

# Consumer Governance

CONSUMERS AND CONSUMER ORGANIZATIONS IN ACTION

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## **Introduction**

Every time we take a decision to buy a product or to pay for a service WE decide who's going to work for us as a farmer, physician, teacher, politician, or taxi-driver. At the same time the euro's, yens or dollars we pay are starting a new round in their circulatory role. For a long time now we have been playing this game called "economy", based on the division of labour and the exchange of the resulting products and services. Almost everybody in the world plays a double-role on this world stage as consumer and as producer. But the consumer is always the one who asks the questions and pays the bills. The freedom to choose, however, brings with it that he or she is of course also responsible for those choices! And that's what we call "consumer governance", to be understood in the same range as corporate governance and government governance as credo's for responsible behavior.

## **Towards an economy of question and answer**

Starting with a pure do-it-yourself economy where we made our own tent and travelled around to hunt for our own food, we didn't hesitate for long to divide all labour and started the first barter-economy to favour the possibilities of specializing, efficiency and dividend which bring us welfare! After a long time this developed into a world economy with trade and banks taking up their mediating role. And even now every minute new divisions of work are arranged between people, within departments or complete organizations and even countries. There is a constant search for the optimum in the division of labour for more efficiency, but sometimes one goes for integration again when new insights say that some tasks are better united within one job or one organization.

To divide labour is one step. But by separating the functions of producing and consuming we are creating a polarity which has to be connected again by exchanging the results which are products or services. In a barter economy everything is transparent enough to exchange things without money and trade. But when the economic network is growing we will need trading people and transport systems. When it is growing even wider we'll also need some kind of administration and money. And this is how world-economy works now!

Economy started from the consumer in early history and it still starts from there every minute now. Instead of doing things ourselves we ask the painter to paint our house, we ask the garage to repair our car, and we ask the politicians to write down laws about what we think is reasonable in our relations to our neighbors worldwide! In the centuries behind us this was mainly managed by corporate and government organizations and their leaders. Today consumers and consumer organizations are more and more taking the lead in asking the questions, making marketing more of a bottom-up process: From an economy of supply and demand to an economy of questions and answers!

## **Consumers and consumer-organizations in action**

In the years after the Second World War the new generation became aware that a new world order was necessary and in 1968 protests culminated around the world at universities in Berkeley (California), Berlin, Paris and Amsterdam. In all the areas of human daily needs people began to think and talk about quality and about new organizational structures, and started informal and formal organizations to strengthen their participation in the fields of culture, government and business. After the great "renaissance" of individual thinking with the beginning of natural sciences in the 16th century and the introduction of democracy in the French revolution of 1789, the 21st century will start the era of consumer governance!

Since the beginning of the preceding century the general consumer organizations had already emerged and were coordinating their efforts from 1960 onwards in the International Organization of Consumer Unions IOCU now called Consumers International. The seventies saw the beginning of all categorical consumer organizations: patients, parents of schoolchildren, travelers, housing, food, etc. And in the eighties alternative banks emerged all over Europe. Finally in this century consumer-education started up to hand over all the knowledge and experience to our next generation, with all the members of Consumer Citizen Network CCN as frontrunners!

But there's still a lot to be done in professionalizing the process of bottom-up marketing worldwide! Although many big companies are also willing to help in delivering affordable products to even the poorest people in the world at the bottom of the pyramid, more and more consumers today are not only enthusiastic but also willing to verify, to choose and to pay for the most sustainable products and services! These are observations that we can make all around us in shops, discussion groups and workshops. We see it happening not only with the generation of the sixties but even more with this upcoming generation! And the most interesting observation one can make is that many of the journalists in press, radio and TV in the last two years have developed into researchers, storytellers and moderators, by looking for solutions together with all parties in culture, society and economy instead of reporting only!

And this all-round mentality is the necessary basis to find solutions for the manifold problems ahead because everything is connected with everything. Nobody can make any judgment anymore without looking at those problems from out of the widest possible horizon. Only on the basis of the best possible information one can make a real free choice in products and services and only then one will be willing to pay the right price and finance sustainability and fair trade. Consumers are the first to ask the questions based on all daily needs, the consumer-organizations are there to collect all those questions where tailor-made products or services are not possible and series- and mass production have to be optimized.

### **Everyday practice and new developments.**

In the recent past the consumer organizations have developed from small groups of consumers into all kinds and all sizes of organizations, some of them being even highly professionalized. In the last two years even the most down-to-earth sector food and agriculture is emerging in this respect, and this is due to the fast forward growing market for organic and biodynamic products and the culinary culture of good taste. Top cooks are invited to TV programs and the EU parliament was invited this summer for a complete lunch with the best products nature itself can offer.

Although much progress has been made in the last few decennia, the greater public still has to go in a higher gear to make the world sustainable again and to play their role in a new world of good governance in economy and democracy and new developments in science, education, religion and art. For the near future it will be more and more important to look at the whole picture and see how all actions are connected to each other. Most essential now is the discussion about the disconnection of labour and income in its economic and judicial aspects; since two years people worldwide have been discussing these problems about basic incomes, top salaries, and the whole spectrum in between. It is only when this discussion becomes more transparent that many other problems in the world will become transparent too because everybody can finally focus on the essence of their jobs instead of on their income alone. (Tilburg conference January 10, 2008 following the OECD conference in Brussels november 2007 "Beyond GDP - From wealth to welfare")

More and more people become aware that money is important but quality of life is the first priority

for all six billion members of the world family. The newest developments are those where people are working towards long term sustainable solutions, in consumer-producer relations now also in the chain of agriculture to food, in the integration of all old and new professions in Medicare including all forms of alternative medicine, in the "meet and greet" of civilizations and religions thanks to the disaster of 9/11, and in all other discussions going to the bottom of the problems to be solved! But still it's only the beginning of the future!

### **Consumer freedom and responsibility**

We're free to choose as Milton Friedman already said, but of course we're also responsible for every choice we make! And that means that we have a basic need of maximum information, another need for all possible arguments and furthermore an overview of all consequences with respect to other people and nature to make the best of all choices, and finally accept that we pay with every euro, yen or dollar for all the results in quality of life for ourselves and all the people working for us in the whole chain! And what is needed in the first place is basic education for all generations to come in the same way as we learn to bike or to drive a car!

Consumer governance means education first, good management information on a daily basis, lifelong learning in judging products, services and situations, and the right financial registration to reflect and to evaluate one's own decisions. A simple household booklet with twelve columns for our daily needs makes the world economy transparent and so the role we play from month to month!

Peter Daub

The author is founder and chairman of the Free Consumer Association (Vrije Consumenten Vereniging) in the Netherlands. He studied management at Nyenrode University and accountancy at Erasmus University. Worked at ING Bank and helped with the start of the Triodos Bank for new ethical ways in financing. After years of research in all kinds of consumer associations he wrote the book *Consumer Freedom and Responsibility (Consument vrijheid en verantwoordelijkheid)* 1998, 60 pages, ISBN 90 76206 01 5. A second edition is in preparation, but most of the text is available on the website [www.consumer360.org](http://www.consumer360.org)

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