

**1987 ILLINOIS CONSUMER EDUCATION ASSOCIATION
CONFERENCE KEYNOTE ADDRESS**

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If we consider consumer and economic education an imperative part of "preparation for life," which it is, I firmly believe that such education should be among the curriculum priorities in the current national emphasis on educational reform. Leaders of that reform are reporting that students need knowledge and skills for survival. These are needed, leaders say, as a safeguard against those factors that put them at risk for personal failure in life and make them a cost to society.

In a recent issue of **Education Week**, David A. Hamburg, President of the Carnegie Corporation, noted that students need to be taught survival related skills in a way that is important to them, intelligible and useful in their daily lives. That same issue of **Education Week** also reported the good news that some very basic financial management skills are being included as essential elements in "drop-out prevention" programs!

You and I know that these survival skills are at the heart of consumer and economic education which provides the basis for intelligently managing resources and taking charge of one's life. This emphasis on educational reform presents all of us a great opportunity to seek inclusion of consumer and economic education in that reform!

Thus, I will focus my remarks today on consumer and economic education as "preparation for life." I also want to highlight some issues illustrating the great need for this education, outline the role of my Office in this context, and offer a few suggestions for your continued leadership.

In 1985, I shared a platform at a conference of consumer educators in Japan with your very capable Dr. Hayden Green. I thought then that Hayden made a good point when he noted that consumer education was not for **all** students, but **only** for those who would become consumers! His tongue-in-cheek observation forces us to admit that our schools, which have done very well in preparing students to be good producers, to earn an income and establish economic independence, must also universally emphasize preparation of **all** students for their life-long role of consumer.

But just what preparation does one need to function effectively in today's economy? I believe it imperative that students—beginning as early as kindergarten—begin to develop a basic understanding of our economic system and be able to relate that knowledge to the realities of daily living. They need to understand how to apply what is learned in the 3-R's and other basic courses to managing their resources and making decisions in the marketplace.

In a marketplace that is increasingly global, complex, and dynamic, consumers are confronted daily with more choices and competitive options than ever before. They simply must have the technical and legal knowledge base, along with critical thinking and reasoning skills, to seek, evaluate, and process vast amounts of information for daily decision making. They need to understand and evaluate an almost endless array of marketplace options in the areas of food, shelter, transportation, financial services, and many others. As you know, in financial services alone, the options for consumers are staggering. Sorting through these complexities requires the ability to analyze, to make decisions, to communicate effectively with providers of goods and services, to locate sources of help, and to effectively seek resolution of problems when they do occur.

Students also need to understand the total context—the global community—in which they function as consumers. They need to know how their decisions impact on, and influence, the economies here and abroad.

In addition to the recognized value of consumer and economic education to individual and family well-being, recent studies confirm that the marketplace also benefits from knowledgeable consumers who are able to effectively communicate their needs and concerns.

For example, my Office recently sponsored an update of our **Consumer Complaint Handling in America Study** which was first done in the mid-1970s. The **Update** which we released in April 1986 reveals the important finding that consumers who do complain and who get their problems resolved, place greater trust in those companies and reward them through repeat business. I note from a study conducted by members of your association, Drs. Mary Pritchard and Joan Kinney there was a related finding that businesses do respond to consumers who take the initiative, speak in their own behalf and appropriately seek redress. Together, these findings send the message that consumers who better understand the marketplace **are successful** in getting that marketplace to respond to their needs.

The value of consumer and economic education is also strikingly evident in its usefulness in addressing the problem of functional illiteracy. In response to a recent report on illiteracy, Secretary of Education, William Bennett expressed concern that too few of our young adults, who have been to school, possess adequate daily living requirements or skills. For example, many cannot balance a check-book or use the information they find in their newspapers. He indicated these skills were essential to enjoying a full and rewarding life in today's society.

All these concerns point to the fact that consumer education as "preparation for life" simply cannot be left to chance. I believe consumer and economic education must begin in the elementary school years and continue throughout adulthood. And further, I believe we never outgrow our need for consumer information and education. For example, some of the issues we address in my Office may help to illustrate this need.

Product counterfeiting is one such an issue. The United States Customs Service estimates that there are more than \$20 million dollars worth of fake goods at the retail level in the United States! I'm not talking about fake Gucci bags or fake designer jeans. Many of these fakes are products on which our lives may depend, such as automobile and airplane replacement parts, medical devices, drugs, chemicals, and pesticides. Thousands of other products are involved also, including electric transformers and circuit breakers. Consumers need to be better informed on this issue. We try to inform them through cooperative programs with business coalitions and in conferences such as those we have co-sponsored with the Council of Better Business Bureaus. In 1984, President Reagan signed into law a series of anti-counterfeiting laws which carry stiff penalties for offenders. But laws will never replace the need for consumer vigilance, which one acquires through information and education.

In the area of mail fraud, we have established dialogue with federal agencies, the Direct Marketing Association, the Attorneys General, and others on problems associated with direct marketing. While the great majority of mail order businesses do serve consumers well, this field, as others, includes a few unscrupulous operators who seek to exploit consumers by offering merchandise with no intention of delivery. Others attempt to mislead the elderly through deceptive mail messages. We will continue to address these problems which are among the nation's most common consumer complaints.

Another issue of increasing importance is international trade, for it is free and fair trade which provides wider choice for consumers and better quality products at lower prices. With the growing protectionist sentiment, it is imperative for consumers to understand the impact that these issues can have on their own lives. My Office has worked closely with the State Department, the Office of the President's Special Trade Representative, the Organization for Economic Organization and Development, and others to increase awareness of the need for consumer understanding and input into trade policy development.

These few examples help illustrate the urgent and continuing need for consumers of all ages to be well informed and armed with the competencies to control and protect their resources.

To bring greater attention to these needs and to increase public awareness of the importance of consumer and economic education, my Office's Division of Consumer Education seeks to provide national leadership for stimulating new and effective consumer education initiatives through both public and private sectors. We are concentrating our efforts on recommendations of educators who attended the First National Consumer Education Roundtable which we sponsored in 1984. Our program emphasis is on providing **leadership** through public and private sectors to increase national awareness of the continuing need for consumer and related economic education for all age levels, and to assist educators, as possible, in addressing that need. Let me share a few of our educational activities.

In April, 1986, my Office released a publication called **A Suggested Teacher's Guide** to our very popular **Consumers Resource Handbook**. This **Guide** has been widely distributed to nearly 3000 state leaders in education, the Cooperative Extension Service, business, government, and classroom teachers. We have also requested the U.S. Department of Education to mail the **Guide** to Chief State School Officers and selected school districts.

Another activity we are very excited about is a collaborative long-range effort with the American Association of Community and Junior Colleges. The purpose is to expand delivery of consumer and economic education through the unique community-based network of nearly 1300 two-year colleges to reach adults in both credit and non-credit programs.

At the K-12 level, we have worked very closely with the Joint Council on Economic Education. Many of you know the Council as a strong force, throughout the country, for innovative instruction and

teacher training in consumer and economic concepts. I am pleased that two Joint Council efforts, the **Tax Whys** in cooperation with the Internal Revenue Service and the **Income-Outcome** programs, are being widely used in your state.

In the area of adult education, I was recently pleased to learn of the extensive outreach to low-income consumers through the Illinois Cooperative Extension Service's "Consumer and Homemaking Education Program" called (CHEP) under the leadership of Jane Scherer.

We all need to make even greater effort to expand program networks, focusing on cooperation rather than competition. Such approaches are certain to strengthen our efforts and bring the results we all seek. Thus, I encourage your consideration of a few suggestions:

1. Work closely with your state leaders who are addressing educational reform, emphasizing to them that consumer and economic education as essential preparation for life should be a required course of study for **all** students.

2. Encourage continued cooperation from the business community, which is increasingly providing strong support to school programs through direct participation and provision of resource material. In this regard, perhaps your businesses would find helpful the publication, **Guidelines for Business-Sponsored Consumer Education Materials** produced by the Society for Consumer Affairs Professionals in Business known as SOCAP. I know that many of you here today are affiliated with that organization.

3. Work increasingly with your friends in the media, especially those in television. You have had great successes in this area and I encourage you to explore additional ways to use this medium to emphasize the importance of consumer and economic education, and to address the great impact of international trade on the Illinois economy and its consumers. Illinois is one of our leading states in international trade, and the issue of trade is a top priority of both President Reagan and the 100th Congress.

4. I also encourage your bringing to my attention any research or other information helpful in showing the cost-benefit of consumer and economic education to specific groups, such as business, students, and parents. We need more information on the cost to society when consumers are unable to function effectively in the marketplace.

In closing, I would like to say we have all made very significant efforts to establish and preserve consumer and economic education. Yet the challenges continue to confront us. As we have considered consumer and economic education as "preparation for life," I believe the current emphasis on educational reform provides a wonderful opportunity to work together with state leaders in seeking the incorporation of consumer and economic concepts into the school curriculum for all students.

I know that by working together we can reach our common goal of preparing students and adults for their life-long role as consumers in today's economy. I am confident that we will have an impact through our continued dedication and effort.

**CORPORATE ADVERTISING:
SELLING MORE THAN PRODUCTS**

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Consumer interest professionals and consumer educators have traditionally been concerned with monitoring and examining corporate promotional activities. In terms of advertising, consumer educators have developed tools for the critical evaluation of advertising claims and its influence on consumer decision-making. Units have been designed to help students understand the role of advertising in our society and in the marketplace. Different types of advertising such as comparative, evaluative, misleading, or deceptive are included in classroom discussions. Yet, because educators do not have the resources to review the vast literature relevant to advertising, there may be trends in the area of which they are not aware or about which they need more information.

The intent of this paper is to provide a synthesis of the literature about a specific type of commercial promotion — corporate advertising. If past expenditure patterns for corporate advertising continue, consumers will be exposed to more of this type of advertising in the future. Total spending for corporate advertising in 1984 was \$2 billion. That amount seems small in light of the fact that it only represents about 3 percent of all advertising expenditures. Yet, it indicates a 70 percent increase compared with the previous year [4]. Look for a