

The Consumer Movement?

WHENCE AND WHITHER ?

- MICHAEL SHANKS -

(Chairman, National Consumer Council)

"I recognise that the producer lobby is strong, well organised and can command immediate political attention, while the consumer lobby is diffused and has few people to speak for it". His statement by Mrs. Thatcher puts as clearly as anyone could wish the case for consumerism. It is a particularly welcome statement coming from a politician, for there is a continuing tendency among parliamentarians to assume that they, and they alone, have the right to represent consumers; the same is true, a fortiori, at local government level. The fact is, however - as the prime minister's statement implicitly accepts - that once politicians attain power they acquire responsibility for a major part of the country's productive machine; and they also find that they have to deal with representatives of the producer lobby - employers, farmers, trade unions, professional bodies - if the government of the country is to be effectively carried on.

Government, in short, in a modern democracy is a reactive rather than a creative element for most of the time; and it reacts to the pressures which assail it most strongly. Those pressures come typically from producers. Trade unions threaten to withhold labour if their demands are not met. Businessmen argue

that they will be unable to support the investment needed to meet the government's growth targets (on which government's own funding depends), unless government can ease their path in various ways. Government itself, as a major employer and as the ultimate controller of a large chunk of the country's productive capacity, finds itself sucked into the dialogue on which the corporate state is built. In the day-to-day wheeling and dealing between conflicting producer interests, the voice of the consumer sounds only dimly offstage, and tends too often to be regarded as a confusing irrelevance -- a superfluous bit of "noise" -- in the overall management of the economy.

Yet the consumer is, after all, the ultimate object of all this activity. Consumer satisfaction is the object of all production, whether in the public or the private sector. If that satisfaction is not achieved, firms will lose business, trade unions will lose members, government will lose office. So Mrs. Thatcher's statement quoted above, while clearly empirically true, seems something of a paradox. How can producer interest -- including governments -- blind themselves so easily to the obvious fact that without satisfied consumers they have no raison d'etre ?

NEED FOR A CONSUMER MOVEMENT ?

The classical explanation is that the market economy squares the circle. Competition between suppliers ensures consumer satisfaction, and thus provided competition exists there is no need for other measures to protect or promote the consumer

In this sense an organised consumer lobby is redundant.

What is wrong with this argument? First, it ignores the fact that a substantial part of the economy -- the overwhelming majority of the public sector, and quite large parts of the private sector -- operates under monopoly conditions. Second, even where competition, and therefore choice, exist, unless the consumer is possessed of adequate information he or she is unable to take advantage of this fact. Third, there is a world of difference in practice between the collective power of the whole body of consumers in a market economy on the one hand, and on the other the impotence of a single individual consumer who has bought a defective product and finds it hard to get redress from a large, remote supplier. Fourth, as another prime minister once put it, "a week is a long time in politics". The short-term need to accomodate producer demands can too easily predominate in the minds of our rulers over the long term need to maintain a competitive, consumer-oriented economy.

It is recognition of these facts that has led British governments of both parties to support the emergence of a consumer movement as a valid partner in the national dialogue. But there is, not surprisingly, still a good deal of debate and confusion about the extent and nature of the consumer interest in national affairs. Thus, the need for consumer protection in the High Street is generally accepted, and the U.K. has made very

considerable strides in this direction in the last decade. The need for organised consumer advice is generally accepted in theory, though in practice advice services are suffering from the cutbacks in local authority spending, and the current situation is far from satisfactory.

That consumers should have adequate forms of redress for faulty or defective products is, again, hard to dispute in theory; but in practice industry is putting up a fierce rearguard action against the introduction of product liability legislation which would ensure this right, and we also need swifter and more effective legal small claims procedures to implement it.

In the public sector it has been accepted for many years that there should be consumer consultative bodies to handle complaints and to put the consumer viewpoint to the boards of the public sector monopolies, as a surrogate for the market. But there is a continuing debate about the role and effectiveness of the nationalised industry Consumer Councils (and their equivalents in, for example, the National Health Service). Government has so far resisted attempts to introduce them into those sectors where they currently do not exist, as in water supply and parts of the public transport sector; and is currently considering ways of rationalising them.

Similarly, it is accepted in principle that consumer organisations have a right and a responsibility to submit views to government on issues of concern to consumers. The National Consumer Council in particular is enjoined to do

this by its terms of reference, and is regularly consulted by government on impending or proposed legislation. Its chairman has a seat on the National Economic Development Council, the main forum of the corporate state. At the same time, when the N.C.C., either alone or in collaboration with other consumer bodies, makes recommendations on national economic policy -- e.g. on inflation, taxation policy, the E.E.C. common agricultural policy, competition and trade policy, and the like -- it is sometimes accused of exceeding its brief, and ignoring the (admittedly subtle and imprecise) distinction between consumer and citizen.

PRINCIPLES FOR CONSUMER ACTION.

From the consumer's point of view, it seems to me that our policy has to be guided by four main principles. The consumer has a sovereign right to safety, which requires legislation; he or she should not suffer harm from a product which has been consumed in the manner prescribed by the supplier. Second, the consumer has a sovereign right to choice, which is normally provided by competition; where competition does not exist, alternative ways of ensuring the consumer interest (perhaps by some form of consumer representation at the policy-making level) have to be found. Third, in order to exercise effective choice, the consumer needs information; this applies not least to the public sector, where the consumer may well be paying out of his or her rates or taxes rather than from discretionary income. Fourth, when things go wrong, the consumer must have adequate sources of redress; this, again,

requires legislation.

So, first, legislation has an essential role to buttress and support the working of the market. Second, the consumer interest extends a long way beyond the basic issue of consumer protection in the High Street. All the evidence coming to the N.C.C. suggests that the issues most concerning consumers today are public sector rather than private sector ones; they concern the poor performance of nationalised industries, the remoteness and lack of responsiveness of local and national government services, and above all the devastating impact of inflation and other macro-economic ills.

Thus it seems to me inevitable that over the next few years the consumer lobby will have to continue to concern itself with issues of macro-economic policy. In particular, it will want to express a consumer view if the present shift towards protectionism gains momentum. Equally, consumers will continue to press for more effective methods of consumer representation within the public sector, to ensure that the consumer voice is heard at the point of decision-making and not simply post facto. Consumers believe that in pressing these points they are acting not just in their own interests, but in those of the economy as a whole. For an economy that is not alert to consumer needs is unlikely to be a very effective or dynamic performer on the world market. Furthermore, consumers believe that an open society of the kind they seek is likely to be both more healthy and more efficient than one where secrecy prevails.