

SOME MOVEMENTS IN CONSUMER EDUCATION
PERTAINING TO GRADE LABELING

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THESIS

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By

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CHAPTER I

INTRODUCTION

Early in the twentieth century the consumers of this country began to realize the handicap they were facing because of the lack of reliable and pertinent information about consumer's goods. Because of their criticisms, the "Consumer Movement" began to take shape as early as 1908, during the first annual convention of the American Home Economics Association. Since 1908 this movement has embraced the un-coordinated activities of a rather diverse group of associations and enterprises, among which are the following: American Home Economics Association, General Federation of Women's Clubs, American Association of University Women, and the American Medical Association. In spite of the work of these groups and that of other groups, the "Consumer Movement" has never assumed definite form or organization.

The apparent goals of the "Consumer Movement" might be said to be: (1) to develop consumer solidarity, (2) to induce sellers to provide the consumer with information about the goods offered for sale that is sufficiently reliable, detailed, and pertinent to enable him to choose intelligently, (3) to educate the consumer to use this information, and (4) to influence the attitudes of the various government units toward the consumer and to shape their programs in such a way that they will help him with

his problems.

The movement seems to embrace an attempt to educate people generally in the performance of their functions as consumers. It involves the process of teaching the people a general recognition of the undoubted need for such training, but it is directed mainly toward the housewife. Herein it emphasizes the paramount effect of her buying and consuming practices on the welfare of the members of her household. It seeks to do away with the idea that a family group can raise its standard of living only by increasing its income. It supplants this idea with the knowledge that the satisfactions enjoyed by the members of the group can also be augmented materially by careful and intelligent buying.

The increased importance of money has given increased importance to skill in purchasing goods, which in turn demands a greater share of the thought and attention of the household manager if the greatest satisfaction is to be obtained from purchases made. Spending the money income has become almost as important as earning it, and the selection of goods in the market is a necessary and important part of the problem. Numerous difficulties are encountered by consumer-buyers. Machine production and specialization have placed before them an amazing array of goods from which they must choose, and the quest for profits has led to an attempt on the part of producers to guide demand, and has even caused some of them to

resort to misrepresentation and fraud. The unspecialized character of household buying makes the development of efficiency difficult. With an expansion in standards of living, and with a greater variety of goods on the market, consumer-buyers must know the characteristics of more goods; and, also, they must know the relation these goods bear to their own needs.

"Let the buyer beware" has long been an accepted principle of trading. It places at a distinct disadvantage small-scale, unspecialized consumer-buyers. They are unfamiliar with the processes through which goods have passed in their manufacture and distribution. Little attention has been given to the difficulties of these buyers, and they have not been trained to recognize and meet their problems. The unsatisfactory position of the consumer-buyer is disadvantageous to the seller as well as to the buyer, and becomes a barrier to the effective distribution of goods.

The businessman frequently finds that his immediate self-interest is better served by manipulating and exploiting consumer demand without regard to the social consequences of so doing, than by protecting the welfare of the buying public. Such abuses bring about a situation in which the ultimate consumer is too often at the mercy of economic forces over which he has but little effective control. Under the existing marketing system, the ultimate consumer is not in a position to judge the quality or the usefulness to himself of the articles he

is invited to buy. He has no training for the job of buying beyond that picked up in the course of his irregular and spasmodic career as an occasional or incidental purchaser, plus such advice as he may have acquired from reading or conversation. For example, what equipment has the average woman to enable her to discriminate intelligently among the thousands of cosmetic preparations which the stores offer?

The hazard to health in the use of certain types of cosmetics was a real and practical one which every woman needed to take into consideration before the Food and Drugs Act was amended in 1938 to include cosmetics. M. C. Phillips of Consumers' Research cited in his book Skin Deep, published in 1934, the following tragic or near tragic results of the use of some of these preparations prior to 1938.

One of the saddest cases, which received wide publicity during the fall of 1933 in connection with the Food and Drug Administration's efforts to achieve a stiffening of the provisions of the antiquated Pure Food and Drug Act, was that of a prominent young society matron of Dayton, Ohio, who had used on her lashes the preparation "Lash-Lure" which contained a dangerous aniline dye. The result was the loss of eyesight and disfigurement of her face for life.¹

There is a case on record of a woman who lost several finger nails through using a widely advertised manicure preparation and the doctors advise her that her finger nails will never grow in again. The surest way of running no such risks is to avoid using these non-essential preparations until their manufacture is more closely controlled, and until the contents are declared on the bottle and guaranteed to be under

1 M. C. Phillips, Skin Deep, p. 10

government control, as to technical accuracy of formula and purity of ingredients.²

One woman who had used "Koremlu", a depilatory, on her face, lost all the hair on her head; another developed multiple neuritis; and still others, muscular pains in portions of the body to which the cream was applied.³

In approaching his task of selecting from among the many articles offered for his consideration, those that will yield the greatest satisfaction at the least cost, the consumer is further handicapped because the factors that indicate the quality of usefulness of many commodities are naturally hidden, and elaborate physical or chemical tests are often necessary to disclose the presence or proportions in them of certain traits of quality or suitability. Until a federal law was passed in 1940 regarding the labeling of woolen goods, the shopper had no means by which she could readily and conveniently determine for herself at the point of purchase the proportion of the material in a garment that was wool. Mandatory trade practice rules requiring that silk mixed with other fabrics be labeled as "weighted" were not formulated until 1938. Neither was it possible to determine the shrinkage of a piece of material until after 1938, when trade practice rules were issued prohibiting labeling fabrics and garments in such a way as to mislead the public regarding shrinkage.

2 Ibid., p. 42

3 Ibid., p. 97

Standardization is coming to be regarded as an important and effective means of aiding both consumer and producer, and hence in promoting and helping in the manufacture and distribution of goods. Jessie V. Coles defines standardization thus:

In the field of consumer's goods, standardization may be described as the process of making available in commonly understood terms such information concerning characteristics of goods as will permit their identification and comparison in the market.⁴

Workers in the "Consumer Movement" will have a difficult task educating all consumers, since it is practically impossible to organize such a large group of people of differing occupations, incomes, and interests into a strongly knit working unit; and since, too, the concept is popularly accepted in this country that production, not consumption, should be the chief economic end of man.

So far the movement has shown partial success in three forms: (1) an attempt to control advertising, (2) more governmental assistance, regulation, and control, and (3) an endeavor to induce sellers to practice informative labeling, both grade and descriptive.

The purpose of this study is: (1) to present the need for consumer education in the field of grade labeling, (2) to gather information about the various methods

⁴ Jessie V. Coles, Standardization of Consumers' Goods, p. 111

of testing consumer's goods and disseminating the results of these tests to consumers through publications and organizations, and (3) to discover and present the achievements which have been made toward grade labeling of all consumer's goods.

This study is based upon information obtained from books on: (1) the consumer movement and consumer problems, (2) standardization of consumer goods, and (3) specific studies made of products. Also used in this study were pamphlets issued by: (1) departments of the federal government, (2) by the National Education Association, and (3) by different business organizations formed to aid consumers.

CHAPTER II

THE NEED FOR CONSUMER EDUCATION

When we consider that the consumer is interested primarily in obtaining goods best fitted for his particular purposes with a minimum expenditure of time, energy, and money, we see at once that the consumer in general needs to be much better informed about buying than he is. There is a great need for mass education of consumers in the proper ways of spending. In lieu of this education, however, there are a few general guides which most consumers are forced to rely upon in making purchases, although they are not always satisfactory. These guides are: (1) inspecting the goods, (2) buying from past experiences with the products, (3) testing the goods, (4) selecting a reputable dealer to buy from, and (5) relying upon price as an indication of quality.

There is not always sufficient time for one to inspect all the goods available, and pre-packaged or sealed containers prevent thorough inspection of many articles, even though one has physical access to them. Then, it is impossible for anyone to detect by the unaided senses all of the different characteristics of goods. This is well illustrated by the following examples of Jessie V. Coles:

According to an article in the Textile World, April 28, 1928, entitled "Who Knows Her Hose," "so remarkable has become the refinement in the making of synthetic textiles that probably not one housewife in ten can tell, today, from the feel or ap-

pearance, whether the hose she is about to buy is of real silk or something else. The recent test, conducted at the Knitting Arts Exhibition in Philadelphia, by the American Bemberg Corporation, produced extraordinary findings along these lines. At the Bemberg booth were displayed ten stockings, five of cocoon silk and five of Bemberg yarn. Visitors were asked to distinguish them.....Of all who tested the ten pairs of stockings, only 2% picked all the stockings correctly. The other figures were: 7.6% failed to distinguish any difference between the silk and Bemberg, 24% picked one right in ten, 22% picked two right, 20% picked three right, and 24.4% picked four out of ten."¹

The inadequacy of inspection as a guide in the selection of one commodity, sheeting, is indicated by a study conducted by Rosamond Cook. An inquiry among 200 housewives revealed the information that within certain limits durability is the most desired characteristic in sheeting. Nine different brands were scientifically tested. Tensile strength, thread count, and weight were determined since these tests are believed to provide an indication of relative durability in textile fabrics. The results were statistically combined to give a "Quality rating" to each brand and a rank order for all nine, the relative importance of each of the three tests being assumed arbitrarily by Cook, since it has not been determined scientifically.

Over 150 consumers were then asked to arrange the samples in the order of durability or wearing quality. They relied upon feeling to test texture, rubbing to detect the presence of starch, pulling to determine strength, and scrutiny to decide the degree of fineness and evenness of yarns. Comparison of the ranking made from the laboratory tests with that of the consumers reveals great divergences. The only samples agreed upon were those ranked in the two last places. In other words, consumers in this case were able to recognize only the poorest quality as indicated by scientific tests.²

Using past experience as a guide for getting the best for the purpose intended for the least expenditure of money certainly cannot be depended upon, because an individual's experiences are not broad enough. Experience as a guide would also be limited according to the intelligence

1 Jessie V. Coles, Standardization of Consumers' GoodsSSSSSSSS
2 Ibid., pp. 14-15

of each consumer. And, quite frequently, goods which are available now are no longer available when next needed.

Testing goods by the consumer himself would be practically impossible because of the special equipment and specialized knowledge necessary to conduct efficient tests.

Buying from a reputable dealer has its limitations. Many times dealers are forced to rely upon the information given them by the manufacturer. Worse yet, the ownership of most stores changes from time to time. And then, too, the specific information a consumer gets about an article depends upon the knowledge and honesty of the salesperson who serves him. Coles relates this experience:

A study of 50 ready-made silk dresses ranging in price from \$2.98 to \$59.50 carried out at New York University and Pennsylvania State College is interesting from the standpoint of difficulty of obtaining accurate information from salespeople. "Forty-seven of the fifty clerks selling the dresses misrepresented to the purchaser the amount of weighting present in the fabrics. In some cases even the store buyer was consulted and failed to give the correct information. Twenty-three of the clerks stated positively that the fabrics contained no weighting, while the remainder said that they had but very small amounts, if any. Under analysis, however, it was found that the silk of only three of the dresses contained no mineral weighting. Of the remaining 47 dresses, one was found to consist of 100% rayon while all but two of the others consisted of approximately one-half or more of tin-phosphate weighting."³

Price may be an indication of quality, but price alone cannot be used as a guide. Because of the general feeling prevailing among consumers that a high priced article is superior to a cheaper one, many stores which cater to the

3 Ibid., p. 23

trade of the wealthier class of consumers will ask more for the identical article sold for less by stores catering to the poorer classes. Quite often store managers would willingly sell some articles for less, but their customers will not purchase them at a cheaper price, thinking they might be inferior, if cheap. Says F. J. Schlink in Your Money's Worth:

It is disquieting to know that of a group of lubricants tested by the Society of Automotive Engineers, the best for a specified purpose cost 20 cents a gallon while others no better ran as high as \$1.35; that good mechanics have found certain hardware in ten-cent stores with just as good steel (though not quite such a fancy handle) as hardware in stores where the price is two or three times as much; that it takes, according to the Journal of the American Medical Association, 495 bottles of Listerine to equal the antiseptic action of one cent's worth of corrosive sublimate.

It is also disquieting to learn that this impulse of ours has already been capitalized by the higher salesmanship. Goods no better than the general run are being deliberately marked up to catch the consumer who would have the best. A French perfume was lately introduced into this country. On its merit, its sales were disappointing. But when the price was deliberately raised above most other perfumes, supported by the slogan that "it costs a little more but Milady deserves the best," it became a large money maker. Our tendency to fall before the hope of better quality at higher price, was demonstrated lately by concrete test. Shoes of identical quality were displayed in a shop window--but one pair was marked \$6 and the other pair \$12. More customers asked for the \$12 pair! Could the pitiful ignorance and gullibility of the consumer be better illustrated? ⁴

Not all examples of such consumer ignorance and gullibility have to be taken from books. Some three or four years ago, a hardware merchant of this area obtained some

⁴ Stuart Chase and F. J. Schlink, Your Money's Worth, pp. 47-48

dated Everready flashlight batteries from government surplus at a very low price. He tried for weeks to sell them at five cents each, but no one would buy them. In despair he finally raised the price to ten cents each, and sold out before the end of the day.

It seems that the best way to assure consumers of getting the most and best for the amount of money spent would be for them to endeavor to become better educated by increasing their information concerning the qualities and prices of products. They cannot do this alone unless such information is provided them to study. By whom will this information be prepared, and from whom will it be secured? Organizations for both testing, and for disseminating information must be formed.

Because of the important place advertising has taken in our economy, many or most consumer-buyers are to some degree influenced by advertising in making their purchases. In the absence of other guides to selection, consumers will almost always choose goods they have heard of in preference to unfamiliar goods. There are very few consumers who are not influenced by advertising, either through magazines, newspapers, handbills, or radio advertisements. For those who do not read much or listen to the radio, window displays, billboard advertisements, and advertisements shown at moving picture theaters bring specific goods to their attention. The chief purpose of all this advertising is to create the impression that everyone is wanting and

buying what is being advertised. But, unfortunately, the information provided by advertising which concerns specific characteristics of goods quite often lacks exactness and definiteness, and is of little actual value to the purchaser.

Too much advertising is of the non-informative instead of the informative type. Even though non-informative advertising may contain no actually untruthful statements, these statements may be misleading, unimportant, or fail to describe the goods in such a way as to benefit the consumer. The following two examples cited by F. J. Schlink are rather misleading:

The makers of a particular brand of rayon yarn at one time widely advertised it as "the only yarn that lets through the sun's health-giving ultraviolet rays." Scientists concluded that it is not superior to other yarns in this respect.".....there is practically no difference in the amount of ultraviolet transmission through bleached samples of cotton, linen, viscose rayon, and the rayon made by the cellulose-acetate process." Likewise, Japan green tea has been advertised as "high in vitamin C." However, when tested scientifically, the experimenters concluded: "Although only one sample of tea was examined, these results would not seem to validate the claims of the manufacturers that the tea is 'rich in vitamin C'.⁵

Jessie V. Coles makes the following statements regarding advertising:

In order to secure definite facts concerning the character of the information supplied by present-day advertising, the writer made a survey of the advertisements of branded textile and clothing goods appearing during 1931 in nine nationally distributed magazines and one metropolitan newspaper. The "Delineator", "Woman's Home Companion", "Ladies' Home

5 Ibid., p. 52

Journal", "Pictorial Review", "Good Housekeeping", "Vogue", "McCall's Magazine", "Cosmopolitan", "Saturday Evening Post", and the "Chicago Tribune"--one Sunday edition and one week-day edition--were used.

Advertisements of 145 brands of 40 different kinds of articles were collected. The goods advertised included women's coats, corsets, dresses, gloves, hats, hosiery, shoes, underwear, and such accessories as belts, umbrellas, bedroom slippers, galoshes, handkerchiefs, bias tape and name tape, embroidery and sewing thread. Men's shirts, suits, hats, underwear, shoes, collars, infants' and children's clothing, dress and household fabrics, sheets, bedspreads, curtains, rugs, towels, and blankets were also included.

These advertisements were analyzed and the terms intended to describe the goods were listed. These terms were then classified according to the nature of the information provided both from the standpoint of particular characteristics described and the value of the information.

A large portion of the terms referred to appearance. The terms fashionable, stylish, smart, new, distinctive, beautiful constituted one-fifth of the total. One-sixth of the total was made up of such terms as lovely, luxurious, exquisite, elegant, enchanting, endearing, enticing, debonair, different, delightful, charming, clever, chic, adorable, buoyant, fascinating, feminine, youthful, glorious, glamorous, gorgeous, irresistible, intriguing, ingenious, subtle, superb, suave, striking, superior, unique, ubiquitous, unsurpassed. Approximately 140 different terms were used to describe appearance.

Descriptions of characteristics of materials were given in such vague terms as practical, durable, sturdy, long-wearing, serviceable, washable. Finish was described largely with the adjective lustrous. Twenty-four different adjectives were used to describe texture among which were soft, supple, crisp, rugged, springy, caressing, rich.

Construction features such as full-fashioned, double-stitched, carefully woven, tailored, hand made were mentioned approximately 250 times. When efforts were made to describe those less obvious in meaning, the terms were vague and indefinite. Possibilities of use were mentioned only 25 times. The status of grades for this group of goods is indicated by the fact that they were mentioned only once, and in this case no attempt was made to describe the grades

which were referred to only by the statement:
 "We have five grades."⁶

The question arises as to whether the same situation would be true of other groups of commodities such as foods. It is possible that the proportion of informative material might be higher for these goods since less emphasis is placed on appearance. Yet a study of the first three food advertisements observed in one magazine yields a large percentage of such terms as "finest in flavor," "richest in natural tang," "superb," "finest ever grown," "choicest," "luscious," "fragrant syrup," "nothing added but a dash of sugar," "sun-warm fruit," "delicate flavor," "closest to perfection," "exquisite taste," "thoughtfully seasoned," "magnificent," "tart-sweet juice," "beans skilfully matched in dainty color and size." Although recipes and suggestions for the use of foods are given freely, there is but little specific information given concerning the composition of foods.⁷

Through multiplying the number of brands of an article offered to the ultimate consumer, and through endeavoring by means of advertising, sales effort, and variations in quality and appearance to endow each of them with a separate individuality in his mind, sellers complicate tremendously the consumer's problem of choosing the commodity that precisely fits his need or desire. The number of different labels under which the average article of common consumption is offered on the market is startling. The figures quoted below are from Ralph S. Alexander's book Marketing:

A reliable authority reported some years ago that the brands of four canned foods sold to the consumer numbered as follows: pineapples, 300; peaches, 1000; salmon, 1000; corn, 4500.⁸

⁶ Jessie V. Coles, Standardization of Consumers' Goods, pp. 57-58

⁷ Ibid., p. 60

⁸ Ralph S. Alexander, Frank M. Surface, Wroe Alderson, Marketing, p. 704

A student of the subject estimated that in 1928 there were offered for sale to American consumers 2500 brands of perfume, 1200 face powders, 1426 brands of toilet creams, 75 shaving creams, 500 brands of mustard, and 10,000 brands of wheat flour.⁹

One California drugstore is reported to have laid upon the customer afflicted with a torpid liver the need to choose from among 148 brands the liver pill best suited to stimulate the action of that reluctant organ.¹⁰

There is no reason to suspect that the figures have been reduced materially in the past two decades.

The inevitably confusing effects of this multiplicity of products are enormously enhanced by the reckless, unsupported, and occasionally conflicting claims which some sellers habitually make concerning the virtues of their brands. Often these claims bear only the remotest relation to the facts. The exact extent to which sellers have been guilty of misrepresenting facts, and of disseminating falsely complimentary statements about their products has never been determined, but according to Alexander:

Two students who analyzed the advertisements appearing in ten different types of magazines during 1937 found that only 34 per cent of them were "Apparently truthful," that 11 per cent of the total number contained statements which were out-and-out lies, that 48 per cent of them involved "puffing," and that the precise status of the truthfulness of 7 per cent of them could not be determined.¹¹

"Puffing" may be described as inflated statements of an article's excellence which are sufficiently mild that they might be the result of the natural enthusiasm

9 Ibid., p. 704
 10 Ibid., p. 704
 11 Ibid., p. 705

of a seller for his product. The statements are opinions, not facts; and they are so exaggerated that practically no buyer is likely to believe them.

The consumer for years has been under an ever-increasing pressure to buy. The store managers hold their salespeople responsible for making sales to a vast majority of those who enter the stores. These prospective customers are offered few sources whereby they may use intelligent selection in buying. So far as possible the salespeople make up their minds for them.

Not only is the consumer at the mercy of the salesmen, but everytime he picks up a newspaper or a magazine, he comes in contact with advertisements about every conceivable product. This advertising includes not only local advertising from home stores, but also national advertising of manufacturers to influence the readers to buy their particular products in preference to those of other manufacturers when they buy from their home stores. Sometimes these advertisements encourage them to buy their particular refrigerator, for instance, in preference to another brand of refrigerator. Sometimes they encourage them to buy their refrigerator in preference to a stove or some item altogether different from that being advertised.

If all of this advertising were truthful and informative, it would be a boon to the consumer, for from it he would learn to make an intelligent choice. Contrary to this, however, is the sad and deplorable fact that much

too much advertising contains puffing, misleading material, or actually false statements. From Your Money's Worth, published in 1931, comes the following statement:

William E. Humphrey of the Federal Trade Commission estimates that there are at least a thousand advertisers of fraudulent schemes now operating regularly with the aid of certain magazines and newspapers throughout the country. In one publication alone, he found no less than 50 different advertisements which he "thought it safe to designate as illegal." The annual loss to the consumer "runs into hundreds of millions of dollars."¹²

Yes, the annual loss to the consumer does run into hundreds of millions of dollars, and the most tragic fact about this is that those who lose these millions of dollars are quite often people from the lowest income bracket who can least afford to suffer the loss. Great numbers of these so-called "poor people" who have such a little money to spend are not only high-pressured by salesmen and by advertisements into making purchases, but many of them fall prey to the store displays of much cheap, worthless junk which manufacturers produce and put before them in order to make more profits for themselves. The following excerpt gives a clear picture in figures of the effect advertising has on the consumer's pocketbook; Schlink says:

A few years ago an advertising agency sent out a circular to its clients which contained these words: "It would be a liberal estimate to say that only 25 per cent of the business transacted in this country each day is done as the result of a 'natural demand'. The other 75 per cent is done as a result of salesmanship in one form or another--and it is on this 75 per cent that we make our living and you make yours."¹³

¹² Stuart Chase and F. J. Schlink, Your Money's Worth, p. 11

¹³ Ibid., p. 13

Reading consumers would find it difficult to escape the influence of advertising. The large industries appropriate huge sums of money yearly to further their causes by launching advertising campaigns to make the buying public conscious of their particular products. The same ideas are constantly repeated in different, attractive ways until the reader feels that he must buy. This statement from F. J. Schlink is true of advertising:

Not quality, not value, not utility, not reasonable cost, not soundness--but repetition. Which is the case against competitive advertising laid as bare as it ever can be laid.¹⁴

This repetition is carried on to such a degree that the consumer begins subconsciously to think of the products advertised.

F. J. Schlink took the following statement, which shows that the sellers are not even adverse to exploiting the religious feelings of their customers, from a December, 1926, "Specialty Salesmen Magazine":

"For Christmas, our luminous crucifix shines in the dark and makes a wonderful Christmas present. Our agents always clean up with this Crucifix at this time. W. G. Hannan Co., Dept. C, 2539 South State Street, Chicago."¹⁵

The following quotation from Your Money's Worth regarding advertising is excellent:

Fads and fancies which are jammed down the throats of consumers by hollow-bottomed advertising are not a sound basis for financial success. The process has created in the United States an over-duplication of

14 Ibid., p. 14

15 Ibid., p. 16

items which clogs up the market and wastes billions yearly-----The same product by another name is one way of harassing the public. Competing companies have a way of splitting hairs as to qualities of their merchandise with the result that they become so concerned about methods of 'putting it over' that they forget their first duty is to the customer.¹⁶

The best mental effort in business is concentrated on the major problem of getting the consumer's dollar before the other fellow gets it. To get this dollar from rich and poor alike, the producers use both superior and inferior raw materials, put on a finish which creates a favorable impression, and make most of the products, on first inspection, appear to be of equal quality. To the more discerning eye, of course, the product of superior quality is chosen if this consumer has the money to pay the price. The "poor people", because of lack of funds and the discernment of a better educated consumer, will choose the cheaper product, which, by virtue of its inferiority, will really prove to be the more expensive in the long run. An analysis of the Bureau of Standards shows the small percentage of durable wood used in the making of furniture; however with a desirable finish applied, the furniture industry can pass off the second and third grade wood as the best to consumers who do not detect good workmanship and good wood. The following statement is from F. J. Schlink:

The Bureau of Standards recently analyzed the wood entering into furniture. It found that 9 per cent

16 Ibid., pp. 43-44

of such wood made for "very durable" furniture; 35 per cent made for "durable"; while 56 per cent was dubious or definitely "non-durable".¹⁷

Schlink also says:

The difference between certain classes of articles sold in the ten cent stores and those of articles sold at three and four times the price in department stores and elsewhere is often only a trifling matter of finish. Some customers may be willing to pay for finish, but most of us would not if we understood the situation. The actual difference between the best Woolworth screwdrivers and the hardware store variety is probably but the fraction of a cent which is needed to provide for a more careful inspection of steel.¹⁸

The increasing amounts of money being poured into advertising campaigns since the early years of this century to make the consumer lumber-conscious, shoe-conscious, straw-hat-conscious, silk-shirt-conscious, solid-mahogany-conscious, personality-perfume-conscious, balloon-tire-conscious, anything-conscious--before his bank account becomes unconscious,¹⁹ are made impressive from the following quotation from Your Money's Worth:

Would you hear one of the most poignant romances of modern commerce? Then read the true story of how the National Kraut Packers' Association, assessing themselves 50 cents per ton of cabbage, has made America sauerkraut-conscious in four short years, redeeming the odium on one of God's Gifts to Mankind, and increasing consumption twenty per cent. Read how the American Face Brick Association has increased production 250 per cent since 1920; how the Wood Wheel Manufacturers killed the demand for wire and disc wheels; how the Greeting Card Association increased sales from \$10,000,000 in 1913, to \$60,000,000 in 1925; how the Joint Coffee Trade Committee has pried four pounds per annum of additional coffee into the great American coffee pot; how the Sun-Maid Raisin Growers

17 Ibid., p. 23

18 Ibid., pp. 81-82

19 Ibid., p. 34

have seduced threefold more purchasing power in their direction. And last but not least, how the California Walnut Growers' Association has installed 125 specially designed and most ingenious machines for stamping their special brand in printer's ink on each and every walnut which the Association packs!²⁰

No longer is it quality which makes or breaks a businessman, but salesmanship and advertising. Schlink says:

All previous battles pale before this one. High pressure salesmanship here reaches the bursting point: "There are four words in the English language which mean absolutely nothing to us and which we never use in making a sale or in interviewing a prospect. They are: Furnace, Hot, Cold, and Price. We do not sell furnaces--we sell Warm-Air Heating Systems. We never mention the word hot-air, but substitute Warm, Moist Air. We never say cold-air returns, but Recirculating Fresh Air Ducts. We avoid the bugaboo price, and talk only in terms of investment."

So read the instructions from General Headquarters to the front line trenches--covering the hot dry air type of furnace.²¹

Although there has been a Food and Drugs Law in the United States since 1906, until its revision in 1935 it was not effective to any appreciable degree. F. J. Schlink in his 100,000,000 Guinea Pigs, written in 1933, cites innumerable instances of the production of harmful drugs and impure foods. Even though the fact was known to medical authorities and to many who used these products that many products were harmful, no action was taken against the manufacturers because no formal complaint was filed against them. Prosecution of violators of the Food and Drugs Act is in the hands of the Federal Trade Commission,

20 Ibid., p. 35

21 Ibid., p. 57

and, unless the goods produced enter into interstate commerce, the Federal Trade Commission has no jurisdiction over them. Neither does the Federal Trade Commission go out looking for violators of the law. It sits by, and waits for complaints. Then, even if people have died as a result of using or taking some product, the commission has no jurisdiction over the matter unless it can be proved that there was unfair competition. Schlink makes the following statement about our Food and Drugs Laws:

Using the feeble and ineffective Pure Food and Drugs Laws as a smoke-screen, the food and drug industries have been systematically bombarding us with falsehoods about the purity, healthfulness, and safety of their products, while they have been making profits by experimenting on us with poisons, irritants, harmful chemical preservatives, and dangerous drugs.²²

He says of the manufacturers of Jamaica ginger, which contained chemicals that brought terrible deformities and paralysis as well as death to many thousands of victims:

These people violated no law. They were all carrying on "legitimate business," and the law gives them the right to experiment on the public whatever the consequences to the human beings involved. In the eyes of the law we are all guinea pigs, and any scoundrel who takes it into his head to enter the drug or food business can experiment on us. He may be uneducated, even feeble-minded. If he decides to become a manufacturer, it is his privilege to take down a dozen bottles from a shelf, mix their contents together, advertise the mixture as a remedy for indigestion, or asthma, or coughs, and persuade us to buy it. The mixture may contain strychnine, arsenic, carbolic acid, and other deadly poisons. But--in most States--he will have violated no law, indeed will not have offended the ethical sense of the average judge or legislator.²³

22 Ibid., p. 4

23 Arthur Kallet and F. J. Schlink, 100,000,000 Guinea Pigs, p. 6

The Food and Drugs Act of 1906 does prohibit false labeling of drugs shipped across state lines; but if no claims are made on the label or no ingredients are stated on the label, the act does not apply. It seems needless to say that this is not the type of protection needed by the consumer. The inadequacy of the enforcement of these laws has been summarized by the National Civil Service Reform League in its 1925 report, and is repeated here from Schlink's 100,000,000 Guinea Figs:

"The trusting confidence of the American public in the efficiency of laws was never more clearly shown nor more grossly betrayed than in the matter of food inspection. We have enacted 'pure food' laws and ordinances, therefore, presumably we have 'pure food'. But between the law and the 'pure food' lies a most important factor--the human element charged with the interpretation and the administration of these laws and ordinances. This element--given great powers of discretion; power to make 'rules and regulations' to an extent practically nullifying the intent of the law; subject to overwhelming commercial and political pressure--is the weak link in the chain, and practically the end of the effect of the law.

"The consumer in his effort to conserve his health selects his food with 'nutriment,' 'calories,' and 'vitamins' in mind, heppily unaware that a considerable part of the food he buys, though well cooked and daintily served, may be in a condition of expertly disguised but dangerous state of disease, decay or adulteration. He has relied on the law to protect his food from its initial stage through the processes of gathering, slaughtering, handling, packing, etc., all by men definitely dealing in food for the money to be made out of it.

"Avarice and the pressure of competition are weighed in the balance with the evil of selling diseased, spoiled, verminous, and adulterated food disguised as, and sometimes labeled, wholesome; with the result almost invariably in favor of the former. The dealer or producer 'cannot afford' to lose the profit on diseased, decayed, or adulterated foods

unless he is compelled to do so."²⁴

The Food and Drug Laws have been, to a large extent, successful in stopping the use of such poisonous preservatives as formaldehyde, salicylic acid, and boric acid. On the other hand, little has been done to force fruit growers and some vegetable growers to remove lead arsenate sprays from their fruits and vegetables before placing them on the market. Arsenic is poison, but worse yet, lead forms a cumulative poisoning in a person's system. F. J. Schlink says:

The deception which is being practised upon the American public by the Food and Drug Administration is both dangerous and vicious. Instead of urging an immediate governmental subsidy which will make it certain that the farmer will remove a dangerous poison from his produce before marketing it--not sometimes, but every time--the administration is content to bury the whole question in silence, intimating, when forced to answer an inquiry, that no residue of lead is permitted.²⁵

The following paragraphs taken from M. C. Phillip's Skin Deep about the use of poisonous derivatives used in a hair dye, Inecto Rapid Notox, bring out the ineffectiveness of the Federal Trade Commission in dealing with poisonous products put on the market.

The best-known diamine dye is probably Inecto Rapid Notox whose history is set forth in detail in a report issued in 1932 by the Federal Trade Commission, which proceeded against the company for issuing false and misleading statements that the dye produced no harmful effect. Evidence secured by the Commission brought out the fact that following the use of Inecto Rapid Notox, persons had experienced acute dermati-

24 Ibid., p. 13

25 Ibid., p. 57

tis of the face; skin inflammation and irritation of the scalp; development of sores on scalp and face; development of redness, inflammation or rash on the scalp and head including the forehead, face, and neck; swelling of eyelids and closing of eyes for a period, and many other unpleasant consequences including toxic absorption extending down and over the face, back, and arms, followed by acute nephritis, Bright's disease, and anemia. As a result of not following directions in the application of the dye, one woman found that within an hour after applying first the solution in one bottle and then the solution in the other, her head began to swell; then her eyes became closed, a rash developed on her scalp, her head became a mass of sores, and her entire body swelled and turned red. Although Inecto advertised their hair preparation as entirely safe and harmless, the Federal Trade Commission found on consideration of the entire record that Inecto Rapid Notox "is a dangerously toxic, deleterious, and harmful product, containing a toxic dye-base and toxic, poisonous, and injurious ingredients or properties; that in its use and application to dyeing or coloring of the human hair, it is not safe or harmless."

In view of this impressive statement which is only part of the Federal Trade Commission's pronouncement on the case, one might expect that the product would be taken off the market. The jurisdiction of the Federal Trade Commission, however, does not extend so far. It is not at all a body set up to protect scientifically untrained women who may perchance believe false claims and so injure themselves by using a product bought on the assumption that there is dependable truth to be found in advertising. The Commission's work is solely to protect businessmen whose products compete with Inecto Rapid Notox, from unfair competition. Inecto, Inc. was merely ordered to cease and desist from claiming (in print) that its hair dye (or any other hair product of substantially the same composition) is safe and harmless to use, or from using the word "Notox" in connection with the hair dye to imply that the product was not toxic when the opposite was true.²⁶

The decision of the Supreme Court in favor of the Marmola Company, a company selling a reducing preparation

containing a thyroid extract which did considerable damage to the health of one woman using it, is interesting. Phillips quotes it as:

The Supreme Court, to whom the case went finally on appeal by the government, upheld the Mermole Company on the ground that they did not indeed have competitors and that physicians were not in competition with drug manufacturers and that the Federal Trade Commission was exceeding its authority in endeavoring to censor advertising that might injure the consumer. The Commission's scope, the Supreme Court pointed out in agreement with the lower court, is only one of determining whether or not the advertising injures the business of a competitor or competition generally.²⁷

The Food and Drugs Act was passed in 1906 after nearly twenty-five years of agitation. Congress meant the law to be effectively and vigorously enforced, but in less time than a year after its passage, steps began to be taken to block the will of the people and of Congress. It was the original intent of Congress to vest in the Bureau of Chemistry the power to determine what acts and omissions should constitute a violation of the law, and to set up technical standards required as a working basis for the enforcement of the Food and Drugs Act. Before many months, however, after many appeals of powerful manufacturing interests, a Board of Food and Drug Inspection was set up to supersede the functions of the Bureau of Chemistry. Not long after this a Referee Board of Consulting Scientific Experts was created and its chief function was that

27 Ibid., p. 143

of overriding the judgment of the too honest Bureau of Chemistry. After these shifts, the manufacturers were again in a position to produce whatever they pleased with little fear of suit.

The Food and Drugs Act of 1906 forbids only a limited number of acts. It has no power to protect consumers against the depreciation of food and drugs after their shipment. Products put on the market for sale need conform to no definition or standard, except that they must be free from ingredients known to be poisonous or deleterious. If a suit is brought against a manufacturer, and it cannot be proved that he committed the act in bad faith, he cannot be convicted. If he is convicted, the punishments are too lenient. Phillips says:

The law provides a maximum penalty of \$200 for a first offense; and a fine up to \$300 or imprisonment for one year, or both, for any succeeding offense under the law. That is, it does not require of the court any automatic increase in the penalty on the second offense or succeeding offenses after the second, nor does it give to anyone anywhere the power to stop the operation of a business for continuously violating the Food and Drugs Act, no matter what incompetence, ignorance, or wilfulness may characterize the acts of a maker of contaminated, filthy, or poisonous food or drugs.²⁸

The aforementioned examples, showing how the consumers of this land have been practically at the mercy of manufacturers and merchants in making their daily purchases for both necessities and luxuries, bring the fact out clearly that no longer can these consumers afford to use as their

only guides in purchasing (1) inspection, (2) buying from past experience, (3) making home tests, (4) selecting a reputable dealer, and (5) price. They need more positive and concrete evidence and assurance that they are getting the best for the money spent. Attainment of this evidence and assurance has centered largely around grade labeling.

CHAPTER III

METHODS OF EDUCATING CONSUMERS TO WANT GRADE LABELING

As the need for consumer protection has become more and more prevalent, many agencies of the federal government, as well as those of state and city governments, have been developed to render beneficial services to him. In the past it was thought that competition and the profit-making motives of producers would insure the consumer the best quality at a fair price, but this is no longer true. The greatest profit to the producer, rather than the needs and desires of the consumer, is the motive today. In many instances, competition has led to adulteration, substitution, and misrepresentation. The replacement of small stores by large department stores has tended to do away with the personal factor in trade relations, and has decreased restraint on the temptation to indulge in unfair practices. In contrast to the position of the producer, the consumer has few organized bodies to advance his interests. Various activities are carried on by the government which directly or indirectly affect the consumer, although most of these were not set up primarily to aid him.

The Sherman Anti-Trust Act and the Clayton Act were two of the first steps taken by the government which would tend to aid the consumer. These two laws were passed pri-

marily to prevent monopolies; however, preventing monopolies would aid, indirectly, the consumer. The Federal Trade Commission Act provided for the establishment of a special body to prevent unfair competition.

The United States Department of Agriculture, through the Bureau of Agricultural Economics, grades cotton and grain, and stops unfair practices in handling fresh fruit and vegetables. An important phase of its work in connection with consumers involves the development of standards for agricultural products, and the maintenance of an inspection service for many products bought by consumers.

The Bureau of Human Nutrition and Home Economics does research to determine what qualities are most suitable for products used for different purposes and under different circumstances.

The Bureau of Animal Industry enforces the Meat Inspection Act in an effort to insure the consumers' getting meat which is free from disease.

The Bureau of Dairy Industry carries on work to improve the quality of all dairy products, including milk, cream, cheese, and butter.

Since 1906 the Food and Drug Administration has been trying to enforce the Food and Drugs Act. It undertakes to enlighten consumers about some of the products on the market by publishing information on cases it has acted upon.

The Consumers' Counsel Division of the Department of Agriculture is now largely an educational agency for con-

sumers. Here the "Consumers' Guide" is published twice a week in co-operation with the Bureau of Labor Statistics, Agricultural Economics, and Human Nutrition and Home Economics. One of the major activities of the "Consumers' Guide" is to publish the results of the research of the government bureaus. This publication will be sent free to anyone requesting that his name be put on the mailing list.

The Office of the Co-operative Extension Service, maintained by the Department of Agriculture, carries on an educational program in the wise purchase of commodities in the market. This is done through meetings, demonstrations, home visits, the distribution of publications, exhibits, tours, and radio talks.

In the United States Department of Commerce is located the National Bureau of Standards, which carries on a wide range of activities that are of particular interest to consumer-buyers. Much research is done here in the field of weights and measures; this information is passed on to the state governments to assist them in framing regulatory measures. Under the supervision of the Bureau of Standards, simplified practice recommendations are set up and formally approved by producers. These eliminate many sizes, dimensions, and styles of products. According to a bulletin published by the Bureau of Standards:

Simplified practice offers itself as one means of reducing the costs of production and distribution. Successful application of simplified practice is

dependent upon voluntary support by manufacturers, wholesalers, retailers, and consumers.

The ultimate consumer of products pays all the bills in the long run, hence he is directly concerned in any program which results in saving money in the manufacture or distribution of the products he buys. His interest in simplified practice is, therefore, direct, though too infrequently expressed or even realized. The benefits he gains from simplified practice accrue to him primarily through industrial competition. If a manufacturer reduces the total cost of his product, he may be able to retain a portion of the savings, but sooner or later he will take advantage of reduced costs to seek more business, through reduction in price, improvement in quality, or better service. The distributor does likewise, and the consumer gets the final benefit in price, quality, and service.¹

Conferences are held between members of the Bureau and producers where standards for regulating production and labeling are set up and approved.

The Bureau co-operates with the Specification Committee of the Procurement Division of the Treasury Department in setting up specifications for products purchased by the government. Since the direct use of specifications is not practicable for most of us who buy our goods over the counter, the Bureau has encouraged the use of a labeling plan by means of which manufacturers are encouraged to identify by suitable labels such of their commodities as they are willing to guarantee as complying with certain nationally recognized standards or specifications. Lists of

¹ U. S. Department of Commerce, National Bureau of Standards, Services of the National Bureau of Standards to the Consumer, p. 7

manufacturers willing to certify that their goods comply with federal specifications are kept, and any consumer desiring one of them may obtain it from the Bureau of Standards upon request. Manufacturers whose names appear on these willing to certify lists have the privilege of mentioning this certification in their advertising, and of using it on their labels. The Bureau encourages using such marks on labels in order that purchasers may recognize products which measure up to standards.

The Office of Education, in the United States Department of Interior, offers college and public school classes in consumer-buying for both adults and students through its agents for home economics education.

The information gathered by these different agencies of the federal government is printed into special government bulletins and letters, and made available to the public upon request. Many of these publications are free, and others may be obtained from the Superintendent of Documents in Washington, D. C., for a small charge.

The workers in all of these bureaus and departments know that their interests must be at all times aligned with those of the producers of this country, or the congressional appropriations for their support may be either stopped or considerably cut. Coles says:

If particular business interests are able to muster enough votes in Congress to limit the work of a bureau or a department, the activities of which they consider detrimental to their interests, they do not hesitate to do so. For instance, by inserting

a provision in the appropriation bill that no funds appropriated be used for the purpose, Congress in 1937 effectively stopped the research of the United States Food and Drug Administration in determining the possible poisonous effects of spray residues on human beings.²

There are numerous methods for helping and protecting the consumer in addition to those provided by the federal government agencies. The Better Business Bureaus of the United States grew out of a "Truth-in-Advertising" movement which began about 1911. In 1940 there were Better Business Bureaus in over seventy cities representing an aggregate population of more than 60,000,000. There is a National Association of Better Business Bureaus which affiliates all the local, independent bureaus and a National Better Business Bureau which is concerned with national advertising. About 25,000 business concerns and professional men support these organizations and contribute approximately \$950,000 a year to their activities.³

Their original purpose was to protect the businessmen, but, today they have expanded their activities to include protecting the general public, and especially the consumer. The chief function of the Better Business Bureaus is to check the practices of local businesses in order to prevent any unfair trade practices. Local advertising is checked for its truthfulness, and any businessmen found doing untruthful or misleading advertising are called on and encouraged to cease such practices. Stores

2 Jessie V. Coles, Consumer-Buyer and the Market, p. 473

3 Helen Sorenson, The Consumer Movement, pp. 198-200

joining a Better Business Bureau pledge themselves to maintain fair trade practices, and pressure is brought by the manager of the bureau on members who fail to conform to these practices.

Speaking before the second annual conference of the Institute for Consumer Education in 1940, Mr. Kenneth Backman, of the Boston Better Business Bureau, pointed out that "Actually the support and expansion of Better Business Bureaus is a recognition, on the part of business, of increased social responsibilities."⁴ He summarized the work of the bureaus as follows:

1. Fraud prosecution
2. Fraud prevention
3. Promotion of a fair advertising and selling practice
4. Consumer education in money management, in buying and taking care of merchandise, and in everyday relations with businesses.⁵

Approximately 138,000 complaints on fraud are handled annually through the bureaus. Where the facts warrant such action, they are, with the additional evidence uncovered in the investigations, referred to the appropriate government agency whether federal, state, or municipal. Approximately 12,000 complaints are referred to government agencies annually.⁶

One criticism leveled at not only the Better Business Bureaus, but at all private agencies working to help the consumer by exposing fraudulent and unfair practices is that they usually drive these unscrupulous merchants into the poorer sections of the community where they continue

4 Ibid., p. 198

5 Ibid., p. 200

6 Ibid., p. 201

to prey on the people of the low-income groups without interference. They help the intelligent classes to achieve and retain a position of superiority, but they leave to the relief agencies the problem of showing people who cannot earn enough for self-support how to spend what they have.⁷

Many states have passed laws against dishonest advertising. Probably the most famous one of these laws is the "Printers' Ink" Model Statute which follows:

Any person, firm, corporation or association who, with intent to sell or in any wise dispose of merchandise, securities, service, or anything offered by such person, firm, corporation or association, directly or indirectly, to the public for sale or distribution, or with intent to increase the consumption thereof, or to induce thereto, or to acquire title thereto, or an interest therein, makes, publishes, disseminates, circulates, or places before the public, or causes, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in this State, in a newspaper or other publication, or in the form of a book, notice, handbill, poster, bill, circular, pamphlet, or letter, or in any other way, an advertisement of any sort regarding merchandise, securities, service, or anything so offered to the public, which advertisement contains any assertion, representation or statement of fact which is untrue, deceptive or misleading, shall be guilty of a misdemeanor.

The following twenty-five states have adopted it:

Alabama	Michigan	Ohio
Colorado	Minnesota	Oklahoma
Idaho	Missouri	Oregon
Illinois	Nebraska	Rhode Island
Indiana	Nevada	Virginie
Iowa	New Jersey	Washington
Kansas	New York	Wisconsin
Kentucky	North Dakota	Wyoming
Louisiana		

7 C. E. Wyand, The Economics of Consumption, p. 319

The following thirteen states have substitute laws patterned after the "Printers' Ink" Model Statute:

Arizona	Massachusetts	South Carolina
California	Montana	South Dakota
Connecticut	North Carolina	Tennessee
Maryland	Pennsylvania	Utah
		West Virginia ⁸

The State of North Dakota takes the lead in local legislation in supplying the consumer with information about the goods he buys. It has established food, drug, and beverage laws, with specifications defining color, freshness, potency, and other essential characteristics.⁹

The New England States have established a unique and interesting plan of labeling. In 1925 the governors of six of these states created a committee to pass on the issuing of the New England Quality Label to any local producer of certain specified foods who complied with certain standards for grading and packing. Each state affixes its own name to the New England Quality Labels released within its borders. The procedure involved is described below by Charles E. Wyand:

"The Commissioner of Agriculture establishes grades at the request of the growers of his State, calling them into meetings to aid him in determining what the requirements of any particular grade should be. To protect the reputation of the label, each State Department of Agriculture maintains an inspection service with trained field men whose duties are to examine graded and labeled products in the original channels of trade to see that they meet the requirements....."

⁸ H. G. Shields and W. Harmon Wilson, Consumer Economic Problems, p. 537

⁹ Stuart Chase and F. J. Schlink, Your Money's Worth, p. 212

The use of grades is not compulsory on the producer, but anyone desiring to use the New England label must grade his products properly, the right to use this label being taken away if his product falls below the requirements of the grade."¹⁰

The American Medical Association is known to most consumers in the United States as an organization of the foremost doctors. In addition this association maintains a Council on Pharmacy and Chemistry, a Council on Physical Therapy, and a Committee on Foods, and has its own staff of laboratory investigators. Both the Council on Pharmacy and Chemistry and the Committee on Foods have seals of acceptance. When either seal appears on the label of a product or in the advertisements of the product, it indicates the approval of the American Medical Association. Since the American Medical Association bears all the expense for investigations of products and refuses to accept any remuneration for its services, no incentive except the interest of the American public enters into its work. Manufacturers of food products accepted by the American Medical Association are permitted to advertise them as accepted by the Committee on Foods.

The American Dental Association renders the same service for dental remedies and dentrifices that the American Medical Association renders for foods. All accepted products may bear the seal of the American Dental Association on their labels. The American Dental Association

¹⁰ C. E. Wyand, The Economics of Consumption, p. 302

must approve of the advertising done by manufacturers as well as of the product produced before it will permit the use of its seal.

A noteworthy service is afforded buyers of electrical appliances, fire-protection appliances, oil and gas appliances, and automotive appliances by the laboratory tests conducted on such products by the National Board of Fire Underwriters. These laboratories are known as the Underwriters Laboratories, Inc., and are operated on a non-profit basis. Their major work consists of inspecting various materials and appliances to ascertain whether they meet minimum standard requirements. Annually the board publishes a list of the materials and appliances which do comply with these requirements. Any product complying may, and usually will, bear the label of an underwriter's laboratory; this label will serve the consumer-buyer as a guide in getting a product that at least meets minimum requirements. All goods which have once met these requirements are frequently inspected to assure the maintenance of the characteristics of the originally inspected units.

The American Association of University Women has tried to stimulate consumer interest among its members through its study groups. This association has no testing facilities, but it has done a commendable piece of work in disseminating existing information among its members.

Magazines and newspapers have been performing an untold amount of service for consumer-buyers by maintaining

testing laboratories and consultation services. These organizations deal chiefly with products advertised in their periodicals. The purpose of these organizations is to ensure truthful advertising, and to encourage the respect of the readers for these periodicals. The consumer must bear in mind that the testing and the approval of products by such agencies is probably not to be relied upon to the same degree as tests made by independent, unbiased organizations; but, nevertheless, they have helped wonderfully to eliminate extravagant advertising claims.

The following are some of the laboratories and services maintained by the publishers of national periodicals as listed by Shields and Wilson:

Good Housekeeping Institute
Household Searchlight
McCall's How-to-Buy Service
Parents' Magazine Consumer Service Bureau
Physical Culture Institute of Nutrition
Crowell Publishing Company¹¹

Since 1909 the Good Housekeeping magazine has operated its testing bureau. This bureau came about as the result of consumer requests for aid in buying. The magazine not only publishes articles on the results of tests, and answers many personal inquiries concerning buying problems, but it also affixes its Seal of Approval to all goods tested and recommended by its laboratories. It is through this Seal of Approval that most consumers are influenced by Good Housekeeping.

¹¹ H. G. Shields and W. H. Wilson, Consumer Economic Problems, p. 548

Each issue of the magazine carries the publisher's advertised guarantee which says in part:

"If you purchase any product advertised in this issue of Good Housekeeping within one year from its date and find the product unsatisfactory, we will carefully investigate your complaint. If the product is defective, it will be replaced or your money refunded.... Good Housekeeping, further, examines every advertisement offered to it for publication and makes every effort to assure itself that essential claims are justified."¹²

The Good Housekeeping Seal of Approval does not give the consumer the same assurance of a good product as does the seal of some other organizations, because no effort is made in the Good Housekeeping laboratories to grade the tested products. For this reason, many refrigerators or radios may bear the Seal of Approval, but the consumer-buyer has no way of knowing which radio or refrigerator is the best. Charles S. Wyand makes the reason for this very clear in the following statement:

It is, of course, inevitable that the interests of Good Housekeeping should be divided between its advertisers and its readers. Insofar as it can serve the latter without antagonizing the former, the consumer benefits. But no magazine can survive without advertisers any more than it can survive without subscribers.¹³

The Parents' Magazine conducts an Advisory Service to readers of its magazine. This service is valuable to consumers because the members of the Advisory Service committees critically evaluate current books, motion pictures, children's clothing, children's toys, and children's

12 C. E. Wyand, The Economics of Consumption, p. 321

13 Ibid., p. 322

food. According to its statement of policy, this magazine "Aims to present in addition to interesting, practical articles, a veritable directory of useful products made by responsible manufacturers."¹⁴

The Ladies Home Journal maintains a series of departments devoted to preparing articles and leaflets presenting their findings. These departments mention no specific articles in their findings and recommendations, but merely express their own opinions about using products in general. Rather than telling their readers which products test best, it seems to be their purpose to provide standards for them to apply in their shopping.

Charles S. Wyand very ably sums up magazine testing services in the following paragraph:

The weakness of all magazine services is here apparent. It is virtually impossible to make "skillful buyers" of consumers of the myriad items used in the average household without first supplying them with a degree of technical information that no one person could hope to acquire in a normal lifetime. The complexity of modern products therefore renders useless all generalized discussions on the subject of intelligent buying particularly since no reliable standards are available for the consumer's guidance. To tell the buyer to "support quality" in the purchase of a product so complex as a modern motor car may be good advice, but it fails entirely to indicate How the consumer is to judge quality or Whose product is of sufficiently high quality to warrant support. The consumer simply cannot know enough about automobiles, toothpaste, silk stockings, electric refrigerators, clothing fabrics, and building supplies to follow, with any hope of success, the many magazine articles which "try to coach him on becoming a more skillful buyer instead of telling him what to buy." In this

¹⁴ Ibid., p. 324

age of specification, the buyer needs the help of specialists whose technical knowledge will be used to determine the relative quality of specific brands. To be a skillful buyer, he must be told which products are good and which are bad. Otherwise the best of intentions are wasted, for we cannot intelligently buy products we know nothing about. Until uniform and reliable quality standards are developed, and until producers are forced to grade-label their products, the only possible way any agency can help the consumer to be a better buyer is to operate its own research laboratories free from industrial influence, and to publish its findings in terms of the relative quality of specific brands of available goods. No magazine operated for profit could perform this function and remain long in business.¹⁵

Three rather important, private, non-profit organizations that solicit membership on a fee basis and furnish members with bulletins and buyer's guides are: Consumers' Research, Inc., Washington, New Jersey; Consumers Union, Inc., 17 Union Square West, New York, New York; and Intermountain Consumers' Service, Inc., 1016 South Clarkson Street, Denver, Colorado. These organizations were established mainly for the purpose of testing consumer's goods, collecting the results of such tests made by other agencies, and distributing to their members the information thus obtained. They are non-profit and operate on the membership fees paid in by those who subscribe to their services.

Because of the potential liability of damage suits, organizations such as these confine the dissemination of their findings to their own members. If one of these agencies were to make an error in some analysis or to

15 Ibid., p. 327

issue a misstatement with regard to a product, the general dissemination of this information to the public would be damaging to the manufacturer, and he would have a just claim against the reporting agency. When the information is furnished as a professional service, however, the only one who can complain is the subscriber.

Below is a brief history of Consumers' Research taken from Skin Deep, by M. C. Phillips:

In the summer of 1927, a book was published entitled Your Money's Worth, and written by Stuart Chase and F. J. Schlink. This book, which constituted a study in the waste of the consumer's dollar, reached a wide audience and stimulated so many readers to ask for practical and scientific advice to guide them in their purchases, that the authors were swamped with requests for information. After devoting half a year of weekends, holidays, and spare time to this correspondence, Mr. Schlink decided to expand a local consumer's club, which he had previously organized, to meet the problems of such correspondence and to obtain more data on goods. During the first year of its existence, the club acquired a membership of 565 persons. Although in its first two years it seemed at times as if the whole experiment would fail completely for lack of funds and lack of general consumer support, it was kept going by a great deal of hard work, most of which was contributed without pay by those who wished to see the plan succeed as a social and scientific experiment. The club was finally incorporated under the membership laws of the State of New York as a non-profit organization whose name henceforth was to be Consumers' Research, Inc. During a short period, it received a grant from a philanthropist interested in the consumer's problem. In December, 1929, the subscription list was approximately 5000. By July, 1934, in spite of the depression years, the subscription list had risen to 48,000 to the confidential service and 20,000 to the quarterly General Bulletin. This growth is all the more remarkable because the organization has done little or no advertising, and has only sporadically sent out circulars describing its aims and work.

Just what does Consumers' Research offer which keeps its subscription list steadily growing, almost

entirely on word of mouth recommendation? The aim of the organization is to provide a clearing house where information of importance to consumers may be assembled, edited, and promulgated; and to develop an art and a science of consumption by the use of which ultimate consumers may defend themselves against the aggressions of advertising and salesmanship.

Commodities are tested or examined in the laboratory of Consumers' Research, or by reliable commercial laboratories carefully checked and controlled by qualified technicians, engineers, agronomists, entomologists, chemists, biochemists, and other experts. The findings are set down in terms which can be understood by the layman, and products are listed by brand names in handbooks and bulletins in three categories as Recommended, Not Recommended, or Intermediate; and as high, moderate, or low in price, wherever definite price classification is feasible. The handbooks and bulletins are, for the most part, confidential, and are solely for the guidance of the particular ultimate consumer who subscribes, at a modest annual fee. They provide him with unbiased, critical, practical advice in order that he may select from the numerous brands on the market (each one claiming to be the best of its kind) the particular type, make, or brand which is best suited to his needs and to his purse. Consumers' Research operates on the theory that if there is any doubt whatever that a product may be entirely safe and free from harm or danger to the consumer, the danger should be pointed out and the burden of proof, contrary to usual business practice, put on the manufacturer and not on the potential victim of the product's use.¹⁶

Consumers' Research is now a large national organization with extensive laboratory facilities in Washington, New Jersey, and elsewhere. Consumers' Research tests products which are most widely distributed and most inquired about by those who use its services. Not only does Consumers' Research issue monthly bulletins to its subscribers on the products that have been tested, but it also issues an "Annual Cumulative Bulletin" of the

16 M. C. Phillips, Skin Deep, pp, vii-ix

yearly findings, and a "General Bulletin" which is issued quarterly and is available to anyone wishing to purchase it.

Consumers' Research formerly published "Consumers' Digest", which is not confidential and is sold on newsstands. Although it contains a list of recommended products, it does not name those that are not recommended. Today, "Consumers' Digest" is no longer published by Consumers' Research, but by a separate organization.

Helen Sorenson gives the following history of Consumers Union in The Consumer Movement:

In September, 1935, a strike occurred at Consumers' Research. Members of the staff, organized in the Technical, Editorial and Office Assistants Union affiliated with the American Federation of Labor, charged that three union members, including the president, were dismissed after making a request for formal recognition. They asked reinstatement and a minimum weekly wage of \$15 instead of \$13.13. The directors of Consumers' Research refused arbitration or mediation and after four months of bitter struggle the strike was called off. The National Labor Relations Board ordered Consumers' Research to cease and desist from refusing to bargain collectively and to offer reinstatement to the dismissed workers. Consumers' Research refused to comply. The directors believed that the strike was originated by the Communist party and certain hostile commercial interests in order to obtain control of their laboratories.

An association of Consumers' Research subscribers had been formed to help in the settlement of the strike, and they formed the nucleus for a new organization. Its object was to perform the same kind of testing and rating service for its members that Consumers' Research did for its subscribers and it adopted on the whole the same methods. The first issue of Consumers Union Reports appeared in May, 1936. Its physical appearance and setup is strikingly different from Consumers' Research Bulletins. The style is lighter and numerous photographs and cartoons are included. In interest and readability it compares with many popular magazines. Its scope, however, is not limited

to the purely technical interests of consumers. It reports on labor news and labor conditions, especially as related to conditions of organization, for the products it rates.

The fundamental aim of Consumers Union, as stated in its charter, is also in marked contrast to that of Consumers' Research: "to give information and assistance on all matters relating to the expenditure of earnings and the family income; to initiate, to co-operate with, and to aid individual and group efforts of whatever nature and description seeking to create and maintain decent living standards for ultimate consumers."¹⁷

Consumers Union rates products as best buys, acceptable, and not acceptable.

The Intermountain Consumers' Service, Inc., is a Colorado organization which operates on a subscription basis and issues the "Consumers' Buying Guide" each month on commodities and services that have been investigated by the organization. This service was organized in 1932 by Dr. S. A. Mahood, a university professor, to consider a means for making science serve more effectively the needs of humanity. He felt that the Better Business Bureaus were concerned mainly with settling "false advertising" disputes among competing firms, and gave little consideration to commodities and the interests of ultimate consumers.

Helen Sorenson says of the Intermountain Consumers' Service:

IMCS is a service which "hopes to contribute in an enlarging degree to the health, economic well-being, and happiness of ultimate consumers, whose scientific and technical counselor it is privileged to be."¹⁸

17 Helen Sorenson, The Consumer Movement, pp. 48-49

18 Ibid., p. 51

According to Ralph S. Alexander:

The relatively slow and unsatisfactory growth of these organizations probably reflects the general apathy and lack of class consciousness characteristic of consumers. They have a combined membership, in 1949, of less than 300,000 people.

The inclusion in their reports of vitriolic attacks upon advertising and various other commercial testing agencies, as well as of criticism of several other phases of the existing economic system, has probably led some people to classify them as propaganda institutions and hence to doubt the authenticity and accuracy of their commodity ratings. Their relatively small budgets have undoubtedly limited the number of articles they are able to test, and in many cases may have subtracted from the adequacy of the tests actually made. It is not improbable, however, that the most potent cause for the somewhat disappointing growth of these enterprises lies in the incidental nature of consumers' buying activities and in their lack of group consciousness, owing to the absence of homogeneity and community of primary interest among them. In time this may be remedied by properly directed propaganda and education.¹⁹

There is so much literature available for the aid of the consumer that it would be impossible and impractical for the average individual to collect and use all of it. Below are listed a few more publications on the subject which have not already been discussed:

"The American Consumer", 205 East Forty-second Street, New York City

"Better Buymanship" booklets, Household Finance Corporation, 919 North Michigan Avenue, Chicago, Illinois

"The Consumer", Consumers National Federation, 110 Morningside Drive, New York City

"Consumers' Digest", Consumers' Institute of America, Inc., Washington, New Jersey.²⁰

¹⁹ Ralph S. Alexander, Frank M. Surface, Wroe Alderson, Marketing, p. 704

²⁰ H. G. Shields and W. Harmon Wilson, Consumer Economic Problems, p. 556

The "Better Buymanship" booklets of the Household Finance Corporation do not make specific recommendations of any particular products since the corporation does not maintain testing laboratories, but their value to the consumer lies in the hints they give on the efficient purchase of such items as clothing, cosmetics, toys, meat, and kitchen utensils.

The American Home Economics Association has devoted much effort to the education and protection of the consumer by furnishing buying information pertaining to food, clothing, and health, and by encouraging suitable legislation and the use of proper standards. Both through its public school teachers and through commercially employed home economists, this association has taken much valuable information on buying into the homes of the consumers, and it has created an interest in grade labeling. It tries to promote research on this subject, although it has no laboratories of its own in which to test specific merchandise.

The American Standards Association has organized an Advisory Committee for Ultimate Consumer Goods. This committee co-operates with various interested groups, such as the American Home Economics Association and the National Retail Dry Goods Association. The purpose is to develop reliable standards and the use of grades on labels of goods sold to the ultimate consumer.²¹

21 Ibid., p. 547

The American Standards Association is an important medium through which American industry sets up nationally accepted standards. Its purpose is not to make tests, but to bring about the acceptance of standards. Its membership includes practically all the standardizing agencies, associations of manufacturers, associations of producers, private laboratories, educational organizations, and private business concerns. Anyone interested in standardization may become a member. In 1935 the American Standards Association had fifty-one member bodies interested in the establishment of standards for a wide variety of products.²²

According to Shields and Wilson:

The association is founded upon the principle that "commercial contracts transferring the ownership of commodities must be based on dimensional standards and quality specifications that are mutually satisfactory to the buyer and seller. National recognition of such standards will remove misunderstandings and expedite commercial standards." It is evident from this statement that the functions of the association are closely related to the consumer as well as to the producer.²³

Charles S. Wyand says:

A standard is developed by the conference method. When approved by 90% of the members of the association it becomes known as an "American Standard." If accepted by 75% it is a "Tentative American Standard." The use of these standards is purely voluntary. Some of the standards are merely minimums, presumably to keep off the market inferior products; others to establish grades and specifications.²⁴

22 Margaret G. Reid, Consumers and the Market, p. 400

23 H. G. Shields and W. Harmon Wilson, Consumer Economic Problems, p. 556

24 Charles S. Wyand, The Economics of Consumption, p. 309

The following two paragraphs are from Margaret G.

Reid's book, Consumers and the Market:

By January 1935, 278 standards had been approved and about 200 others were "under way."²⁵

Other technical and commercial agencies serve the direct interests of specific industries. Such groups include the American Society for Testing Materials, the Society of Automotive Engineers, the American Society of Mechanical Engineers, the American Institute of Electrical Engineers, the American Petroleum Institute, and the American Gas Association. As in the case of the A. S. A., these agencies are primarily concerned with industrial methods of testing materials and appliances. Independent corporations may have their own private laboratories for testing materials. The Bureau of Standards of Macy's Department Store in New York City conducts extensive investigations into the quality of the goods purchased by the store's buyers for retail sale. A similar service is performed by the Industrial By-Products and Research Corporation for the Gimbel Department stores. Both Sears, Roebuck and Company and Montgomery Ward and Company operate similar Bureaus. In all of these cases, the major emphasis is upon the protection of the store in its own purchases although it is true that such service can indirectly be of value to the consumer. Rarely, however, do any of these groups sell their products by specification and almost never according to established grades and standards.²⁶

Many retail associations other than those just mentioned are taking an active interest in standardization. Since retailers are more interested in selling goods than in selling brands, it seems that they should be quite influential on consumers. The National Retail Dry Goods Association is taking an active part in many standardization studies. In 1937 a voluntary program from retail associations was adopted. Taken from Reid, these proposals are:

25 Margaret G. Reid, Consumers and the Market, p. 400
26 Ibid., p. 309

(1) The further development of an extensive long-term program for the creation of merchandise standards in staple and semi-staple goods, for the purpose of protecting and assisting the consumer and eliminating waste in industry, such standards to cover grades, construction, performance, size, durability, etc.; methods of testing to ensure the foregoing; and machinery for revising these standards from time to time so that they may be kept up to date.

(2) The solicitation of the co-operation of national associations of manufacturers to assist in the initiation and development of this program of merchandise standards.

(3) As such merchandise standards are established and revised, we recommend that the endorsement of the American Standards Association be secured through the Advisory Committee on Ultimate Consumer Goods, so as to designate such approved standards as American Standards; and that when advisable, the Federal Trade Commission be requested to recognize such approved standards.

(4) The development of a universal dictionary of terms to be used in retailing to describe various types of merchandise, their characteristics, performance, grades, finish, construction, etc., so that consumers will find like merchandise in all stores described basically in the same way and be able better to judge values, uses, and limitations.

This dictionary should serve as a guide to be followed in specifying merchandise to be bought and in describing merchandise to be sold. It should be used by copy writers as a basis for advertising copy, by store personnel groups for instruction of salespeople in merchandise information, by testing laboratories in reporting on merchandise examined, and by manufacturers in describing merchandise for sale. A special edition, expressed in simple, non-technical language, should be issued for the use of consumers.

(5) The development of an extensive, practical program of informative labeling of merchandise to serve as buying guides to consumers, including grade labeling in the case of staple merchandise.

(6) The development of a constructive program of factual publicity which will go far toward eliminating representations in regard to merchandise which are exaggerated, misleading, inaccurate, or inadequate, substituting therefor a constructive program

of adequate, factual presentation of merchandise through all types of advertising, labels, signs, and statements of sales clerks. This program should provide for clear and concise statements of fiber and other content, construction, durability, and serviceability, where such information is of importance to consumers in enabling them to judge better intrinsic value and usability.

(7) Valid certification. The establishment of a basis for sound technical investigation and a standard procedure to be followed by retailer, manufacturer, and advertiser when certifying commodities to the public, including publicity of the methods of testing and rating used as a basis for such certification.

To assist in carrying out the program, a National Consumer-Retailer Relations Council was established. Eligible for membership in this council are (1) national associations of consumers which include consumer education in their program and (2) national associations of retailers. (The American Home Economics Association is a member.)²⁷

The United States Bureau of Standards lends assistance to any industry wishing to establish standards for its products, but the only means of enforcing these standards is through the trade associations of industry seeing that those who sign the agreements fulfill their terms.

The Bureau of Standards was set up by legislative enactment in 1901. It was placed under the control of the Secretary of Commerce, but it has always functioned with a considerable degree of independence. Its original duties were the erection of suitable scientific standards for weights and measures.

Today the Bureau is a large, complex, and exceedingly important institution; one of the nerve centers of the

²⁷ Margaret G. Reid, Consumers and the Market, pp. 402-403

federal government machinery. Despite the tremendous pressure which must be brought to bear from time to time, it retains doggedly its tradition of scientific impartiality. It provides a refuge where research is not continually hounded by the urge for "results" in terms of business profit.

The Bureau boasts some of the most delicate and powerful testing equipment ever built.

In the following two paragraphs Schlink says:

The Bureau develops practical as well as theoretical knowledge, which makes its opinion covering certain classes of goods the most valuable that can be obtained anywhere. Two engineers on the Bureau's staff know more about the performance of the various automobile tires on the market than anyone in the tire industry.²⁸

What the manufacturing industries think of the reliability and practical value of the Bureau's work may be judged by the fact that 65 research associates have been stationed there, representing both individual firms and trade and technical associations.²⁹

The results of all tests run by the Bureau of Standards are available to business, but not to the ultimate consumer, because such disclosures might injure the business of the producers of low quality products.

The question again comes to mind, "What can be done to help the consumer obtain the best for his purposes for the least expenditure of his income?" This protection can best be provided by standardization of products; by

²⁸ Stuart Chase and F. J. Schlink, Your Money's Worth, p. 200

²⁹ Ibid., p. 201

buying to specifications, and by being familiar with the results of impartial laboratory tests. Although a number of large industrial concerns have conducted laboratory tests and experiments since early in the century, and some of the governmental agencies conduct laboratory tests on goods the government wishes to purchase, these test results are not made available to the consumers. This is a sad state of affairs, because the consumer is really the one who pays the bill for all this research.

According to F. J. Schlink:

A scientist long on the staff of the Bureau of Standards estimates that for the two millions spent annually in testing and research, a saving of at least a billion dollars a year would follow the release of the information to the public at large.³⁰

Quoting again from Schlink:

Why precisely does this technique make for savings; what wastes does it eliminate? When goods are bought to specification, quality is set, and such grades as are needed, scientifically defined. The buyer knows exactly what he is getting; the manufacturer knows exactly what he has to produce. Competition must then descend from the cloudy heights of sales appeals and mysticism generally, to just one factor--price. Who can meet the specification at the lowest price? Quality being predetermined, there is no longer any argument as to who furnishes the "best" product--there isn't any best or worst to furnish except as the product may be better than the required minimum. And down the trapdoor goes all the advertising and all the salesmanship which falls under the general head of persuasion. Down goes the distribution overhead, and with it the cost of the delivered article.³¹

If all manufacturers produced their goods according to specifications, competition would drop out of the

30 Ibid., p. 65

31 Ibid., p. 66

picture and consequently the goods would be sold much more reasonably to the consumer. With competition out, the manufacturer would no longer have to spend large sums advertising his particular product either by fancy packaging or by magazines, so the price to the ultimate consumer would take still a larger drop. As important as the price, too, is the fact that the consumer would be in a position then to buy for a specific purpose. He no longer would have to protect himself by paying the highest price because of the fear that cheaper goods would be adulterated.

F. J. Schlink says:

The Bureau of Standards saves the Federal Government in the neighborhood of \$100,000,000 a year on purchases of supplies and equipment. But it has also made great savings for private industry, as well as for the consumer at large. For instance: As a result of its work on builders' hardware, 100 non-standard finishes have been cut to 25, saving the industry \$10,000,000 a year. Following work for the petroleum and automobile industries, \$100,000,000 annually has been reclaimed from the crude oil supply in the form of additional gasoline. Gasoline saved through increased use of cord tires--which require on the average one horsepower less per car, and whose superior efficiency was first definitely shown by the Bureau--amounts to no less than \$40,000,000 a year. On automobile tires, brakes, and fuel alone, the total waste eliminated by the Bureau's work is placed at \$155,000,000 annually. In eleven years of track scale testing, the percentage of acceptable scales has been raised from 38 to 62 per cent. One piece of research on the hardening of concrete saved \$500 a day on a single construction contract. From the general use of a new type of natural gas burner--four times as efficient as the burner now in common use--\$250,000 a day can be saved, while the consumption of natural gas in homes can be cut to one-third of the present volume.³²

For many years manufacturers were making automobiles without regard to fuels and oils, while refiners were producing fuels and oils without regard to the automobiles that were consuming these products. In other words, the petroleum companies were furnishing fuels that were not economical for the type of engine that was being used in automobiles. Representatives of the two industries finally helped finance a research project through the co-operation of the Bureau of Standards. The result was that better gasoline was produced for the automobile used by the consumer. Estimates indicate that \$100,000,000 a year have been saved in gasoline as a result of this particular study.³³

According to Shields and Wilson:

An outgrowth of standardization has been the use of identifying labels. The use of such labels is entirely voluntary. Although it may be promoted by manufacturers' associations, it has been the direct outgrowth of the activities of the National Bureau of Standards. The labels are self-identifying and represent a guarantee of quality. The values that accrue to the consumer are as follows:

- (a) To identify a product that has been manufactured under recognized standards
- (b) To give the "over-the-counter" buyer the same advantages as large-quantity buyers, who have their own laboratories and trained purchasing staffs
- (c) To encourage other producers to comply with these specifications and standards³⁴

The following classes of testing activity are within the scope of the National Bureau of Standards, but are subject to the judgment of the director:

- (a) Fundamental tests for the National Government and state governments, or such tests to aid science, industry, or the general public
- (b) Routine tests including the certification of weights, measures, materials, and devices, provided the work does not compete with that of commercial laboratories
- (c) Referee tests or investigations to settle disputes when private laboratories are unable to agree

33 H. G. Shields and W. Harmon Wilson, Consumer Economic Problems, p. 525

34 Ibid., p. 525

- (d) Co-operative tests, the results of which are desired by the Bureau in co-operating with agencies

Under the policies of the Bureau the following tests are not permissible:

- (a) Investigations of secret processes
- (b) Tests of inadequately described materials
- (c) Assays, analyses, and tests of methods already standard, for which private laboratories are equipped
- (d) Unnecessary tests that cause duplication of work
- (e) Tests that have as their primary object sales promotion³⁵

The Federal Trade Commission was established in 1914 in Congress to prevent unfair trade practices, unfair competition, and to make investigations regarding violations of the anti-trust laws. The activities of the Commission in correcting and eliminating unfair practices include the investigation and action taken in individual cases; special investigations and correction of false and misleading advertising which is published or broadcast; and the direction of trade-practice conferences.

It is the job of the Federal Trade Commission to issue cease and desist orders against offenders, but its real function is to serve the interests of competitive enterprise. The Federal Trade Commission never steps in of its own accord, but only when somebody protests-- almost always a competitor. On the filing of a bona fide complaint, the Commission resolves itself into a sort of court. Having no laboratories of its own, it usually

³⁵ Ibid., p. 523

turns to the Bureau of Standards. The activities of the Federal Trade Commission will be discussed more fully in the chapter on Achievements for Grade Labeling.

None of the agencies or organizations discussed in this chapter have established an effective set of standards for the consumer to use in purchasing quality merchandise, but workable standards for industrial materials have been formulated and used effectively. If given funds, an adequate personnel, and a few years time, there is no apparent reason why such standards cannot be devised for consumers' goods. The value of such standards to the consumer in partially eliminating misleading commercial tactics and in developing maximum efficiency in the use of income would be undeniable.

CHAPTER IV

ACHIEVEMENTS FOR GRADE LABELING

The result of all the activity which has been carried on by women's clubs, departments of the federal government, public and private testing laboratories, and trade associations representing numerous industries is that today the consumer-buyer is in a much better position to purchase the goods which will best fill his needs than he was in 1908, when the American Home Economics Association held its first convention.

Through the educational efforts of the American Home Economics Association and the Bureau of Human Nutrition and Home Economics, many thousands of girls and women have been taught to discern the best buys, even in goods which have not had the benefit of grade labeling. But, more important, they have had a part in promoting legislation for grade labeling, and have learned to read intelligently the available labels, and to make the best buys possible from them.

As is agreed by all authorities on labeling, no one person in a lifetime could become qualified to determine the best buys in all merchandise by the use of the unaided senses. Grade labeling based on tests is a necessity. Both the information given on the label and its form and position are important. Ideally, the label should provide all important facts about the product which cannot

readily be determined in the store from inspection, or by other simple means. Insofar as possible, all descriptive terms used should be non-technical and self-explanatory. The terms used should be uniform for all sellers. Only facts important to consumers in evaluating goods, in using them, or in caring for them should appear on the label. No statements or omissions likely to mislead should be permitted. Furthermore, major facts should be so placed as to command attention.

If quality labeling were practiced on all products, there can be little doubt that the purchasing of some particular types of goods would be greatly reduced. When the consumers learned that some products, such as many proprietary medicines, fell far short of their expectations, there is no doubt that the sales of these products would decline. If consumers could, with a smaller sum, purchase the necessary goods, they might save a larger proportion of their incomes and thus increase funds available for investment. On the other hand, they might be able to increase other purchases, thereby enjoying a higher scale of living. No one can deny that blind buying costs a great deal, not only to the individual consumer, but also to the nation, because of the waste that results.

To the extent that standard labeling would make consumers better informed, selling practices would likely change and competition be put on a different basis.

Selling would be less a battle of reputation and fictitious quality, and more a matter of true quality in terms of price. There would be a greater tendency than now exists to sell identical goods at the same price. With more information on labels, consumers would be less influenced by mere appeals in advertising, and advertising would tend to become more informative.

Margaret G. Reid says that providing more information about quality involves three basic steps as follows:

- (1) Establishing more or less permanent standards in terms of which qualities can be described,
- (2) Developing means of measuring qualities, and
- (3) Bringing the standardized terms into general use.¹

Probably the chief reason why not all commodities are sold with factual information printed on their labels is that the proportion of consumers who are ready to make full use of the information is too small. To make standards effective, the education of the consumer-buyers is essential. In the present situation, consumers occupy an important position in the promotion of standards; and perhaps the most essential problem of education today is to change the attitude of consumer-buyers from acceptance of the present situation to one demanding more adequate guides to selection. Educating consumers to use standards will consist of making known to the consumers the availability of goods described in terms of standards, of letting them know where these goods may be obtained and how they may be

¹ Margaret G. Reid, Consumers and the Market, p. 375

recognized, and in teaching the buyer to interpret the information provided in order that the standards may be used most advantageously.

Some sellers still resist having factual information on labels, but this resistance comes mainly from those with distinctly inferior products, and from those of superior products who, through advertising or other means, have managed to establish a prestige for their products which nets them a profit likely to be lowered if quality comparisons were possible.

No little opposition comes, also, from advertising agencies and the publishers of periodicals, who fear that their services will be less important if informative labeling is provided.

At the first meeting of the American Home Economics Association in 1908, Helen Sorenson says that one of the members made the following statement:

"We pay money for goods, and we know not what we get.....I have found a great necessity for textile standards."²

A standard may be thought of as an established measure; something to strive toward, a model of comparison, a means by which one thing may be compared with another. Standardization is the process of establishing and conforming to a standard. Since that early date, the American Home Economics Association has been concerned over the develop-

2 Helen Sorenson, The Consumer Movement, p. 65

ment of standards, grades, specifications, and simplified practice rules for consumer's goods.

In 1918 the textile division of the American Home Economics Association, with the help of the associations of manufacturers, jobbers, and retailers, launched a definite program to bring on the market staple fabrics labeled with quality specifications. Sorenson says:

A committee was set up by the textile section to secure the co-operation of industry, to educate consumers to insure intelligent use of standards, and to provide the necessary research for testing fabrics.³

By 1934 industry was co-operating with interested clubwomen to such an extent that local merchants in Cincinnati agreed to give, on all sheets offered in their stores during "white-goods sales", the specifications recommended by Miss Rosemond Cook's committee.⁴

Through the work of the American Standards Association governing the fiber content on wool and part wool blankets, so much commercial attention was attracted that the Chat-ham Company introduced a "specification" blanket.⁵

In Virginia the state committee on standardization listed all the manufacturers in the state, and let each one know that the consumers of Virginia were interested in seeing informative labels on Virginia products. Similar projects have been carried on in Texas, Mississippi,

3 Ibid., p. 66

4 Ibid., p. 66

5 Ibid., p. 66

Michigan, and Minnesota.⁶

Consumer groups from 1908 to 1940 rather clearly established certain definite objectives, such as, more factual selling based on standards, grades, and labels; freedom to educate themselves for the independent determination and expression of their wants; and the representation of the consumer's viewpoint in the formulation of public policy. Helen Sorenson says:

Two clear-cut patterns in the marketing of consumer goods have emerged in the past two decades. A struggle between what is sometimes referred to as a "manager-dominated marketing" and a "retailer-dominated marketing" is going on.⁷

One purpose of the consumer movement seems to be to bring about an expansion of the activities of the federal government in this direction. In its relations with the government, the consumer movement has endeavored to prevent the enactment of legislation that is against the interests of consumers, and has sought to induce the enactment of legislation designed to protect consumers against the activities of unscrupulous sellers.

Federal, state, and municipal governments are the principal agencies invested with authority to develop, establish, and enforce the use of standards. Close cooperation usually exists between industry and the government, since members of industry or representatives of trade associations are called upon to give advice to

6 Ibid., p. 66

7 Ibid., p. 154

governmental officials. The Bureau of Standards of the Department of Commerce co-operates with the different manufacturing industries, while various divisions of the Bureau of Agricultural Economics work closely with the agricultural industry. The Bureau of Human Nutrition and Home Economics interests itself particularly in standardization projects in which the household buyer is concerned. Numerous advantages are gained by the participation of governmental agencies in the standardization process. These agencies insure impartiality, since they do not consider the interests of one group in preference to those of others concerned.

It has been proposed that the Bureau of Standards, or some similar arm of the government, be charged with the tasks of testing the quality of brands of consumer's goods offered on the market, and of publishing to prospective users the results of such tests. It is also urged that the federal government require that all commodities which can be sold under grade labels be sold in such a manner. Many have urged that the government establish a Department of Consumption or a Department of Consumer Welfare, which might be charged with the task of representing consumers in all governmental affairs, conducting campaigns for their education, promoting their organization into mutually beneficial groups, conducting research in their interest, collecting and disseminating information of value to them, and engaging in other activities designed to promote their welfare.

Many retail stores today operate "consumer relations divisions." Since 1937 this work has been centralized in the National Consumer-Retailer Council, which is designed primarily to promote the use of informative labeling, uniform terminology, and standards in selling consumer goods. The National Consumer-Retailer Council also encourages truthful and informative advertising and salesmanship, and discourages customer abuses of retail services. It tries to foster co-operation between stores and local consumer organizations. According to Helen Sorenson:

The council was developed out of the work of the Advisory Committee on Ultimate Consumer Goods of the American Standards Association. The American Standards Association had since 1928 included the American Home Economics Association in its membership and had taken part in various standards projects of interest to the ultimate consumer. The growing strength of the consumer movement led to the establishment in 1936 of an Advisory Committee on Ultimate Consumer Goods to promote further the work on consumer standards. Household consumers are represented on this committee by the American Home Economics Association, the American Association of University Women, the General Federation of Women's Clubs, the National League of Women Voters, Consumers Union, and institutional, commercial, and government buyers through the National Association of Purchasing Agents. Retailers are represented through the National Retail Dry Goods Association, and by merchandising executives and technical advisers from larger stores. The federal government participates through five agencies: the Bureau of Human Nutrition and Home Economics, the Bureau of Foreign and Domestic Commerce, the National Bureau of Standards, the Retail Price Division of the Bureau of Labor Statistics, and the Consumers' Project of the Agricultural Adjustment Administration. In addition to the above groups, the American Association of Textile Chemists and Colorists and the American Society of Testing Materials have accepted invitations to membership in this committee. Manufacturers are not represented on the Advisory Committee, for manufacturing groups in the consumer field are so numerous and so diverse that it would

be difficult to get adequate representation in a committee small enough to work effectively. Manufacturers are, however, represented on committees that do the actual work of drafting standards.⁸

The basic purposes of the National Consumer-Retailer Council are educational. Quoting from Helen Sorenson, its objectives as revised in June, 1940, are:

- (a) To educate consumers, distributors, manufacturers, and the general public with respect to the value and use of adequate standards for consumer goods and the value and use of uniform terminology in describing consumer goods.
- (b) To promote the general use of informative labeling and to educate consumers, distributors, manufacturers, and the general public with respect to the use thereof.
- (c) To promote the use of thorough and factual information in advertising and to educate distributors and manufacturers with respect to the use thereof.
- (d) To promote informative salesmanship and to educate distributors and manufacturers with respect thereto.
- (e) To develop and promote the use of suggested codes of ethics for both retailers and consumers.
- (f) To encourage practices which will tend to reduce abuses of such privileges as customer accounts, returning goods and deliveries, and to educate consumers, distributors, and the general public with respect to the benefits to be derived from such co-operation.⁹

The American Association of Advertising Agencies sponsors the Committee on Consumer Relations in Advertising to act as a liaison agency between the advertising fraternities and the leaders of the consumer movement in the promotion of mutual understanding.

Such large firms as Sears, Roebuck and Company, J.C. Penney's, Montgomery Ward and Company, R. H. Macy's, and

⁸ Helen Sorenson, The Consumer Movement, pp. 183-184

⁹ Ibid., p. 188

the Great Atlantic and Pacific Tea Company have led the way in telling the manufacturers what they want, instead of buying what the manufacturers produce. Consumer demands for information and standards have helped large retailers in promoting their own private brands, and in putting them in competition with well advertised brands. These large retailers, who stand to profit on their private brands, welcome and encourage the consumer's demands for facts, whereas manufacturers of widely advertised products have resented the consumer's interest. These manufacturers who advertise widely have tried to counteract the demand for information by insisting that consumers do not really want it, and that there is no need for it. They have spent many thousands of dollars in promoting trade-marks through advertising, and they would tend to lose the prestige they have built up over a period of many years if they were forced to substitute informative labeling for their trade-marks. These trade-marks are merely special devices, a visible sign, symbol, or name used by the manufacturer of goods to identify them to the consumer-buyer. Goods bearing trade-marks are sometimes considered superior to those on which trade-marks have not been placed. This reasoning would seem logical, since it is assumed that when producers identify goods they are under obligation to give satisfaction, or consumers will not repeat purchases, and sales will decline. However, this assumption cannot be relied upon to any great

degree, as there is no data available to prove that trade-marked goods are superior to those not so identified. Nevertheless, in the absence of other guides to selection, consumers will almost always choose goods they have heard of in preference to the unfamiliar; therefore, they choose those goods most widely advertised.

Now back to some of the large retail establishments in our country which have taken informative labeling into their own hands, and tried to do the consumer a real service. In 1936, Gimbel Brothers, a large department store in Philadelphia which appeals mostly to customers of the middle income bracket, established a research department to work out a consumer relations program by giving informative labeling and complete testing reports to the public. These testing reports were available to any customers who desired more information than was on the labels. By 1938, Gimbel Brothers was selling over four hundred tested items.

When Gimbel Brothers was ready to put its testing and labeling scheme into effect, a luncheon was held and numerous consumer representatives were guests. About one hundred fifty women from clubs, colleges, and consumer groups were told about the new program.

The store, in collaboration with the Chamber of Commerce, also took an active part in the formation of a local consumer relations group. Helen Sorenson says:

This program is of special interest because it is an example of how a particular store placed its

entire organization and its merchandising policy in line with a new appreciation of the importance of the consumer movement.¹⁰

Another Pennsylvania store which adopted a program of consumer-retailer relations was the William F. Gamble Company of Altoona. The Gamble Company offered the store's facilities to both high school and college students for instruction in store selling, buying, and management. The store itself adopted a program of informative selling.

One of the most outstanding examples of a long-time successful consumer relations program is that of Sears, Roebuck and Company. For over thirty years it has operated its own testing laboratories. Since 1930, Sears' educational division has been developing educational exhibits for use in home economics classes and in programs for women's clubs. Both from the standpoint of the store-buyer and the consumer-buyer, Sears' testing program is basic. In order to stand behind its mail-order guarantee of "satisfaction, or your money back", Sears has to know in advance that its merchandise is what it is represented to be in the catalogs. In 1940 Sears introduced "Infotags", a new series of informative tags to appear on merchandise. According to Sorenson:

The tag tries to give all the information about materials and workmanship which the consumer might want to know--such as thread count, breaking strength, weight, facts about selvages, sizing and hemstitching, for sheets. In addition, the tags indicate the

10 Ibid., p. 192

reasons for price differences among different qualities of the same product.¹¹

Sears not only attaches Infotags to its merchandise, but all of the salespeople of Sears are trained to use these tags for the purpose of giving the proper information about the merchandise.

The R. H. Macy's department store in New York uses a consumer testing laboratory for both buying and selling of some of its stock. On all merchandise which Macy's has tested and approved, a "Red Star" label is used. The qualities for which the product has been tested are indicated on this label. Cloth is put through a fadeometer to check the sunfastness of the dye; a sample of this same cloth is laundered to check colorfastness and shrinkage. The fabric is then analyzed under a microscope or by chemical tests, and the tensile strength of the cloth is tested to establish the breaking strength. If cloth is supposed to be rainproof, water is poured over it to see if it meets specifications. The labels attached to cloth at Macy's bear not only the above information, but also information as to its proper use and care.¹²

Sorenson says:

Customers who are educated to know real values and have enough information available to take advantage of their knowledge will seek out the most

¹¹ Ibid., p. 193

¹² National Education Association, Department of National Association of Secondary-School Principals, Using Standards and Labels, pp. 72-73

efficient merchants. Distributors such as Sears, Roebuck and Company's mail-order house, and Macy's Department Store in New York find that through informative labeling and grading, they can counteract the appeal of nationally advertised brands and increase the acceptance of their private brands.¹³

Another agency helping to promote more and better labeling is the Better Fabrics Testing Bureau. This bureau was originally established by the National Retail Dry Goods Association, but is now independent and works on a fee basis. The Better Fabrics Testing Bureau specializes in textiles. According to the N. E. A. bulletin, "Using Standards and Labels":

It can really give a piece of cloth "the works"--and in 1944 was doing so for about 800 samples a week. Here comes a sample of printed dress goods, several square feet of it. Sections are stamped out, each for a specific purpose. All are given a key number. Then one goes to a fadeometer for sun-fastness of dye, another to the laundry to test fading. The dye is tested in still another way: in solutions simulating alkaline and acid perspiration, in a nitrous oxide gas for resistance to fumes, on a rubbing machine for "crocking." Other samples are examined microscopically and chemically for fiber content. The twist of the thread and the thread count are noted. Tensile strength is measured on a standard machine. Wearing qualities are studied in an abrasion device. Shrinkage is calculated, and perhaps ability to be stretched back into shape. If a fabric is designed for rain or wind resistance, these qualities are studied on devices that pour on water or blow air through it under standardized conditions. If it is supposed to be moth proof, moth larvae are turned loose on a sample to see how they like it. Rugs, parachute cloth, and other special fabrics are given their own kinds of tests.

At the finish the Bureau has a great array of data. From long experience it can rate a fabric or dye "good," "fair," or "poor" on various characteristics. The report goes back to the manu-

¹³ Helen Sorenson, The Consumer Movement, p. 11

facturer. If the goods are satisfactory for the purpose for which they are to be used they are eligible for the Bureau's seals; one of which applies only to color, the other more generally.¹⁴

The American Institute of Laundering at Joliet, Illinois, renders a valuable service to cloth manufacturers if they desire to take advantage of the services. This association was organized to test the cloth in garments for color fastness, shrinkage, crocking, and any other qualities for which laundrymen have had to suffer losses to customers, because their clothes were ruined in the process of laundering.

Any clothing meeting the rigid standards set by the American Institute of Laundering may have the label bearing the institute's seal of approval attached. The institute will test cloth or clothing for any manufacturer who submits samples and enters into a year's contract with the institution agreeing to observe certain rules. At intervals during the year, more samples are tested; and if they are consistently satisfactory, the said manufacturer may use the seal of approval of the American Institute of Laundering both on its clothes and in its advertising. Many manufacturers do not have space in their garments to put this seal; they use the service merely to assure themselves of the quality of their merchandise.

¹⁴ National Education Association, Department of National Association of Secondary-School Principals, Using Standards and Labels, pp. 80-81

The information which follows is from Jessie V.

Coles:

The Federal Trade Commission was established by Congress in 1914 for the following purposes: (1) preventing unfair methods of competition in interstate commerce; (2) making investigations at the request of Congress, the President, the Attorney General, or upon its own initiative; and (3) reporting facts regarding the alleged violation of the anti-trust laws.¹⁵

In 1936 the commission submitted the following list of unfair trade practices in its "Annual Report."

1. False and misleading advertising.
2. Misbranding as to:
 - a. Composition.
 - b. Quality and purity.
 - c. Origin and source
 - d. History or nature of manufacture.
3. Simulation of another's trade name.
4. Sale of rebuilt, second-hand, renovated, or old products as new.
5. Merchandise schemes based on lottery or chance.
6. Maintaining resale prices.¹⁶
7. Combinations to enhance, maintain, or bring about substantial uniformity of prices.
8. Schemes to mislead and deceive purchasers as to prices;
 - a. Falsely representing usual prices as special prices.
 - b. Use of pretended exaggerated prices upon goods intended to be sold as bargains.
 - c. Use of "free" goods.
9. Imitation of standard containers and packages.
10. Alleged endorsement by government or by nationally known business organizations.
11. Alleged endorsement by noted persons.
12. Misrepresentation of trade status.
13. Obtaining by deceit prospective purchasers' signatures to contracts.
14. Use of misleading names.
15. Giving products special merit through misrepresenting scientific tests or history or circumstances of manufacture.¹⁷

¹⁵ Jessie V. Coles, Consumer-Buyer and the Market, p. 476

¹⁶ An act was passed in 1937 making resale price maintenance legal in transactions between those states in which laws legalizing it in state trade have been passed.

¹⁷ Jessie V. Coles, Consumer-Buyer and the Market, pp. 479-480

The Federal Trade Commission investigates complaints against offenders and issues cease and desist orders if it deems necessary. It not only prevents unfair competition in this way, but also attempts to raise standards of business ethics through trade practice conferences. In co-operation with the commission, members of an industry collectively formulate and agree upon rules which provide for the abandonment of unfair practices in their industries. This voluntary elimination of unfair trade practices seems to be more effective and much less expensive to the government than forced elimination.

Before a trade practice conference is held, an application from a sufficiently large portion of the industry represented must be approved by the Federal Trade Commission. If the application is approved, an effort is made to have a large representation. At this conference, rules for preventing unfair trade practices are drawn up and approved.

As a result of rules approved by these trade practice conferences, over one hundred fifty industries now have sets of rules on unfair trade practices to guide them. Among these one hundred fifty industries, Coles lists the following which are of special interest to the consumer-buyer:

all-cotton wash goods, castile soap, edible oils, feather and down products, furs, groceries, household furniture and furnishings, insecticides and disinfectants, jewelry, knitted outer-wear and underwear, public seating, rebuilt typewriters, shirting fabrics, silk weighting, upholstery textiles, wallpaper, watch cases, woven furniture. In 1937 trade practice rules

were adopted for disclosing rayon content of products made entirely of rayon or with rayon content. Rules involving labels of wool products, weighted silks, and furs were under discussion in 1937, and the early months of 1938.¹⁸

Until the Federal Trade Commission Act was amended in March, 1938 by the Wheeler-Lea Act, the commission did not have very broad powers for enforcing its regulations. Before 1938 almost no action could be brought against a company unless it could be proved that it was practicing unfair competition, but since the passage of the Wheeler-Lea Act, the commission does not need to prove that unfair competition exists to issue cease and desist orders.

Over a period of fifty years or more, there have been a number of laws passed regarding foods and drugs. These include the following as listed by Coles:

Food and Drugs Acts of 1906 and 1938
 Wheeler-Lea Act of 1938
 Meat Inspection Act of 1906
 Tea Act of 1897
 Insecticide and Fungicide Act of 1910
 Import Milk Act of 1927
 Caustic Poison Act of 1927
 Oleomargarine, Adulterated and Process Butter Acts,
 1886 to 1933
 Filled Milk Act of 1921
 Filled Cheese Act of 1896
 Mixed Flour Act of 1898 (1902)¹⁹

Of these the Food and Drugs Act has had the most far reaching influence. Between 1879 and 1906, one hundred ninety measures were introduced into the United States

18 Ibid., p. 488

19 Ibid., p. 495

Congress which were designed in some way to protect the consumer of food and drugs.²⁰ Propaganda exposing practices of the food and drug industries helped to arouse public opinion. Women's clubs as well as members of different departments of the government were active in campaigning for legislation to aid the consumers. Supporters of such measures were finally successful on June 30, 1906, in getting passed the Food and Drugs Act which was to prevent the manufacture, sale, or transportation of adulterated, misbranded, poisonous or deleterious foods, drugs, medicines, and liquors.²¹

In 1912 the Sherley amendment was added, which declared that a drug should be considered misbranded if the package or label should bear any false or fraudulent statement, design, or device regarding curative or therapeutic effect of such articles or any of the ingredients of substances contained therein.²²

In 1913, the net weight amendment was added, requiring that all food in packages should be labeled to show quantity in terms of weight, measure, or numerical count.²³

The United States Standard Container Acts of 1916 and 1928 established mandatory capacity standards for commonly used fruit and vegetable containers.²⁴

20 Ibid., p. 496

21 Ibid., p. 497

22 Ibid., p. 497

23 Ibid., p. 497

24 Charles S. Wyand, The Economics of Conspicuous

The Food and Drugs Act of 1906 was intended to protect the public health and promote fair competition by protecting honest producers. Coles summarizes this act as follows:

A food was said to be adulterated:

(1) If any substance has been mixed or packed with it so as to reduce or lower or injuriously affect its quality or strength.

(2) If any substance has been substituted wholly or in part for the article.

(3) If any valuable constituent has been wholly or in part abstracted.

(4) If it is mixed, colored, powdered, coated, or stained in a manner whereby damage or inferiority is concealed.

(5) If it contains any poisonous or other added deleterious ingredient which may render it injurious to health.

(6) If it consists in whole or in part of a filthy, decomposed, or putrid animal or vegetable substance, or any portion of an animal unfit for food.²⁵

A food was said to be misbranded:

(1) If it is an imitation of or offered for sale under the distinctive name of another article.

(2) If it is labeled or branded so as to deceive purchaser or purport to be a foreign product when not so.

(3) If the contents of package as originally put up are removed in whole or in part and other contents placed in the package.

(4) If it fails to bear on the label a statement of the quantity or proportion of certain narcotics or habit-forming drugs.

(5) If when sold in package form it fails to bear a correct statement of quantity plainly and conspicuously marked on the outside of the package in terms of weight, measure, numerical count.

(Certain exceptions are made for very small packages.)

(6) If a package containing it or its label bears any misleading or false statement, design, or device regarding the ingredients or substance.

²⁵ Jessie V. Coles, Consumer-Buyer and the Market, pp. 497-498

(7) If a compound, imitation, or blend is not so labeled.

(8) If a label on canned foods (except meat and milk) does not indicate that it falls below the standard of quality, condition, and fill of container established by Secretary of Agriculture. (Such standards have been set up for canned tomatoes, peas, dried peas, corn, peaches, pears, and apricots.)²⁶

A drug was considered adulterated:

(1) If when sold under or by a name recognized in the United States Pharmacopoeia or National Formulary, it differs from the standard of strength, quality, or purity as determined by the tests laid down in these sources, unless the standard of strength, quality, or purity is plainly stated on the label.

(2) If strength or purity falls below the professed standard or quality under which it is sold.

A drug was considered misbranded:

(1) If it is an imitation of or offered for sale under the name of another article.

(2) If the contents of the package as originally put up shall have been removed in whole or in part and other contents shall have been placed in such package.

(3) If the package fails to bear a statement on the label of the quantity or proportion of certain drugs.

(4) If false and fraudulent curative claims are made on the label.

(5) If a package containing it or its label bears any statement, design, or device regarding the identity or composition which is misleading or false.²⁷

Technical laboratories for research and investigation are maintained in Washington, D. C., to enable the Food and Drug Administration to determine standards by which to judge products.

Some defects in the Food and Drugs Act of 1906 were evident from the beginning. The act did not include

²⁶ Ibid., p. 498

²⁷ Ibid., p. 499

- (1) the control of advertising of foods and drugs,
- (2) the control of cosmetics, or (3) the control of mechanical devices intended for curative purposes.

At intervals between 1906 and 1938, efforts were made to amend the Food and Drugs Act, but the passage of such amendments was always interfered with by pressure brought against them through producers.

Finally, in 1938, a new Food, Drug, and Cosmetic Act was passed. This act did not remedy all the weaknesses of the 1906 act, but it did afford the consumer more protection than was afforded prior. Coles says:

The new law prohibits the adulteration and misbranding of therapeutic devices and cosmetics as well as of foods and drugs. The definitions of foods and drugs are strengthened to provide better protection. It is unfortunate, however, that the new act does not extend to the regulation of advertising of these products, provisions for the control of advertising having been placed in the hands of the Federal Trade Commission by a prior act, the Wheeler-Lea Act.²⁸

This new act allows a maximum fine of \$1000 or one year imprisonment for violators. For subsequent offenses a maximum fine of \$10,000 or three years imprisonment may be imposed.²⁹ This figure is such an improvement over the old 1906 fine of \$300 for the first offense and \$200 for subsequent offenses that those who desire to violate the law surely will think twice before doing so.

The Food, Drug, and Cosmetic Act of 1938 also

28 Ibid., p. 508

29 Ibid., p. 509

requires that quantity of all packaged foods, drugs, and cosmetics be given on the labels.

By 1944 the Food and Drug Administration had set "standards of identity" for most canned foods, and was continuing to extend and improve the list. Flour, milk and cream, cheese, fruit preserves, jellies and butters, eggs, and oleomargarine are among the products for which legal standards of identity have already been set. Each of these standards of identity amounts to a definition of a product; that is, the standard of identity for canned beets, taken together with the basic standards of quality, says in effect: "Anything labeled as canned beets must meet these standards and be at least as good as the product here described." Food falling below the standards may be marketed with a "substandard" label, but such foods must meet all standards of cleanliness and wholesomeness.³⁰

The protection offered food buyers by the Food and Drug Administration are summarized as follows in "Using Standards and Labels":

STANDARDS

The Administrator has the power to set a reasonable definition and standard of identity for each food, as well as a reasonable standard of quality and of fill.

HEALTH GUARDS

A food must not be injurious to health. Candy must not contain alcohol or any "prizes" or other inedible substance.

³⁰ National Education Association, Department of National Association of Secondary-School Principals, Using Standards and Labels, p. 39

The administrator may limit the amount of added dangerous substances that cannot be avoided in the manufacture of a food.

Food containers must be free from any substance which may cause the contents to be harmful.

Coal-tar colors contained in food must come from a batch certified as being harmless.

LABELING INFORMATION

The following facts must appear in the labeling:

1. The name and address of the manufacturer, packer, or shipper.
2. An accurate statement of quantity.
3. If the product is of two or more ingredients and is not a standardized food, the common or usual name of each ingredient must be listed.
4. Food for special dietary uses must bear information considered necessary to fully inform purchasers.
5. Artificial flavoring, artificial coloring, or chemical preservatives in foods must be listed in the labeling.
6. All the information required by the act must be given in a form easily noticed and readily understood.

SANITATION

Food must be prepared, packed, and held under sanitary conditions.

A food must not be filthy, putrid, decomposed, or otherwise unfit.

A food must not be the product of a diseased animal.

PROHIBITED DECEPTIONS

Food labels must not be false or misleading in any particular.

Damage or inferiority in a food must not be concealed in any manner.

No substance may be added to a food to increase its bulk or weight or to make it appear of greater value than it is.

A food must not be sold under the name of another food.

Imitations and food substandard in quality must be so labeled.

A substance which is recognized as being a valuable part of a food must not be omitted.

Food containers must not be so made, formed, or filled as to be deceiving.³¹

These rulings are mandatory, but in addition to them, the Department of Agriculture uses a voluntary grading

31 Ibid., pp. 39-40

service for canners of fruits and vegetables. These grades are either "A", "B", or "C"; or "Fancy", "Choice", or "Extra Standard", and "Standard". These grades, however, are not based on the nutritional quality of the foods, but on such characteristics as tenderness, color and size. Information about the nutritional content would be of much more value to the consumer-buyer.

The drugs division of the Food, Drug, and Cosmetic Act is under the United States Food and Drug Administration. Standards set up by the U. S. Pharmacopoeia, the National Formulary, and the Homeopathic Pharmacopoeia are used as official by the administration. These are not government publications, but are published by doctors, scientists, and pharmaceutical manufacturers. Every five or ten years the standards are reviewed and revised according to the best scientific knowledge and technique.

The legal powers over drugs given to the administration by the Food, Drug, and Cosmetic Act are summarized as follows, from "Using Standards and Labels":

HEALTH GUARDS

Before a new drug is placed on the market, an application must be filed with the Federal Security Administrator. This application must be accompanied by ample evidence of the safety of the drug.

Drugs must not be dangerous to health when used in accordance with the printed directions.

Containers for drugs must not be composed of any poisonous substance which may render the contents harmful.

Drug products must not contain any filthy or decomposed substance.

Drugs must not be prepared, packed, or held under insanitary conditions.

A drug liable to deterioration must be suitably packaged and informatively labeled.

Drugs that do not meet official standards must be labeled to show exactly wherein they vary from the standards.

Official drugs must be packaged and labeled as prescribed by the official Pharmacopoeias and Formulary.

No substance may be added or substituted to reduce the quality or strength of any drug.

A drug must not differ in strength, purity, or quality from that claimed in its labeling.

Coal-tar colors contained in drugs must come from a batch certified as being harmless.

LABELING INFORMATION

The labeling of a drug must bear the following information:

1. The name and address of the manufacturer, packer, or distributor.

2. An accurate statement of the quantity of contents.

3. A statement of the quantity or proportion of certain habit-forming drugs, together with the statement "warning--may be habit forming."

4. (a) The common or usual name of the drug.

(b) When the drug is composed of two or more ingredients, the common name of each active ingredient and the amounts of certain ingredients listed in the act.

5. Adequate directions for use.

6. Warnings against unsafe use by children.

7. Warnings against use in disease conditions where cautions are necessary to insure against danger.

8. Warnings against use in an amount or for a length of time or by a method of administration which may make it dangerous to health.

9. All the information required by the act must be shown in the labeling in a form easily noticed and readily understood.

PROHIBITED DECEPTIONS

Drug labeling must not contain false or misleading statements.

A drug must not be an imitation or offered under the name of another drug.

Containers for drugs must not be so made and filled as to be deceptive to consumers.³²

If drugs on the shelves of stores bear the letters "U. S. P.", "H. F.", or "N. F." on their labels, the consumer-buyer can know that they have been processed,

packaged, and labeled according to standard specifications. Proprietary medicines are subject to the same basic laws concerning adulteration and misbranding as are other drugs. All necessary warnings about use must be printed on the labels, and all claims must be truthful. On proprietary medicines which meet certain standards, the American Medical Association permits the use of its seal of approval.

The Food, Drug, and Cosmetic Act included under cosmetics any articles intended to be rubbed, powdered, sprayed, or sprinkled on, introduced into, or otherwise applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance.³³ All cosmetic preparations claiming medical properties are under the requirements of the drug and not the cosmetic law. The main provisions of the cosmetic act are summarized below from "Using Standards and Labels":

HEALTH GUARDS

A cosmetic must not contain any substance which may make it harmful to users when used as is customary or under the directions for use indicated in the labeling.

Dangerous coal-tar hair dyes must be labeled with the caution statement stipulated in the act, but such dangerous coal-tar dyes are not permitted for use as eyelash and eyebrow dyes.

Cosmetic containers must not be composed of any substance which may render the contents harmful.

Cosmetics (except hair dyes) may contain only those coal-tar colors which come from a batch certified as being harmless. Provisions are made for the listing of coal-tar colors that are harmless and for the certification of batches of such colors.

³³ Ibid., p. 48

SANITATION

A cosmetic must not consist of any filthy, putrid, or decomposed substance.

Cosmetics must be prepared, packed, and held under sanitary conditions.

LABELING INFORMATION

Cosmetic labeling must include the following information:

1. The name and address of the manufacturer, packer, or distributor.

2. An accurate statement of the quantity of contents.

3. All the information required by the act must be shown in the labeling in a form easily noticed and readily understood.

PROHIBITED DECEPTIONS

The labeling of a cosmetic must not be false or misleading in any particular.

A cosmetic container must not be so made, formed, or filled as to be misleading.³⁴

Accurate labeling and advertising of cosmetics seems to aim at two main goals according to "Using Standards and Labels":

1. Protecting health and safety, by eliminating dangerous preparations, or safeguarding their proper use.

2. Protecting consumers' pocket-books against extreme exploitation, by eliminating grossly exaggerated claims that lead people to spend money in futile pursuit of impossible goals.³⁵

In 1930 the McNary Mapes amendment to the Pure Food and Drug Act was passed. It provided for the establishment of standards for quality and fill of containers for canned fruits and vegetables. Any goods not meeting standards were to be labeled so; but sad to say, because of lack of funds, standards for only six products have been prepared. By 1936 the only goods marketed under

34 Ibid., p. 48

35 Ibid., p. 49

mandatory labels by U. S. Standards were quality or else sub-standard products. These sub-standard products had to be marked "Below U. S. Standard." Many states have taken an interest in labeling and have set up specifications for products sold within their boundaries. The chart on page 90 shows grades for food products in several states which are compulsory within those states.

Consumers always want to get what they pay for, and usually want to know what quality they are buying; but because most consumers are not good judges of quality, they want the name of the grade on the product to be their guide for recognizing quality. Since people of the middle and low income brackets need to get the best grade obtainable for the price paid, marking the different grades of food with identifying labels is a great help to them in their shopping.

The Department of Agriculture has done some work in establishing grades for different food products. Many eggs are given U. S. grades of AA, A, B, and C. U. S. Grade AA eggs are found in limited quantities, but U. S. Grade A are more widely available. U. S. Grade B eggs are suitable for both table and cooking purposes; but U. S. Grade C eggs, although they are considered the lowest edible eggs, are more specifically for baking purposes.

Through inspectors of the Department of Agriculture, much butter is graded. A consumer who buys butter that

State	Best Grade	Second Grade	Third Grade	Fourth Grade
New York*	Fancy	"A"	"B"	"C"
California*	Speciels	Extras	Standard	Trade
Florida*	Florida fresh	Shipped	Cold storage	
Michigan*	Fancy	"A"	"B"	"C"
Minnesota	Minnesota "A" No. 1	Minnesota "A"medium	Minnesota "B" No. 1	
Nevada*	Large, special	Large, extra	Large, standard	
North * Carolina	Fresh North Carolina	Cold storage	Processed, shipped	
North Dakots*	"A"	"B"	Undergrade	
South* Carolina	South Caro- lina fresh	Cold storage	Shipped	
Wyoming*	Wyoming fresh	Fresh-out- of-state	Cold storage	Preserved
Arizona	Arizona fresh			
Connecti- cut	Fancy and special	Connecti- cut, extra	Connecticut gathered	
Georgie	Extre	Standard	Trade	Yard run
Illinois	Grade "A" hennery	Grade "B" strictly fresh	Grade "C" fresh	Grade "D" edible
Iowa	Grade 1 special	Grade 2	Grade 3	U. S. lower grades
Kentucky	Grade "A" (extras)	Grade "B" (firsts)	Grade "C" (seconds)	
Maryland	Fresh	Large 24-oz. dozen	Medium 21-oz. dozen	Small 18-oz. dozen
Rhode Island	Special	Fresh	Processed	
Vermont	Vermont fancy	Vermont medium	Vermont pullet	Vermont "A"
Wisconsin	Wisconsin grade "A"	Wisconsin grade "B"	Wisconsin undergrade	

* Grading in these states is compulsory

carries a grade label or certificate of quality issued by authority of the U. S. Department of Agriculture is likely to get a higher quality product than one who buys butter without identification. Butter is graded U. S. Grade AA, Grade A, Grade B, and Grade C; but generally, quality labels are limited to U. S. Grades AA and A.

Although no U. S. grades have been established for Process Cheese, considerable quantities of it are manufactured under federal inspection in accordance with U. S. Department of Agriculture specifications, and the containers of this inspected cheese may carry a statement that the food was processed under the Continuous Inspection Service of the U. S. Department of Agriculture.

According to "A Consumers' Guide to U. S. Standards for Farm Products":

Simple names (Grade A, Grade B, and Grade C) have been given the grades developed by the Department of Agriculture for processed fruits and vegetables. These grades are now used in connection with the inspection and grading of processed fruits and vegetables under the Agricultural Appropriation Acts, the United States Warehouse Act, and the Research and Marketing Act of 1946.³⁷

Any canner may use the terms Grade A, Grade B, or Grade C on labels, but this labeling is not mandatory. Any canned goods bearing such grades, however, must meet the specifications of the U. S. standards for them.

³⁷ United States Department of Agriculture,
A Consumers' Guide to U. S. Standards for Farm Products,
p. 12

In case canned fruits and vegetables are below Grade C, they must be labeled "Below U. S. Standard" to comply with the regulations of the Food, Drug, and Cosmetic Act. According to "A Consumers' Guide to U. S. Standards for Farm Products:

Some processing plants are operating voluntarily under continuous inspection--a service offered by the United States Department of Agriculture at a nominal fee to packers. These plants have been carefully selected and thoroughly inspected to make sure that they meet strict sanitary requirements. Processors who operate their plants under continuous inspection of the U. S. Department of Agriculture are privileged to use the prefix "U. S." before the grade designation on their label, as well as the statement "Packed under the continuous inspection of the U. S. Department of Agriculture."

Consumers can now buy grade-labeled goods--with or without the "U. S." prefix--in many retail stores throughout the country.³⁸

Federal standards have been worked out for fresh fruits and vegetables, but they have been used mainly in wholesale transactions. Studies, however, have shown that most fruits and vegetables which meet these standards in the wholesale markets usually are satisfactory to the ultimate consumers. Because these standards for grading fresh fruits and vegetables are based upon variety, color, size, maturity, shape, and freedom from defects, consumers will save money when they buy these products, if they will consider the "use value" of the products instead of the grade.

38 Ibid., p. 14

Standards are available for grading all classes of edible beans and peas; however, again, these are more commonly used in the wholesale markets than in the retail markets.

Federal meat grading is on a voluntary basis, but federal meat inspection is compulsory for meat shipped in interstate or foreign commerce. The round, purple stamp used in the federal meat inspection work is quite different from the grade stamp. This round stamp shows that the meat has been inspected and passed as wholesome food as required by the Meat Inspection Acts; but the grade stamp consists of a repetition of the grade names of Choice, Good, Commercial, or Utility applied to the entire length of the carcass. From "A Consumers' Guide":

Federal meat grading is on a voluntary basis, that is, meat is graded only when the buyer or the seller requests it. Evidence of the popularity of such a service is shown by its growth from 1930 to 1947. In 1930 Government graders checked and graded 79,587,421 pounds of meat. During 1947 meat is being graded at the rate of about 3,600,000,000 pounds a year or 45 times as much as was graded in 1930. Approximately 90 per cent of all meat graded during this period was beef.³⁹

The emphasis in labeling fabrics and garments has not been on making quality ratings for labels as is done in foods, because there are so many variable factors, such as fiber content, closeness and type of weave, tensile strength, probable shrinkage, workmanship, fastness of dye, accuracy of size, and probably others to be consid-

39 Ibid., p. 3

ered. Therefore, the emphasis on labeling fabrics and garments is on an "easy-to-use" label giving facts from which the buyer can form his own judgments.

According to the National Consumer-Retailer Council, such a label should tell:

What the product is made of
 How it is made
 How it will perform
 How it should be used and cared for
 Name of manufacturer or distributor⁴⁰

Because so many complaints were made by the consuming public from 1936 to 1944 about clothing which would neither launder nor dry clean and retain its original appearance, the matter came to the attention of the Federal Trade Commission. In 1937 the Federal Trade Commission began to hold trade conferences to formulate rules for labeling fabrics and garments. Representatives from all parts of industry and from consumers met together to help formulate these rules. Each set of rules consisted of mandatory practices and recommended practices. The first can be legally enforced; the second cannot be.

Following are the mandatory practice rules for the rayon industry as taken from "Using Standards and Labels":

1. The word rayon must be marked on all fabrics or articles containing that fiber.
2. When rayon is combined with other fibers, the names of all must be put on the label in the order of the proportion in which they are used in the resulting material.

⁴⁰ National Education Association, Department of National Association of Secondary-School Principals, Using Standards and Labels, p. 50

3. If any fiber is present in quantity of five per cent or less, the exact percentage present must be disclosed so that the impression that it is present in a larger amount will not be created.

4. The term rayon must be given at least the same prominence as the trade mark of the manufacturer, if a trade mark is used.

5. If terms such as "taffeta" or "chiffon", formerly considered to be silk terms, are applied to rayon, they must appear on the label as "rayon taffeta," etc.⁴¹

The labeling of woolen goods is not governed by trade practice rules, but by a federal law passed in 1940. The administration of this law is under the auspices of the Federal Trade Commission. This law requires that all woolen articles, except carpets, rugs, mats, and upholstery, entering into interstate commerce be labeled as to their fiber content.

The term "wool" means virgin wool; if the wool is reprocessed, the label must state the fact; and if any other fiber is mixed with the wool, the label must state the percentage of each. This label, by law, must be attached to the article being sold, and must stay attached until the article is sold to the consumer.

The mandatory practice rules for the silk industry as taken from "Using Standards and Labels" are as follows:

In order to promote equality of opportunity and fair competition in the sale of goods in which silk is a component material, any invoices, labels, marks, representations, or advertising relating to such goods must be truthful, and must comply with and be within the limitations of the following definitions:

⁴¹ Ibid., pp. 51-52

1. **Weighted goods:** Goods containing in the finished state (a) silk, or silk and other fiber or fibers, and (b) more than 10 per cent of any substance other than silk or such fiber or fibers, except black which shall not exceed 15 per cent, shall not be designated by a designation containing reference to silk or such other fiber or fibers unless there be added to such designation the word "weighted" or some other qualification which shall reasonably indicate that such goods contain an addition of metallic salts or other substance above mentioned.

2. **Pure dye goods:** Goods containing silk, or silk and other fiber or fibers, shall not be designated pure dye if they contain in the finished state more than 10 per cent of any substance other than silk or such other fiber or fibers except black, which shall not exceed 15 per cent.

3. **Mixed goods:** Goods containing silk and other fiber or fibers shall not be designated by a designation containing reference to silk unless there be added to such designation some qualification which shall reasonably indicate that such goods contain fiber other than silk.⁴²

Different mixtures of cloths are usually sold under trade names. If all consumers knew what these trade names indicated, many times they would buy a different piece of cloth for considerably less money. The following is a list of the trade names and the real names of some fabrics as given by Shields and Wilson:

<u>Trade Name</u>	<u>Real Name</u>
A.B.C.	Silk and Cotton
Aledo	
Fairy	
Seco	
Sello	
Silcot	
Tezzo	
Acetate	Rayon
Baronette Satin	
Celanese	
Luminette	
Lustron	

⁴² Jessie V. Coles, Consumer-Buyer and the Market, p. 489

Milo Sheen	Cotton and silk mixtures
Trico Sham	Outing flannel
Tricollette	Silk warp and worsted
Canton fabrics	Ramie fiber (China grass)
Daisy cloth	
Gloria	Cheesecloth
Grass cloth, Chinese	Fast-color drapery fabrics
grass cloth, gress	Artificial leather
linen, Canton linen	Mercerized cotton yarns used to give a linenlike finish
Hospital gauze	Imitation of metal cloth
Kapock	Remanufactured wool made from rags
	Cotton warp with mohair filling
Leatherette, Fabrikoid	Pongee type of material
Linen-finish suiting	Seersucker
	Mercerized cotton fabric in satin weave
Metalline	Artificial wool
Mungo	Fabric with short cotton pile made in imitation of silk velvet
	Cotton and wool in equal amounts mixed before spinning ⁴³
Palm Beach cloth	
Rajah	
Ripplette	
Sateen, or satine	
Snis-fil	
Velveteen	
Viyella flannel	

The fur industry has set up the following set of labeling rules for furs, but these rules are not mandatory:

Resolved, that in determining what is proper and what is improper in the naming of furs, the following rules are hereby established:

1. In order to describe a fur, in every case the correct name of the fur must be the last word of the description, and if any dye or blend is used simulating another fur, the word "dyed" or "blended" must be inserted between the name signifying the fur that is simulated and the true name of the fur, as: "Seal-dyed muskrat," or "mink-dyed marmot."

⁴³ H. G. Shields and W. Harmon Wilson, Consumer Economic Problems, p. 633

2. All furs shaded, blended, tipped, dyed, or pointed must be described as such, as: "Black-dyed fox," or "pointed fox."

3. Where the name of any country or section is used, it shall be the actual country of the origin of the fur, as "American opossum." Where the name of a country or place is used to designate a color, the fact shall be indicated, as: "Sitke-dyed fox."

4. Where goods are sold under a registered trade mark, that trade mark should not, by intent or otherwise, be capable of misinterpretation by the public. In case of trade marks heretofore established in common use, the advertisers should invariably indicate by suitable descriptive matter in addition to the trade mark just what the fur is, or better, the trade mark should be modified so as to include the descriptive matter.⁴⁴

The following is Shields and Wilson's list of some of the common types of furs sold under trade names:

<u>Trade Name</u>	<u>Real Name</u>
Arctic Seal	Rabbit
Australian Chinchilla	Australian Opossum
Australian Seal	Rabbit
Baffin Seal	Rabbit
Baltic Leopard	Australian Rabbit
Bay Seal	Rabbit
Beaverette	Rabbit
Buckskin Seal	Rabbit
Caracul	Lamb
Chinchilla Squirrel	Squirrel
Chinchillette	Rabbit
Ermiline	White Rabbit
Ermine	Weasel
Erminette	White Rabbit
French Beaver	French Rabbit
French Chinchilla	Hare
French Leopard	Hare
French Mole	Rabbit
French Seal	French Rabbit
Gelias	Lamb
Hudson Bay Seal	Rabbit
Hudson Seal	Muskrat
Kelinsky	Weasel
Lapin	Rabbit ⁴⁵

⁴⁴ Jessie V. Coles, Consumer-Buyer and the Market, pp. 489-490

⁴⁵ M. G. Shields and W. Harmon Wilson, Consumer Economic Problems, p. 634

As yet no trade practice rules have been issued regarding the color fastness of fabrics, but this is a subject of vast importance to the consumer-buyer, because nearly fifty million dollars a year are wasted on garments which have to be discarded before they are worn out, just because they have lost their eye appeal.⁴⁶ The Federal Trade Commission has been working for years on proposed trade practice rules for grading color fastness by Grades A, B, C, and D, but to date these rules have not gone into effect. The Better Fabrics Testing Bureau now issues a "Color Tested" seal for fabrics that meet its standards, and the U. S. Testing Co. certifies goods that meet its color tests.⁴⁷

Trade practice rules for labeling of shrinkage of woven cotton goods were issued in 1938. These rules do not require all goods to be labeled regarding shrinkage, but if goods are so labeled, the label is not to mislead the public in any way in judging the character of the goods. Use of such terms as full-shrunk, double-shrunk, non-shrinkable is permitted only if no residual shrinkage remains. If goods have been shrunk substantially, but not completely, such words as preshrunk or shrunk may be used, providing the percentage of shrinkage remaining is indicated.⁴⁸

⁴⁶ National Education Association, Department of National Association of Secondary-School Principals, p. 53

⁴⁷ Ibid., p. 54

⁴⁸ Ibid., p. 55

Even though the past twenty years have shown much progress toward grade labeling through the efforts of retailer and consumer groups and departments of the federal and of state governments, a great deal more educating and legislating will have to be done before universal grade labeling becomes a reality. We, as consumers, have it within our power to force grade labeling, if we will organize and refuse to buy goods not so labeled.

CHAPTER V

CONCLUSION

In developing this thesis I have tried to review the consumer movement as it pertains to grade labeling from the earliest years to the present time. The idea of informative grade labeling has taken deep root during the past fifty years, and is growing vigorously. Leaders in all enterprises have come to understand that what is good for the consumer is good for everyone. Far-sighted businessmen now accept the principle that the purchaser has a right to know what he is paying for. However, progress in grade labeling is being delayed because of differences of opinion concerning the form of label to be used. Some think descriptive labeling will aid the consumer more; others want standard grade labeling. The grade label ranks the article with one symbol into good, better, or best. The descriptive label only describes the article. No one advocates grade labeling for every product. Foods, it seems, can most accurately be labeled by grades; on the other hand, most clothing labels would tell the consumer more if they were the descriptive type.

The proportion of most products sold so far at retail under grade labels has been small, but this proportion is gradually increasing. During World War II interest in grade labeling waned, but since the war, this interest is reviving. Grade labeling has been supported by

women's organizations, farm organizations, co-operatives, and other organizations of consumers. It is not greatly opposed by producer organizations, but mandatory grade labeling under federal supervision has been feared by producers. The advocates of grade labeling favor a combination label containing the brand name, the grade, and a description of the product.

Below Charles S. Wyand summarizes the official commercial objections to grade labeling opposite the counter arguments of the Consumer's Division of the National Emergency Council:

THE ARGUMENTS AGAINST

It is not practical to measure quality so objectively that it will stand a court test on charges that a product did not meet the grade marked on it by the packer.

Expensive court cases would have to be fought.

The consumers would not bother to buy by grade, preferring confidence in established brand names.

AND FOR GRADING

The canners grade their packs to obtain warehouse loans, frequently using Department of Agriculture grades for the purpose. It is only when the goods are sold to the public that difficulties about grading seem to arise.

Quality grading is required of canners in the Dominion of Canada, and no court tests have arisen there during fifteen years of the law's operation.

There are so many brand names on the market (4000 brands of canned corn, for example) that the consumer cannot make an intelligent choice without expensive experimental buying.

Canners have spent large advertising sums to build goodwill for their brand names. If a government-established grade is used by the canning industry the brand name would lose something in goodwill value, which is based on costly research and past services to consumers.

The industry would not abide by grades dictated by the government.

While it is true that grade labeling might shift advertising emphasis away from unsupported claims toward detailed information about the product, it would deny to no advertiser the privilege of eulogy and of describing why--within its grade--this product has peculiar excellence and is a good buy at the price.

The government, rather than "dictating standards", is offering the services of its experienced agencies to co-operate with the canners' experts. Under N. R. A. industries were invited to set up their own committees to study standardization problems and to agree on promulgating them when feasible. The industrial objective of this is to prevent unethical producers from foisting on the public an inferior product at a price beyond its true worth. This is protection to the great majority of honest producers, whose attempts to ban cut-throat pricing practices will be negated if the loophole of concealed quality adulteration is left open.

Consumers will misunderstand grading, thinking that anything but the highest grade is undesirable.

In Canada, where grading is obligatory and where consumer reception of them has been tested, buying is done by grade on

the following basis:
10% Fancy (Grade A),
50% Choice (Grade B),
40% Standard (Grade
C).¹

As yet, even though we have salespersons, labels, brands, guarantees, and advertising to aid the consumer in buying, no one of these guides serves the consumer as an adequate guide in getting the best goods for the purpose with the least expenditure of time, effort, and money. Even collectively, these guides would not provide the consumer with adequate means of buying intelligently. The solution lies in the widespread adoption and use of standards, which are devices for describing characteristics of goods in accurate, definite terms, the meaning of which remains the same. Standards provide a means by which labels and advertisements may be made to serve their purpose as a source of information to consumer-buyers. Labels, advertisements, and brands are not effective as guides without the use of standards. The whole problem of personal selling would be greatly simplified and improved if salespersons could draw their customer's attention to information on labels, explaining the meaning when it was not clear. Likewise, guarantees, when stated in terms of standards, mean much more to consumers as buying guides, and to producers as selling devices, than do the present methods of describing qualities guaranteed.

¹ Charles S. Wyand, The Economics of Consumption, pp. 295-297

One of the most important reasons for the failure of advertising to serve consumer-buyers lies in the fact that advertising fails to give adequate and complete information concerning qualities and quantities of goods which would make intelligent buying possible. It seems, therefore, that the development and establishment of standards for consumers' goods, and the widespread labeling of goods according to these standards, would be a boon to advertising. Standards save money for consumers by eliminating guesswork in buying. The widespread use of standards will stimulate a more aggressive program for the consumer-buyers to use judgment and intelligence in buying, because an opportunity will be provided for using the judgment and intelligence they acquire.

In this thesis I have attempted to present a clear-cut picture of the early, pressing need for legislation which would require labeling of products in such a manner that consumers would know what they were getting, and consequently be protected against finding out from experience.

I have tried to bring up to date a rather complete list of organizations which have taken an active interest in conducting research programs for the purposes of helping the consumer know his products better and of helping the manufacturer know better the desires of the consumer. Many of these organizations publish periodicals

which present to the readers the results of their research in terms they can understand and appreciate.

Last, I have endeavored to find out and to present here the achievements which have been and are being made toward obtaining universal grade labeling.

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