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## Consumer movement: Origin and development

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### Abstract

The success story of centuries like USA, Canada, Japan, Australia and other developed centuries of Europe can be traced to strong consumer revolutions. Even drastic political changes in the USSR and Germany can be attributed to the dissatisfaction of their consumer citizens with the political systems which failed to fulfill their consumer's needs and rights. However, economic dependence continues even after more than five decades of independence in India. Neither the rich nor the poor are able to exercise their rights as consumers. The same is the position of other developing countries.

**Keywords:** Consumer movement, origin, development

### Introduction

Consumer movement may be described as the collective power of consumers to take a country forward with respect to awareness, education and development. The direction of such movements, which attempt to improve the quality of living of the people, determine the degree of development in a country (Kotler, Philip, 1988) [1].

Consumerism is the safeguard for the consumers against the unethical and abusive practices of traders and business people. After World War II, when Ralph Nader Realized that the Americans were cheated by the service providers in various ways, he spearheaded the consumer movement. His book 'Unsafe at any Speed' created a stir and the people applauded the benefits of consumerism. In 1962, John, F. Kennedy appreciating the movement promulgated the Bill of Rights. It was the first Act that recognized four rights of the consumers. The present concept of consumerism as it is understood in our country, is essentially the American concept. In Kautilya's Arthashastra' (Vol IV) we find that consumerism occupied important position in the existing administration. May of the measures mentioned in the 'Arthashastra' are still applicable in the twenty-first century (Sarkar, 1989) [3].

The success story of centuries like USA, Canada, Japan, Australia and other developed centuries of Europe can be traced to strong consumer revolutions. Even drastic political changes in the USSR and Germany can be attributed to the dissatisfaction of their consumer citizens with the political systems which failed to fulfill their consumer's needs and rights. However, economic dependence continues even after more than five decades of independence in India. Neither the rich nor the poor are able to exercise their rights as consumers. The same is the position of other developing countries.

### Philosophy of Consumer Movement

The philosophy of the consumer movement centred mainly around testing the consumer goods and evaluation of services offered, acting as a clearing house of information, promoting the formation, development of new consumer organizations, organizing seminars, advising and providing practical assistance in consumer protection and consumer education activities.

In the eighties, a need was felt to adopt a different approach — a change in the philosophy of consumer movement confining it not only to spread of information and testing of goods, co-ordination or aid in development or to render technical assistance but also to project an image of an international advocate to fight against the world-wide trade in hazardous products, wastes and technologies. Multinationals found that consumer response was necessary for marketing their products. Corrupt and dangerous marketing practices devised in one country deceived consumers in other countries. Such trade practices articulated both as philosophy and a programme. In the then president of ICCU, listed what he believed to be the guiding philosophy of consumer movement.

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**Critical Awareness:** Citizens must be awakened to be more questioning about the quality of goods and services:

**Involvement or action:** Citizens must act with social responsibilities, with concern and sensitivity to the impact of their actions on other citizens, particularly in relation to the disadvantaged groups in the community.

**Ecological responsibilities:** There must be a heightened sensitivity to the impact of consumer decisions on the physical environment, which must be developed in a harmonious way for promoting conservation. We must fight against the degradation of this most critical factor in improving the real quality of life for the present and the future.

**Solidarity:** The best and most effective action is through co-operative efforts, the formation of citizens groups who together can have the strength and influence to ensure that adequate attention is given to the consumer interest. These principles broadly cover all aspects of consumer movement, both at local and international levels. Some of these guidelines got crystallized in most of the major consumers' campaigns all over the world. These ideas percolated to other consumer activities, including consumer education. International Organization of Consumer Union (IOCU) currently known as Consumer International (CI) adopted these principles to develop a chapter for Consumer Action and included them as part of consumer education activities.

#### **Objectives of consumer movement**

A consumer movement anywhere is definitely less radical than other movements of mass action. It relies on the efforts of a smaller number of organizations based in capital cities. Consumer movement is conceived as a social movement which seeks to enhance the economic wellbeing and bargaining power of consumers. "The movement has enjoyed public support in many countries and maintained a continuous presence in the political field.

With international trade, some of the problems of consumers in the exporting countries are transferred to the importing countries. Thus, whether a country is developed or is a developing one, consumers in all countries share the problems of industrialized societies. Consumers in all industrialized countries face similar conditions of production and consumption. They all have a set of core objectives, although each may differ in some respects. These objectives, are three fold. Product safety, solution to consumer problems and consumer information.

#### **Product safety**

Removing hazardous products, deceptive sales practices and consumer exploitation from the market, form the basis for consumer movement, as they affect the consumer both directly and indirectly. The consumers are directly affected by the deceptive sales practices, i.e. they are the losers when they are exploited by the producers and sellers. The consumers are indirectly affected when they purchase and use hazardous household products which are likely to affect their safety (Warren and Edward, 1975) consumers are deceived when sub-standard or defective goods are sold to them. Many consumers face injuries or accidental death due to inflammable fabrics, defective electrical appliances, kerosene stoves, pressure cookers, consumption of hazardous drugs or adulterated food items.

#### **Solution to Consumer problems**

Consumer movement also focuses its activities on solving consumer problems by interacting with the government to bring about appropriate, new or amended regulations and for ensuring compliance from manufacturers and for imposing penalties for ensuring compliance from manufacturers and for imposing penalties for violations. The protection of consumers from health and environmental hazards is a governmental function. This is particularly important for developing countries. Absence of effective law encourages the import of dangerous or ineffective products from developed countries, where the sale of these products might have been banned. "To protect the consumers, not only governmental controls but also effective laws and legislations are necessary which can help the consumers to find the solution to their problems".

#### **Providing Consumer Information**

Enacting laws alone cannot solve the consumer problems. Consumers also need to be informed of these laws. Besides, such information, there is a need for making consumers aware about the products. Provisions of adequate information about products such as quality, price, handling instructions, after sales services, etc, also form a part of consumer movement. The consumers need to be informed about the safety measures to be followed while using the products. Information can have a significant effect on increasing efficiency of consumer choice and developing consumer loyalty and resultant profitability of firms that meet this need (George, 1978) <sup>[5]</sup>

#### **History of consumer movement**

Historically, the consumer movement can be studied under five periods: (1) prior to 1980, (2) from 1980 to 1929 (early consumer movement) (3) from 1929 through the 1950s (renewed consumer interest) (4) the 1960s (consumption) and 1970s (5) post 1980s.

#### **Period prior to 1980s**

Ancestors of the modern man led a highly individualistic life. They wanted freedom and independence and were extremely self-reliant. They were basically self-sustaining and co-operative. The welfare of consumers depended upon the honesty and buying skill of the few local shopkeepers. Most goods had no trademarks and bearing few with brand names. The wise consumers knew the merchandise and tried to avoid shabby products. They have almost no protection against merchants who raised prices needlessly, and could do little to stop frauds such as misbranding and adulteration. But the effects of rapidly growing society towards the end of the century changed the role of the consumer (Aaker and Day, 1980) <sup>[9]</sup>. Industrialization and the growth in population brought about 40 percent of the people to the cities. Despite the growth of the doctrine of laissez-faire in the late nineteenth century, state and federal governmental concern with the economy extends back at least to the very first years of the Republic. Emmet Redford has stated core of Governments as (i) to maintain order, (ii) to administer justice, (iii) to provide a money system, (iv) to provide a postal system, (v) to provide certain facilities of commerce such as patents, copy rights and uniform weights and measures, (vi) to protect the market and promote foreign trade, and (vii) to provide internal aids to commerce such as building roads.

“In the United States, there were more overt manifestations of Government services for consumers.”<sup>10</sup> Thus, Pennsylvania had an extensive amount of regulatory activity in the early nineteenth century, including the inspection of various food stuff, leather, tobacco, lumber, liquor and gunpowder. While such activity benefited consumers, the benefit that accrued to consumers were incidental to the prime purpose of legislation. The original thrust on post-civil war regulating activity came from farmers. State legislatures granted charters and franchises to rail road companies and subsidized them directly and indirectly. Resentment to these practices transformed into political action and the result was the passage of the “Granger Laws” in mid western farm state in the 1870s and 1880s. Between 1868 and 1887 more than 150 bills and the rail road regulations were introduced in congress. In 1886, the need for congressional action became apparent as a result of the Supreme court’s decision in the Wabash case. The court held that the states could not regulate inter state rail road traffic within their own boarder even in the absence of congressional regulations.

The passage of the Inter State Commerce Act, I 887 is significant in the development of consumer protection for two reasons. First, it was a landmark bill being the first comprehensive regulation of a particular industry, second, it established the inter State Commerce Commission and established the proceeding of the independent regulatory commission. This proved to be a momentous precedent in its implications for later enforcement of consumer laws. A nationwide system of rail roads served the economic needs of those and had moved into urban areas but the congestion also led to urban poverty, tenement housing, hazardous working conditions, child labour and a variety of consumer problems. To fight these problems, people came together. The numerous reform organizations were also included in this movement. The populists and progressives promoted economic and social changes. Volunteer groups concerned themselves with local issues and newly created unions sought equity for people of working class.

The 1890s through the 1920s : (Early Consumer Movement)

The years from the 1890s through the 1920s can be called the early consumer movement. The first consumer league was formed in 1891 in New York city. In 1899, the National Consumers League was founded and some branch offices were established in twenty states. Upton Sinclair’s book “The Jungle” (1906) provided an exposure to working conditions in the Chicago meat packing houses. It created such substantial outcry that congress was compelled to act, even though it failed to enact Pure food legislation in the I 890s and again in I 902. The Meat Inspection Act followed by The Pure Food and Drug Act was passed in 1906. After few years later in 1914, the Federal Trade Commission (FTC) was established to curb monopoly and trade practices.

Patriotic fever, war time shortages and post war readjustments then diverted much attention from consumer problems although consumer incomes rose during early I 920s. Buyers were confused by the growing array of products. Newer and unfamiliar consumer products flooded the market during the buoyant years of the 1920s.

The consumerism fires were lit upon publication of “Your Money’s Worth” by Stuart Chase and F.J. Schlink which became best seller in 1927. It attacked most advertising and called for scientific product standards. Consumer’s Research Inc. was formed by Schlink in 1929 alongwith a Number of other product testing laboratories, some of which were run by departmental stores and trade associations were established.

### **From 1929 through the 1959s**

The stock market crash of 1929 forestalled a widespread consumer movement. One third of labour force were unemployed. There was bargain sale of pre-depression merchandise. Consumers were aware of shoddy merchandise. Consumer advisory board declared unconstitutional Schlink and Kallet’s book entitled 1,00,000,000 Guinea pigs has pointed out loop holes in the 1906 Pure Food and Drug Act. New Suphanilamide Drug killed nearly 107 people in 1937. Improved food drug and cosmetic Act was passed in 1938.

The post-war period experienced strong economic growth and rising consumer incomes. Public attention was focused on such consumer problems as inflation and price stabilization, housing shortages, rent control and proposed social security legislation. The conception of Consumer protection can be seen in the “Programme for Action” recommended to congress by consumer reports in 1949. The recommendations included a cut of military spending price and rent controls, an excess profit tax, an improved farm price programme, new antitrust laws and others” (Herman, 1976).

During the late 1940s and through the 1950s, the only consistent voice of consumer interest was consumer union which published consumer reports. While consumer reports began to run articles on chemicals in food: meat inspection and finance rackets, it was largely a voice in the wilderness and the period was one of the general quiescence for consumer protection.

In 1956, the National Association of Consumers quietly merged with the Council on Consumer Information. Increased use of Installment credit and buying new houses and new durable products prompted inclusion of consumer education in school curricula.

But the relative prosperity during I 950s and the interest in space and national defence kept things rather quiet on the consumer front.

### **Consumerism during the 1960s and 70s**

1960s was the beginning of the fourth era of consumer interest which is called consumerism. The “Hidden Persuaders” by Vance Packard published in 1957, delved into motivation research. Packard argued that the consumer was being manipulated largely unconsciously by advertisement. Among other publications, Rachial Carson’s the “Silent Spring” (1962, environment), Jesica Mitford’s. The American way of Death” (1962, Funerals), David Caplovitz’s “The Poor Pay More” (1963, Poverty and Credit), Maurine neuberger’s “Smoke Screen” Tobacco and the public welfare (1963, Cigarettes) and Richard Harris’s The Real voice” (1964, drug safety) were the best selling books.

The problem of drug safety continued as a pertinent issue. Senator Estes Kafauver’s Antitrust and Monopoly sub-committee hearings were held intermittently from 1959 through 1962, the focus being the drug prices. The thalidomide scandal produced birth defects when taken by pregnant woman. It brought widespread pubic attention. The drug amendments of 1962 became law on December 10, 1962.

On 15th March 1962, John F. Kennedy Presented the first presidential message to congress which was directed at consumer concerns. He asked for legislative action and new programme in several areas. The most important aspect, however, was the new famous consumer Bill of Rights : (1) the right to safety, (2) the right to be informed, (3) the right to choose, and (4) the right to be heard. This message became a springboard for a new surge of interest in consumer concerns.

Kennedy was explicit that government was the ultimate guarantor of these rights and hence built the foundation for much of the role federal consumerism that plays today.

In January 1964, President Johnson created a new white house position, Special Assistant for Consumer Affairs. In February 1964, Johnson sent a consumer message to congress urging passage of twelve new laws. Other well known issues advocate movement which had many facts: Women's Liberation, Gray Panthers and so on. Later in 1965, Auto safety emerged as a major consumer issue. Ralph Nader's book on Automobile Industry." Unsafe at Any Speed" in 1965 was a major breakthrough in consumer movement. Moreover, Rachel Carson Polarized the pollution issue with "Silent Spring".

United States Government took Kennedy seriously and began an activist role. False and misleading advertising was a major target of the Federal Trade Commission (FTC) leading to the outset of corrective advertising. Product safety became a major issue especially in the automobile industry. Products were withdrawn from the market because of pollution and public health danger—DDT being a leading example.

During the mid-sixties, caveat emptor "let the buyer beware" was changed to caveat venditor "Let the seller beware". Consumerism of the sixties also saw house-wives boycotting supermarkets because of high meat prices expose in the form of book, news articles and radio and television programmes, organization of local consumer action groups.

President Johnson made consumer protection a major part of his legislative programme. He included consumer proposal in his State-of-the Union address in 1968. By 1968, the legitimacy of a government role and the need for further action was to widely accept that a conservative republican president, Richard Nixon, delivered his own consumer message. However, in 1968, the consumer federation of America was formed. It lobbied for consumers in Washington, D.C. primarily on issues of national concerns. It emulated its strength from the nearly 200 other consumer organizations as its members. In general, the years from 1966 to 1968 were the eventful years of congressional action.

### Consumer Movement in 1980s

In 1980's many came to feel that governmental regulation was more of hindrance than a help. This pessimism was reflected in the election of both Jimmy Carter and Ronald Regan and the outcome was substantial deregulation in Industries. This resulted in the deregulation of airline and other industries. The Federal Trade Commission (FTC) experienced a sharp reduction in budget followed by a number of statements such as : "Parents, not government, should control the television viewing of their children". A major study by Lewis Harris and Associates revealed that the public is even more concerned today than previously, but few are taking any kind of activist role (Lewis Harris & Associates Inc. 1983) <sup>[11]</sup>.

The era of 1990s is one of the consumer interest that is matured and organized. It is now recognized that 'passing a law does not solve the problem. "Today's consumer movement is primarily concerned with increasing effectiveness of the existing laws, and the organizations that protect the consumers. Yet, it calls for further research and pressure for more legislation in the remaining areas of consumer concern. Co-operation is now becoming a mutually satisfactory action in the automobile industry. AUTOCAPS, hear consumer complaints and arbitrate differences between auto dealers and consumers. Issues of interest to consumers

are in the headlines everyday and the consumer movement is responding in its attempts to resolve them.

The largest consumer action group Consumer Federation of America (CFA) represents approximately 200 local and state organizations. The voice of CFA is being heard increasingly. Today every state has an organized consumer action group. Strong organizations are in California and Ohio. The Local Hyde Park Chicago, co-operative is a very active group "MACAP" (Major Appliance Consumer Action Panel) and dozens of AUTOCAPS are in the cities across the country. The list of present day groups relating the consumer interest is quite long and includes many unions, Chamber of Commerce, Co-operatives, Credit Unions and better business bureaus. The National Consumers League, the Family Finance Association, the National Council of Better Business Bureau, and the Co-operative League of the United States are some of the influential organizations. The American councils on consumer interests, successor to the council on consumer information, is a professional association for those in the consumer field, and it works in an information exchange capacity. The Society for Consumer Affairs Professionals in Business serves a similar function for those who work in business.

Both State and local governments actively sustained consumer interest in a number of ways. Large cities and countries also maintained consumer affairs offices. The expertise and effectiveness of more than 600 government organization also continued to grow.

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