a new holding company, Findus International, with the object of expanding production and sales of frozen foods throughout the world and particularly in Europe and the U.K. Nestlé is contributing 80 per cent of the capital and a world-wide marketing organisation, and Findus 20 per cent of the capital and an extensive network of production and agricultural facilities, technical and commercial experience and frozen foods technology.

It is reported that the new company, capitalized at £16 million, will spend £20 million to £25 million on expansion over the next three years. Findus has been concentrating on the introduction of frozen foods into Northern Europe and has done much to establish Sweden as one of Europe's major frozen food markets. Since 1957 it has built up a share of approximately 10 per cent of the U.K. market as compared to some 65 per cent for Unilever's Birds Eye division and over 10 per cent for Associated Fisheries Fekimo brand. Growth prospects are bright in Europe where frozen food production is now 300,000 tons a year, but is expected to reach

1.25 to 1.5 million tons by 1970 depending on the rate of increase in home refrigeration. Per capita consumption is only just over 2 lbs. a year in Europe (7lbs in Scandinavia and 6 lbs. in Britain) as compared to 40 lbs. a year in the United States. Findus at present has about 30,000 retail outlets in Britain and 100,000 throughout Europe.

Nestlé has steadily expanded since the last war when it was restricted largely to chocolate, coffee, milk and infant feeding products. In 1947 it acquired the Maggi soups and foods concern, and in 1960 the U.K. Crosse and Blackwell firm. During 1961, in addition to significant modernization and expansion of existing factories, it built a new factory for dried vegetables in France, acquired significant interests in an Italian firm (Socatelli) for processing cheeses, sausages and canned tomatoes and also a tomato factory, and built new factories in Africa, Asia, India, Malaya, New Zealand, Venezuela, Argentina and Trinidad. Employment now totals 74,845, 48 per cent in Continental Europe, 27 per cent in the Sterling Area, and 26 per cent in the Western Hemisphere. Nestlé is already Europe's largest food company and the fifth largest non-American company ranking between I.C.I. and the Dutch Philips concern.

Founding of the new company has caused serious concern in the Norwegian fishing industry which fears the progressive buying up of Norwegian deep-freeze factories. The Chairman of the Norwegian Fishery Industries spoke of "a stab in the back of Norwegian fishermen", and a social democratic representative placed an interpellation before the Storting inquiry as to the attitude of the Government with respect to the Nestlé-Findus fusion plans.

Neue Zürcher Zeitung, 14th April, 9th May.
Times, 3rd May. Financial Times, 3rd May.

FRANCE

CONSUMER AND DISTRIBUTOR PANELS

An article in Coopération advocates the use of panel surveys as a valuable and accurate source of information to the Movement on growth and membership. These panels, of two kinds - consumers' and distributors' -, carry out permanent surveys on the market for a certain product or group of products. The use of electronic computers helps to speed up the process of circulating results and in fact these are available 15 days after the survey is made.

The panels are mostly sponsored by the manufacturer of a specific product who wishes to "photograph" his market, but they can have a wider use if applied for instance, to non-food products and semi-durable goods and, the writer finds it regrettable that this type of survey is not currently used in France for objective economic surveys.

The panels are composed of a representative sample of the population, members of the distributors' panels being chosen at random from lists of registered shopkeepers - small and large-scale enterprises. A thousand sales-points are chosen, distributed over 5 regions, large and small towns and rural communities. The organisers offer a cash indemnity to the retailer in return for sales supervision. Consumers' panels are recruited in a similar way - the panel consisting of about 2,000 families with some 500 in reserve. These again are chosen on the basis of a few simple criteria - region, dwelling, housewife's age, number of family, financial situation etc. The housewife is visited at home by special interviewers and is encouraged to participate by gifts in kind. She keeps weekly accounts giving details of her purchases - brand and model, quantity bought, unit price, type of retailer where purchase was made, special offers, etc. These are sent each week to the panel organisers to be sorted and mechanically calculated.

In the case of the distributors, interviewers visit them bi-monthly taking inventories of the products being studied, and collecting other valid information on sales, stocks, etc. The results are instrumental in determining sales policy, indicate the effects of publicity campaigns - particularly when a new product is launched - and supply information on the social characteristics and habits of the buyers.

SPECIAL FEATURE - EIGHT

RESALE PRICE MAINTENANCE AND THE CONSUMER.

Resale price maintenance appears to be passing from the economic scene throughout Western Europe and America, but not without stubborn resistance. For some years it has been banned with certain exceptions in Canada, Norway, Sweden, Denmark and France. In the United States it is prohibited on a Federal level, but is still permissible - and hotly debated - in several of the states. In Austria new cartel regulations currently under consideration would require r.p.m. agreements to be registered with the Parity Commission for Cartel Regulations composed of representatives of managements and labour. In many other countries - for example Belgium, Holland, Germany and the United Kingdom - the battle is currently raging, and in the latter two it appears to have reached a decisive stage with victory for r.p.m. opponents in the offing.

In the United Kingdom

there has been a noticeable shift of opinion in the last two to three years. Loyalty to r.p.m. appears to have dwindled in large sectors of industry and commerce, and it is now freely predicted in some quarters that the system will collapse even without benefit of legislative reform; others urge government action to hasten the evolution to a free market in the interest of the consumer and of economic growth. Prompted by this situation, a government-appointed fact-finding commission sent 8,000 questionnaires to retailers, wholesalers and manufacturers in July 1960. Its report, based on 2000 returns, was submitted several months ago to the Board of Trade, and the President of that body is being pressed to make a statement; according to current newspaper rumour, the report concluded that r.p.m. results in higher prices without commensurate value to consumers. Meanwhile the controversy rages in scientific journals, "letters to the editor" columns, and innumerable brochures put out by groups organised to lobby for r.p.m.

The current - but rapidly changing - market situation appears to be that r.p.m. has virtually disappeared in the grocery trade; has a precarious foothold in preserves, beverages, beer, wine, spirits, clothing, footwear, furniture and floor covering; is still predominant for chemists, booksellers, tobacconists, confectioners, recreational goods, tyres and accessories, many domestic appliances, motor cars and cycles, and radios; and is being openly challenged in some textile and clothing items and particularly for TV's, refrigerators and other appliances which are temporarily overstocked.

The erosion of r.p.m. has occurred primarily through evasive devices for short-circuiting the price-fixing structures of the manufacturer. The permutations of the "grey market" are legion: they include discounts to employees of large firms; "wholesale" warehouses which quietly sell to an elastically defined "trade" clientele; "closed shop" discount houses for members of trade associations, trade unions, professional groups, etc; artificially high trade-in values "fire" and "bankruptcy" sales; and even "hiring out" cut-price durable goods on long-term contracts.

Increasingly, however, the battle against r.p.m. has taken the form of open defiance through discount houses and price cutting on leading brands. Widely publicised forays have been made by London Grocers, Victor Value, Grandways, Buyright, Brierleys, Keddie's Supa-Save, Rolls Razor and Tesco. In a few cases manufacturers have countered with injunctions, and their success with these has led recently to "tactical retreats" by some of the discounters in the form of written commitments to manufacturers not to sell their brands below the stipulated price. This, in turn, has accelerated the tendency to resort to private

brands, i.e., the discount houses sell, at a lower price, identical products supplied by the same manufacturer, but under their own brand name. Also significant price cuts have recently been announced, for example, on refrigerators by AEI, Hotpoint, English Electric, Kelvinator, Electrolux, General Electric Company, Creda, Pressed Shell and Frigidaire.

Similarly in Germany

public discussion has been precipitated by the prospective announcement by the Cartel Office of its decision with respect to proposed changes in r.p.m. legislation. A number of extremely vocal propaganda groups have been frantically defending the system, while limitation or prohibition of r.p.m. is being urged not only by consumer organisations and women's guilds, but also by the Central Committee of German Agriculture, the Federal Bank, the Economics Ministry and particularly Erhard, some quarters in the Cartel Office, and even the Chancellor.

Current legislation sanctions r.p.m. agreements for branded goods, but only if they are registered with the Cartel Office and only so long as their effectiveness can be demonstrated; the cartel authorities are empowered to invalidate individual agreements upon evidence of significant price-cutting. The breakthrough to free pricing has not proceeded as far as in the United Kingdom; until recently r.p.m. had been eliminated only for spirits and a portion of the trade in food-stuffs. In the last few months, however, significant breaches have occurred for vacuum cleaners, refrigerators, watches, jewellery, cosmetics, chocolates, phonographs, radios, TVs & at the beginning of April even the Ford Taunus was released from r.p.m. As in the United Kingdom this has been largely accomplished through the "grey market"; official releases from r.p.m. either by the Cartel Office or by manufacturers in anticipation of such action merely acknowledge an accomplished fact. The long list of evasive techniques includes personnel discounts in office and shop canteens, inconspicuous discount suppliers in garages, courtyards, cellars and warehouses, under-the-counter discounts, mixed wholesale-retail firms, throwing in of extra parts, and shop brands. Open discount houses are also beginning to appear.

The viewpoint of manufacturers on r.p.m.

is ambivalent. Their motives for originally subscribing to the institution were clear-cut. Uniform fixed prices achieved through r.p.m. contribute to the prestige and "good will" attached to a brand by creating for the customer an image of reliability and stability which easily shades into confidence as to quality. Thus the brand becomes distinctive, i.e., differentiated from its competitor, and the resulting monopoly situation enables the manufacturer to charge a higher price. R.p.m. also makes it possible for manufacturers to "buy" the loyalty of dealers, i.e., by offering larger margins and/or rebates or bonuses for larger quantities in an attempt to persuade distributors to drop their presumed "objectivity" and to push a particular brand.

These are the motives, but they are hardly discernible in the arguments with which manufacturers publicly defend r.p.m. Consumers are told that fixed uniform prices are altogether in their interest: pricewise, as a safeguard both against monopoly pricing by distributors and against disruptive price wars financed through higher prices on non-loss-leader items, which ultimately result in monopoly retailing and higher prices; qualitywise, since at cut prices manufacturers would not be able to afford to maintain quality standards; servicewise, since cut prices would not cover the cost of after-sales service; and conveniencewise, because of the contribution to ease of shopping made by uniform and stable prices and quality and the existence of many small shops which would disappear if abolition of r.p.m. forced small shops out of business and concentrated trade in a few large firms. "If the big price-cutting rings had their way their way there would be no small men left ... once the price-cutters had got the public where they want them (at their mercy) up go the prices, and no competition to keep them stable... This... could make many things cheaper, but who wants such an austerity state anyway? People love shopping and looking in shops; it adds colour and interest to life. Imagine the small town High street a complete blank, apart from one great big characterless and soul-less store stuck right in the middle".

(Financial Times, Letter to the
Editor,
February 5, 1962.)

On the other hand, evidence is steadily mounting that manufacturers are wavering in their devotion to r.p.m. in the face of the rapid development of new forms of retailing - supermarkets, discount houses, one-stop shopping - which stress larger turnover at lower margins. The widespread prevalence of the "grey market" is itself a demonstration of the growing reluctance by manufacturers to enforce fixed prices - as are also the relatively small number of injunctions being sought against price cutters and the increasing tendency of manufacturers to supply goods for sale under private "shop brands". The reasons for this ambivalence are obvious. Large manufacturers cannot afford to ignore the tremendous outlet potentialities of these new forms of retailing; also they are beginning to realise that they cannot remain competitive in a Common Market world if they attempt to stem the tide toward bigger turnover-smaller margin production and distribution. Hence their reluctance to antagonise the discounter with injunctions and the adverse publicity associated with them; and hence their readiness to supply distributors with goods to be sold under private brands. At the same time, however, because they don't want to lose the good will of traditional smaller outlets, they sometimes indulge in a kind of official double-talk.

Similarly there is a marked divergence of opinion among distributors with respect to r.p.m.

There are a large number of specialised retailers - small in size but well-organised, vocal and articulate - who are actively lobbying in defense of r.p.m. Naturally, they do not want to lose the protection it offers through minimizing inventory risks, guaranteeing margins and reducing accounting costs; also because they deal wholly or primarily in branded items, they are not in a position to offset losses on price-cut goods by charging more on other items. Some are luxury shops, located in high-rent districts and offering a maximum of (frequently superfluous) service and personal attention, the cost of which cannot be covered at a price lower than the fixed level. And there are also truly marginal firms which owe their survival to the r.p.m. system which permits them to sell on the same terms as their more efficient competitors.

There are, on the other hand, a growing number of dynamic retailers who chafe under the restriction of the r.p.m. system. To them fixed prices are stifling because they prevent the exploitation of potential new or expanding markets; because they make it difficult to meet the demands of consumers who prefer the convenience of super-marketing or the price reductions made possible by curtailment of service, credit and convenience in location; because they restrict the distributor's function by depriving him of his influence on price policy and incentive to reduce costs through rationalisation, expansion and efficiency; and because through the exclusive manufacturer dealer arrangements associated with r.p.m., they inhibit the entry of new distributors into the market and lead to producer discount and terms cartels.

Not every dynamic retailer, however, is in a position to defy r.p.m. by cutting prices and assuming the risk of costly court litigation, and of being cut off from access to branded goods. Even discounters are eager to offer the consumer name brands, the demand for which has already been stimulated through national advertising, and which, precisely because r.p.m. has resulted in publicising a "normal price", give the customer an assurance that they are getting the same quality for less. In order to retain their ties with brand manufacturers discounters sometimes agree not to cut prices on the manufacturer's brand, but to sell identical merchandise at a reduced price under their own private brand new. Clearly, however, in terms of customer appeal this is only second best to cutting prices on well-known brand names.

Equally clearly, however, the alert, efficient retailer is not going to be permanently deterred by r.p.m. from giving the consumer what he demands in terms of price, quality, convenience and service, not from altruistic motives but because this is "good" business.

The kind of prices consumers want are the free market prices which are indispensable for a freely competitive economy. Only free competition in production and distribution, expressed through flexible prices, can correctly allocate resources to the satisfaction of consumer demands. Only free competitive prices can provide each consumer with precisely that combination of quality, and service which he is willing to pay for. And only free competitive prices can ensure the lowest possible level of prices; uniform prices under r.p.m. are necessarily set at the margin, i.e., they are high enough to cover the costs of the least efficient producers.

Nor is the quality of consumer goods ensured by the prices imposed under r.p.m. There is nothing in the system that prevents the branding of inferior goods, or that preclude high quality in unbranded goods. The only guarantee of quality is a system of free competitive prices which permits the consumer to exercise his economic function of quality censorship.

Similarly, there is nothing about fixed prices which guarantees the provision of the kind of service and shopping convenience demanded by the consumer. Service and convenience are economic "products" which entail costs and must be paid for in the same way as tangible commodities. Hence consumers must be offered a choice of various combinations of service and convenience.

Free choice implies that the consumer will be judge of how much quantity, quality service and convenience he will take at specific prices, and that the distributor will judge how much of these he will offer at specific prices. Free choice is precluded by resale price maintenance, and this is the basic reason why it cannot survive in a free society. But it has long been apparent that organised consumer pressure is required to keep a society free.

SPECIAL FEATURE - NINE

U.S.S.R.

FOOD PRICE CHANGES

Since the beginning of June Russian consumers have been faced with a sharp price increase for meat and butter. Meat prices have been increased by an average of 30 per cent and butter prices by 25 per cent. Beef prices are now 31 per cent higher, mutton, 34 per cent, pork 19 per cent, and other meat products (e.g. sausages) 31 per cent greater.

At the same time that these increases were announced State retail prices of sugar were reduced by an average of 5 per cent and synthetic fabric prices by 20 per cent.

The Government Explains

An explanation of the reasons for the price increases was given by the Central Committee of the Communist Party and Soviet Government in an address to the Soviet people. In what it described as "a frank statement on the difficulties which are arising in supplying the urban population with meat products" the Central Committee admitted that the level of agricultural production was not yet high enough to meet the increased demand of the population for certain foodstuffs particularly live-stock products. Russia's population increase of 29 millions in the period 1953-1961 was predominantly an urban population increase. To the effect of this population increase, argued the Central Committee, must be added an 87 per cent increase in cash incomes as well as increased state expenditure on housing and welfare services. The official statement said:

"Whereas in capitalist conditions every working family is forced to spend a major part of its income on rent, medical services and tuition fees for its children and is forced to save for a rainy day, our Soviet family spends a major part of its income on better food and clothing. This naturally increases the demand for food-stuffs like meat, sausages and butter."

The Central Committee of the Communist Party in describing the practical measures to be adopted to ensure a higher level of output in the future placed emphasis on the need for increased assistance in terms of material and technical assistance for collective and state farms as well as a "further enhancement of the material incentive for all collective farmers, workers on state farms and agricultural specialists." Costs and purchase prices are quoted by the government to show that costs have been in excess of purchasing prices and hence there has been no inducement to raise output. Investment in agriculture is needed but this cannot be at the expense of investment in industry or housing state the Soviet government. Alternative possibilities for financing the increased investment in agriculture for example by raising the prices of luxury items - vodka, tobacco etc. - was rejected as creating a basis for speculation and further hindering the solution of the problem.

The new price policy has also been the subject of extensive comment by the Soviet Premier Nikita Khrushchov who stated that the increases would take effect in two or three years when agriculture will rise up like dough.

Changes to Come in Agricultural Production

Concern has been shown that the price rise may result simply in an increase in farm incomes and not in production. Much emphasis has therefore been placed on the question of farm productivity and comparisons have been made not only within Russia of low and high productivity but of productivity in the United States. Stress is laid in the various official pronouncements on the need to mechanise operations and raise output in agriculture.

Estimates have been quoted showing that in 1957 beef produced in the Soviet Union required 14 times the labour input per unit as compared to U.S. beef. With such leeway to make up it is understandable that a commentator should write: "We do not want the collective farm chairman to celebrate the event (the price rise) by purchasing himself a new Volga car but we want every rouble ploughed back so that tomorrow it might have an effect on production costs and grow a whole family of new roubles around itself."

The Widening Ripples

Effects of the price increase will be widely felt in the Soviet economy. So far as the consumption of meat and butter is concerned there will no doubt be an effective lessening in demand as a result of the price increases. Clearly the substitution of other foodstuffs for meat and butter can be anticipated and shortly after the announcement of higher prices there came a decree announcing far higher targets for the fishing fleets along with directives requiring higher productivity and better utilisation of the fleets. Another probable effect can be anticipated in the durable consumer goods sector. Demand for these goods is currently outpacing supply. Higher farm incomes will no doubt increase demand further, continuing the well established rapid growth of the mid and late 1950s. Some 15-35 per cent of the price increase is expected to go into farm pockets rather than investments.

Quality Consciousness

It is not just more consumer goods that the Soviet consumer is demanding. There is also a growing body of evidence that the Soviet consumer is beginning to discriminate in his purchases. Recently the head of the Consumer Goods Section of the State Economic Council said that so far as television sets, refrigerators and washing machines were concerned the demand for convenient, well-designed goods was growing fast. In the case of textiles, footwear, hosiery, sugar, sweets and pasta products the problem was not so much one of volume of production as of quality, range and design.

Possibly the increasing flow of consumer goods will help to soak-up the wages and salaries which might otherwise have been spent on meat and butter. How effective the price rise will be in curbing demand remains to be seen. May not wage earners through higher production endeavour to increase their wage packets to compensate for the increase in prices? Even if this does happen the price increases will mark yet another shift in purchasing power from the urban to the rural consumer in the USSR, a process which has been steadily underway since 1953, when the agricultural sector first began to receive special attention and consideration from the Russian Government.

Sources: Soviet News. June 6th. & June 22nd.

SPECIAL FEATURE - TEN

THE FUTURE OF COMMERCIAL TELEVISION IN THE UNITED KINGDOM

Introduction

Sound radio and television are under lively discussion in the United Kingdom, and vital decisions are in the making which will determine what the consuming public can view and hear "on the air".

On 27th June the long-awaited Pilkington Report was detonated like a "bomb-shell"¹; the publication of the conclusions of a Committee appointed two years ago to consider the future of broadcasting services in the United Kingdom administered "perhaps the nastiest shock a Government-appointed Committee has ever given to its creator".² This shock and the subsequent cries of anguish to which it has given rise stemmed from the priority given by the Committee to the public interest as opposed to special interests; in the words of Sir Harry Pilkington, Chairman of the Committee (and a former president of the Federation of British Industries): "overriding all other considerations, considerations of the welfare of shareholders, or the welfare of advertisers, or even of cost, is the consideration that this is a public service and that the viewing and listening public are those for whom it is to be provided."

At present the British Broadcasting Company (BBC) - a public corporation - has a monopoly of sound radio and operates one of the two television services. The other television service, which is commercial and is known as Independent Television (ITV), has a two-tier structure consisting of the programme contractors who produce the programmes and earn their revenue by selling television advertising time, and the Authority (ITA) with whom they contract the right to provide programmes (for which right they pay rentals), and which provides the technical facilities and exercises a regulatory function over programme standards. Both the Royal Charter of the BBC and the Television Act of 1954 which established ITA expire as of 30th July, 1964, and the task of the Committee was to make recommendations relative to renewal of these franchises.

The Pilkington Report, and the Government White Paper on it which appeared less than two weeks later, made a number of major decisions with respect to sound and television broadcasting, but deferred action on the central issue of the debate, that is, the future structure, financing and expansion of commercial television. It is this central issue that concerns us here; but it may be useful for background purposes to sketch the major decisions already reached:

¹ Financial Times, 28th June.

² Ibid.

- both the BBC Charter and the Television Act are to be renewed for twelve years from July 30th, 1964;
- a second BBC television programme, on 625 lines in the Ultra High Frequency bands, will start by mid-1964 in London and be extended to the rest of the country as rapidly as possible after that;
- present television services will continue on 405 lines "for some considerable time to come". Test transmissions on 625 lines in UHF bands will start this year;
- BBC will start transmitting some programmes in colour as part of their second programme, and similarly for any future ITA second programme;
- both BBC and ITA will be authorised additional hours for adult education;
- on television advertising there is to be no legislative provision on the customary limit for advertising time of an average six minutes per hour, and a maximum of seven minutes, advertising magazines and subliminal advertising are to be prohibited, the Government will discuss with ITA possible action concerning socially undesirable appeals of some advertisements, advertising during children's programmes and advertising for medical treatments and preparations (in this context the Government have in mind a statutory requirement that all medical advertisements should be referred to a panel of medical consultants), and representation on the Advertising Advisory Committee will probably be strengthened with general consumer representation "such as a representative of housewives and mothers".

The Quality of Broadcasting

The core of the matter relates to the basic purposes of broadcasting and the extent to which commercial TV as operated through the ITV fulfills these purposes.

Since this is such a complicated and controversial issue, it may be helpful to clear the ground by disposing of certain related points on which there is general agreement. Of these there are at least three:

- since space "on the air" is limited, and since broadcasting has an obvious influence on the public, all sound and television services are vested with public interest and must be subject to public regulation; it is also widely accepted that such regulation should be via public corporations independent of the government;

- the Pilkington Report argues, and it is widely felt, that each service should provide comprehensive programming, that is, a balanced fare of "information, education and entertainment", with each service treating the whole range of subject matter rather than setting up separate services for specific aspects of this total programme, such as education;

- no one questions the importance of competition in broadcasting as a safeguard against a public monopoly of programming and to act as a stimulus to innovation and improvement; indeed the weight of the Pilkington argument is that changes must be made to enforce competition in substance as well as form, and to ensure that the producing companies compete in terms of good programming rather than of appeal to mass audiences.

The Committee's view is that ITV falls far short of meeting these requirements. Its criticism centred on the restricted choice of programme offered the public - the narrow range of subject matter, and the lack of variety in treatment of subject - and a resulting "conviction that many of the best potentialities of television were simply not being realised. ... programme items were far too often devised with the object of seeking, as whatever cost in quality or variety, the largest possible audience; and ... to attain this object, the items nearly always appealed to a low level of public taste. ... There was a lack of variety and originality, an adherence to what was "safe"; and an unwillingness to try challenging, demanding, and still less, uncomfortable subject matter. It was put to us that, in television

as elsewhere, one man's meat ought to be another man's poison; that too often viewers were offered neither meat nor poison but pap - because, presumably, though no-one much likes it, at least no-one will get indigestion." The result is that much in television is "trivial", "superficial", "vapid and puerile", "derivative, repetitious and lacking in real substance", with too much "reliance on tried, tired and interminable favourites", and too much stress on the "cheaply sensational", on "excessive violence", and "on a world in which the moral standards generally assumed in society are either ignored or flouted", which can "aggravate existing moral uncertainties and disorders."

Criticisms of the Recommendations

The Report was welcomed in many quarters, including the Liberal and Labour Parties and the National Union of Teachers, and the New Statesman hailed it as "a vital document which may rank with Webb's Royal Commission on the Poor Law and the wartime Beveridge Report on social security." But the predominant - and the predictable - reaction was one of protest; and this on two levels.

First there were the outcries from certain Conservative Members of Parliament and from those interests most directly and adversely affected, notably the ITV producers and the advertisers. The wide variety of expletives employed included "biased", "malice", "loaded against commercial TV, .. the Conservative administration, ... and even the capitalist principle", "virtual nationalisation", "inconsistent", "muddled", "smug", "priggish", "paternalistic", "rubbish", "superficial", "confused", "impractical", "arrogant", "establishment-minded", "socialistic", "reactionary", "retrograde", "fundamentally disagrees with the principles of free society", and "one objective - to destroy in one vicious blow the whole structure which has given the public the programmes they enjoy, and in its place to set up a second monolithic State institution." One TV director complained "not since Oliver Cromwell has anyone been so cross about innocent public entertainment", and another, even more indignant commercial television contractor publicly burned a copy of the report at a garden party in Berkshire.

Secondly, there were the more moderate, reasoned objections expressed in a large number of editorial columns and special articles in newspapers and periodicals. These objections revolved largely around three basic themes: 1) the "obvious" bias of the Committee; 2) the patronizing moral tone of the Report; and 3) the need for "pluralism" on the air, - for competition, diversity and variety of choice.

1) One rather exaggerated treatment of the issue of bias³ made the point that since broadcasting is an inherently controversial question that cannot be approached without prejudice, it should not have been entrusted to an independent committee of enquiry, but should rather have been investigated by a select committee of Parliament, which "would, in all likelihood, have produced two vigorously partisan reports which would have helped to polarise argument in the country. ... Parliament and the Government must do their own dirty work." This is an interesting, if not very convincing, inversion of the usual view that it is particularly the more controversial issues that can benefit from preliminary investigation by a group of experts, a group that is impartial by virtue of its expertise and in the sense of representing a cross section of the various interests involved.

2) The predominant note of criticism related to the moral tone of the Report - to its "nannyism" and paternalistic assumption that "Auntie knows best", and that a public authority should determine the moral standards and criteria of quality in broadcasting, thereby exerting pressure toward conformism. There was deep resentment of the "implication that too many adults have not the wit or resources to discriminate for themselves or their children." According to The Statist there is at stake a fundamental question of principle: "should the State act as guardian of standards or leave as much as possible to the law of the market and preferences of individuals?"⁴ "The evidence of the switch - of what people actually choose to

³ Lord Altrincham in "The Guardian" of 5th July, 1962.

⁴ Timothy Raison, "The Statist", 25th May, 6th July, 1962.

watch - was almost entirely ignored", in short, the popularity of ITV in terms of mass appeal demonstrates that it is giving the public what it wants. "'The great inlet by which a colour for oppression has entered into the world; wrote Burke, 'is by one man's pretending to determine concerning the happiness of another.' 'Liberty' is a word very difficult to define; but a worse definition might be found for it than exemption from the attempts of others to determine our happiness!'"

Significantly, this kind of criticism was anticipated by the Committee and fully discussed in its Report. Its comments on this point are so cogent as to warrant citing in some detail. "Indeed, it has been held that, for this reason, it is not of great relevance to criticise television at all. We found this last a deflating thought. To 'give the public what it wants' seems at first sight unexceptionable. But when applied to broadcasting it is difficult to analyse. The public is not an amorphous, uniform mass. ... Some of our tastes and needs we share with virtually everybody; but most - and they are often those which engage us most intensely - we share with different minorities. A service which caters only for majorities can never satisfy all, or even most, of the needs of any individual. It cannot, therefore, satisfy all the needs of the public.

...The subject matter of television is to be found in the whole scope and variety of human awareness and experience. If viewers - 'the public' - are thought of as 'the mass audience', of 'the majority', they will be offered only the average of common experience and awareness; the 'ordinary'; the commonplace - for what all know and do is, by definition, commonplace. They will be kept unaware of what lies beyond the average of experience; their field of choice will be limited. In time they may come to like only what they know. But it will always be true that, had they been offered a wider range from which to choose, they might and often would have chosen otherwise, and with greater enjoyment. ... The point was neatly made to us as follows: 'Those who say they give the public what it wants begin by under-estimating public taste, and end by debauching it.'

"In summary, it seems to us that 'to give the public what it wants' is a misleading phrase: misleading because as commonly used it has the appearance of an appeal to democratic principle but the appearance is deceptive. It is in fact patronising and arrogant, in that it claims to know what the public is, but defines it as no more than the mass audience; and in that it claims to know what it wants, but limits its choice to the average of experience. In this sense we reject it utterly. If there is a sense in which it should be used, it is this: what the public wants and what it has the right to get is the freedom to choose from the widest possible range of programme matter. For this reason the Report is critical of the attitude of the ITA which it feels gives priority to "mirroring public tastes" rather than giving the lead to acquisition of new tastes, to the view that 'this is what society is making of TV' rather than facing up to the issue 'what is TV doing to society?'

3) The most penetrating criticism of the Report is based on the requirement of "pluralism" in the administration of democratic society. It is argued that the objective in connection with an institution so influential as broadcasting should be to provide as many different programmes controlled by as many different organisations as possible. That is why it was necessary to have ITV in the first place, to break the State monopoly power of BBC, and that is why it is necessary now to have a second commercial TV programme to break the monopoly of ITV. The control and development of TV should be diversified and not concentrated in too few hands; the stress should be on diversity and on competition. The changes in commercial TV proposed by the Report are undesirable because they would "in effect put ITA on a par with BBC"⁵, thus placing "greater responsibility on the State than is desirable in a pluralistic democracy. ... Standards imposed by the State are innately inferior to standards voluntarily established by society. Because we argue that the State should not control all activities, it does not mean that there should be no distinction between the good and the bad, it means that it should be the individual who makes the choice. The State's job is to help make sure that the choice is there to be made and to help fit the individual to make it. It is not - as Pilkington would mean - to restrict and control."⁵

⁵ Raison, The Statist, 25th May, 1962.

These are telling points - but they are also precisely the points that led the Committee to make the recommendations it did. After careful examination of the ITV organisation, the Committee concluded that it "is pluralistic in form, but not in actuality;" and the changes it proposed were designed to introduce real diversity and competition, and by applying the incentive of profitability to the production of the best programmes "to promote real competition in programme production between the programme contractors, and to promote competition in good broadcasting between the BBC and independent television."

The report points out that "in organising independent television, the Authority adopted what it calls the 'plural' system. It did so because it wanted to realise the benefits of a decentralised form of organisation; that is, to encourage the development of a service which would tend to portray a variety, a diversity, of character and attitude, rather than concentrate on those of London and the Home Counties. The Authority in effect divided the United Kingdom into areas. For three major areas, the broadcasting time available was also divided; into a week-day franchise, from Monday to Friday; and a week-end franchise, Saturday and Sunday." However, the way it has worked out, "despite the decentralised form of the organisation of independent television, the content of its programmes is determined very largely by the requirements of a network organised and controlled as a unit and serving the whole country. The same programme items are, for the most part, seen all over the country at the same time. For all practical purposes, the four main companies - Associated Rediffusion, Associated Television, ABC Television and Granada - arrange among themselves the provision of the programme items for the network. ... The Committee conclude that on the 'plural' form of organisation there has been superimposed a centralised control of programme planning. This is not to condemn the principle of networking, but simply to recognise the facts behind the form. It is also to recognise that there is little or no competition between the companies for the supply of programmes; that the companies, though independent of one another in the sense that no one company has a financial interest in any other, are not otherwise independent. The major companies are interdependent; the minor companies are dependent on, and very largely, distributing agencies for, the major companies. Finally it is to recognise that the total franchise shared out by the Authority by areas among the companies has in effect been put together again by the companies - and then re-divided by time."

The Report goes on to discuss in some detail its reasons for believing that its proposals would result in more competition and more real diversity and choice of programme. "The Authority would guarantee to buy from each company programme items totalling not less than a specified number of hours, provided they were of sufficient quality and met the Authority's requirements. The guarantees would only specify broadly the nature of the programmes to be provided. The total amount which the Authority guaranteed to take in this way would, however, be below the amount needed for the network programme. The Authority would buy some of the remaining items from among the competing companies; we would expect it to produce others itself. ..."

"The responsibility for planning the network programme would rest with the Authority. But the nature of the items provided would depend in part on what the companies had to offer, or were able to provide. Thus there would be a constant interchange of ideas between the companies and the departments of the ITA responsible for the various aspects of programming. ... Some items would be offered on the initiative of the companies, others would be commissioned by the Authority. For both classes, the price would be negotiated between the Authority and the programme company. ... The companies would compete directly with each other to provide items additional to the total amount which the Authority had guaranteed to take from them. They would compete indirectly when providing their guaranteed amount. For if these items were less satisfactory than those of the other companies, the Authority could, when the contract was due for renewal, either reduce the guaranteed minimum, or fail to renew the contract."

"Again, it might be said that our proposals would destroy the distinctive nature of independent television, and make it another BBC. This would be a complete misconception. Programmes would still be supplied by a number of different companies; companies would still be identified with areas; and the initiative for many productions would come from the companies rather than from the Authority. The nature of the programme would, therefore, continue to depend very largely on the companies.

Our proposals offer them an unimpeded opportunity to provide a service of broadcasting alternative to that of the BBC and of high quality. Though the programme as a whole would be planned by the Authority rather than by the companies, there is no reason why the Authority should not develop its distinctive style and approach." ...

"... many of the programme companies would still be associated with particular areas. Each would be credited on the screen with the items it produced. Each company would have, under conditions designed to encourage producers employed by competing companies to use their creative talents as widely as possible, the opportunity to develop more fully than at present its own distinctive style and approach. ... Our proposals would create the circumstances in which diversity would find expression. The enterprise of the contractors would not be lost, for they would still be engaged in profitable business; moreover, they would be competing with each other, and the size of their profits would depend upon the quality of the programmes they produced, not on the accident of the size of the area for which they obtained the franchise. Further, the Authority would look for enterprising and original material, and so would prefer a company that offered something different to one that offered something almost indistinguishable from that of the others."

Basic Decision Postponed by the Government

In a few brief paragraphs constituting less than a page of its White Paper on Broadcasting (Memorandum on the Report of the Committee on Broadcasting, 1960) the Government announced its intention temporarily to defer decision on the central point at issue, the future of ITV. After noting that ITV has made a contribution in terms of "lively and ... popular television", and sketching the relevant Pilkington proposals, the Government notes that this "is a question about which there are obviously two opinions; in any case the Government feels that the practical difficulties presented by the proposals have not been fully appreciated"; also that it "wishes to be satisfied that any new structure would remedy the defects it was designed to overcome and would not throw up equally serious difficulties of its own or deprive the system of those features for which it can fairly claim credit. Full account will be taken of the views which will be expressed in public debate and the Government will later submit to Parliament a statement of its own proposals for the future of independent television. The Government considers there will be scope at a later stage for a second ITA programme. But its timetable, as well as its exact shape, must await decisions on the matters briefly discussed in the foregoing paragraphs."

Although this suggests genuine uncertainty by the Government as to what its policy should be, it has been widely rumoured in the press that plans are afoot to introduce a second commercial television service more or less simultaneously with the appearance of the second BBC channel, but with some organisational revisions based on quite different principles from those proposed by the Pilkington Committee. The White Paper was silent on the question of finances - beyond pointing out that increased BBC expenditures will be required and the Government accepts its responsibility to see that the BBC can secure sufficient income to finance adequate services; nevertheless current speculation as to its intentions revolve largely around financial issues.

It appears certain that profits of the contractors - widely considered to be excessive - will be curtailed in some fashion. Although the ITA is expected to be vested with more effective controls over programme contractors with respect to the content and standards of programme and to advertising, it is regarded as highly unlikely that the programme contractors will be deprived of their right to sell time to advertisers. Some part of the profits will probably be siphoned into meeting the increased expenditures associated with a second BBC programme, with colour television, and with UHF broadcasts - a measure that would be much more acceptable politically than the increase in license fees favoured by the Committee. In addition, the Government appears inclined to experiment with Pay TV, despite the outright rejection of this idea by the Committee on the grounds that it would be the most expensive way of financing television, would not be likely to improve the

standards of broadcasting, and would deprive existing services and those not willing to pay more of certain more popular programmes on which it would bid up the price. The White Paper stated that although the Government will take careful note of these arguments, it "recognises that there are cogent arguments in the contrary sense" and accordingly reserves judgment; press rumour has it that a decision has already been made to experiment with Pay TV.

Pluralism Extended

It has been noted that the basic issue of "democratic pluralism" as it relates to broadcasting was treated more realistically by the Committee than by its critics - in the sense that proposals were made for giving substance as well as form to the concepts of "competition", of "diversity of control", and "diversity of content". From the point of view of the broadcasting consumer, however, even the Pilkington Report did not go far enough in the way of re-enforcing pluralism on the air.

For one thing, its out-of-hand rejection of the idea of Pay-TV as a method of catering to specialised minority tastes for which the consumer is willing to pay extra appears inconsistent with the principle of diversity, and the Government are to be commended for recommending that the issue be reconsidered, especially since it ought to be possible to devise ways of safeguarding the existing services from being encroached upon by Pay-TV.

Of perhaps even greater potentiality for grass roots democracy, competition and diversity in broadcasting is the possibility of local broadcasting systems. This issue was examined by the Committee, and a proposal made for a "sustained and broadly-based trial", but somewhat lukewarmly, stressing that "There was no evidence of spontaneous public demand." Unfortunately, this opening was exploited by the Government who concluded that they "would be loath to 'create' extra demand on resources which, for the present, should be concentrated on national requirements. ... The Government would, therefore, prefer to take cognisance of public reaction before reaching a decision." Thus an opportunity has been lost, at least temporarily, greatly to re-enforce "pluralism" through a system of local broadcasting stations, with ranges from two to ten miles, which would report local affairs, local controversies, local and parliamentary elections, sports, weather, traffic problems and shopping facilities, and provide a channel of communication for cultural bodies, churches, local schools and universities, industry and business, trade unions, co-operatives, consumer organisations, etc.

Finally, it is regrettable that the Committee rejected, and the White Paper postponed decision on, various proposals that were made to it for increased supervision of sound and television broadcasting by external pressure groups. The Report itself has stated the justification for such external watch-dog pressures. "The proposals for a 'consumers' council' for broadcasting were addressed more specifically to the point that the public corporations could too easily disregard criticism of their services. The case was argued in detail by Mr. Sieghart, a member of the Viewers' and Listeners' Association. Public concern about the standards of programmes lacked effective means of expression; if the public corporations chose to ignore criticism, the opportunities for pressing it upon them were limited. There should, therefore, be a means of bringing them to justify their policies in public, and a body set up to report on them would have this result. This body, a 'Broadcasting Consumers' Council', would report annually to Parliament. It would serve solely as an outside critic and would have no power to intervene in the conduct by the broadcasting authorities of their services. It would not, he said, be a regulatory body. An alternative and more radical proposal entered by Mr. Sieghart was that the suggested council should be a standing body charged with the duty of keeping broadcasting in the United Kingdom under continuous review."

However, the Committee were unwilling to carry pluralism to the point of diluting the authority and responsibility of the public corporation. "The idea of a 'broadcasting consumers' council is not without immediate attractions. But, on close inspection, it reveals irremediable disadvantages. First, it would reduce

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the status of the public corporations. Second, it would again raise doubt as to where the responsibility lay - which, the public corporation or the council, would be the guardian of the public interest in broadcasting? In fact, the task envisaged for it is part of what the Governors and Members are themselves appointed to undertake; but there is this difference - that the Council could not expect to acquire the same intimate knowledge of the organisations, or to enjoy the same confidence of the executive. ... The principle of a wholly external custodian having been conceded, the demand would be hard to resist. In short, the case against the creation of a statutory consumers' council for broadcasting is, we conclude, compelling."

In the end the most that was conceded was that each of the two broadcasting authorities (should) use all the means at its disposal to answer for the conduct of its services. Each should welcome and, indeed, invite criticism, the more so since each is exempt from the commercial consequences of a failure to realise the purposes of broadcasting. Criticism is necessary for the health of an organisation and should not be resented because some of it may be misconceived. More particularly, the broadcasting authorities' annual reports made to the Postmaster General and presented to Parliament should be the occasion for an explanation of policy and for a revealing examination of criticisms." It added that the existing General Advisory Council of the BBC should be so constituted as to be capable of representing the interests of the Consumer, and proposed a similar General Advisory Council for the ITA.

In this respect, then, the Committee would seem to have laid itself open to attack by Timothy Raison whose particular brand of "pluralism" had been challenged by it, as noted above. "If we accept the aim of providing as many different programmes as possible, run by a variety of organisations and owners, we must also accept that it is both proper and essential that, within the framework of our pluralist democracy, there should be all sorts of pressures on those responsible for the broadcasts to aim at high standards, morally as well as technically. This means that churches, consumers associations, committees of enquiry, letter-writers, busy-bodies, M.P.s and public opinion in all its shapes and forms have the right and duty to fight for what they believe to be best."

L A T E N E W S

UNITED KINGDOM

ADVERTISERS SELLING THEMSELVES

The advertising industry has taken what it considers to be a major step in overcoming "prejudices" against advertising by setting up an Advertising Standards Authority, an independent autonomous body to promote higher standards of advertising, and to act as a final arbiter on public complaints as to the quality and veracity of advertisements. This project follows the establishment a few months ago of a system of voluntary control known as the British Code of Advertising Practice. Other recommendations made at the annual conference of the Advertising Association in the spring included sponsoring an independent study of the economics of advertising outlining the precise role of advertising.

Among the significant comments on the new Authority:

President of the Board of Trade - "I am confident that this authority will... ensure for British advertising the maintenance and, where necessary, the enhancement of its reputation as a reliable link between producers, distributors and consumers ..."

Director of the Consumers' Association - "I welcome this recognition by the advertising industry that something has to be done about excesses in advertising. But I regret very much that they have called themselves an authority. This of the worst kind of misleading advertising because they are nothing but a private body."

Times, 23rd July, 11th May.

Financial Times, 23rd July, 11th & 12th May.

Subscription rate: 15 shillings a year. Discounts on bulk orders are available at the following rates:

5 - 9 copies	5%
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more than 25 copies	25%



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International Co-operative Alliance

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EDITORIAL

"The truth of the matter probably is that the consumer has been neglected for so long that like a stray dog, he is unaware of any kindly gesture, and wary of any he may notice."

"Discovering Consumers",
M. C. Phillips & F. J. Schlink.
New York, 1934.

The consumer is to have a recognized place in the governmental machinery of both the United Kingdom and the United States. Although consumers' organisations have been quick to welcome the new developments one can detect a certain note of reservation in their pronouncements. The main reason for uneasiness is no doubt that detected by Phillips and Schlink in 1934; after long neglect it is difficult to believe in good fortune when it finally arrives.

But apart from feelings such as these there are good enough reasons for consumers to be wary of government. What seems at first to be a very promising scheme for giving consumers a place in government has a habit of failing to mature in practice. A current example of just such a failure is the Comité National de la Consommation appointed by the French Minister for Commerce which to all intents and purposes is defunct. The Consumer Advisory Board appointed by the National Recovery Administration during the New Deal in the United States also quickly fell upon evil times and later experiments in the States had as little success. Examples such as these cause consumers to approach new institutions purporting to give them a voice in government with extreme caution.

The U.S. Consumer's Advisory Council

President Kennedy's 1960 campaign platform included a promise to appoint a White House assistant on consumer affairs, which was already a compromise with the more radical proposal for a Department of Consumers advocated by consumers' champions over the years. In fact the Consumers' Advisory Council the appointment of which the President announced on 18th July is an even further weakening of the platform pledge. The Council, composed of 12 members, has been fitted into the consultative structure of the Council of Economic Advisers (CEA) alongside business and labour advisory committees. The Council will advise Government on:

Consumer Affairs Bulletin

1. Broad economic policy issues;
2. Programmes for protecting consumer needs;
3. The flow of consumer research material from the government to the public.

The Chairman of the Council, Dr. Helen Canoyer, has stated that for there to be effective consumer representation there must be a broadly based programme of public information and education. Dr. Canoyer considers that attention should be directed to consumer education, especially to consumer economics, by which she means basic economic principles not just home economics. Amongst other members appointed to the Council are Helen Nelson, director of the office of the California State Consumer Counsel; Colston Warne, President of Consumers Union and Professor of Economics at Amherst, Persia Campbell, formerly Consumer Counsel, New York and now Professor of Economics, Queens College, N.Y.; Richard Morse, Professor and Head of Department of Family Economics, Kansas. The Council also includes a well-known syndicated financial columnist, Sylvia Porter, the information director of the Co-operative League of America, David Angevine and Caroline Ware who served as a special assistant to the Consumers Advisory Board in 1934-5. By no means a weak lineup!

The Council is to be assisted by a small staff and there are to be liaison officers in each of the twenty-two departments and agencies concerned with consumer affairs.

The appointment of the Council is seen by some commentators as more than a fulfilment of a campaign pledge. The legislative programme contained in President Kennedy's special message to Congress on Protecting the Consumer Interest (see Consumer Affairs Bulletin No.3.) has made little progress and it is thought that the Council will help the blocked bills forward on their legislative journey.

The U.K. Consumer Council

The United Kingdom Government has accepted the proposal of the Molony Committee on Consumer Protection (see pages 19-23) to set up a Consumer Council. The Molony Committee recommended the appointment of a Council of 10-12 persons, appointed for their personal qualities and not nominated to represent particular organisations. The Council is seen by the Molony Committee as the supreme spokesman for the consumer and the watchdog of his interests. A Secretariat headed by a Director of 'appreciable status' would assist the Council in its work.

When it came to defining the duties of the Council, however, the Molony Committee were more specific; they would have the Council:

1. Inform themselves about consumer's problems and after consulting trade interests recommend what should be done;
2. Provide advice and guidance for consumers locally through Citizen's Advice Bureaux and other organisations;
3. Obtain publicity for its own views;
4. Offer advice and make representations to manufacturers and traders on consumer matters;
5. Represent the consumer viewpoint to Ministers and where appropriate press for new legislation;

6. Be vigilant in matters of law enforcement protecting consumers;
7. Ensure that the consumer's viewpoint is made known to government when necessary;
8. Secure adequate representation of consumers on public bodies providing goods or services for the public;
9. Co-ordinate the work of existing consumer organisations and the consumer research effort of industry, government and other bodies;
10. Watch consumer protection developments overseas and maintain contacts with overseas organisations representing the consumer.

To carry through these tasks the Molony Committee recommends an initial budget of £125,000.

Meanwhile, Elsewhere ...

There are already in existence in other countries government-appointed or government-recognized consumer bodies. In Sweden a State Consumer Council (Statens Konsumentrad) was set up in 1957 and has been engaged in the work of supervising, co-ordinating and sustaining research and education in the consumer field. The 15-member Council is appointed by the Government for a two-year term. Seven of the members represent consumers and wage earners, three represent business and the remainder are independent specialists. The Council submits its views to government on matters concerning consumer interests. There is another state-backed organisation, the National Institute for Consumer Information (Statens Institut för Konsumentfrågor), working mainly in the field of product testing.

Norway and Denmark also have state financed consumer bodies fulfilling similar functions. In Holland a joint organisation of trade unions, co-operatives and other consumer organisations, the Consumenten Contact Orgaan, has represented consumers' views to government and has undertaken product tests with the aid of a government grant. This organisation is the least 'official' of those described here.

In July 1959 the New Zealand Government set up a Consumer Council to "protect and promote the interests of consumers of goods and services". As well as carrying through a consumer goods testing programme the Council investigates consumer problems, represents the consumers' point of view to various authorities, analyses consumer opinions, focusses attention on practices detrimental to consumers and publicizes practices beneficial to consumers. The Consumer Council consists of nine members appointed because of their interest in consumer affairs and four representatives of government departments. The Council has a system of local consumer associations and district committees "to actively help in the work of the Service".

Assessment

The representation of the consumer in government is proceeding apace and there will soon be sufficient working examples of the various possible arrangements for some comparison to be attempted of their relative worth. At present all that can be said is that they are situated on the fringe of government rather than being placed in the vortex of political decision-making - whether this is the correct place for the representatives of consumer interests has yet to be seen. Perhaps it is sufficient at present that in a number of countries the consumer interest which previously lacked bargaining strength, because it was poorly organized in comparison with other interest groups, now has a focus for its future action.

F. B.

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

UNITED STATES

THE PESTICIDE THREAT

In a forthcoming book, "The Silent Spring" (which has been excerpted in The New Yorker), Rachel Carson, author of the well-known "The Sea Around Us", warns that "the whole physical world has been, and is being, contaminated by substances used in control of insects, that the so-called balance of nature is being dangerously disturbed and that by now not only human beings and wild life are in danger but also their food and water." It is reported by Alistair Cooke that although agronomists, farmers and some fish and wild life experts contend that the book is "lurid and oversimplified", Government officials are sufficiently concerned to have set up a special committee, under the President's special assistant on Science and Technology, to study and suggest methods of controlling the use of pesticides. The problem has for some years been under consideration by some Government departments. At present the only federal controls, imposed by Food and Drug Administration, set quantitative limits to the permissible contamination allowed in milk, vegetables, fruit, corn and their synthetic products.

Guardian, 1st September, 1962.

INTERNATIONAL

CAR SAFETY BELTS

The International Standardization Organisation hopes to lay down a single model standard for car safety belts. At present there are at least six different national standards in Europe alone, each calling for different strength and test requirements. The ISO has recommended testing of the "dynamic" kind now being done in Britain, which closely simulates what happens in an accident including impacts at an angle.

Meanwhile it has been announced that fittings of safety belts in new cars (one set for the driver and another for the front seat passenger) will soon be made compulsory in the United Kingdom. A recent meeting of a sub-committee of the Council in Europe recommended that it should be compulsory for manufacturers to fit anchorage points in new cars. Almost 60 per cent of cars in Sweden are now fitted with belts, and nearly half in Denmark and Norway as compared to about 8 to 10 per cent in Britain and 5 to 7 per cent in Germany. In the United States the fitting of anchorage points is required and New York State has just made fitting of the belts themselves compulsory.

Financial Times, 5th July, 1962.

BSI News, July, 1962.

UNITED STATES

'CHOLESTEROL WITCH-HUNTING

In view of mounting "cholesterol panic", largely commercially inspired, it is worth stressing that it is still unproved that lowering the amount of fat in the blood will prevent or retard hardening of the arteries, heart attacks and strokes.

In 1961 over one-fifth of American families changed their diets because of concern over cholesterol. Yet all leading medical and institutional organizations (including the American Medical Association) and most researchers are opposed to drastic changes in the diets of healthy people, even though experimentation with shifts from saturated fats (butter, lard and other animal fats and hydrogenated vegetable oils) to unsaturated fats (such as are found in high proportion in corn, cottonseed, soya bean and safflower oils) is recommended for treatment of hardening of the arteries. The Food and Drug Administration still stands on its statement of two and a half years ago that "any claim that (fats and oils) will prevent, mitigate, or cure diseases of the heart and arteries is false and misleading."

The August issue of Consumer Reports warns that, although "it is probably a good idea" to reduce total consumption of all fats in the typical diet, a pronounced shift from

saturated to unsaturated fats is difficult to plan without disruption of nutritional balance; also many people would not find the "prudent diet" to their taste. "No one should go on a cholesterol-lowering diet without consulting his physician." Also other measures offer at least as much promise of controlling cardiovascular disease without drastic dietary innovations, for example, regular daily exercise, a reduction of heavy smoking, and avoidance of tension.

Wall Street Journal, 3rd August, 1962
Consumer Reports, August, 1962.

UNITED STATES

SMOKING AND AIR POLLUTION STUDY

The United States Surgeon General has announced that a twelve-member committee of scientists will make a broad scientific study of the impact on health of smoking and air pollution. The decision was made by representatives of several Government agencies, medical groups and the tobacco industry.

Financial Times, 26th July, 1962.

UNITED STATES, UNITED KINGDOM & NORWAY

ANOTHER DRUG SCARE

UNITED STATES. The Food and Drug Administration has announced that it is investigating the possible relationship between use of the oral contraceptive Enavid and formation of potentially fatal blood clots; meanwhile it has ordered the producers, G. D. Searle and Company, to include precautionary warnings in its promotional literature to physicians. A total of 28 American cases of blood clotting, including six deaths, have been reported in women who had been taking the drug. A month later the producers said that a group of medical specialists meeting in Chicago had concluded that the drug does not cause thrombophlebitis or internal blood clotting. Subsequently the American Medical Association reported that no evidence existed to link the oral contraceptive to blood clotting.

UNITED KINGDOM. In an article in the August issue of the British Medical Journal the first British death associated with the use of an oral contraceptive, Conovid, produced by G. D. Searle, was announced. Meanwhile the Family Planning Association, which has been distributing the tablets, issued a press statement warning that the long term effect of oral contraceptives cannot be predicted, advising doctors that the responsibility for prescribing such drugs rests on the individual practitioner, and suggesting that closely studied clinical trials of the effects of long administration should be conducted by the Medical Research Council.

NORWAY. On August 6th the Norwegian directorate of health stopped the sale of the contraceptive pill Enavid "for the time being". A statement referring to reports in medical journals about a possible connection between the pills and thrombosis, said the sale had been stopped pending further investigation.

Wall Street Journal, 6th August, 1962.

Guardian, 8th August, 1962.

Times, 7th August, 1962.

UNITED KINGDOM

PROTECTION FOR CARPET BUYERS

Manufacturers wishing to produce, advertise or market carpets made from acrylic fibre produced by Chemstrand Ltd. must sign a licensing agreement binding them to conform to certain rigid constructional and hence quality requirements. The purpose is to ensure that any buyer selecting an "Acrilan" carpet can be certain that a high standard of performance and quality is offered. The agreement calls for the following qualities: the carpet must be 100 per cent acrylic carpet fibre; the minimum average pile weight must be 28 oz. a sq. yd. at 0.300 pile height; and every colour or shade must conform to colour fastness specifications in respect of the effect of sunlight, washing, and abrasion, whether wet or dry. Manufacturers who sign the agreement undertake to permit their "Acrilan" carpets to be checked at Chemstrand laboratories at intervals.

Times, 22nd August, 1962.

EUROPEAN ECONOMIC COMMUNITY

DIRECTIVE ON COLOUR ADDITIVES

The regulations of Common Market member countries on colouring additives in food stuffs will be harmonised over a two year period in line with a new directive applying to products sold within the Community. Twenty-eight substances and their derivatives are included in a "positive list" of permitted additives. Another six are to be studied further with a view to decision as to whether or not they should be prohibited after three years. The directive also defines purity standards which are to be subject to continuous revision, and lists 14 products which may be used for dilution or dissolving of colouring matters. Enforcement will be accomplished by a requirement for descriptive information on packages; entry can be refused unless this information is supplied in two of the Community's official languages, one with Germanic and the other with Latin roots.

A second later stage in harmonisation will relate to a definition of the conditions under which colouring materials may be used; also regulations concerning colouring shells of hard boiled eggs, the colouring of tobacco, and the stamping of meat, citrus fruits, egg shells, cheese rinds and other external parts of food.

Community News, 24th July, 1962.

UNITED KINGDOM

STANDARDS FOR CANNED MEAT

The Food Standards Committee has proposed standards of minimum meat content, and appropriate declarations on labels and in advertisements, for all canned meat products. The standard proposed for canned meat, as opposed to mixed products, is 95 per cent (to allow for added gravy or garnish), while mixed products should be categorized according to the next largest ingredient by weight after meat, with the class into which they fall shown on the label.

Guardian Times, 9th August, 1962.

UNITED STATES

COUNSELLING ON CONSUMER CREDIT

The National Foundation for Consumer Credit, Washington D.C., a non-profit organization of bankers, retailers, insurance companies, manufacturers, wholesalers, and consumer and sales finance companies, is setting up a network of Consumer Credit Counselling Services, free of cost to the consumer, "to help people help themselves, ... aid both debtor and creditor and benefit the entire community." Their purpose is to help families with debt problems: by counselling them on managing their finances and by setting up for them plans to pay their obligation, within their means, and with co-operation of their creditors; by arranging for the handling, in extreme cases, of such family funds as are available for the liquidation of accounts and distributing them equitably to the creditors concerned; and to provide "experienced, sound, competent, trustworthy and neutral" advice to guide the family, once out of debt, into more intelligent use of the community markets, both cash and credit."

Consumer Credit Counselling Service, brochure of the National Foundation for Consumer Credit.

CANADA, UNITED STATES

TRUTH-IN-LENDING

CANADA: Manitoba merchants who sell on time must tell their customers in dollars and cents how much interest they will pay on their purchases. An act designed to protect those who buy goods on the installment plan has passed the legislative assembly of the province. It is believed to be the first truth-in-lending legislation on the continent. The new act applies only to the purchase or rental of goods, not money, and does not apply to any sale for an amount under one hundred dollars. It spells out the information which must be supplied to the buyer. It provides that a fine of up to \$500 may be levied on a seller found guilty of an offence under the act.

UNITED STATES: A "truth-in-lending" bill introduced by Senator Douglas in 1960, and re-introduced in a revised version in the current Congressional Session has again been "shelved" by a 5 to 4 vote of a Senate Banking Sub-committee.

The bill is simple in form and does no more than attempt to inform the buyer or borrower of the rate he is charged. It requires anyone selling an item, or any financial

institution making an installment loan, to give a complete statement of the transaction including the cash price, the down payment, the difference between the two, individually itemized charges for insurance and other similar items, the total amount to be financed, the finance charge expressed in terms of dollars, and "the percentage that the finance charge bears to the total amount to be financed expressed as a simple annual rate on the outstanding unpaid balance of the obligation."

The measure is being firmly resisted, however, by practically all the major finance and marketing associations in the country. Their arguments have been summarized as follows: "They frankly do not think that the consumer should know the true rate of interest he is paying. They use every conceivable excuse. For instance, they say that if buyers knew the rates that they had to pay they would not buy the merchandise and that it would stifle the economy. They say that the bill is completely unworkable, and that it is impossible for the average merchant to convert dollar charges to simple interest. They say that if someone makes a mistake that they could be put in jail. They say the consumers are not unaware of the cost of credit, and they are willing to pay prices beyond the list price of the item purchased in order to have it. They say that the bill would be impossible to enforce, and in fact, they say almost everything that they can think of to try to avoid disclosing the rather fearful rates that are being charged."

The "Truth-in-Lending" Bill, American Enterprise Association, Washington D.C., 24th August, 1961; The Credit Union Bridge, Herbert E. Cheever, June, 1962; The Wall Street Journal, 7th September, 1962; The Maritime Co-operator, 15th June, 1962

UNITED STATES

SHOPPING METER

Comconics, Inc. of Mountain View, California have sent us a shopping meter which permits lightning calculations of; (i) Unit cost of a multiple purchase, e.g., At 10 for 14¢, what would one cost?; (ii) Comparable unit costs of various sizes of package, e.g., Which is more economical, 2 ounces for 37¢ or 16 ounces for \$3.19?; (iii) Total price for bulk weight items, e.g., At 29¢ per pound, how much would an 18 pound turkey cost?

The meter is a convenient palm-sized disc, easy to read and to manipulate, with a weight conversion table and scales which the mathematician will recognise as concentric circular logarithmic scales.

The charge is \$1 for one meter or \$5 for six, airmail postage paid. Comconics has completed an equivalent design for £ s d and Imperial Gallons. The address is P.O. Box 1238, Mountain View California.

SWITZERLAND

"FORMLESS" MERCHANDISE DISPLAY

A recent display at the Globus store of Basel of a collection of items contributed by local inhabitants as examples of garishness, vulgarity and general lack of taste attracted unprecedented public interest. Prizes were awarded for the ugliest and most tasteless specimens.

Retail News Letter, 21st May, 1962.

ITALY

NATIONAL EXPORT SEAL

An article in the June issue of L'Italia nel Mondo describes the requirements connected with the National Export Seal, indicating compliance, and the origin of the merchandise, which must be attached to every crate of certain specified fruits, vegetables, grains and wine sent abroad. Requirements relate to quality, selection, condition and packaging.

UNITED KINGDOM

LOCAL CONSUMER GROUPS

The movement towards organised consumer research and enlightenment at a local level is gaining momentum in Britain. A round-up in the July issue of Shoppers Guide indicates that the first groups organised by the Consumer Advisory Council, in Oxford, Nottingham, Teeside, Tyneside and Cambridge, are accelerating their activities which include discussion groups, publication of newsletters, complaints exchanges, protests to Public Health Inspectors, listing of shops carrying items recommended by Shoppers Guide and

Which?, surveys of comparative prices, prices of packed versus loose goods, and various services such as dry cleaning and laundries, taxis, car repairs, window cleaning, appliance repairs and motoring schools. Consumer Advisory Council is planning a weekend conference for group leaders and individuals interested in the consumer movement.

CANADA

PACKAGE WEIGHTS

At its annual meeting in June the Consumers' Association of Canada passed the following resolution:

"Whereas there appears to be an increasing number of packages on the market whose contents are stated in fractions of ounces; and whereas consumers are experiencing difficulty in determining readily, while shopping, the comparative values of many products due to the varying weights of packaged goods: Be it resolved that the Consumers' Association of Canada requests the Department of Trade and Commerce and the Food and Drug Directorate to standardize the weights of packages of food and other items weighing four ounces and over, in units of quarter-pounds, half pounds and pounds."

INTERNATIONAL

NON-STICK FRYING PANS

The introduction in France, Italy and the United Kingdom and the United States of non-stick frying-pans which have met with ready consumer acceptance illustrates the way in which a scientific advance can rapidly be pressed into the service of the consumer. There are however some rather disturbing features to this development. The fluorocarbon resins, notably polytetrafluoroethylene (p.t.f.e.) were not developed specifically with domestic uses in mind and in the United Kingdom at least none of the manufacturers have tested the effect on the material of domestic acids and alkalis. Susan Douglas in "Home Economics" (June 1962) writes: "I.C.I. report that the inert p.t.f.e. is not affected by acids or alkalis, but they also added ... that they had not promoted this application for their Fluon: they had done no tests on the material in domestic use: that domestic use of the material wasn't very important to them: that there was no control over the way in which manufacturers used the materials and no standards for the thickness of the coating, or the method of application."

In both the U.S.A. and France, where fat frying is now distrusted on health grounds, there has been guarded official approval of the use of fluorocarbon resins in food processing and in normal domestic use.

In the manufacturing of the fluorocarbon resins work people have been overcome with what is known as Polymer Fume Fever -- the characteristics of which are like influenza. It seems unlikely that the industrial conditions causing this indisposition would be reproduced in the domestic kitchen and no illnesses have been reported as yet although several million pans have been put to use in France alone.

The case of the non-stick pan does, however, illustrate rather well the way in which scientific advance and commercial exploitation tends to outpace adequate testing of consumer goods under domestic conditions as well as the scant regard manufacturers may have for the domestic user of their products.

Consumer Reports, October 1961;
Home Economics, May and June 1962.

GERMANY

PENNIES STILL COUNT

In an attempt to impress upon consumers the value of making careful price comparisons, the Federation of Consumer Associations (AGV) recently (July 1962) checked prices in 25 retail stores throughout West Germany for 51 different foodstuffs items representing the typical shopping-basket for a four-person household. Results showed overall differentials for the total shopping basket including fresh meat and bread up to 10.9 per cent, and for a shopping basket excluding fresh meat and bread up to 19.9 per cent. Comparisons between stores in the same city revealed differentials of 3.7 per cent in Munich, 4.0 per cent in Cologne, 8.2 per cent in Hamburg and 19.4 per cent in Duisburg. In terms of individual products the largest price differentials related to potatoes, eggs and butter, but it was noted that these differences were not directly correlated to the overall differentials for the entire shopping basket; for example, the store with the cheapest eggs

ranked number sixteen with respect to overall prices, and that with the cheapest butter was in eleventh place.

On the basis of this study, and with an eye to the fact that almost 45 per cent of the average family's disposable income is spent on food and beverages, the AGV proposed the following basic considerations as a guide to the food shopper:

(i) The price reasonableness of a given shop depends on prices charged in general and not for a single item or on the occasion of a special sale. Although advantage should be taken of special price offers, these are not a sufficient indication of the cheapness of the store in the long-run.

(ii) Whether or not cheap products are bargains depends also on their quality and weight.

(iii) Meaningful price comparisons depend on full knowledge of products.

(iv) The relative importance of a given item in the household budget must be taken into account; it is not enough simply to add up prices of the various individual prices.

Die Verbraucher-Politische-Korrespondenz, August 6/15, 1962.

UNITED KINGDOM

SHOPPER'S GUIDE

A joint statement has been issued by the British Standards Institute and Cornmarket Press, publishers of Town and Topic, that negotiations are at an advanced stage for the establishment of a non-profit-making foundation - limited by guarantee - to publish Shopper's Guide under Cornmarket Press management, with an advisory council of 12 members chosen in agreement with the BSI. It is understood that the entire existing staff will go to the new organization. BSI's testing facilities and technical advice will continue to be used, and there will be no change in the present policy of not carrying advertisements.

Consumer News, Consumers' Association Ltd., 17th September, 1962.

SOUTH AFRICA

CARE LABELLING

A code of practice for care labelling of textiles is in course of preparation by the South African Bureau of Standards. The demand for simple, clear, generally applicable and widely recognised washing and cleaning instructions is supported by launderers and dry cleaners.

Consumer News, Consumers' Association Ltd., 3rd September, 1962.

AUSTRALIA

THE WEIGHT OF CHOCOLATE BARS

Last year the Australasian Consumers' Association found that the weight designation was quietly omitted from certain bars of chocolate, and the weight reduced. Recently ACA found that bars labelled with "Big New Size", and giving the weight, are indeed bigger in area but distinctly thinner, so that they give precisely the same weight for money as the previous packs.

Consumer News, Consumers' Association Ltd., September 3rd, 1962.

UNITED KINGDOM

DATE MARKING OF FOODSTUFFS

The Health Committee of the Association of Municipal Corporations have concluded that because wrapped foods deteriorate variably and rapidly, date-stamping might create a sense of false confidence and discourage the taking of due precautions. There is even a possibility that such a requirement might be used as a defence in a court of law in the event of a local authority bringing a prosecution.

Consumer News, Consumers' Association Ltd., September 3rd, 1962.

WEST GERMANY

COMPARATIVE GOODS TESTING

Growing public interest in consumer goods testing is being stimulated by solid accomplishments, by official pronouncements and by continued tensions and legal battles between testing organisations and vested private interests.

The Federation of Consumer Associations (AGV) has completed the first three projects in its series of tests of household goods inaugurated this summer. Summarising the results of its tests of electric convector heaters, automatic toasters and immersion heaters for travelling, AGV reports that manufacturers need to take more account of the practical requirements of households, that many electrical appliances are not completely safe, and that high prices are not an indication of quality.

Meanwhile the German trade union movement (DGB) has set up a consumers' testing unit and is publishing the results in its weekly Welt der Arbeit.

Towards the end of August the Ministry of Economics, in response to a request for a report on testing by the Bundestag, announced in the Wirtschaftsbild that it finds the various German private efforts "wanting in reliability and neutrality", and that in mid-October it will present to the Bundestag a full report on consumer testing in other European countries and in the United States as a guide to a satisfactory system for West Germany. It is rumoured that the Ministry is considering the idea of an official trust representing consumers', traders' and manufacturers' interests, to carry out tests.

The fortnightly magazine Deutsche Mark, which publicizes the results of tests carried out by Waldemar Schweitzer, a Stuttgart journalist and publisher, won a major law suit when a Düsseldorf court ruled that the consumer interest in information based on testing outweighs manufacturers' objections to comparisons; also that the particular criticisms involved could not be disproved.

A legal charge has been brought against AGV tests by the Trade Marks Association (via the Association for the Prevention of Abuses in Distribution and Trade) on the grounds of "alleged unfair competition" because of the violation of "neutrality" by Co-operative support for AGV. AGV has denied the allegations and suggested that the plaintiff is worried about the effect that objective consumer tests might have in counteracting advertising propaganda.

The Times, 30th August, 1962.

Die Verbraucher-Politische-Korrespondenz 5th and 15th September, 1962

Der Verbraucher, 8th September, 1962.

C O N S U M E R B E H A V I O U R

INTERNATIONAL

COMPARATIVE SPENDING PATTERNS

Interesting data on consumer spending patterns in various European countries, the United States and Soviet Russia are provided in a study on "Basic Statistics for Fifteen European Countries", published by the Statistical Office of the European Communities; in the rearranged summary tables below, the data on refrigerators and washing machines are taken from another source, from the Pemberton Quarterly, Spring/Summer, 1962.

	<u>Persons per Room</u>	<u>Rooms per House</u>	<u>Patients per Doctor</u>	<u>% of Houses with Running Water</u>	<u>% of Houses with Bathrooms</u>	<u>Persons per Television Set</u>
Netherlands	0.8	5.2	901	89.5	30.3	14
Belgium	0.7	4.0	800	48.4	7.1	15
West Germany	1.1	3.8	730	87.3	42.3	12
Italy	1.3	3.3	600	35.9	10.7	23
Luxembourg	0.8	4.8	1,075	90.5	16.7	42
France	1.0	3.2	1,010	58.4	10.4	24
Great Britain	0.8	4.6	1,031	81.4	62.4	5
U.S.A.	0.7	4.7	758	82.8	73.2	3
U.S.S.R.	1.5	3.3	556	NA	NA	53

	<u>Persons per Car</u>	<u>Persons per Telephone</u>	<u>% of Houses with Refrigerators</u>	<u>% of Houses with Washing Machines</u>
Netherlands	21	7.6	15	45
Belgium	11.6	8.4	22*	58*
Luxembourg	8	8.7		
West Germany	12	9.6	41	29
Italy	24	14.7	15	7
France	8	11.1	28	25
Great Britain	10	6.7	25	40
U.S.A.	3	2.5	98	93
U.S.S.R.	333	83.3	NA	NA

	<u>Daily Calories per Head</u>	<u>Average Annual Kilograms per Head</u>							
		<u>Fish</u>	<u>Meat</u>	<u>Grain</u>	<u>Potatoes</u>	<u>Sugar</u>	<u>Milk</u>	<u>Fat</u>	<u>Eggs</u>
Netherlands	2947	5	42.8	86.5	90	43.2	168.6	21.0	11.5
Belg/Lux	2917	6	56.3	93.3	147	31.2	94.2	12.9	14.9
West Germany	2943	7	52.0	90.5	149	29.3	119.1	19.2	11.8
Italy	2667	4	23.3	142.3	48	18.2	58.0	13.8	8.3
France	2923	5	70.0	108.0	114	29.1	94.	11.2	10.3
Great Britain	3294	10	65.5	85.3	94.6	51.6	146.8	15.4	14.1
U.S.A.	3110	5	86.5	67.5	49.2	44.6	158.3	17.3	21.3

Private consumption expenditures on selected items as percentages of total private expenditure

	<u>Food</u>	<u>Drink & Tobacco</u>	<u>Clothing</u>	<u>Rent & Taxes</u>	<u>Transport</u>
Netherlands	32	NA	15	27	NA
Belgium	29	NA	10	29	NA
Luxembourg	35	NA	13	23	NA
Italy	44	10	10	16	NA
France	31	10	12	20	NA
Great Britain	31	13	11	25	10
U.S.A.	22	NA	10	28	14

NA - Not available

* - Belgium/Luxembourg

Source: Bulletin from The European Community, July, 1962.

WEST GERMANY

OFFICIAL HOUSEHOLD STATISTICS

Consumer organizations have enthusiastically welcomed legislation enacted in August of this year for periodic (every three or five years) statistical sample surveys of household expenditures at all social and economic levels. Until now official consumption statistics have been limited to the so-called Index Households, that is, the famed working or salaried father in the middle-income range with a wife and two children living in a city. The new survey, the first of which will be made this year, will cover incomes and expenditures in 50,000 sample households of all kinds -- manual and white-collared workers, farmers, officials, self-employed, independently wealthy and pensioner

The survey period will cover an entire year in order to take account of seasonal

factors in spending and special purchases for holidays, travel, emergencies, etc. To lighten the recording task for participating households, a "rotation" system will be used under which each household will record every expenditure in detail for one month only, and for the other eleven months only major expenditures over 25 DM. Co-operation will be on a voluntary basis.

The resulting data are expected to clarify the impact of the "economic miracle" on standards of living throughout the Federal Republic; and in particular to throw light on the relationships of consumption expenditures to income, social status, and size of household, food consumption from a nutritive and psychological point of view, the distribution of spending within a family, the "cost" of children, spending habits of special groups such as smokers, car owners, home owners, bachelors, young households, large families, and ageing households, and problems of public policy in relation to middle income groups, wages, rent, taxes, etc.

Der Verbraucher, 1st September, 1962.

UNITED KINGDOM

FREEDOM TO MAKE MISTAKES

A director of Associated Electrical Industries has expressed concern that consumers will be "molly-coddled" by the "cult of the consumer" to the point "where he loses freedom of choice, freedom to make mistakes, freedom to spend with irresponsibility and abandonment if he chooses." High pressure selling is a natural part of competitive society, he argues, and to that extent is a good thing provided extremes of basic dishonesty are avoided. Hence the Government should not go beyond ensuring the consumer of access to accurate and adequate information.

The Director, Journal of the Institute of Directors, September, 1962.

FRANCE

SURVEYS OF CONSUMER BEHAVIOUR

Since May 1958 the French National Institute for Statistics and Economic Studies (INSEE) has been conducting semi-annual surveys of consumers' buying intentions in relation *inter alia* to household equipment (cars and electrical appliances), recent purchases and buying plans for the coming months, household finances, and opinions as to price trends. The surveys are patterned on the work done by the "father" of consumer opinion surveys, Professor George Katona of the University of Michigan, and they make use of his distinction between "routine" decisions as to ordinary daily consumer goods and "calculated" decisions concerning durable consumer goods.

FRANCE & UNITED KINGDOM

PUBLIC OPINION ON TIPPING

In many countries the size of tips and the appropriate occasions for them are prescribed by custom. In Britain and France, however, there is more uncertainty and consequently many abuses.

Both the British Consumers' Association and the French "Union fédérale de la Consommation" have recently surveyed tipping through questionnaires to their members and contacts with employers' associations and professional periodicals.

Interesting conclusions:

In the United Kingdom, many members were irritated that for several services tips are routine and no longer convey gratitude for extra service; 19 per cent said they definitely object to all tipping; some thought that people providing the services were adequately paid and others felt that employees should not have to depend on the customers' generosity; some found it "embarrassing" or "undignified". Many said they objected to the practice, but did not "have the courage not to tip."

In France there is even more concern about the problem: replies to questionnaires suggested that more than 90 per cent want tipping to be banned. Others felt that even if tipping were banned, it would still remain in force. Many thought that abuses of tipping were a hindrance to increased tourist trade.

Suggested solutions: effective enforcement of schemes for "tip included" and prohibition of extra tips. Employers, and especially the government, ought to remunerate their employees adequately. Finally more discrimination should be exercised as to when to tip and at what rate so that the tip would regain its original character of an individual reward.

Which?, July 1961, Bulletin d'information de l'Union federale de Consommation, May-June, 1962

NORWAY, SWEDEN & JAPAN

RESEARCH ON CONSUMER NEEDS

NORWAY: A Committee has been set up to act as a focal point for research into consumer behaviour. It will indicate research tasks within the fields of medicine, agriculture, textile production, economics and sociology and will try to ascertain the basic problems of consumers' needs and to reach conclusions which will be of lasting value to the consumer and to industry.

SWEDEN: 1) An interesting project in the field of consumer research was a survey conducted last year by the National Institute for Consumer Questions designed to provide information on general conditions in Swedish homes with respect to housework and the mechanical and technical aids at the disposal of housewives.

Housewives in one thousand households with children were interviewed as to their preferences as between various types of housework and the kind of equipment they had or would like to acquire; they also kept diaries for a one-week period covering time devoted to various categories of housework, and careful inventories were made of the household's equipment - sanitation, kitchen fittings, flooring materials, and appliances for cooking, washing up, laundry, sewing and general housework.

Results showed, inter alia, that housewives' foremost interest is in preparing meals, and that many do their own baking and preserving; that in general kitchens are unsuitably planned (for example, drain boards and sinks too low, equipment scattered, and eating space too cramped); and that there is little difference in ownership of equipment or use of prepared foods between working housewives and "stay-at-homes", although the former tend to send out laundry more often than the latter.

2) Sveriges Socioldemokratiska Kvinnoförbund (Social Democratic Women's Federation) has made a questionnaire survey of 2,000 housewives on hire-purchase, consumer credit cards, certain advertisements, informative labelling, etc. Housewives living in the country generally had less knowledge of price questions and consumer information than those in towns. Wage-earning housewives were better informed on important consumer questions than were house-bound housewives.

3) The Swedish Society for Industrial Design has investigated some consumer questions of interest to newly-married couples. 90 couples were interviewed in the spring of 1961 concerning the kind of accommodations they got when marrying, what goods they bought for their new homes, what they thought of the possibilities of getting objective information on goods they needed. Vacuum cleaners and beds and mattresses were mentioned as the goods on which the best information was available, and the poorest information was on light fittings. The general conclusion was that information is easily available on those goods which have been tested or examined by the Institute for Consumer Information or the Swedish Society for Industrial Design, but more research and testing is needed for other groups of consumer goods, e.g., light fittings and carpets.

4) The Swedish Society for Industrial Design has also investigated china tableware to determine how well the size and shape of various articles correspond to their use. With recent investigations into food habits in Sweden as a starting point, different types of tableware were submitted to user tests; only 15 per cent passed. Further careful calculations were made as to what a family of six needs in tableware. As a result of the investigation recommendations have been made to manufacturers as to sizes and shapes.

JAPAN: 1) The Japanese Research Association for Textile End-Uses recently carried out a survey on a range of drip-dry shirts. 1,000 consumers were sent a questionnaire listing 40 to 50 characteristics of drip-dry shirts and asked to say which they considered of most importance. 10 samples of 8 brands in 4 price ranges were then tested for the 12 or so most frequently listed characteristics, and manufacturers were informed of the results.

The Professor of Marketing at the Kobe University of Commerce carried out a survey on the content of advertisements. 400 consumers were asked what they wanted to be told about the product in advertisements for cosmetics, drugs and electrical appliances. Advertisements for consumer goods were then examined for 14 of the most sought after requirements, and a booklet published showing the correspondence between information in the advertisements and the information consumers want; the hope is to persuade manufacturers and retailers to make advertisements more informative.

Konsument Institute Meddelar, Statens Institut for Konsumentfragen, # 9, 1961;
International Office of Consumers' Union Bulletin, May/June, 1962.

UNITED KINGDOM

THE BUDGET AND THE PRICE OF SWEETS

Following the last Budget's levy of 15 per cent Purchase Tax on the wholesale price of sweets and chocolate, "Which?" checked the effective price increase of 35 different kinds of chocolate and sweets, and found that in 25 of them the increase was above, in some cases very considerably above, the levied percentage. It was also pointed out that it is not always possible for the shopper to tell that he is paying more for what he is getting; although in many cases the retail price had not gone up, the weight had gone down; in one case an unmarked weight reduction of this kind was equivalent to an increase in retail price of 32 per cent. Unlike manufacturers of many other pre-packed foods, sweet and chocolate manufacturers are not at present obliged by law to declare weights.

Which?, September, 1962.

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

UNITED KINGDOM

EXPENSIVE PACKET COAL

Traders who charge excessive prices for pre-packed bags of house coal or smokeless fuel were criticised by the Domestic Coal Consumers' Council in their annual report. "We have been shocked to hear of some of the prices charged for this pre-packed fuel.... Unfortunately, many of those who most need to make use of this facility (people living in flats or those who can buy only in small quantities) are those least able to afford it." It was reported, for example, that one north London trader had charged 5s. 6d. for a pre-packed 28 lb. bag of smokeless fuel. If bought in bulk it would have cost 14s. a cwt. or 3s. 6d. for 28 lb.

The Times, 28th July, 1962.

UNITED STATES

5-YEAR CAR GUARANTEE

The Chrysler Corporation announced in early August that beginning with 1963 models it will offer the car industry's first five-year or 50,000 mile guarantee on cars and lorries. Most cars now have a one-year or 12,000 mile warranty, with the exception of Ford's Lincoln Continental, which has a two-year warranty. The one-year warranty was introduced for 1961 models, taking the place of the standard 3-month or 3,000 mile warranty. The standard one-year warranty covers the entire vehicle, and this is being maintained by Chrysler. In addition the company will offer a five-year warranty on the major power components - engine, transmission, propeller shaft and universal joint and rear axle. The warranty will apply to subsequent owners as well as to the original purchaser.

Guardian, August 10th; Financial Times, 11th August, 1962.

WEST GERMAN CABINET APPROVES PROPOSED REVISION OF CARTEL LEGISLATION

For the second time the West German Cabinet has approved, on August 22nd, the "Cartel Report" which provides the basis for proposed revisions of the Law Against Restraints of Competition. The major recommendations of the Report are abolition of resale

price maintenance following a reasonable transition period during which non-compulsory price recommendations would be permitted, stricter controls over registration and disclosure of information by market-dominating firms, easing of requirements for standardisation cartels, and greater powers of intervention in the case of exclusive agreements.

In June 1961 the Bundestag requested the Government to report on its experience with the German Cartel Law, enacted in 1957, and to indicate any desired revisions. The report was prepared by the Cartel Office, after extensive hearings with testimony from all economic sectors, approved by the Economic Ministry, and promptly accepted by the Cabinet on July 25th. Subsequently, apparently as a result of direct appeals by industrialists to Chancellor Adenauer, it was sent back to the Cabinet for reconsideration.

The approved Report has now been presented to the Bundestag and will be officially published pursuant to parliamentary discussion.

EUROPE

CO-OPERATION BY FINANCE HOUSES

Representatives from about 100 leading hire-purchase finance houses from 15 countries participated in the second congress of Eurofinas in Vienna at the end of June. Discussions were centred on export and import financing, international debt collection, personal loans, re-financing within the Common Market, and the possibilities for equipment leasing in the E.E.C.

It was decided to take practical steps towards an intra-European system for collecting hire-purchase debts; increasing mobility of labour, goods and capital within the Common Market were cited as creating the need for what Americans call "skip tracing", whereby defaulting debtors cannot escape payment just by moving to another state. The problem is being studied by a new permanent committee on the problem of defaulters who cross country lines.

A second new committee is to deal with the co-ordination of statistical material among Eurofina members. One of its jobs will be to try to sort out consumer and producer credit in national statistics.

A third committee is to study hire-purchase legislation in member countries with a view to harmonising these laws.

It was stressed that Europe is still one generation behind the U.S. in consumer credit. One estimate of the "saturated" American market for consumer durables, which are mainly paid for through hire-purchase, was that 93 per cent of the potential had been realised as compared to only 10 per cent in Europe.

The Statist, 6th July, 1962.

Financial Times, 27th June, 1962.

The Times, 15th June, 1962.

UNITED KINGDOM

MOUNTING DRUG COSTS

Public opinion is being aroused against the high costs of drug promotion. The Committee on Public Accounts has urged the Ministry of Health to investigate the cost of advertising and promotion in the pharmaceutical industry, estimated to have amounted to about 10 per cent of total sales in 1961 (not including the selling and advertising cost of parent companies in the U.S. allocated as overhead expenses to U.K. subsidiaries); and to "make strenuous efforts to eliminate all forms of activity which they regard as excessive."

The Ministry is also concerned over high profits in the industry, reflected in the fact that the eight highest profit firms are taking an average of nearly 34 per cent on capital; and that on the average a company works towards a net profit on new drugs of 18 to 20 per cent, and adds to this between 8 and 12 per cent for the cost of research. One "shock" measure being used by the Ministry is to threaten to purchase National Health Service drugs abroad; it is reported that drugs from Denmark, Rumania and Italy are 60 per cent cheaper than comparable British products. The rejoinder of the industry is

that foreign drugs are cheaper because they are manufactured in countries where patent rights are not closely observed, on the basis of research done in Britain or the U.S.

Financial Times, 9th, 15th August, 1962.

Guardian, 9th August, 1962.

MARKETING AND THE CONSUMER

UNITED KINGDOM

PSYCHOLOGY AND ADVERTISING

The President of the Advertising Inquiry Council, Archbishop Lord Fisher, recently complained of television advertising that the amount of information given is very small, but "the amount of seductive overtones and undertones is very large indeed." To illustrate his point, the June issue of the Council's bulletin Scrutiny quoted from Dr. Ernest Dichter, the well-known American motivational research expert: "What people don't realise is what they buy at the same time they buy the soap. . . When you are trying to sell soap you have to persuade people to buy your soap. If you can suggest to them that they are buying a ritual which will help them in their social life, then they are much more likely to buy your soap." Dichter was then asked: "What about selling people things they don't want by persuading them that psychologically they want them". He answered: "If psychologically they want them, then they want them. Feelings are facts, too.". Scrutiny's comment: "If, as Dr. Dichter suggests, the task of the advertiser is to sell goods by appealing to the buyers' subconscious, then the role of the consumer is reduced to that of a moron, unable to make a rational choice about the merits of the article he wishes to buy."

UNITED KINGDOM

PSYCHOLOGY AND MERCHANDISING

The use of psychology in marketing has been lampooned in the August issue of Stores and Shops in what purports to be a review of a "brilliant" new book, Merchandising and the Id -- a Psycho-analytical Approach to Retail Management, by a Dr. Chester Y. Botha:

"...Self-service has succeeded because of its appeal to the ego. . . the psyche accepts the authority of store management as unquestionably as the authority of state or government, and eagerly seizes upon this as a welcome substitute for early parental domination; when this concept is identified with an injunction to feed its own ego, the psyche is free to romp ecstatically round the supermarket blessed by authority and untrammelled by guilt. . ."

"Dr. Botha finds it particularly alarming that the mainspring of so much of graphic advertising is the gratification of the sexual fantasies of the male, while so little is done as far as the female is concerned. One of his students has drawn up plans for shopfitters for converting lingerie departments into a variety of exciting new shapes, including the flight-deck of an aircraft carrier, the parade ground at West Point, and (for the older customer) a lumber camp in the Mid-West at the turn of the century."

"From interviews with customers in basements and using free association tests on them, he has "demonstrated" that the average customer identifies the basement with the womb, and if left alone, would wander about happily for hours without wanting to ascend into reality once more. He recommends that basements should be provided with escalators down and staircases up, should be lit as dimly as safety permits and compartmented into as many small rooms as possible."

INTERNATIONAL

WALL STREET AND THE SHAPE OF WOMEN

A provocative article in the Financial Times, written soon after the Wall Street stock market slump, suggested a close correlation between the business cycle and changes in womens' fashion styles. "During the affluent years since the mid-fifties, the couturiers and the ready-to-wear houses alike have enjoyed a sellers' market. Styles have altered little, since a mere change of colour has been enough to tempt the hordes of

willing buyers. Designs have been simple and cheap to make so that production could be pitched as high as possible. ...Towards the end of last year, the simplicity that had served the fashion industry so well rebounded... As money grew short, women thankfully realised that last year's suit was still in style, and settled for an inexpensive frilly blouse to bring their collar-less suits up to date."

Accordingly it is predicted that there will be in the course of the next two seasons a drastic change in styles comparable to that 15 years ago when Christian Dior dropped hemlines from the knee almost to ankle length, and "his full-skirted dresses gladdened the hearts of dress fabric firms which suddenly found their sales more than doubled." Changes are likely to include a drop in hemlines sufficient to rule out alterations, fuller skirts, more sleeves, and many more trimmings and accessories to heighten the ultra-feminine effect. "Throughout fashion history women have looked extra feminine when the economy is in a depressing state."

Financial Times, 21st July, 1962.

UNITED KINGDOM

GIFT COUPONS WITH CIGARETTES

Announcements in early August by a leading cigarette manufacturer, W. D. and H. O. Wills of Imperial Tobacco, that it will offer gift coupons with its Embassy cigarettes revives memories of the "gift coupon war" of the late 1930's. At that time the practice was stopped by agreement among manufacturers who were experiencing serious losses. It is estimated that the coupons represent a discount of 4 to 5 per cent. Gift coupon cigarettes accounted for only 5 per cent of the total cigarette market in the United Kingdom prior to the announcement. Imperial Tobacco's motive is attributed to the adverse impact on cigarette sales of the report on cancer and smoking by the Royal College of Physicians (see Consumer Affairs Bulletin # 3); cigarette sales are currently about 4 to 5 per cent below last year. In the first week of September a spokesman for Wills reported that regular overtime work has been resumed at all six factories since the introduction of Embassy gift coupons. "Orders to date suggest that the sell-in to the trade will be the biggest ever experienced in the industry, and already the production schedules for other Wills brands have been affected."

Economist, 18th August, 1962; Statist, 17th August, 1962.

Financial Times, 11th August and 4th September, 1962.

The Times, 10th August, 1962.

UNITED KINGDOM

PERSONALITY AND ADVERTISING

Do you like gardening? If so, you have a tendency to above average intelligence, intellectualism, stability and self-control, are contented and reserved, of relatively low sociability, have a tough and conservative outlook, and are probably a Tory.

A home decorator? You are probably concerned with having everything in its place and a place for everything. You care about neatness, tidiness and smart appearance and are something of a stickler for quality in workmanship.

Are you an Independent Television (commercial) viewer. You have an "always on the go" disposition, are impulsive and tough-minded and have generally extrovert characteristics. If you are a woman, you are likely to be neurotic, sociable and of comparatively low intelligence and thoughtfulness.

Market surveyors these days are looking into personality as well as into age, sex and socio-economic class. The "established relationship" between personality and the purchase of many consumer goods was discussed at the September meeting of the British Association for the Advancement of Science. It was emphasized that intensive psychological data would not answer marketing and advertising problems, but constitute a first step to be followed up by a quantifying sample sales survey. "Provided briefing was adequate, interviewers skilled, and care taken not to build bias into the collection and interpretation of data, it was possible to arrive at conclusions that were quite as objective as any drawn from the physical sciences."

The Times, 5th September, 1962.

CO - OPERATIVES AND THE CONSUMER

AUSTRIA

CO-OPERATIVE CONTRIBUTION TO ANTI-INFLATION DRIVE

In response to government pleas for co-operation from all economic circles with its efforts to combat rising prices, the Consumer Co-operative Movement announced, on 23rd July, a voluntary price-stop until September 30th on all food stuffs and textile goods sold in their 1,700 shops, plus various special price reductions. The price stop also applied to the Co-operative Wholesales' sales, the main suppliers of the consumer co-operatives.

Der Verbraucher, 1st September, 1962. *

CONSUMER ORGANISATIONS

EUROPEAN ECONOMIC COMMUNITY

ADVISORY COMMITTEES FOR FARM COMMODITIES

The E.E.C. Commission has set up professional advisory committees for each of the farm commodities subject to Common Market regulations. The committees, which became effective on 1st September, include representatives of farmers' organisations, agricultural co-operatives, the food-processing industries, the distributive trade, workers in the food industry, the consumers. The committees on cereals, pig meat, and fruit and vegetables will each have two consumer representatives, and the committees on poultry, eggs and wine one each. Members are appointed by the Commission, after nomination by the professional consumer organisations concerned.

Financial Times, 26th July, 1962; Communaute des Organisations Nationales des Co-operatives de Consommation du Marche Commun. Bulletin # 2, 13th August, 1962.

UNITED KINGDOM

CONSUMER PRESSURE AT THE LOCAL LEVEL

The Oxford Consumers' Group has scored a notable success, demonstrating the leverage that alert and forceful supervision by consumers organised at the local level can have in making retailers responsive to shoppers' requirements.

Upon investigating sales and services at Woolworths, the Oxford Group found that prepacked cheese was not marked with weight. After representations from members of the Group, the firm agreed to label prepacked cheese with weight and price per pound. The practice will start immediately at Oxford, and will later be extended to Woolworths stores throughout the country.

Times, September 22nd.

SPECIAL FEATURE - ELEVEN

A CONSUMER CHARTER FOR THE UNITED KINGDOM

The long-awaited Molony Report on Consumer Protection was presented to Parliament in July, three years after appointment of a Committee "to review the machinery of the existing legislation relating to merchandise marks and certification of trade marks and to consider and report what changes if any in the law and what other measures, if any, are desirable for the further protection of the consuming public."

The Report offered a broad range of far-reaching proposals for establishing a national Consumer Council and enlarging the consumer protection activities of the Citizens' Advice Bureaux, informative labelling, and strengthening the civil law protecting consumers particularly with respect to hire purchase, the Merchandise Marks Acts, the Sale of Goods Act, and the Trade Marks Act. At the same time it rejected numerous specific suggestions for providing greater protection to consumers; many of these are indicated below.

The Committee deliberately excluded from its consideration several important sectors of consumer interest, either because they were felt to be too far-reaching and complex in their implications - for example, consumer services (laundry, dry cleaning, auto and appliance repairs, deliveries, etc.) and price control; because they are under consideration elsewhere in the government - for example, restrictive trade practices including resale price maintenance, weights and measures; or because they were considered adequately supervised under existing legislation - for example, food and drugs, the nationalized industries, and products like milk, eggs, tomatoes and cucumbers which are regulated under agricultural marketing schemes.

The Need for Reform

The Committee was eloquent on the need for consumer protection - because of the increasing complexity of shopping on the one hand, and on the other the growing defencelessness of the shopper vis-a-vis the organised strength of sellers.

Technological advances have produced a bewildering variety of consumer goods to meet the old needs. A wealthier community with greater social mobility has developed new needs. Advertising whets the appetite which inventiveness aims to satisfy. The consumer has the means and the urge to respond to the offer of unfamiliar merchandise often of great technical complexity. The art of salesmanship has developed new and not always creditable subtleties. These considerations compel recognition of the fact that the position of the domestic purchaser has worsened relatively to the trader.

While shopping has become more complicated shopping opportunities for many have become restricted. The fact that so many women go to work prevents shopping being a leisurely exercise. It may be doubted whether shopping expertness has kept pace with the advance in the standard of living.

The business of making and selling is highly organised, often in large units, and calls to its aid at every step complex and highly expert skills. The business of buying is conducted by the smallest unit, the individual consumer, relying on the guidance afforded by experience, if he possesses it, and, if not, on instinctive but not always rational thought processes. The capacity of sales staff in shops to help the consumer has deteriorated. The manufacturer and the distributor, in a country dependent on exports, speak with a well-organised and powerful voice in national affairs. The interests of the consumer are sometimes overlooked because he is voiceless. The need for consumers to organise themselves was first expressed in the genesis of the Co-operative movement. When traders combine, or a

single trader buys on a large scale, there is no doubt about the capacity of the purchaser to protect himself.....

The development of synthetic materials and finishes; the more complex nature of consumer goods in common use; the tendency towards styling which has the incidental effect of concealing essential components or details of construction; the display of articles in pre-packaged form - all these trends reduce the field in which the shopper ... can independently judge relevant facts about the goods on offer..

The Consumer Council

The Committee recommended - and the Prime Minister promptly accepted - creation of a Consumer Council "to ascertain and review the problems experienced by the consumer, and to devise and advance the means of resolving them."

The proposed Council should consist of about twelve persons appointed by the President of the Board of Trade for their personal qualities, and not as representatives of any other organisation. An interest in trade, industry, or advertising should not be a bar to appointment. The Chairman should be paid £3,000 per annum and the other members £500 per annum. By the end of its second year the Council should have an annual subvention of £125,000; "this might have to be increased later to cover the cost of expert facilities, publicity in the more expensive media, and certain limited forms of consumer research."

Proposals for a separate Ministry for Consumer Protection, made particularly by the Co-operative Movement, were rejected as too "grandiose a notion."

a. What the Council Should Do

Specific duties proposed include:

- (i) collection of information on consumer concerns, on its own volition and also from the flow of material coming to it from Citizens' Advice Bureaux and other organisations interested in consumers;
- (ii) decisions as to action, on the basis of such criteria as practicability, consumer safety, health, susceptibility to undue pressure or deception, and degree of consumer ignorance;
- (iii) provision to consumers of advice and guidance through Citizens' Advice Bureaux, public warnings, publicity on legal rights and available help in securing redress, and publications including its own periodicals and pamphlets;
- (iv) publication of an annual report;
- (v) advice to manufacturers and traders, including persuasion to voluntary actions in the interest of consumers;
- (vi) pressure on appropriate Ministers for new legislation, enforcement of existing laws, and exercise of discretionary powers when warranted;
- (vii) presentation to the Government of the consumer viewpoint;
- (viii) development of methods to ensure adequate consumer representation on public bodies;
- (ix) from its "supreme position in consumer affairs", stimulation and coordination of consumer work;
- (x) study of consumer protection developments in other countries and liaison functions in this connection.

b. What the Council Should Not Do

The Committee expressly rejected a number of proposals made to it for work to be undertaken by the Consumer Council. These include:

- (i) the preparation and publication of comparative test reports;
- (ii) receiving and dealing with shoppers' individual complaints;
- (iii) criminal or civil enforcement action;
- (iv) the promulgation of regulations possessing statutory force;
- (v) research into the type and characteristics of goods needed by the consumer (dismissed as a "consumer luxury".)

Quality Standards

The Committee concluded that it is not practicable to prescribe compulsory over-all standards of quality for consumer goods, but favoured continuation of the work of the British Standards Institute on a limited number of quality standards for certain aspects of fitness for purpose or construction, such as shrink-resistance and colour fastness of washable cotton frocks, tensile and other qualities of sheets, and various qualities of smokeless fuels. It suggested that the BSI work on standards could be improved if certain manufacturers would drop their obstructive tactics, and also by the practice of promulgating standards with less than unanimous agreement, and more authoritative presentation of the consumer interest.

Safety Standards

The Committee urged increased "vigilance" respecting the safety of electrical appliances, and proposed a few specific standards in this connection. It also recommended building regulations on fixing points for fireguards in new houses, statutory condemnation of inflammable toys, and requirements concerning voltage and safety in electrical toys.

Informative Labelling

It was recommended that the Merchandise Marks Law should be amended to provide statutory power to require informative labelling for designated consumer goods, with each type of good to be examined individually as to the need; detailed specifications should be given on nature and size of label and print, and point and method of annexure. The Committee felt that this work could best be undertaken by the BSI.

More specifically the Committee proposed compulsory labelling of the fibre content of textile goods with the proportion of each to the nearest 5 per cent and description by both generic and brand name; compulsory labelling to distinguish between leather and synthetic soles on shoes; compulsory labelling of carpets as to weave, fibre content, size and cleaning instructions; compulsory permanently attached care-labelling of textile articles to indicate washing method and temperature, ironing temperature, and whether dry cleaning is appropriate. It also suggested a standard system of size nomenclature for women's clothing, and legal definition of textile terms.

Certification Trade Marks

The Committee concluded that certification trade mark law is generally satisfactory and requires only minor changes, "but is never likely to afford much help to the consumer."

Seals of Approval

In line with its verdict that "unregistered seals of approval require firm restraint, the Committee asked for prohibition of the use of seals of approval unless they are registered as certification trade marks.

Comparative Testing

"Comparative testing needs no encouragement and must be permitted to flourish with cautionary note attached." The reservations relate to the inability of test reports

to cover the whole range of a class of goods, the infrequency of their revision, the doubtful adequacy of samples, and the possibility of misinterpretation by readers. The Committee gave its blessing and a few words of advice to the Consumers' Association's Which?, which it feels "should proceed on an independent basis without external assistance of any kind"; but felt that Consumer Advisory Council's Shoppers Guide "is not very successful" and has been tied too closely to BSI, and that "it may not survive the reorganisation of consumer protection arrangements recommended in this Report." As noted above, the proposal for entrusting the new Consumer Council with comparative testing functions was rejected.

Civil Redress

With respect to abuses associated with manufacturers' guarantees, the Committee rejected proposals for legally compelling manufacturers to remedy defects, and for registration or official approval of guarantees, and expressed its preference for relying on manufacturers' good will and consumer vigilance.

On the problem of "contracting out" - that is, the practice by which sellers seek through statements on guarantee cards or other contractual documents to exempt themselves from the conditions and warranties in favour of the purchaser stipulated by the Sales of Goods Act - it is recommended that the practice be banned not by criminal law, but by denial of legal effect to provisions relieving the retailer of the statutory liabilities.

The Committee also proposed that certain conditions of consumer goods - namely, merchantable quality and, reasonable fitness for purpose, as well as statutory warranties as to title, quiet possession, freedom from encumbrance, correspondence with samples and descriptions should be irrevocably implied.

It was recommended that buyers and hirers should have a right to reject goods and repudiate the contract within a reasonable time of delivery in cases of un-merchantable quality.

To provide consumers an accessible local advisory service on redress, it was proposed to extend the network of Citizens' Advice Bureaux and to strengthen their consumer protection activities.

Hire Purchase

Five major changes were recommended in hire purchase regulations:

(i) to eliminate altogether a money limit (presently £300) for agreements to which protective legislation should apply;

(ii) to protect consumers against high-pressure salesmanship by door-to-door agents by permitting withdrawal within 72 hours after receipt of the agreement in cases of transactions signed outside a retail establishment;

(iii) to require that agreements contain a clear warning that by his signature the hirer will commit himself to a hire-purchase agreement;

(iv) to require that total hire-purchase price be stated in advertisements and that only interest rate computed on an annual basis related to the initial advance be included in advertisements;

(v) that provisions terminating agreements on the death of the hirer should be prohibited.

The Committee explicitly rejected proposals that record cards on credit sales should be standardised; that hirers should be warned that agreements are made with finance companies; that information should be provided on the cost of hire-purchase compared with a cash transaction; that there should be greater safeguards against consequences of signing an incomplete agreement; that agreements should be in standardised form, in simplified language or larger print; that joint signature by husband and wife or independent witnesses should be required; that hirers should be permitted to cancel

agreements on payment of one-third of the hire-purchase price as opposed to one-half as at present; that rebates for early completion should be made compulsory; and that hirers should be given a statutory right to assign the agreement. Also although the Committee felt that further safeguards should be provided innocent third parties who "buy" in good faith motor vehicles which are the subject of undischarged hire-purchase agreements, it preferred to leave the solution to the present inter-departmental inquiry on the subject.

The Merchandise Marks Acts

In addition to proposed changes already noted in connection with compulsory labelling, hire purchase and civil redress, the Committee recommended inter alia consolidation and simplification of the Acts, uniform applicability (no exemption for descriptions required under other legislation), extension of the definition of "trade description" to cover significant types of misrepresentation, oral misdescriptions, and all forms of advertising, and strengthening of the enforcement powers of local authorities.

Advertising and Sales Practices

The Committee rejected virtually all proposals for greater protection of consumers in this category, contenting itself with recommending that subliminal advertising should be prohibited "if its use becomes likely", and noting that "in various respects, not subject to restraint under Merchandise Marks law, advertising practice possesses a limited potential of harm to the consumer, in manner incapable of precise definition. Supplementary restraint is needed." Abuses which it found to be either not amenable or not in need of statutory restraint included deception in personal testimonials, corrupted editorial endorsement in newspapers and periodicals, emotional appeals in advertising, "bait-advertising", door-to-door selling, pricing methods, gift schemes, and problems of defective automatic vending machines. Voluntary arrangements for control of advertising abuses, including the new British Code of Advertising Practice and the Advertising Standards Authority, were considered "potentially capable of providing the necessary degree of self-discipline on the advertising industry and should be given a fair trial"; but doubts were expressed on the objectivity of the Advertising Inquiry Council.

SPECIAL FEATURE - TWELVE

AFTER THALIDOMIDE

The thalidomide tragedy in Canada and Europe, from which the United States narrowly escaped, and which resulted in the birth of thousands of severely deformed babies to mothers who had taken the sedative during pregnancy, has greatly stimulated interest in the safety of new drugs, and has prompted legislative measures and proposals of various kinds as well as voluntary action by manufacturers throughout Europe and America.

UNITED STATES

The American Medical Association, through its Council on Drugs, announced at the end of July that it is to make a comprehensive analysis of the effects of thalidomide. It is also strengthening the Council's role as an arbiter of new drugs by increasing its budget and staff; the Council's evaluations of new drugs now lag 12 to 14 months behind production. At the same time the Pharmaceutical Manufacturers' Association, a drug industry trade organisation, announced that it was setting up a special Commission on Drug Safety to look into, among other things, possible new testing methods for new drugs.

New York City's Health Department has just adopted regulations, to go into effect in 60 days, that would require makers of drugs distributed in the city to make available, on demand, records concerning who received the drugs, the quantities received and any

reports the manufacturer has on adverse side effects. Failure to furnish such records could result in the manufacturer being forbidden to sell and distribute any or all of his products in the city.

Meanwhile in early August President Kennedy seized the opportunity to request the Senate Judiciary Committee to strengthen a drug control bill which it had been in the process of watering down considerably as compared with the original Kefauver proposals. The Committee responded by "reporting out" a relatively strong bill which passed the Senate by a 78-0 vote on August 23rd, and was then sent to the House of Representatives. The Senate Bill would:

- Require drug manufacturers to register with the Government.
- Authorize more extensive factory inspections, including records of technical and professional personnel to ascertain their qualifications.
- Require drug companies to keep records on the effectiveness and side effects of the drugs and make them available to the Government.
- Authorize the Government to remove a drug from the market immediately if it poses a hazard to public health.
- Require the label to carry the generic name of a drug in type at least as large as the trade name. (This provision is designed to reduce prices by fostering competition among concerns manufacturing identical drugs.)
- Require that advertisements and brochures list a drug's side effects and adverse reactions, and that the generic name be printed in type at least half as large as the trade name.
- Authorize the Secretary of Health, Education and Welfare to assign generic names, whenever such action is necessary.
- Require that there be "substantial evidence" that a drug is effective before allowing it on the market. Subsequent claims of a drug's effectiveness for additional ailments would also be subject to a "substantial evidence" requirement.
- Extend the length of time in which the Government can examine a new drug application and require that no drug be allowed on the market until approval is given by the Secretary of Health, Education and Welfare. (Drug applications are currently cleared automatically after sixty days if the Government takes no action.)
- Require quality manufacturing controls to assure that drugs are produced "in conformity with current good manufacturing practices."
- Require the Secretary of Health, Education and Welfare to distribute to doctors, hospitals and other medical institutions descriptions of new drugs and their side effects and dosages.
- Require that all antibiotics, not just the five now covered by law, be tested batch by batch before Government certification.

In early August the Government proposed a tightening of Food and Drug regulations as to clinical testing of drugs by pharmaceutical houses. Drug makers, doctors and the public have until October 9th to comment on the proposals; the order may then be amended, or public hearings be held, or it may be made effective as submitted without Congressional approval. The proposed new regulations provide that:

- Drug makers or other organizations sponsoring clinical trials must inform the FDA of their intention to conduct such tests and submit an outline of the type of investigation proposed.
- The manufacturers must provide adequate information of the pre-clinical trials, including animal tests, which demonstrate it is "reasonably safe" to undertake trials with humans. If the drug is intended for particular groups of users, such as infants,

pregnant women or geriatric patients, the pre-clinical tests must be specifically designed with this in mind.

- Manufacturers must spell out the training and experience required of medical investigators conducting their trials and obtain documentation from investigators showing they meet these specific requirements.

- Reports must be made at least annually to the FDA on the progress of the clinical tests. The clinical trial won't usually be considered adequate unless it provides more than one independent investigator to maintain complete case histories on patients and their clinical reactions.

- Investigators must report immediately any clinical findings that suggest hazards or dangerous side-effects. If "substantial doubt" arises over the safety of the trials, the drug maker must halt them. If pre-clinical tests do not demonstrate that it is "reasonably" safe to conduct trials on humans, the clinical tests also must be stopped.

- The regulations do not give the FDA authority to pass in advance on a concern's right to conduct a clinical investigation. However, the agency can move to halt a trial for any number of reasons besides doubts as to the drug's safety: for example, if the manufacturer omits any material fact or makes false statements in the information submitted to the agency, or if the methods, facilities or controls in preparation of the drug are not adequate to assure its quality, purity, identity or strength; or if the proposed plan for the clinical trials is not a reasonable one designed for scientific investigation; or if the investigations are not being conducted in accord with the plan.

- Drug makers currently conducting clinical trials must submit the necessary reports on their plans for the tests within 60 days or else halt the trials.

Meanwhile, however, a noted drug authority at Cornell University Medical College, Dr. Walter Modell, has pointed out that the real problem stems from the nature of present-day marketing rather than drug testing, and is scarcely amenable to new FDA regulations or to legislation. New drugs in the United States receive the benefit of animal and clinical tests that are probably as thorough as any in the world. But it is only after massive marketing campaigns which quickly introduce the drugs to thousands of patients that side effects begin to appear. The pressure on manufacturers to market new drugs with great speed stems, according to Dr. Modell, from the manufacturers' lack of security in an age of synthetic chemistry. "After an important new drug is marketed, chemists in competitors' laboratories, within months or a few years, will synthesize a drug with a slight molecular difference but with similar effects. This second drug can then be patented. The imitator's drug is quickly brought to market, often benefitting from knowledge obtained in tests of the original drug. In such a situation, the manufacturer of the original drug is compelled to use mass marketing techniques as soon as his drug is cleared. ... Drug firms are in a fix because they have to get their investment back quickly before the competition steps in."

In the words of a Wall Street Journal commentator, "The solution to this marketing dilemma will not be an easy one. Certainly it will require restraint on the part of manufacturers eager to capitalize on significant drug discoveries. Doctors may have to restrain temptation to seize upon new drugs that promise the latest medical miracle. And the public may have to learn to accept a certain risk as the price of medical progress. The question remains whether this attitude of restraint needed from so many people -- industry, medicine, and the public -- can be legislated."

UNITED KINGDOM

At the end of July the British Medical Association called for a seven-point programme for control of new drugs. An independent body should be set up to supervise the introduction of new drugs, and specifically to:

- assess the chemical accuracy and veracity of the claims made;
- carry out animal toxicity trials;
- assess and encourage therapeutic trials, and publish all limitations in drugs;

- supervise drugs in general practice;
- ensure that drugs all have an approved name on the label;
- approve the scientific literature that goes out with drugs;
- if the body was successful, it might well be given the duty of licensing drugs.

The Medical Research Council has set up a sub-committee to study methods of testing new drugs; the Association of British Pharmaceutical Industry has formed an expert committee on drug toxicity to review testing procedures and methods, recommend ways of promoting exchange of knowledge and experience and act as an advisory and co-ordinating body; and Distillers Company Ltd, who manufactured and sold Thalidomide in Britain, have allotted £250, 000 to general research into the incidence and causes of congenital abnormality and related purposes.

A Professor of Medicine at Oxford has suggested a series of registries reporting harmful drug reactions, and a more formal proposal has been made for a Drug Toxicity Centre as a clearing house for doctors' reports on toxic effects, to be financed by funds from the pharmaceutical industry, but supervised by a committee nominated by the Chairman of the British Pharmacopoeia Commission.

A pathologist at a children's hospital has suggested a commission to award "hall marks" for new drugs, before marketing, indicating that they have been subjected to sound clinical trial under supervision of an independent investigator at a hospital with adequate facilities.

Both the British Medical Journal and Lancet urge the setting up of an authority to supervise the marketing of new drugs. All new drugs would have to be registered. Exchange of information on the marketing of new drugs on an international basis could be facilitated through the World Health Organization.

Finally it has been proposed that drug marketing should be governed by a "permitted list", rather than by a "prohibited list" as at present.

In WEST GERMANY, four separate investigations are now being carried out -- the first by the Laender Governments; the second by a group of children's specialists; the third by the firm in Aachen which produced the sleeping drug chiefly involved, Contergan; and a fourth by the Public Prosecutor's office in Aachen because of the number of legal cases which are being brought by parents of deformed babies.

The Federal Minister of Health has ordered a Bill amending the Medicines Act to be brought before the Bundestag, giving the Federal Health Office the power to order inquiries into new preparations. The new measure provides for official investigations particularly on the possible genetic consequences of new drugs. The Ministry of Health has rejected a proposal by the Social Democrats that all new drug preparations must give an exact description of the contents.



Consumer Affairs Bulletin

International Co-operative Alliance
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EDITORIAL

Two of the United Nation's specialised agencies have embarked upon a programme of great importance to consumers. The Food and Agriculture Organisation (FAO) and the World Health Organisation (WHO) are jointly promoting a programme to simplify and integrate the food standards work at present carried out by a number of international organisations.

Apart from FAO, WHO and the Economic Commission for Europe there are ten other international governmental organisations and twenty-four international non-governmental organisations known to be engaged upon food standards. In addition there are four international conventions and one international agreement dealing with particular foodstuffs at present in force.

The need to channel the food standards efforts of these various bodies into one institution has become most pressing in recent years as the scheme for the harmonisation of legislation in the European Economic Communities has grown apace. But the desire for a systematisation of food legislation which would facilitate international trade is in fact of very long standing.

A Nineteenth Century Origin

In 1894 the Brussels International Congress of Chemistry launched a project for a Codex Alimentarius Europeus, the purpose of which was "to eliminate from international trade harmful, damaged and falsified foodstuffs or those of little nutritive value or which are sold under false names." Although the project was discussed at five subsequent Congresses little was achieved. In 1955 a symposium jointly sponsored by the International Commission of Agricultural Industries and the Permanent International Bureau of Analytical Chemistry revived interest in the idea and in 1958 a permanent European Council of the Codex Alimentarius was constituted. The purpose of the Codex was to establish those basic principles which would "protect

the health of the consumer, guarantee the identity of the products, govern the treatment and processing of goods and prevent trading in products which are neither genuine nor marketable." A proposal to compile a compendium of definitions and standards for foodstuffs was made by Latin American chemists in 1924 but it was not until 1959 that the Codex Alimentarius Sudamericanus became a reality. The Codex resulted from drafting meetings in which delegates from 16 Latin American states participated. The document contains 800 articles and deals with general provisions, requirements for manufacture, sale, storage, conservation, treatment, packaging and labelling of food products.

The Codex Alimentarius

The FAO/WHO programme will carry forward the work of the Codex Alimentarius Europaeus and extend the coverage of the project so that any interested Member Nation of the agencies may participate. A Codex Alimentarius Commission comprising expert governmental representatives will determine the priorities of the programme and decide how the work is to be carried through. The scheme has a number of interesting features. Finance for the programme will come not from FAO/WHO budgets but from a special Trust Fund to which Member Nations contribute monies which can originate as donations by industry. While the Commission will provide the mechanism for securing government acceptance of Standards and approving their publication in the Codex Alimentarius, the preliminary drafting work is to be entrusted to such specialist bodies as are already engaged upon food standards work or are well fitted to undertake such work.

The standards it is suggested be included in the Codex are of two kinds: (a) platform standards - these are of a minimum character and should be of particular help to the developing countries; (b) higher standards - more rigorous standards appropriate to the developed regions. The standards will cover the definition, composition, quality, designation, labelling, sampling, analysis and hygienic handling of a foodstuff.

In each participating country national Codex Alimentarius Committees are to be created composed of representatives of government food scientists, producers and consumers. An ad hoc group from these Committees may undertake preliminary drafting of standards if no appropriate specialist body exists to do the work.

The standards approved by the Commission will be published when sufficient Government's accept them.

High priority is to be given to food additives, labelling provisions, methods of analysis and basic food hygiene rules in the programme.

Purpose of the Codex

The purpose of the Codex Alimentarius as stated in a recent FAO/WHO guidelines document is to:

- (i) Promote international trade in food;
- (ii) Facilitate food standards work in developing countries;
- (iii) Protect consumers' health;
- (iv) Ensure fair practices in the food trade.

Consumer Acceptance

Consumers will welcome the work of the Codex Alimentarius Commission if it effectively increases the degree of protection afforded by pure food legislation. An 'upward harmonisation' of legislation will be looked for by consumers as a result rather than a lowering of standards.

The intention of FAO/WHO to include consumer representatives in the discussions of standards at national level is a recognition of the minimum that is desirable in this connection. The usefulness of the Codex Standards to consumers will turn on the extent to which their content is understood and is acceptable to consumers. Part of the task of enlightenment of consumers in this respect will be achieved as their representatives become engaged in the complexities of the drafting process for standards. But a wider process of education will be needed too if the woman with the shopping basket is to be mobilized to press her government to adopt Codex Standards where these would mean less dangerous and more wholesome foodstuffs in the local store. It is to be hoped that the outcome of the Codex Commission's deliberations will be made known in a readily understandable form to consumers as the work proceeds.

One aspect of this work to which consumers will want the Commission to devote careful thought is that of enforcement. The slackness with which pure food legislation is enforced and the inadequacy of the funds devoted to this work in some countries virtually nullifies the beneficial effects to be expected from the enacted legislation. An international standard might have a useful effect in this respect too!

F.B.

BOOK NOTE

WHOSE CHOICE?

The Swedish Institute for Informative Labelling (VDN-Varudeklarationsnämnden) has published a booklet describing the operation of its labelling scheme entitled "Whose Choice?". VDN is financed jointly by government and private bodies.

The booklet begins by reviewing the problem of choice which confronts consumers in an abundant society and outlines the systems which exist for helping shoppers choose wisely. VDN then states:

"To a greater or lesser extent all these systems provide useful means of safeguarding the consumer against wasteful expenditure - whether through getting better quality than he needs, or lower value than he has paid for, or through his buying an altogether unsuitable product. Only the systems involving quality standards would appear capable, however, of being developed into a national system for consumer guidance. But quality standards were rejected in Sweden, as far as consumer goods are concerned, essentially because they appear likely to restrict freedom of choice.

The system of informative labelling which has been adopted instead involves neither quality standards nor overall ratings. Separate information is provided in regard to each feature of the product, and key properties are graded individually. Thus fabrics, for example, are not merely declared colour-fast, but gradings are given for the dyes' resistance to light, rubbing, perspiration, or saltwater - whichever properties are of importance for the use to which the fabric will be put.

What features are to be declared on the label, and how they are to be tested, is worked out by committees on which consumer as well as manufacturing and distributor interests are represented, besides technical expertise. The quality of the products so labelled may vary almost infinitely, but as the information is given in a form which is standardized for each type of product, the consumer can compare products for himself, feature by feature.

continued on page 22.

CONSUMER PROTECTION

UNITED KINGDOM

FROZEN FOODS AND THE CONSUMER

The Association of Public Health Inspectors has urged manufacturers and retailers of frozen foods to protect consumers from dangers arising from improperly maintained frozen food cabinets by spending more money on education and training of staff in shops selling frozen foods, and by carrying out sample checks of shops.

The Times, September 9th.
Guardian, September 14th.

ITALY

FOOD ADULTERATION SCANDAL

Prompted by wide-spread reports of food adulteration the Italian Government has urged a complete investigation and promised new legislation for strengthening the inspection system, providing stiff penalties for offenders and setting up a special enforcement department in the Ministry of Health. The most striking case cited was that of wine exported to Germany which was variously reported to contain calves' blood, charcoal, potatoes, fish glue, sea-weed, various acids, veal bones, wood, marrow, arsenic, lead, metal cyanide, chalk and colour matter derived from tar. Other cases include cheeses made from banana peel with formalin added, butter processed in part from donkey fats and horses' hooves, and bread made from pig fodder.

The problem is not new in Italy, the law on "repression of food" of November 10th, 1951, and the Presidential decree of January 17th, 1954 were the result of a series of adulteration scandals. So far, however, legislation has been undermined by lack of supervision and enforcement - by "the indifference of the authorities on all levels" - which transfers small loopholes into wide open doors.

The Times & Guardian, Sept. 29th.
Documentation on a Conference on Food Adulteration and Fraud in March 1961, sponsored by the Torino Co-operative (Federazione Provinciale della Cooperative e Mutue)

AUSTRALIA

WARNING AGAINST HAIR SPRAYS

Dr. R. Munro Ford, in the latest edition of the Medical Journal of Australia writes of the frightening possibility that in future years many people may develop new diseases, such as degeneration of the lungs.

He quotes a recent article in an American medical journal as saying that inhalation through excessive use of hair sprays could cause death, because of the presence of resin in the spray, and appealed to the Australian Medical Association to supervise the use of the sprays.

Guardian, October 9th.

UNITED KINGDOM

POISON FROM PLASTICS

Efforts to protect the public from possible toxic hazards arising from the use of new plastic materials, particularly in the handling and packaging of food-stuffs, have been announced by the British Plastics Federation. Their approach is to issue reports suggesting bases for voluntary standards of performance and to encourage plastics manufacturers to submit their materials for toxicological examination "so that the industry would have available the necessary factors for calculating the toxic hazards". This approach is contrasted with the strict legislation

in most European countries restricting manufacturers to a positive list of permitted ingredients for plastics. "This restriction is throttling the development of plastics in the food industry, whereas the British Plastics Federation's approach will ensure that the best materials are used in each new application. New development would not be held back by the inevitable lag in legislation if one worked to a permitted list of ingredients for plastics".

Times, October 12th.

UNITED KINGDOM/UNITED STATES

MORE THALIDOMIDE POSTSCRIPTS

(See Consumer Affairs Bulletin No.5.)

Distillers, the £220,000,000 firm which produced and distributed thalidomide in the United Kingdom, has announced that it is selling its direct interests to an American group, Eli Lilly. Distillers produce primarily Scotch whisky and gin, but in recent years has expanded into heavy chemicals, plastics and drugs, however, heavy competition in the latter field has made it unprofitable.

Distillers are also making available to the University of Edinburgh £250,000 for research into the incidence and costs of congenital abnormality; Edinburgh medical researchers have been conducting important studies in this field. Experiments are also being made in Cambridge (The Agricultural Research Council Unit of Reproductive Physiology and Biochemistry) with animal tests designed to reveal the possibility of harmful effects from drugs used during pregnancy.

A plan to help thalidomide babies has been submitted to the Minister of Health by a member of Parliament; it would provide for governmental help through special schools, specialised medical treatment at no cost to the parents, compensation and help with later employment.

Meanwhile, several suits for damages are being brought against thalidomide drug manufacturing firms in various countries. Two recent suits by parents in America involve well over \$2 million each.

Observer, October 14th, Times, October 6th, Guardian, October 17th, 19th. British Medical Journal, October.

UNITED KINGDOM

DRUGS AND DANGEROUS DRIVING

A Birmingham doctor has warned, in the October issue of the British Medical Journal, that many popular "pep pills" and tranquillisers result in serious driving hazards by inducing hallucinations, dulling perception, and even interfering with red/green colour vision.

Guardian, October 197

UNITED STATES

HOUSE APPROVES DRUG CONTROL BILL

The house has passed by voice vote a bill tightening Federal controls over drugs that is similar to a measure approved by the Senate last month (See Consumer Affairs Bulletin No.5.). Neither bill provides controls on drug manufacturing and marketing as tight as the Kennedy Administration proposed, and they omit entirely the proposed provisions for new controls over barbiturates, amphetamines and biological drugs, and authority for thorough government inspection of factories producing over-the-counter, or non-prescription, drugs.

Wall Street Journal, September 20th.

UNITED STATES

U.S. DRUG AGENTS SEIZE SEA SALT

Over \$8,000 worth of sea salt - which would not cure cancer or insanity - has been seized by the Food and Drug agents. The salt is stored and will be used to de-ice the sidewalk around federal buildings in Houston. The United Salt Corporation and its manager were fined \$1,000 each for shipping sea salt interstate and claiming it would prevent diseases from cancer to insanity.

With the product, called Admiral Natural Mineral Sea Salt, the firm shipped the writings of Dr. George Crane, who claimed that sea salt with its 44 elements is a "chemical smorgasbord". Agents said if salt is used as directed it can "be hazardous in heart and circulatory system conditions".

The Co-operative Consumer, Kansas City, Missouri, September 5th, 1962.

SWITZERLAND

MISUSE OF DRUGS

Public opinion in Switzerland is concerned over the misuse of non-narcotic pain-killing drugs, sleeping pills and tranquillizers; the sale of pain-killing pills, based on morphine, cocaine, haschisch and similar habit-forming drugs is strictly regulated by law. Statistics reveal an alarming increase in the number of addicts. A 1954 inquiry showed that 5,500 patients were being treated for psychological and organic damage from misuse of drugs. However, since only half of the doctors answered the questionnaire, and since the sale of pharmaceuticals has doubled since 1954, it is probable that about 20,000 people are affected.

A recent discussion summarises the ill effects on the public; economic, in terms of exposure to extensive advertising of essentially similar products and high prices; psychologically, in terms of dependence on drugs, moodiness, dulling of the senses; and physically in terms of trembling, fatigue, sleeplessness, headaches, constipation or diarrhoea and more serious long-term damage to the blood level, kidneys and central nervous system.

Neue Zürcher Zeitung, August 26th.

UNITED KINGDOM

PLASTIC BAGS

The Packaging Film Manufacturers' Association has warned makers and users of plastic bags that unless they voluntarily label their bags with warnings of the danger of suffocation to small children who may pull them over their heads, the Home Office may find it necessary to make such regulations compulsory under the Consumer Protection Act of 1961.

C.W.S. Market Research Department,
Weekly Digest, October, 10th.

GERMANY

ADVERTISING OF MEDICINES

Efforts of the Ministry of Health to find suitable regulations for advertising of medicines have been welcomed by the Arbeitsgemeinschaft der Verbraucherverbände (Working Group of Consumer Associations) on the basis of special factors which they feel differentiate such purchases from those of other consumer goods. These include the attempt of advertisements to evoke a consumer "need" for medicines, and the danger arising from these because the consumer lacks the technical basis for judging the products; is not in a position to make quality comparisons or to test the product through trial and error; is more susceptible to advertising because of his urge to be well; and is threatened by side-effects and incorrect self-diagnosis and prescription.

Verbraucher Politische Korrespondenz,
September 25th.

INTERNATIONAL

RADIOACTIVITY IN FOOD

Available evidence indicates that in the period 57/60 the dietary content of radioactive materials was no greater than 10 percent of the maximum permissible level for any population, and in most cases was less than 5 percent. This is the conclusion of a summary just published by the Food and Agriculture Organisation of all published information on levels of strontium-90 and cesium-137 in dietary intake as a first step towards international consideration of improved methods of co-ordinating such services on a world-wide basis.

Dietary Levels of Strontium-90 and Cesium-137. Food & Agriculture Organisation, 1962.

A symposium in London in September on Food Regulations in Relation to International Trade arranged by the Food Group of the Society of Chemical Industry was attended by some 400 delegates from the United Kingdom and overseas. Discussion was centred on the need for international harmonisation in view of the great variety of regulations as between countries in terms of underlying principles, scope and method of legislation and enforcement, differences in nomenclature and labelling, standards and composition, and requirements on additives and hygiene. It was stressed that if international trade in food is to become free there should be built up as rapidly as possible a large central organisation, through the United Nations, for co-ordination of information on every aspect of food production and marketing, and a world code should be produced from work carried out in universities, national research institutions, industrial organisations, scientific societies and elsewhere; from this code individual countries could select whatever is most suitable for their own requirements.

On food additives it was noted that intentional additives may act as preservatives, nutritional supplements, colours, flavours, processing aids or as agents to improve functional properties, to control moisture, to control acidity and alkalinity, or to control physiological activity. Both fresh and processed foods may contain small quantities of additives, present as a result of pesticide usage or of migration from packaging materials. At the same time, however, certain food additives can be misused in a fashion so as to deceive the consumer as to food quality or to disguise poor and unsanitary food manufacturing practices. Untested or toxic food additives pose a potential hazard to human health.

Country differences in food labelling practices stem from differing legal concepts. The main objective of the French food laws is to avoid misleading the consumer, rather than to prohibit the use of potentially dangerous substances. In the German and Swiss food laws the health aspect is of primary importance. A somewhat middle-line is that taken by the British and American food laws, which make ingredient statements mandatory for all standardised foods. Here again emphasis is laid on the fact that the true nature of the product must be revealed. For standardised foods the provisions are somewhat similar to those of the German and Swiss food laws.

Food Trade Review, October 1962.

UNITED KINGDOMQUICK FROZEN FOOD SURVEY

The Institute of Weights and Measures Administration has carried out a country-wide investigation into problems involved in processing, packing, distributing and storing quick frozen foods. The study attempted to determine:

- (a) how much overweight was required at the time of packing to ensure correct weight when received by the final purchaser;
- (b) what were the most suitable packing materials;
- (c) do some frozen foods tend to lose more weight than others; and
- (d) what effect did careless use of quick frozen equipment, such as retail storage cabinets, have on the weight of packets.

The Survey reveals that at retail level there is a disturbing lack of knowledge as to the correct use and positioning of frozen food cabinets. Many such cabinets were found to be badly placed - either too sheltered or too exposed for efficient operation and producing conditions which often led to short weight and deterioration of the foodstuffs.

Other faults were the lack of attention to regular defrosting, the opening of packets and returning part packets to cabinets, overstocking, filling above recommended levels, lack of attention to recommended temperatures, and failure to clear existing stocks before commencing to sell new deliveries.

The Survey proves that there is still considerable need for the further education of retailers in the correct use of their frozen food cabinets and for much greater publicity on the existing codes of practice. It also gives proof of the growing and urgent need for a more extensive use of code marks to enable retailers to differentiate between old and new stocks.

The Institute of Weights & Measures Administration, Quick Frozen Food Survey, 1962.

GERMANY

SPOILAGE OF TINNED FOODS

Continuing publicity intended to stimulate voluntary stocking of food for civil defence (Operation Squirrel, Aktion Eichhörnchen) has prompted the AGV (Working Group of Consumer Associations) to again make an urgent appeal for legislation requiring the dating of tinned foodstuffs. As AGV points out, few consumers are aware that some tinned foodstuffs (fats, noodles) spoil after one-half to one year, and others (berries, meats and fish) after about one year. Tinned cucumber, beetroot, spinach, sauerkraut, tomato puree, carrots and celery keep only two to three years, and other vegetables about three to four years. Moreover deterioration may be accelerated with the inferior storage facilities frequently used for civil defence, since many households lack unheated cellars, pantries or refrigerators.

Verbraucher Politische Korrespondenz,
October 5th.

U.K./U.S.A./Australia

SMOKING AND LUNG CANCER

Recent publicity on the connexion between smoking and lung cancer (See Consumer Affairs Bulletin No.3.) is having little effect in the U.K. The Parliamentary Secretary to the British Ministry of Education has stated that on the basis of Italian experience he believes that a ban on T.V. advertising of cigarettes would have no significant effect on sales. There has been a steady increase in sales in Italy since the Cabinet Order of 1955 forbidding state tobacco monopolies to advertise domestic brands of cigarettes, and, also since the April of this year when a new law prohibited advertising of all cigarettes.

The Health Committee of the Association of Municipal Corporations has recommended no action on a proposal to establish clinics to help people wishing to give up smoking; in their opinion the best hope of bringing about a substantial reduction in smoking is through improved education. This was accepted without comment at the General Meeting of the Association in London on October 18th.

The tobacco industry, through the Tobacco Manufacturer's Standing Committee, is to contribute £500,000 over 10 years to a long term research project on a group of cardio-respiratory diseases including lung cancer to be undertaken by the London School of Hygiene and Tropical Medicine. The study will investigate environmental factors - social, domestic, atmospheric - affecting the more common cardio-respiratory diseases; indications of a special predisposition to these diseases; and the interaction of factors - personal or external - in the production of such diseases.

The Minister of Health has inaugurated what he terms a "long and hard task" of health education which is to utilize "every channel the Health Authorities can command, every method of persuasion they can apply", by sending throughout the country two mobile units (Mini-vans) equipped with films, tape-recorders, posters, layouts and exhibition materials and manned by four (non-smoking) university graduates who will lecture on the dangers of smoking.

London County Council's first experimental centre for helping smokers who want to give up the habit is being set up at East Islington Welfare Centre.

Meanwhile it is reported that sales of filter-tipped cigarettes increased by 20 percent in the year ending June 30th, 1962, and now account for one-fourth of total sales compared to more half in the United States and about 85 percent in South Africa.

In Australia the National Health and Medical Research Council has adopted a Committee report recommending that the Commonwealth and State authorities should aim at complete prohibition of tobacco advertising. Cigarette sales have more than recovered after the decline following publication of the report of the Royal College of Physicians.

In the U.S. the Air Force has stopped distribution of cigarettes to patients in its hospitals and clinics because of "overwhelming evidence" linking smoking and various diseases.

Times, October 10th, 12th, 18th.
Wall Street Journal, October 8th.
Guardian, October 12th, Financial Times,
October 20th, 23rd, 26th.

INTERNATIONAL

BIOLOGICAL STANDARDISATION

Most drugs can be standardised by straight forward, relatively simple, technical and physical methods which guarantee that the potency of a given amount will not vary - provided the product is kept under reasonable conditions and used within a given period of time. However, agents of biological origin such as antibiotics, hormones, vaccines, and vitamins can (with certain exceptions) be standardised only by testing them on animals or on certain tissues or bacteria. This work is done, under the supervision of the World Health Organisation, by experts who work out methods of preparing standard samples which become "international standards". These are then distributed (via the International Institute for Medical Research in London for antibiotics, hormones and certain products, and the State Serum Institute in Copenhagen for vaccines and antitoxins) either direct to manufacturers throughout the world to enable them to compare their preparations and assess their potency, or, more often, to national standards laboratories which ensure that products in their respective countries comply with the international standard. Over 100 international standards have been established. Plans are currently underway for setting up a third international laboratory to deal with therapeutic agents required in veterinary medicine.

The Times, September 7th.

UNITED STATES

LABELLING LEATHER SHOES

The Federal Trade Commission has issued a "guide" to manufacturers in an effort to promote non-deceptive labelling and advertising of shoes. The guide forbids use of the unqualified word "leather" to describe shoes or slippers unless they are composed entirely of top grain leather, except for heels and ornamentation. Trade names suggesting leather cannot be used to describe non-leather shoes, the FTC said, giving "Duraleather" and "Barkhyde" as examples.

Wall Street Journal, 12th October.

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

EUROPE

PURE WOOL SYMBOL PLANNED

Representatives from all the Common Market countries and from the British Wool Federation have agreed to investigate the possibilities of a joint wool promotion campaign. The International Wool Secretariat proposes to go ahead as soon as possible with their plan to introduce an international symbol guaranteeing the content and quality of pure virgin wool products.

C.W.S. Market Research Department,
Weekly Digest, October 10th.

UNITED KINGDOM

HEALTH CLUBS ON THE WAY OUT

A Which? survey on health clubs (in the October issue) concluded that "the quickest and surest way to lose weight is by going on a sensible diet but for any one wanting to do so by exercising, this can be done by struggling in private or taking up some sport or joining a keep-fit class without luxury appeal and cossetting". This turned out to be an epitaph. As Which? was on its way to press, two of the three well-advertised clubs in London announced their intention of closing down in December.

INTERNATIONAL

FAO ON NUTRITIONAL EDUCATION

Malnutrition is caused not only by poverty, but also by ignorance, according to a study "Nutrition: Formation Professionnelle à Education du Public" recently published by the Food and Agriculture Organisation. "The fight against hunger will be won only when men learn what foods are essential to their health. Thus the problem is particularly one of education". The study recommends the building up of a body of professional specialists in nutrition through subsidies for further training in universities, and extension of nutritional courses in various educational institutions.

FAO Press Release, F/R/Presse 62/149.

FRANCE

INVESTIGATION OF NYLON STOCKINGS

A recent inquiry by L'Association Qualité France revealed that most women are dissatisfied with the quality of nylon stockings, which they complain seldom last longer than two to three weeks. The study confirms that stockings are not as reliable as they were 15 years ago, because finer threads are used and because in certain regions, for example Paris, the hardness of the water tends to break the threads.

The study offered several useful guides on the purchase of nylon stockings.

(i) The term denier indicates the fineness of the stockings. The finest stockings are 11/12 denier, the coarsest 45 denire. Because of the popularity of sheer stockings, stockings of 7/8 denier are about to be marketed.

(ii) Stitches should be full for maximum strength, not too taut, not too loose in order to provide elasticity. Stitches that are too tight increase the risk of laddering and stitches that are too loose of catching. The type of stitch is indicated by gauge. Certain gauges in combination with certain degrees of fineness give optimum resistance, for example, for 12 to 15 denier 66 gauge is proper, and for 40 denier, 48 gauge.

(iii) Some stockings show streaks, particularly darker stockings. This is due to insufficient care in fabricating but they do not affect the stockings' durability.

(iv) Reinforcements may actually weaken the stocking if they are too small.

(v) Seamed stockings are more durable than seamless because the number of stitches is adapted to the shape of the leg, whereas seamless stockings have the same number of stitches throughout the whole length and are then stretched to the correct shape, thereby losing some of their elasticity.

Union Fédéral de la Consommation, July/August 1962.

WEST GERMANY

THE CHANCELLOR DISCOVERS THE CONSUMER

The AGV has welcomed a recent statement on consumer information by Chancellor Adenauer on October 9th as a confirmation of their programme and of proposals made by them over a period of years. The Chancellor states "The Government considers it urgent to strengthen the price-consciousness of the consumer. Accordingly, the influence of the consumer on prices and market trends must be increased by

improving his awareness of market events." The Economics Minister has been asked to set up as soon as possible an agency for conducting neutral product tests. He was also asked to support measures proposed by consumer associations. The Justice Minister has been asked to report to the Cabinet on the feasibility of honest comparative advertising.

Accordingly the AGV have appealed to the Economics Ministry to make good on its oft-repeated promises to meet with their representatives for detailed discussions on consumer information and product tests.

Verbraucher Politische Korrespondenz,
October 15th.

FINLAND

QUALITY CONTROL

The Co-operative Wholesale Society (OTK) operates two quality control consumer panels of housewives; the larger panel consists of 210 representative housewives from different parts of the country, the smaller is composed of 24 members chosen from Helsinki and its neighbourhood.

Printed forms are available in co-operative shops enabling the customers to present their criticisms or suggestions on OTK's own and other products. Each statement is carefully considered and a reply is sent to the sender.

Articles on quality control are published in the paper LT-tiedotuksia (Quality Control Information). The publication is distributed principally among the sales councils and the women's committees. Quality control can also be studied through correspondence courses of the KK.

The Consumers' Research Council is engaged in examining the possibilities of publishing quality descriptions and rules on quality determination in different branches. In 1961, lengthy preliminary investigations finally resulted in a formula for quality descriptions for textiles such as silk, cotton and woollen fabrics, wool yarns and blankets, stockings and knitwear. A quality description for washing materials was also established. In branches not as yet covered by general quality description the OTK has similar descriptions of its own; these covered 14 different groups of commodities.

The experimental kitchen carried out extensive investigations on the effect of washing materials. The results are made public in the press and through lectures. In addition, copies of several research reports are prepared for distribution. The experimental kitchen plans to produce one 16mm colour film and two film strips in colour.

OTK Annual Report for 1961.

UNITED KINGDOM

SAFETY OF ELECTRICAL APPLIANCES

The British Electrical Approvals Board for Domestic Appliances came into operation two years ago. Its aim is to protect the consumer from unsafe electrical goods. Before a product is approved by BEAB, it has to pass the British Standards Institution tests. These are concerned, overwhelmingly, with safety - and whether the product stays safe in use.

The scheme is a voluntary one. Any manufacturer may submit products. Manufacturers are notified of a failure so that they can, if they want to, put it right and submit a modified sample. When it has been approved, the manufacturer can then fix the BEAB mark to all the products made to the same specification as the tested sample. After this, further manufacturers' samples are tested at intervals, and their methods, particularly for production and quality control, examined. As an additional check, Electricity Boards provide information about the 'marked' products in actual use. The scheme covers imported products as well as those made in Britain.

The products so far approved are radiant fires (213 models), electric kettles (50), vacuum cleaners (25), shavers (17), toasters (2), wash boilers (5), coffee percolator (1), irons (7), hair dryers (3), immersion heaters (78) and refrigerators (55). Next on the list for BEAB's attention are electric blankets, room heaters of various kinds, carpet underlays, electric storage water heaters, cookers, airer driers, floor polishers, ironing machines, spin and tumbler driers, washing machines, dishwashers, warming plates and food mixers. According to Which? the chief shortcoming is that the samples tested aren't bought in the shops but obtained from manufacturers.

Which? October 1962.

FRANCE

ADVICE TO CONSUMERS ON BUYING GROUPS

The Union Fédérale de la Consommation has published the results of an investigation on buying groups (Groupements d'Achats) which are agents who put their clients in contact with manufacturers, wholesalers or retailers from whom they can, upon presentation of a coupon book, obtain discounts on certain goods or services under conditions strictly defined as to the nature of goods and the place of sale. Most of the groups are freely open to individuals but some require recommendation, and a few are reserved for members of the Association which administers them. Buying groups are found primarily in Paris.

A wide range of goods is offered, including sometimes food products and even such services as insurance contracts and theatre or concert seats. The most common items, however, are household equipment, optical goods, radios, televisions, furnishings, jewellery, gifts and toys, lingerie, shoes, clothes, furs, travel and sports' equipment, automobile accessories, perfumes, and stationery supplies. Discounts range from 5% to 30%: about 15% for refrigerators and jewellery, 20% for radios and televisions, records, washing machines, shoes and camping equipment, 25% for suction pumps, photographic equipment and cameras, and 30% for polishes and wallpaper.

The Union Fédérale de la Consommation offers the following helpful hints to buyers:

- (i) inform yourself upon the group from which you intend to buy;
- (ii) make sure that the store to which you are sent carries the article you wish to buy;
- (iii) make sure that the nature and quality of the article offered corresponds to that you are looking for;
- (iv) make sure that the discount offered is a true discount with reference to the normal price of the article;
- (v) demand a guarantee certificate signed and dated by the seller, and read it carefully to determine whether after-sales service includes free installation and instructions as to operation.
- (vii) return your coupon book to the group when all the coupons have been used; certain groups offer a further discount upon return of the coupon book.

Que Choisir? September 4th 1962.

C O N S U M E R B E H A V I O U R

UNITED STATES

OCEAN VOYAGES AS STATUS SYMBOL

An interesting explanation for a jump of 7.8% in trans-Atlantic steamship passenger traffic for the first 7 months of 1962 as compared with a year earlier, in contrast to marked declines over the previous four years, is that ocean liners are regaining their snob appeal now that travel by jet air liners has become "commonplace". The vice-president of American Export Lines recently stated: "Two years ago the big status symbol was to fly a jet. Now the big status symbol is the man who has time to take a ship instead of a jet. American Export advertising is slanted at the luxury living on the ship and freedom from care."

Wall Street Journal, September 25th.

INTERNATIONAL

ORGANISATION OF LEISURE TIME

Plans are afoot to establish an "International Leisure Bureau" for stimulating educational, cultural and scientific pursuits as automation increases leisure time. The idea was sponsored by the French National Liaison Centre of Engineers, Technicians, Industrialists and Research Workers, and was launched at a congress in Rheims in the presence of observers from several European countries and the U.S. It is proposed to avoid control by governments, although government financial support will be welcomed; meanwhile financing is expected to come from foundations and leisure industries.

Times, October 10th.

GERMANY

"VAGABOND" PURCHASING POWER

The AGV has pointed to the danger of misinterpreting results of the investigations of the Association for Consumer Research (GfK) on "Structure of Wants of 1962". This research indicated that out of the present average net income of households of DM718, about three fourths is spent on necessities, leaving one-fourth available for less pressing expenditures; moreover the proportion of relatively free expenditures increases with rising incomes. According to AGV there is a tendency to consider this less urgent "luxury" portion of expenditure as unplanned, unbudgeted or spontaneous spending - an interpretation which does not accord with the facts.

Verbraucher Politische Korrespondenz, October 5th.

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

SWEDEN

FOOD PRICE WAR

Co-operative food stores, as well as the Tempo and EPA food groups, have sparked a price war in Sweden's self-service food stores by announcing price cuts of 2-10 percent on a wide range of items. Latest official statistics show that food prices prior to these cuts were 10 percent higher than a year earlier.

Financial Times, September 25th,

POLAND

CENTRES OF HOUSEHOLD ADVICE

An article in the Polish Co-operative Review for August 1962 on Protection of the Consumer's Interests claims that "the consumer co-operatives in the capitalistic countries are founded above all in order to protect the consumer against exploitation by capitalism in its various forms", but "in the socialist countries ... it is no longer a matter of protecting consumers from exploitation, but of providing the consumer with the best possible retail trade opportunities, that is ... the best conditions for buying goods". The following list of the protective activities of Polish consumer co-operatives is given:- protecting the consumer from purchase of low quality goods; protecting the consumer against market speculation; creating convenient shopping conditions; meeting the consumers' demands as regards the level of salesmanship, and educating the consumer as a buyer and a mature manager of the family budget.

In connexion with the last the recently opened Centres of Household Advice for women are noted. In Kaliasz which is a provincial town of medium size, about 500 women avail themselves of the advice given by the centre every month. It is planned to open 106 more centres by the end of September 1962.

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

UNITED STATES

CONSUMERS' ADVISORY COUNCIL STARTS WORK

The new Consumers' Advisory Council (See Consumer Affairs Bulletin No.5.) has undertaken six basic investigations: consumer standards (product performance, safety, identification, labelling, packaging); improving the two-way flow of consumer opinion and information; effective consumer representation in the Government; consumer credit; relations among federal agencies and between the federal and state companies in protecting consumers; and the consumers' stake in economic growth, especially the relation between saving and spending. The Council will also be particularly concerned with improving consumption levels for low income groups, and anti-trust, price fixing, housing and medical care.

Co-operative News Service, September 25th.

NORWAY

COMMITTEE ON CONSUMER RESEARCH

A new committee has been established in Norway to act as a focal point for consumer research in all its aspects, including medicine, agriculture, economics and sociology. Its 14 members are representatives of the official Research Council (6), the Consumers' Council (3), the Ministry of Family and Consumer Affairs (2), the Federation of Norwegian Industry (1), the Federation of Norwegian Commercial Associations (1), and the Church and School Department (1).

The duties of the Committee will be to review consumer research being done in Norway and elsewhere, to make recommendations on research budgets and research projects and their allocation to public and private institutions, to co-ordinate public and private research efforts, to promote the interests of consumer research, and to carry out its own research studies.

ICA Correspondence with Norges Kooperative Landsforenin
IOCU Bulletin May/June 1962.

EUROPE

EUROPEAN ORGANISATION FOR QUALITY CONTROL

The 6th Congress of the European Organisation for Quality Control (EOQC) was held on September 5th-8th at Aix-en-Provence with delegates from Germany, Belgium, Denmark, France, United Kingdom, Norway, the Netherlands and Sweden; the discussion theme was "Quality Control and Reliability". The EOQC has set up a Committee on Sampling methods and a Committee on a Glossary, and it publishes a periodical Quality.

Union Fédérale de la Consommation,
July/August 1962.

EUROPE

CONSUMER REPRESENTATION IN THE E.E.C.

The Comité de Contact (See Consumer Affairs Bulletin, No.3.) met in Paris on September 24th to discuss preparations for a study seminar next January on organised action by consumers in the Common Market. One of its objectives is to establish on the level of the service groups of the Commission a working group to examine consumer problems as a whole; it is also planned to study applicability of the Rome Treaty in the field of prices, harmonisation of regulations on food additives, food processing and food labelling, and the agricultural policy of the Community. The Committee appointed consumer representatives to the five Product Committees already established in connexion with Common Market agriculture (cereals, pork meat, poultry, eggs, fruit, vegetables and wine), and discussed participation in the Committees about to be created for dairy products and rice. At the same time it stressed the necessity of increasing the numerical strength of consumer representation in the E.E.C., and of improving the quality of this representation through greater cohesion, prompter decisions and more effective controls.

Union Fédérale de la Consommation,
July/August 1962.

CONSUMER ECONOMICS

UNITED KINGDOM

RETAILER BRANDS BENEFIT THE CONSUMER

Although it is difficult to predict to what extent retailer brands will continue to replace manufacturers' brands according to an article in the Statist, many observers feel that they have several advantages for consumers: they reduce the variety of lines on the market; by limiting the number of outlets they cut distribution costs; they drastically reduce advertising expenses in favour of window and shelf display as a primary form of sales promotion; because the retailer is in closer contact with the consumer they lead to closer alignment of consumer needs with consumer goods; they enable the retailer to bypass resale price maintenance requirements and to fix his own retail price; they permit the retailer to maintain a constant check on quality, uniformity and performance of his merchandise and because they make possible large advance orders from manufacturers they enable the latter to utilize excess capacity and cut costs of production.

Statist, September 14th, "What's in a Name"
by Christina Fulop.

UNITED STATES

PRIVATE BRAND LIQUORS

Private brand liquors at lower prices are growing in popularity in New York City and in Los Angeles more than one third of all retail liquor sales are now estimated to be in private brands available only in individual stores or chains. Discounts are sometimes as high as 20% or even 30%; nevertheless, there is no marked difference in quality. Recently published comparisons by a leading private testing organisation conclude that there are no substantial chemical differences, and report that a panel of consumers was unable to detect any differences in the taste. In many cases manufacturers make the same liquor for both national and private brands. Most private brands are not advertised in contrast to national brands for which the distillery industry spends more than \$84 million a year for newspaper and magazine advertising alone.

Wall Street Journal, September 12th.

UNITED KINGDOM/SWEDEN

ERGONOMICS IN THE HOME

There is growing recognition in Great Britain of the need to reduce the energy used and fatigue and physical strain caused by carrying out domestic tasks in the home. This has stimulated research into a major branch of the science of "ergonomics" namely physical responses of women to basic body postures and selected activities, and the energy-cost of these. This research is summarised in the September issue of Home Economics. Since housework is seldom heavy but often repetitive, well-designed equipment and improved methods of work can make small savings in the energy used in individual jobs that add up to a considerable accumulative saving.

In analysing fatigue, both energy-expenditure and physical strain must be considered. The latter is frequently caused by the use of muscles unsuited to the particular task, and individual work methods involving minimal energy-expenditure are often discarded in favour of those that use more energy but cause less physical strain.

Energy-expenditure is analysed by means of portable respirometers which measure oxygen consumed, permitting calculation of calories used; reference is also made to body measurements of women. Comparisons are made of energy consumption and physical strain involved in standing, sitting, bending, reaching, kneeling, the optimal level for ovens and ironing boards, etc.

A great deal of research into consumer needs is being done in Sweden where several State-supported organisations are co-operating on projects concerning anthropometrical (body measurement) and market research, as well as product testing. The Swedish society of Industrial Design have investigated basic requirements for beds, dining chairs and tables and domestic storage. In Great Britain such guidance can be given only for chairs and tables.

Home Economics, September 1962.

WEST GERMANY

FARM PRICES

A memorandum prepared for the E.E.C. Commission by its German agricultural experts, which recommends that the structure of German cereal and dairyfarming should be adapted to Common Market conditions, that is prices should be lowered, is being angrily resisted in Germany. The Christian Democratic party's Parliament has announced that it wants West German farm prices maintained at their present level and that the German delegation to the Brussels talks should act in accordance with this demand. Simultaneously 8,000 German peasants with tractors blockaded the streets of Gotingen in a demonstration demanding high farm price levels in the Common Market as well as cheaper interest on farm loans and lower prices for goods bought by farmers. The "professors" were denounced as "grave diggers of German peasantry" who so perpetuated "a sin against creation".

Guardian, Financial Times, October 18th.
Times, October 19th.

UNITED STATES

PETROL PRICE WAR

Gulf Oil, the third largest United States Oil Company has given up its attempt to cut short the current petrol price war. These efforts were launched at the end of August when the company announced (and other majors promptly followed suit) that it had suspended the system of "price protection" under which it guaranteed temporary price allowances to service station dealers when necessary to meet competition from low-price independent brands. It was hoped that this suspension of price subsidies, by making it more difficult for the majors' retailers to engage in price cutting, would encourage the independents to raise prices to "normal" levels. "The door was left open for the independents to raise prices and end this ridiculous situation where everybody was selling gasoline without a profit", explained a Gulf Oil Corporation executive. "But in some areas the independents refused to walk through the door. The majors had little choice but to meet competition". At the same time Gulf Oil returned to its previous policy to meet competitors' prices by selling three grades, including its lower price, lower quality, sub-regular Gulftane.

Wall Street Journal, Financial Times,
September 19th.

UNITED KINGDOM

LUXURY HOTELS

In the past 7-8 years London's hotel accommodations have expanded by about a quarter. Most of the new hotels in the centre of London cater for higher income groups, with prices ranging from a "more modest" 3 gns for a single bedroom, bathroom and breakfast to £5 for a single room with breakfast, £7.10s. to 10 gns for a double room, and 25 gns for a top floor two bed-room suite.

Since big hotels can only be profitable if an average 65%-70% of the rooms are occupied throughout the year, the new hoteliers are making a close study of the market and adopting a "far more sophisticated marketing strategy". The Hilton Group, which claims to have done sporadic research in Britain for 12 years, has concluded that it must aim to attract senior businessmen by making available in the new London Hilton Hotel a large range of office facilities, secretarial services and committee rooms; it is also installing equipment for simultaneous translation to encourage use of the hotel for international conferences. The hotels are also employing sales forces throughout the world, and are offering "package deals" for weekends and theatre tickets. One hotel manager commented; "We are selling goods and services to the consumer, We are trying to market them like any other brand consumer product". His company has been discussing with a motivational research expert the "unconscious attitudes of the British public to hotels."

Financial Times. September 21st.

ITALYMONOPOLIES INQUIRIES

A parliamentary inquiry committee appointed to investigate monopolies has decided to carry out a detailed study on certain industries and subjects, including cement, pharmaceuticals, and distributive organisations for raw materials to farmers and for the collection, conservation and utilisation of farm products. Another subject into which the Committee will probe is self-financing by Italian companies. Industrialists, company managers and experts will be questioned under oath.

Financial Times, September 28th.

INTERNATIONALWORLD COFFEE AGREEMENT

A five year agreement aimed at stabilizing coffee prices through export and import quotas was signed by 23 nations including the United States, on September 28th. It will come into effect provisionally after at least 20 exporting countries representing 80% of exports, and 10 importing nations, representing 80% of imports have signed, but will be fully effective only after these countries have ratified the pact.

The main provision is assignment of basic export quotas to be adjusted periodically by the International Coffee Council. These exports are expected to prevent large-scale dumping of coffee surpluses on world markets and a resulting downward price spiral. Imports from non-members would be limited to prevent them from increasing their exports at the expense of member countries. The agreement also aims to increase coffee consumption through advertising and promotion campaigns.

Wall Street Journal. October 2nd.

UNITED KINGDOMLOWER HIRE PURCHASE DEPOSIT

Members of the Finance Houses Association have modified their voluntary Code of Practice to reduce the minimum deposit on new cars from 25 percent to 20 percent, but only for more trustworthy customers. This brings the deposit to the statutory minimum of 20 percent down and 36 months to pay. The reduction is regarded as a move to improve the competitive position of the members vis-a-vis non-members - smaller finance houses and self-financing motor dealers - who have been increasing their share of a rather stagnant market.

Economist, 27th October.

MARKETING AND THE CONSUMERUNITED STATESHIGH COST OF ADVERTISING

The country's 100 largest national advertisers spent the equivalent of \$50.20 for each United States household during 1961, a 21% increase over 1960. Food ranked highest in terms of money spent, and drugs and medicines next.

Co-operative News Service, October 10th.

UNITED KINGDOMBRITISH DESIGN AND THE COMMON MARKET

Some penetrating observations on industrial design and the consumer were made in an address to the Design and Industries Association (Manchester and District branch) on October 18th. The possibility was raised that British industrialists tend to produce articles whose useful life is longer than desired by consumers in an affluent society where fashions change rapidly, and where durable models might

prove an obstacle to replacement of old plants by up-to-date machines of greater precision. It was also suggested that British manufacturers should be more ready to adjust their products to the most likely type of customers for them: "it is clearly a mistake to produce articles for a solid middle class Victorian household when the bulk of purchasing power is in the hands of the teenagers and the young married couples". Design and production should be more closely integrated, that is, the designer should be recognised as an important member of the firm, and attractive appearance must be combined with functional efficiency as is usually the case, for example, in Italy.

Guardian. October 19th.

UNITED STATES

NEW SALES GIMMICKS FOR RESTAURANTS

More than 50 dining clubs are offering their members two-for-one-meal tickets in selected restaurants throughout the country. Membership fees range from 5 to 25 dollars a year. For the restaurants the plan is claimed to have the advantage of spreading overhead costs while boosting profits on cocktails, wines, and cordials.

Wall Street Journal, 5th September.

UNITED STATES/UNITED KINGDOM

TEENAGE CONSUMERS

The American teenage market is expanding more rapidly than the population in general, with an expected increase in the 15 to 19 age group of 40% between 1960/70 as compared with 12 to 22% for total population depending on the birth rate. Moreover, young people seem to be spending more per capita. Product markets particularly affected include phonographs and records, photographic equipment, clothing (20 dollar wool sweaters with leather elbow patches), transistor radios, portable typewriters, school supplies, books, fan magazines, extension telephones, sporting goods, petrol, contact lenses (costing up to 175 dollars) and banana splits.

A recent survey reported by the ICA Committee on Retail Distribution revealed that teenagers accounted for 5% of total consumer expenditure in England in 1959. For certain products, however, like clothes, cosmetics, non-alcoholic drinks, snacks, cigarettes and tobacco, records and gramophones, cinema tickets, bicycles and motor cycles, they comprise a much larger share of total consumer expenditure. Teenagers' incomes are growing more rapidly than those of any other age group, and a larger part than formerly is retained by the teenager rather than by parents. Teenager demand is more mercurial and more emotional than for the average consumer, thus requiring distributors to adapt to frequent changes and take account of physiological appeals.

Wall Street Journal, September 17th.

EUROPE

GROCERY SHOPS

A recent Nielsen survey shows that there are 835,600 grocery shops in the six E.E.C. countries, an average of 1 shop for every 265 people. Of the six, West Germany has the most self-service shops; in 1961, it is estimated that 37% of grocery turnover in West Germany was accounted for by self-service shops compared with 48% in Sweden and 25% in the U.K., The percentage of shops of all trades in voluntary chains ranged from 1% in Italy to 14½% in West Germany and that in retail co-operatives from 1% in Italy to 11½% in the Netherlands.

C.W.S. Weekly Digest, Market Research Dept.,
14th August.

SWITZERLAND

TREND AWAY FROM GIFT COUPONS

The use of free gift coupons as an incentive to sales of branded goods has been carried further in Switzerland than in most countries, but a reaction has now set in. Many firms are currently limiting the use of gift coupons, and manufacturers of soups, tinned food and cat products have completely eliminated the practice without any loss of sales; makers of puddings and baking powder abandoned it for one year, but then resumed. Retailers' objections to gift coupons relate to

the expense of the gifts plus the cost of storing and handling them, and to the fact that a gift offer increases sales only temporarily, and then must be repeated in a slightly changed form; moreover, as gift schemes multiply, each one loses some of its competitive effect. Finally and perhaps most important, consumers are becoming increasingly aware that in the end they are the ones to bear the added cost.

Neue Züricher Zeitung, October 12th.

UNITED STATES/UNITED KINGDOM

SPREAD OF TRADING STAMPS

35,000 retail outlets in Britain, predominantly food shops, now issue trading stamps which are saved by one family in six; in America more than 77% of households are stamp savers.

Consumer Reports complains that "The blatant intrusion of stamp offers into the traditional Thursday food advertisements has reached distracting and disturbing levels. The advertising of stamps rather than the food, which is bad enough in itself, is increasingly accompanied by a promotional side effect in the form of fewer and less meaningful price specials Consumers' Union cannot tell readers what they are paying for the honour of licking stamps, nor what each different stamp is worth, nor which stamp is the best. Nor can anybody else... So far as the consumer is concerned, trading stamps are probably a more desirable kind of traffic-promotion expenditure than a number of others. A trading stamp is preferable to most premiums, for example, because it allows the purchaser some choice, and it is preferable to fictitious sales prices, or ridiculous contests, or giveaways on the basis of chance, etc. But trading stamps share, with all other non-price promotion schemes, the possibility that their use may get out of hand and so dominate store merchandising policy as to all but obliterate price competitions.

How can a consumer shop rationally in a stamp-happy marketing area? CU's advice is to ignore stamp offers and to try to buy, wherever possible, on the basis of price and quality. This does not mean that you refuse the stamps available where you purchase. Take them. They will probably have some value to you; and if you have chosen what you buy on a rational basis, chances are the incidental stamps you collect will cost you less and offer you more in the long run than they do the avid stamp collector. Or, if you are adverse to glue on your tongue, give the stamps to relatives, to neighbours, or to your church...

... Co-op cash dividends are usually higher than the cash value put on stamp books in the three states - Washington, Wyoming and Wisconsin - where, as a result of state law, stamps are redeemed in cash instead of merchandise. An S & H Green Stamp book, for example is redeemed for \$2 or at 1.7% of the purchase dollars it takes to fill the book. Co-op patronage dividends vary from store to store and from year to year, but are usually around 3% in the U.S.A. and somewhat higher in Canada.

Guardian, September 20th.

Consumer Reports, October 1962.

UNITED KINGDOM/UNITED STATES

LIGHTWEIGHT GLASS BOTTLES

Lightweight glass bottles represent the most recent development in the trend towards lightweight containers which is so important for distribution of milk, beer, mineral waters and fruit squashes. A dairy in the North of England claims that the lightweight milk bottles could save the dairy industry £500,000 a year on handling costs. The reduction in weight has been achieved not by a change in material, but by more careful application of design techniques to the shaping of the bottle. A special feature of the new bottles is that they sustain fewer breakages than the heavier standard type. In America the lightweight non-returnable glass bottle has proved advantageous in that it does not involve bottle handling in the store when the empties are returned, and does not carry a deposit.

Times, September 18th.

The first houses designed according to recommendations of the Ministry of Housing Local Government's Report Homes for Today and Tomorrow are on sale in Coventry for £2,800 to £3,500 freehold, with full central heating for an additional £226. A removable wall between two bedrooms permits conversion into one large bedroom. The houses have a central service core containing the central heating plant, a downstairs cloakroom with lavatories and washing basin, a separate study or childrens' room, dining hall, living room and kitchen, garage, and two bedrooms and bathroom upstairs. One side of the houses opens onto pedestrian precincts, and the other on to service access roads. Shops, a local public house and a childrens' playground are within walking distance without a roadway crossing.

Times, October 12th.

The activities of the Rolls Razor concern, which markets electrical appliances through its team of door-to-door salesmen, are being extended through a recently announced agreement with Pressed Steel by which its Prestcold refrigerators will be distributed through the same channels. Rolls is also negotiating for acquisition of the Duomatic company, makers of washing machines. These two deals would raise Roll's market share for domestic refrigerators to 10% and for washing machines to 17%. If the firm should later decide to market the Prestcold dish-washer in addition to its own cheaper Rolls-Colston model, its market share in dish-washers would be 75%. Moreover, these expansions are growing in a market that is chronically depressed by over investment. Rolls claims that it can halve the usual cost of distribution by avoiding retail and wholesale margins which add anything up to 50% to factory prices. The managing director of the firm claims that in the future Prestcold refrigerator prices will be reduced by about 20%.

Subsequently, the Director of the Radio and Television Retailers' Association contacted trade associations in the electrical appliances industry with a plan for setting up a fund of £100,000 to combat such direct selling methods through joint publicity campaigns emphasising the benefits of retail distribution.

In this connexion it is interesting to note that the Molony Report states that the activity of door-to-door salesmen "have provoked a greater wrath and indignation among our representers than any other single subject". Nevertheless, the Committee do not propose any solution for the problem other than a suggestion that where deferred payments are involved, there should be a compulsory cooling-off period.

In a column by Lombard in the Financial Times it was recently suggested that "there is a good deal to be said for taking still more drastic action against (the doorstep salesman) - on the argument that he would not ... be missed if he were to disappear from the contemporary scene altogether ... there is surely a strong case for going a long way to meet the wishes of that vast number of people who wish to be rid of the attentions of the unsolicited door-to-door salesman once and for all if only by giving that fine old Victorian admonition 'No hawkers, no peddlars' the status of a legal repellent fixed immediately beneath the doorbell."

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INTERNATIONAL AIR PASSENGER FARES

The battle over passenger air fares on scheduled international routes has ended with a compromise involving an increase in the price of return tickets but no change in single fares. Minor changes in various regulations will have the net effect of increasing the average cost to air travellers.

These changes are the result of the rate-fixing conference of the International Air Transport Association (IATA) in Chandler, Arizona which lasted several weeks and ended on October 30th. Pressure for higher fares is reported to have stemmed from certain European lines, notably BOAC and Air France, supported by the smaller airlines of Asia and Africa whose costs are high and which have equal voting rights in the IATA. The American airlines, on the other hand, and particularly Pan American, with large, up-to-date aircraft and equipment pressed for retention of existing rates.

The problem to which the airlines were trying to find a solution is indicated by the fact that the industry incurred losses of £50 million last year, with 48 percent of seats crossing the Atlantic empty. Contributory factors included over-capacity as the result of precipitate purchase of jets, strikes and higher airport charges.

Faced with this situation, the less efficient airlines urged the need to increase revenue through higher fares, pointing out that rates have not been increased since the war despite a steady rise in operating costs. Proponents of lower fares, on the other hand, argued that traffic, and hence revenue, could be significantly increased by cheaper tickets, and particularly by more flexible fares varying in accordance with type of aircraft and services offered. Costs could be drastically cut, they claim, by more efficient management, elimination of red tape, and reduction of promotion costs (which amounted to more than one-fifth of total revenue of nine major European airlines in 1960). Also many potential passengers would be attracted by lower fares even if this involved slower service and sacrifice of "fringe" services and "gimmicks" like snacks, free drinks, and more leg room.

The decisions arrived at in Arizona to some extent take account of both these conflicting views. Return tickets will be about 5 percent more expensive than at present, but on the North, Mid- and South Atlantic routes single fares will generally remain unchanged. As an alternative means of increasing traffic - and revenue - the IATA airlines agreed to extend the special low fares concession for parties travelling together, at present confined to North Atlantic, to many other routes, including round-the-world services. These will for the first time bring the cost of airline travel around the globe below \$1,000 (£340). They also agreed to widen the definition of what constitutes a group qualifying for the lower fare; at present it must number not fewer than 25 people, they must be connected with some organisation or firm, and the group must have been formed for some purpose other than travel. The basic fare for group travel between London and New York is to be increased from \$300 to \$310.

The period of validity of special excursion fares on the North Atlantic will be increased from 17 to 21 days and they will be available for seven months of the year - October 1st to April 30th - instead of for six months as at present. There will be a slight adjustment in fares.

A new set of rules has been adopted to reduce what are known as "mileage give-aways", which enable the passenger to travel over circuitous routes between various points at little or no extra cost. This, it is estimated, will save the airlines millions of dollars a year. Other steps taken with the same object include closer controls over charges for excess baggage, limitations on airlines' payments of passengers' expenses en route, and tighter regulations governing credit practices in South America.

Another important issue at the Conference was price-cutting by non-IATA members, most notably Icelandic Airlines which runs cut-price piston-engined services across the Atlantic. No information is yet available about what action was taken on a proposal by Pan American and the Scandinavian SAS for an "open", i.e., uncontrolled, rate for piston-powered aircraft on this route, which would enable them to fight it out with Icelandic. Although there are 62 non-IATA operators as compared with 92 members, they carry only 10 percent of the international traffic.

In this connection it is interesting to note that at the 18th annual IATA meeting in Dublin in September there was agreement on taking strong measures against members who cut fares - with the objective of securing a "clean" market throughout the world by eliminating the "ugly" efforts of price cutters. The measures will include fines up to £8,900 improved investigation machinery, speedier judgments of complaints, establishment of a single, permanent independent commissioner to consider infringements, strengthening of the enforcement branch, and action against offending travel agents.

Whose Choice continued from page 3.

Later in the text the following quotation from a trade magazine is introduced:

"Informative labelling assumes a degree of intelligence and judgment on the part of the consumer. The proposal for introducing a system of official approval for consumer products appears to deny the consumer any ability whatsoever to judge for himself. Surely one should at least show the citizen - consumer the respect of allowing him some faculty of judgment - in making purchases as well as in electing political leaders."

The standpoint of the Institute is made quite clear in the introduction. For the intelligent consumer reliable information is provided in the form of gradings by objective tests which enable the consumer to make a suitable choice from a wide range of goods. The booklet contains examples of labelling schemes for work overalls, curtain fabrics, canned peas, pickled cucumbers, canned fruit, frozen fish fillets, frozen spinach, stuffed pillows, knit outerwear, leather garments, electric irons, rugs and carpets, chairs, lifejackets, coffee, preserves, kitchen exhaust fans, thermos flasks, mattresses and dress fabrics.

The working of the system is described in the final section of the booklet. The Institute explains that when it is decided to draft a labelling specification for a product a committee is set up composed of representatives of the manufacturing distributive and consumer interests involved. The committee on luggage is composed of a representative of the State Railways, two manufacturers, representatives of Swedish Paper Mills' Association, the Board Container Testing Association, the Institute for Consumer Information, the Co-operative Wholesale Society, a Stockholm department store, and an insurance company.

A draft specification is circulated to trade and consumer organisations, testing laboratories and other interests before revision and publication.

The VDN state that the system requires only a small administrative staff - at present nine. Control testing costs are covered by licencing fees. Despite the fact that little has been spent on popularising the scheme it has gained steady acceptance and as the consumer education programme in the schools develops it is expected to be further extended.

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SPECIAL FEATURE - FOURTEEN

THE NORWEGIAN CONSUMER COUNCIL

In view of the interest stimulated by the Molony Committee's proposal for a Consumer Council in the United Kingdom, and the appointment of the Consumers' Advisory Council in the United States we are reprinting the greater part of an article by Asbjørn Borg, in EFTA Bulletin (August-September 1962) on the Norwegian Consumers' Council which has been in operation for nine years.

The Consumers' Council in Norway was established in the autumn of 1953, and consists of a chairman and seven members appointed by the Crown. The Council is financed by the State. There is however, no further contact between the Council and government departments other than that a Ministry ensures that the activities of the Council accord with the Statutes, and that the accounts are properly kept. The grants sanctioned for 1962 are about Norwegian crowns 380,000 or about 54,300 dollars.

The intention is that the Consumers' Council shall be a body to which the public authorities may apply for advice and reports. It is also the intention that the Council shall present its opinions to other bodies, organisations, institutions and individual consumers.

On establishment, the Consumers' Council was asked to organise a system of informative quality marking, and the Central Committee for Informative Labelling and Quality Marking was established in December 1954. This Committee consists of 24 members representing consumers, industry and research. Its purpose is the promotion of the use of informative commodity labelling and quality marking and co-ordination of the use of these control media. The informative labelling is not quality marking, but in many cases minimum requirements as to quality will be imposed, so that particular commodity descriptions will only be permitted if the commodity satisfies these minimum requirements.

The Council is also concerned with research into the quality and price of important consumer goods, comparative testing of consumers' goods, price information and general advice as to which types of goods should be bought to satisfy certain requirements. The Council does not have its own laboratory for the comparative tests, but makes use of existing laboratories and institutions. In its testing procedure, the Council decides first upon which types of products shall be tested. The secretariat finds out which laboratory is able to carry out the tests, and the size of the testing capacity available. Based on this information, and knowledge of how much is sold of each brand, a decision is made upon which manufacturers' products are to be tested. The secretariat then buys these brands on the free market, hands them over to the laboratory, and asks for test reports on the different qualities of each brand-name chosen. These test reports will be handed over to the various producers or importers, so that they may comment. The secretariat then works upon the test results and comments, together with other information which is available, and writes a final report giving the test results, identified by brand-names, in detail.

The greater part of the applications made to the Consumers' Council by individual consumers are concerned with which brands of consumer-goods represent the best value. For most of these questions, it is possible to give an answer straight from the different numbers of "Forbruker-rapporten". Many consumers also write to make complaints about goods they have purchased. Complaint cases are at first weighed in the light of the Norwegian Purchasing Act. If they are found to be justified from a judicial point of view, the secretariat makes contact with the

seller of the product in question. If a just solution is then not found, the product is sent to a laboratory or handed over to an impartial expert so that the complaint can be evaluated. In most cases it is possible to reach an agreement between the consumer and the seller.

The Council has always kept consumers informed about its activities by means of the Press, the Radio, lecture series, courses and conferences. In 1954 the Council decided to supply information about its work by means of a stencilled circular, the "F-rapport". In 1958 the "F-rapport" expanded into the periodical "Forbruker-rapporten", which now publishes six numbers a year. The Consumers' Council has also issued hand-books. ...

The Council attaches great importance to the establishing of better contacts with consumers throughout the country. Contact conferences have been held in various parts of the country. The Council has also arranged more extensive courses on consumers' questions to increase knowledge of specific commodity sectors. These courses last for three days and are held in many towns up and down the country. In the last three years, "Consumers Fairs" have been arranged. These last for three days in each town and consist of exhibitions showing the work of the Council and other bodies working in the field of consumers' education, lectures and round table discussions about questions of interest to consumers generally. These arrangements will take place in the future under the name "The Consumers' Council comes to town".

The Council has decided that it will not take the initiative in establishing local consumer committees, but it will rely on a close co-operation with the already existing organisations interested in the work of consumer protection. A net of contacts has been established throughout the country, the main purpose of which is, first and foremost, to carry out certain services on behalf of the Council. Contact with the Press is maintained by press bulletins and through the "Forbruker-rapporten".

To facilitate contact between individual consumers in different parts of the country and the secretariat in Oslo, local offices are to be established in different towns of the country. These offices will provide "before buying" information, and will help in cases of complaint. They will be administered by the secretariat in Oslo.

QUOTABLE QUOTE

An American View of Molony

Professor Colston Warne, President of Consumers Union has this to say of the Final Report of the Committee on Consumer Protection published in Britain in July:

"I have just gone through the final report of the Committee on Consumer Protection and seldom have been as disappointed with a long-awaited document. The report is, despite its occasional insights, a masterpiece of evasion, of platitudes, and of uninspired writing. It may well do us all great harm by the general posture which it takes. For a country which produced the Beveridge Report to descend to this level is, to say the least, disappointing to those accustomed to British leadership in social thought."

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