Big-brother style of regulation giving way to little brother?

FTC's Reich says philosphy that government should protect consumers by banning products is being replaced by one which merely warns of possible dangers

In something of a "trial balloon" speech, a Federal Trade Commission official said last week the assumption that government should dictate to the people what's in their best interest has "simply given up the ghost."

Robert B. Reich, director of the FTC's Office of Policy Planning, told the American Advertising Federation in Washington that "Big Brother Consumer Protector is dead."

The demise, Mr. Reich said, marks the end of an attitude—that the government should dictate what's good for its citizens. The death also signals the beginning of another approach—helping the consumer to get what he wants by making sure sellers are held responsible for their reputations, he said.

Although the FTC and Mr. Reich's views were his own, the speech is said by some sources to indicate a greater reliance by the commission on market forces. This change in emphasis had been somewhat foreshadowed in the trade school decision of several months ago when the commission opted for simple refunds to students instead of forcing disclosures. And when Anheuser-Busch claimed Miller Brewing was deceiving the public with its U.S.-brewed Lowenbrau beer, the commission decided to see if the market would correct the problem. (One source said Lowenbrau sales have been well below Miller's expectations.)

For these and other reasons, Mr. Reich said many orrecy now now think the government has no business protecting consumers from the consequences of their own appetites—"as it does when it seeks to control or prohibit the sale of marijuana, commercial sex, pornography, liquor" or gambling. Consumers, he said, are rejecting the "sort of Big Brotherism which stands in the way of personal gratifcation—so long as third parties are unharmed."

Big Brother Consumer Protector died, he said, because he told people what they couldn't have instead of helping them to get what they want. Helping people get to what they want instead of protecting them might be "modestly" called "Little Brother," he said. Rather than ban products which present risks, Little Brother prefers that sellers disclose the risks, in advertising and on labels, Mr. Reich said. He said Little Brother bans products "only as a last resort, where disclosures would be too costly or confusing to be of much use."

Such a policy would be concentrated on cases where sellers and manufacturers are not likely to be worried about harming their reputations, he said—when consumers can't discover they have a problem (insulation nursing homes), if consumers can't trace their distress to a particular product (tires, drugs, etc.) or if the seller doesn't need a buyer's business in the future (door-to-door, mail orders). In the first two instances, "Little Brother," or the regulatory agency, can set standards, certify and require appropriate disclosures, and in the latter, it can require warranties, bonding or "cooling off" periods, Mr. Reich said.

Also, he said sellers needn't worry about their reputations if competition in their industry is so minimal that consumers have "no real choice but to accept the product with all its faults." Major automobile companies have decided what the range of choice will be, and "you can't buy children's TV without commercials ... because the major networks and their regulators have blocked the growth of cable and pay TV."

He said "vigorous and unbridled competition helps insure that consumers get what they want. Little Brother can promote competition by attacking collusion in whatever its guise. Or if that's not possible, Little Brother can help insure that consumer demand is satisfied for the quality of products or services that would be provided if markets were competitive. And this might mean setting minimum safety standards for automobiles or limiting children's advertising if that's what people want."

RAB plans for radio's future

The Radio Advertising Bureau plans to conduct a "future of radio sales study" to determine what stations think sales trends and needs will be over the next five years and to help decide how RAB's operations can best fit into the pattern.

The plan was announced last week following approval by the RAB board at a meeting in Pebble Beach, Calif. Among other things, the study will seek broadcasters' opinions on the probable size of local sales staffs in the future, what kinds of salesmen will be needed, which advertiser categories should get most attention and which areas RAB should emphasize.

"Radio today is changing faster than at any time since the early 1950's," RAB President Miles David said. "Format diversification, increasing size and professionalism of sales staffs, changes in where our competition is coming from and increased growth opportunity are all happening simultaneously. Broadcasters can help tell us how changes like these are affecting their own sales operations and how they would like RAB to keep changing to fit radio's needs and opportunities."

Arthur Carlson of Susquehanna Broadcasting, retiring RAB board chairman, said the study "will seek the widest possible industry involvement in determining where radio sales are headed. We anticipate that every radio broadcaster operating will get an opportunity to participate, whether or not currently an RAB member. The survey questions will be devised by broadcasters themselves, but with help from professionals such as a research consultant or business school in both refining questions and interpretation.

"The RAB board and mangement want to encourage openness to change. We anticipate the study will help suggest new

New team at RAB. Elmo Ellis, WSB(AM) Atlanta, elected chairman of Radio Advertising Bureau, succeeding Arthur W. Carlson of Susquehanna Broadcasting, York, Pa. George Duncan, Metromedia Radio, named chairman of executive committee, and George W. Armstrong, Storz Broadcasting, designated finance committee chairman. Following were elected new members of board: Sal Agovino, Katz Radio, New York; Gary L. Capps, Juniper Broadcasting, Bend, Ore.; H. Wayne Hudson, Plough Broadcasting, Memphis; Joseph Kjar, Bonneville Broadcasting, Salt Lake City; Dean Sorenson, Sorenson Broadcasting, Pierre, S.D.; Gerry Swanson, Swanson Broadcasting, Tulsa, Okla., and Russ Wittberger, Charter Broadcasting, San Diego.

Hot dogs, apple pie and radio. A "National Chevy Week" campaign with the bulk of the budget in radio oversold the sales objective by 10% and produced "the best eight-day September selling period in Chevrolet history—55% ahead of the same period in 1977," Carl O. Uren, director of national advertising for General Motors' Chevrolet Motor division, said in a speech made public last week.

Mr. Uren gave the report at a meeting of the Radio Advertising Bureau board of directors (see story this page). "Our objective," he said, "was to deliver 105,000 cars and trucks during the period Sept. 15 through the 23. Chevrolet dealers wound up delivering 115,975 vehicles during the period."

RAB and Mr. Uren agreed that the campaign probably represented the single largest short-term radio buy in history. They didn't reveal the dollars invested, but Mr. Uren said the campaign used more than 20,000 announcements on stations in 200 markets, "plus healthy schedules on five radio networks along with almost 100% National Chevy Week copy in our continuing newscasts and sports franchises."

The campaign also used TV and Sunday supplements, but radio, Mr. Uren said, "got the lion's share of the budget."