CONSUMERISM IN THE GHETTO

Alan R. Andreasen

#259
CONSUMERISM IN THE GHETTO

Alan R. Andreasen

#259
CONSUMERISM IN THE GHETTO

Alan R. Andreasen*
Two generally accepted propositions about the consumerism movement in the United States in the mid-1970's are the following:

1. The consumerism movement is now in a stage of rapid growth in numbers of supporters, media coverage, academic interest and, most importantly, political influence;

2. Among those whom the movement ought to benefit, residents of our urban ghettos -- the poor, the elderly, and the racial and ethnic minorities -- are presently our most seriously disadvantaged consumers.

Three corollaries would seem to follow from these propositions:

(a) inner city consumers ought to be active supporters of the consumerism movement, (b) organizations in the movement ought to be devoting a considerable proportion of their efforts to alleviating the problems of inner city consumers, and (c) we ought by now to be seeing some tangible improvements in the lot of inner city consumers. My own experience in the field suggests that none of these corollary propositions is true at the present time.

One possible explanation of this phenomenon is that the consumer movement is now essentially a white and middle class movement and as such is not well suited to help inner city consumers. Elizabeth Drew believes the contrary, that the fact that consumerists such as Ralph Nader are "leading essentially white, middle-class movements" is a major strength of the movement:

It is a simple historical fact about the way America works that until the middle class is organized around a significant social change, it doesn't happen. Take any of the important movements of the last decade ... I don't recall our political leaders talking about the problem until it moved out of the ghetto and into the suburbs.

If the current success of consumerism stems from moving the problem "out of the ghetto", it may reasonably be asked whether this relocation has substantially benefitted those who remain behind as Ms. Drew has implied. While some recent successes of the movement have had some "spill over" effect on
the poor as well as some direct effect (as in truth-in-lending's restrictions on garnishment), there is a serious question of whether the problem of ghetto consumers are not fundamentally different from those of other consumers and unlikely to be resolved by the broader reforms of the consumer movement.

That there are indeed serious strategic problems for the consumer movement is recognized by some consumerist organizations. In its 1973 policy resolutions, the Consumer Federation of America noted a qualitative difference in inner city consumer problems:

"Low income consumers have special problems and directly suffer when their problems are not considered by consumer groups and consumer protection councils." (emphasis added)².

But, the resolutions also implicitly recognize CFA's current lack of impact on these problems:

We urge all consumer groups to solicit membership among the poor and to develop programs to alleviate their problems... We further urge that low income consumers be involved in CFA efforts to expand consumer organizations and that special funds be made available by CFA affiliates ... to organize low income consumers (emphasis added)³.

As suggested below, it is both improbable and undesirable that such a joining of forces take place.

GOALS OF CONSUMERISM

The consumer movement assumes three major premises: (a) that existing market systems for goods and services are not as freely competitive as classical economics would have it; (b) in such markets consumers are at a considerable disadvantage in market power vis-a-vis sellers and their allies; and so have difficulty securing fair value for dollars expended; and, (c) therefore, in the long run the marketplace is in need of what Nader calls a
"reordering of power" to give consumers a stronger voice in corporate, governmental and judicial actions affecting their own welfare.

In general, the reforms consumerists seek are greater restraint on competitive actions which produce consumer abuses and, at the same time, greater compulsion of competitive actions which will facilitate consumer choices. Specifically, the movement seeks power to guarantee what the first report of the President's Consumer Advisory Council described as four basic consumer rights: the rights to choose, to be informed, to be heard and to safety.

To the extent these "rights" are presumed to be the natural order of things, their absence may be seen as the result of barriers to securing adequate value in the marketplace for available income. The sections to follow ask whether the barriers faced by ghetto consumers under each of these headings are qualitatively rather than quantitatively different from those faced by non-inner city consumers. To the extent these differences are qualitative, one may conclude that general solutions to consumerist concerns will not materially benefit inner city consumers.

INNER CITY CONSUMER RIGHTS

A. Rights to be Informed and to Choose

Consumer choices can be separated into two broad classes, choices about how to allocate incomes over time to savings and to product and service categories (i.e., budgeting choices) and choices among alternatives designed to meet particular product/service needs at a particular time. Louise Richards gives low income households poor marks in both areas, adopting what seems clearly to be a middle class norm of behavior:
How do consumer practices of the poor compare with the recommended rules of financial management? On almost every count, we have found that the poor fail to use what many would call the rational solution.

1. Although they spend most of their income on basic needs, those who buy durable goods make serious inroads on their incomes.

2. Most do not use more deliberation, consult more sources, or shop more widely, to get the best buys. Instead, many depend on known merchants or relatives for judgments of what to buy.

3. Few have savings of any size; most do not have life insurance; and only about half are covered by medical insurance.

4. It is doubtful whether many carry out home production activities to supplement cash purchases.

5. Many probably do not make full use of the programs established to provide services and goods free or at reduced rates.

Given this evidence of apparently poor "consumership", one may ask whether this is indeed evidence of irrationality as Richards implies or rather, as Lewis would suggest, merely rational adaptations to meet unique needs given unique consumption barriers.

1. Allocations Over Time

Middle class consumers might expect inner city consumers (hereafter MCCs and ICCs respectively), given their low incomes, to budget their limited incomes over time more carefully than MCCs to provide for emergencies (to which they are more prone), to anticipate major durable purchases, to permit taking advantage of sales, and to avoid unnecessary use of credit and/or withdrawals from savings. Yet available evidence indicates that the poor rarely have savings, are often insolvent, and (perhaps most damming in middle class eyes) often go heavily into debt. Why is this so? Part of the
problem, of course, is their low incomes. Perhaps seventy percent of the take-home income of the poor is spent on necessities. Yet they allocate their incomes to discretionary expenditures in about the same pro-
portion as middle income families. This fact, together with the finding that the poor spend more than they take in, suggests that their need for the standard American package of durable goods is only different in degree from that of MCCs. Given these needs and their low incomes, it is inevitable that the poor have low or negative savings and high installment debt.

One may ask, then: why the poor don't further scale down their discretionary needs? One possible answer lies with the fact that the incomes of those who are poor and especially those who are poor and black are not only low but also highly unstable. In 1970, only about one in five poor families had full time jobs fifty or more weeks compared with about two in three non-poor families, with poor blacks having more unstable incomes than poor whites. Thus while typical white middle class families are only rarely seriously concerned about whether their incomes will continue at least somewhere near their present level, this is a very serious and constant fear for inner city families. It means that for such consumers a critical piece of information for following "The recommended rules of financial management" is missing. How then do the disadvantaged cope with this uncertainty?


Undoubtedly the psychological and behavioral responses to this greater uncertainty varies across ICCs. Some may adopt a highly conservative min-
max strategy, minimizing the maximum calamity that could befall them in the event of a substantial decline in income by spending only cash, buying only the barest essentials, engaging in considerable home production of food and
clothing, and thus saving modest amounts for future emergencies. This strategy would undoubtedly seem to most MCCs as highly rational. It is one of several highly plausible explanations of empirical finding of why blacks dissave less than whites at all income levels. It is the strategy common to those working class wives at the upper end of the poverty scale. As Rainwater and his colleagues found, working class wives are not confident about their economic futures, about whether their husbands' earnings would improve. They like to pay cash for everything so that they would "know where we are'. They "suspect a bit of financial treachery is usually involved in 'time payments.'" Despite this feeling, Rainwater did find that about two out of three of his families had some consumer debt at the time of the study. About An alternative strategy given high uncertainty / future incomes would be a maximax strategy that takes the course of action that would yield the best outcome if the most favorable future circumstances prevailed. Extensive use of credit could reasonably be considered a maximax strategy by poor blacks. Indeed, Katona and his colleagues found that of those 29 percent of families with incomes under $5000 who had installment debt in 1969 36 percent had debt amounting to twenty percent or more of their annual incomes. This compares to 23 percent for those with income from $5000 to $9,999 and 13 percent for those with incomes $10,000 and over. If, as Caplovitz has shown, overextensions of credit are highly predictive of future debt defaults with their associated court suits, garnishments, repossessions and the like, one may ask why any ICCs would adopt a maximax strategy. It is entirely possible that many of the poor may see the undertaking of debt as a commitment of hope. As Irelan and Besner put it in another context:

"A lower-class youngster has more urgent, material reasons for wanting an improved future. His present is painfully unsatisfactory. His urge toward better, stabler occupations is not so much drive for achievement as flight from discomfort and deprivation."
The final, and probably most common, alternative is a strategy of maximizing expected value. This requires that the household assume neither the best nor the worst future, but estimate realistically the likelihood of each possibility and choose the course of action that would lead to the maximum weighted average outcome given all possible circumstances. This strategy could lead to high debt accumulation under several conditions:

1. Some poor blacks, those whom Bauer and his colleagues characterize as strivers, may believe that the odds of a substantial increase in income are very high.

2. Others who are temporarily well off may, given what Martineau sees as their short time horizon, see this as permanent.

3. Others among non-strivers may perceive the costs of being wrong (i.e., of not securing a substantial increase in income to pay for the debts) as being relatively minor. This could occur for two reasons:

   (a) Because of limited education and market sophistication, they may actually know less about the likely consequences of default, effects on credit ratings, effects on future employment prospects, court costs and the like.

   (b) Although knowing the nature of the consequences, they may estimate the potential dollar losses to be small, arguing that they will have few possessions to repossess or wages to garnishee and, if worse comes to worse, they have no good jobs or careers keeping them from skipping out in their debts.

To summarize: while the absence of critical information on future disposable income undoubtedly leads some ICCs to adopt a minimax strategy which would seem perfectly "sensible" to middle class families, it also leads others for various reasons that are "sensible" to them to adopt strategies that do not conform to what Richards calls "common-sense rules of financial management." To the extent that others in the consumer movement share Richards' perspectives this suggests a serious misunderstanding of the motives and goals of ghetto consumers, a problem of intellect and empathy that may explain some of the movement's lack of impact in the area.
3. **Choosing Alternatives**

Given that inner city consumers have established budgeting priorities, how effectively are they able to gather information and make choices about alternatives offerings that may meet specific needs? Bauer and Cunningham have reported that with income controlled, blacks experience more difficulty making shopping decisions than whites.\(^\text{17}\) While this finding may be the result of a residual educational difference, is blacks' perceived greater shopping difficulty rather a function of different barriers they face in gathering and using product and outlet information?

a. **Gathering Information**

Information on product and outlet alternatives can be obtained from five basic types of sources varying as to whether the medium is personal or
impersonal and whether or not the source is perceived to be an advocate for the product or service in question.

A first question, then, is whether ICCs and MCCs differ in their use of these alternative sources. Portis' 1966 study of sources used by black and white women to secure information on clothing fashions indicated that black women were:

1. Much less likely than whites to use impersonal advocate sources such as newspaper ads;
2. Much less likely to use personal shopping experience;
3. About equally likely to use personal non-advocate sources such as friends, relatives and the like, impersonal non-advocate sources such as magazine articles and "other" sources. The use of salesmen is unknown. The differences generally hold when the extent of interest in fashion is controlled.

If it can be assumed that magazine articles, "watching television" and "observing what other women wear" are very general sources about generic product differences whereas newspaper ads and personal shopping experiences are sources of specific information about product alternatives, prices, credit terms and the like, then the data suggest strongly that inner city consumers have less of the critical information needed to maximize values in their local marketplaces.

Clearly such information is of more importance to inner city consumers. Studies by Bauer and Cunningham and Feldman and Star report that blacks more often mention low price as their major shopping goal than do whites even with income controlled. Further, Bauer and Cunningham note that this difference is largely attributable to non-strivers, the group of major concern in this paper.
Again other explanations are required for what might seem to be "irrational" information-seeking behavior.

1. Use of Impersonal Advocate Sources

The less frequent use of newspaper ads parallels findings by Bauer and Cunningham, Oladipupo, and others that blacks in general are less often readers of newspapers and magazines but more avid viewers of television and listeners to radio. In part, newspapers are of limited interest as sources of general news because of their scant coverage of activities in the black community. Thus, Bauer and Cunningham report that only thirty-nine percent of blacks feel they would be "quite lost" without their newspaper while fifty percent of whites feel that way. While this difference is partly a function of lower education and lower income, Bauer and Cunningham argue that, even when income and education are controlled, blacks are less likely to use newspapers than whites, a difference they attribute to blacks' relatively greater needs for media of recreation, diversion and escape.

Two possible further explanations in addition to educational and racial differences for lower use by inner city consumers of advocate impersonal media are the following:

a. For reasons we shall note below, ICCs carry out most of their convenience shopping and much of their non-convenience shopping in their neighborhood market where large city-wide outlets (e.g., supermarket and discount chains and department stores) which are heavy newspaper advertisers are less frequently found (or entirely absent);

b. For many ICCs shopping for durable goods, the critical piece of information needed is the cost and availability of credit, data which are typically not available in newspaper advertisements.

ii. Use of Personal Shopping Experiences

If ICCs in general "ought" to seek out cost minimizing data and if critical data for most purchases are unavailable from newspaper ads, one might
expect them to enter into more discussions about products and outlets with friends and neighbors or to engage in more personal comparison shopping. Yet Portis' data suggest that blacks are about as likely as whites to discuss fashions with friends but much less likely to engage in personal shopping. It is hypothesized here that the main reasons for this apparent "irrationality" are that black ICCs do not have either the opportunity or the motivation to shop extensively for needed goods and services.

Opportunity for Extensive Personal Shopping

Opportunity for personal shopping is a function of available time, access to transportation, and/or access to a range of alternative outlets within a reasonable travel radius. Available shopping time for ICCs is restricted by several sociological factors:

(a) Larger family size puts more time burdens on the adults in ICC families;

(b) In the broken homes that occur more frequently among ICC families, there are simply fewer adults to meet these burdens;

(c) Often all adult heads are working, meaning fewer hours for family responsibilities including shopping.

Compounding the problem of time scarcity is the fact that fewer ICCs than MCCs have automobiles which means that ICCs must take more time simply to get to a given number of outlets. This problem is in turn aggravated by the fact that the major alternative to private automobiles, public transportation, in almost all urban areas is designed primarily to bring people into the center city for employment, entertainment and shopping and not to take ICCs to outlying shopping areas. As a consequence, downtown shopping centers are rapidly becoming the shopping plazas of the poor.
These constraints of time and transportation mean that ICCs are physically more restricted to shopping in their own area. Indeed, there is considerable evidence that ICCs do patronize neighborhood outlets more than do MCCs. Caplovitz's finding of much narrower "shopping scope" for the poor and for blacks has been frequently cited in the literature as evidence of their lack of shopping mobility. Similar evidence is available in the work of Feldman and Star.

Motivation for Extensive Personal Shopping

These findings of inhibited personal shopping may also be the result of strong motivations for blacks not shopping far from their own areas. First there is the problem of racial discrimination. In the late 1950's Martineau first identified the fact that blacks were very much sensitive to their treatment as individuals in stores. A more recent study by Campbell and Schuman in fifteen northern U.S. cities found that about one in three blacks felt that black customers were being treated less politely than white customers in downtown stores, a perception much more frequently found among younger blacks.

A second factor inhibiting black motivation to shop outside the inner city may be a belief that assortments in some categories (e.g., clothes, foods) or services (e.g., beauty, barber shops) may not be appropriate to their preferences. The existence of differences between blacks and whites in consumption expenditures and brand preferences is well attested to in the work of Alexis, Gibson, Sawyer, Larson, and others although the effect of these differences on store preferences is at present unknown.

The third additional inhibiting factor is the need for credit. Blacks with large families and unstable incomes need access to credit even for food
Many such families may well believe that the probability of getting credit outside their area is low enough to make comparative shopping trips to the suburbs not worth the effort in time and expense.

In addition to these disincentives to shop outside the inner city there are other traditional motivations to stay within the area, particularly the time and place conveniences available there and the opportunity to use delivery services. These conveniences are especially important to ICCs since:

1. With lower incomes often paid on a weekly or daily basis, they must shop more frequently which would greatly increase the transportation cost per item purchased if they regularly left the area;

2. With all adults working and with large family responsibilities, children more often do much of the shopping. Safety considerations prompt patronage of nearby outlets.

Two other important motivations for ICCs to shop locally are the desire for a personalized shopping experience and the desire to support minority-owned enterprises.

The desire for a personalized experience in shopping

For low income householders living impoverished lives in deteriorated and crowded housing, lacking the income and transportation for many diversions away from home (and barred by discrimination from many others), the opportunity to escape briefly for shopping excursions may make the experience a major social (perhaps even esthetic) occasion, a time for seeing new things, talking with friends, socializing with store keepers, and the like. Martineau has noted that:

We have found that the customer generally thinks of shopping as a total experience which runs through a number of departments in a number of stores and ends when she (or he) returns home.... Curiously, the lowest-income shoppers mentioned the holiday aspects of such a trip more than any other group, probably because their routine lives are closer to humdrum practicality.33
Inner city consumers seem to very closely fit sociologist Gregory Stone's description of the "personalizing consumer":

"Without access to either formal or informal channels of social participation, because of her lower social status, her very few or very many children, and the fact that she had spent the early years of her married life outside the local area, this type of consumer established quasi-primary relationships with the personnel of local independent retail institutions ... (which) compensated for her larger social losses...'"\(^{34}\)

This finding is confirmed in Bauer and Cunningham's more recent study where they found that more blacks than whites and more low income and non-striving blacks reported that in shopping it was important to be familiar with store clerks. To some extent, the personalizing orientation may also explain Caplovitz's finding that blacks and the poor are much more active patrons of door-to-door salesmen.\(^{35}\)

The desire to support minority-owned businesses

While most blacks would argue that price and quality are more important than race of store ownership in store and product selections, Gensch's research in Pittsburgh found that a substantial minority of blacks, particularly the younger blacks, considered black ownership an important secondary consideration in choosing where to shop.\(^{36}\)

Consequences of Shopping in the Inner City

The analysis of ICC information-gathering behavior has shown that there are very real physical and psychological inhibitions that discourage them from leaving their area to shop. More importantly, it has been shown that ICCs have different shopping goals and attitudes that may lead them in many instances to prefer shopping in their own community. Granting that price, selection and quality are still important objectives for inner city consumers,
one may ask whether the decision to shop locally raises other barriers to meeting these objectives. The answer to this question requires brief consideration of the structure and performance of inner city marketing systems.

**Inner City Market Structure**

As studies by Cox and Berry have shown, the structural characteristics of most large geographic markets are determined principally by the size of the population and average spending power per household. In a more recent paper, Cox and Dickinson have shown that this naïve model has limited predictive power for small areas. This is a particular problem in inner city areas where substantial demographic volatility causes a poor match between consumer needs and available outlet structure.

The basic problem is that many inner city areas are rapidly declining in population and aggregate spending power as well as changing in racial composition. In such areas, the following consequences tend to follow:

1. Transient white customers stop coming into the area leaving remaining merchants to compete for the shrinking disposable income of local residents.

2. This decline in available customer dollars from two sources rapidly diminishes the demand for outlets. Particularly hard hit are mass merchandise outlets which need a broad market base to survive and specialty goods stores which require moderate numbers of relative affluent clientele to support their specialized offerings.

3. The pressure on businesses to leave is increased by rising costs of operation and lower (or negative) profits.

4. The actual number of outlets declines but less rapidly than changes in costs of operation and available buying power would recommend leaving an overstored condition in most product categories.
5. Overstoring plus greater cost pressures increases the number of marginal, undercapitalized businesses. This condition in turn, leads to a shrinking of product lines, a deterioration in physical premises, reduction in service and the like.

6. The change in racial composition of the population leads to an exodus of white businessmen which has two effects:

a. In outlet categories where black businessmen are not quick to replace them (as in the case of pharmacies where there are important barriers to entry), there may be a short-run lag in services to consumers as well as opportunities for monopoly pricing.

b. As Caplovitz has shown, there is an overall decline in managerial quality which further diminishes the quality of services available to inner city consumers.

These dynamics lead to conditions similar to those found in a recent FTC study of inner city food retailing:

"The distribution system performs less satisfactorily in low income areas of our inner cities than in suburban areas. Many of the foodstores (and other outlets) serving low income, inner city areas are small, less efficient, and have higher prices. Consumers in these areas are frequently sold lower quality merchandise and are provided fewer services than in other areas. Moreover, the retail facilities of low income areas are often old and in a shabby state of upkeep." 42

Thus, inner city market structures create conditions that discourage much personal comparison shopping even among those ICCs who might wish to do so. With the exodus of many mass merchandisers and specialty shops, the range of outlet types is substantially diminished. Further, those outlets remaining are typically small which presents an upper limit on available assortments, and inadequate capital insures that most outlets stock assortments considerably short of this limit, presumably the most popular items for the outlet type. This compounds the limit on outlet variety with a limit on assortment variety within outlet type. Such a lack of variety presumably acts to further discourage extensive comparison shopping within the area.
Whether there is value to be gained from comparison shopping for prices within the area is now unknown. There are at present no clear data as to the extent of price variation in inner city areas. Studies by Caplovitz, Sturdivant, Hanselman, the Federal Trade Commission and others have shown that prices in general are higher in inner city than non-inner city areas presumably because of the absence of mass merchandisers, higher operating costs, poor quality management, and the like.

Marketing Performance

Given that disadvantaged ICCs are more likely to personalize their shopping experience, one might expect them to rely more heavily on the advice of salesmen in making shopping decisions. Because they have limited shopping experience outside their own area and have lower education, frequently must buy on credit, and therefore involve themselves in complicated contracts, their need for such personal advice and assistance is presumably particularly great. Although Portia's study does not indicate the extent to which ICCs rely on such information, available data would suggest strongly that rather than securing advice from inner city salesmen, ICCs more often secure deception and fraud.

While no study of comparative frequency of deception between ICCs and MCCs exists, Caplovitz's study of debtors who have defaulted on consumer obligations indicate clearly that at least among this group the racial minorities are much more often deceived. Caplovitz finds that deception is clearly related to race but not to income. He also finds as expected that deception is inversely related to the buyer's level of education. Caplovitz concludes, however, that these expected relationships are primarily the result of an intervening variable: the kind of seller the defaulting buyer has dealt with. Independent of race, the probability of being deceived
increases substantially as one moves from general market retailers to low income retailers (principally appliance and furniture dealers) to automobile dealers (principally used car dealers) to direct door-to-door sellers. The latter are a particular source of difficulty for black consumers. As Caplovitz concludes:

Type of seller is the critical determinant of the amount of deception that takes place in the transaction. Whether the debtor is rich or poor, black or white, of high or low education is important primarily because such characteristics channel debtors to particular types of sellers. But when the financially better off debtor, or the well-educated one, makes a purchase from a direct seller or a low-income retailer, he is just as vulnerable to deception as the poor and uneducated debtor.49

B. The Right to be Heard

ICCs are more likely to be deceived in the inner city. Yet it is generally agreed that ICCs less often seek to redress these wrongs. As with shopping in suburbia, seeking of redress is a function of both opportunity and motivation. The following would appear to be some of the reasons why ICCs less often seek redress for deceptions and fraud they encounter in the marketplace.

Opportunity

1. Presumably because of their lower education and more limited experience, ICCs are less likely to recognize deception when they encounter it.

2. When consumer difficulties are perceived, poor consumers have less knowledge of where to go for assistance.50

3. Legal services are usually unavailable. The poor cannot afford their own lawyers. The FTC and State Attorney General's offices very rarely act on individual complaints.51

4. Illegal processes such as sewer service often prevent poor people from learning of court cases in which they are involved.52
Motivation

1. Many poor fear that seeking of redress will endanger their delicate credit standing.

2. The poor are generally more passive and fatalistic about their difficulties than the middle class. Theressa Clark notes the comment of a poor mother who was deceived into contracting for $274 worth of books: "Well, he said I had signed to buy them, so I thought I would try to pay for them."

3. Ghetto residents often (with justification) feel that they simply have no power to bring about change in their own circumstances. As Irelan and Besner note: "The objective condition of helplessness in relation to the larger social order leads naturally to the conviction that one cannot control it. The poor are widely convinced that individuals cannot control the workings of society." In such a view, the poor consumer feels he cannot get the seller to take back a "shoddy deal" or get a judge to believe his testimony. The latter feeling is reinforced by the very negative experiences the poor, especially the minority poor, have had with law enforcement systems, particularly as represented by the police.

4. Taking time off from work to appear in court proceedings may lead to loss of pay or perhaps even the loss of the job itself. This may account for the very high default judgments secured by inner city stores.

C. The Right to Safety

ICCs are subject to all the physical product hazards to which non-ICCs are exposed. In addition,

1. ICCs often are deceived into buying used -- and presumably less safe -- goods under the assumption they were new.

2. They may be less well equipped to decipher complicated directions for potentially dangerous products.

3. The marketplace in which they shop is perceived by inner city consumers (and inner city businessmen) to be unsafe, particularly at night.

4. The marginal status of inner city food outlets apparently is associated with poorer freezing and cooling equipment which along with lower sales turnover leads to generally poorer quality of produce, higher frequency of unsafe frozen foods, etc.

SUMMARY

The preceding sections have traced the major barriers faced by inner city consumers in achieving their "consumer rights". Many such barriers
such as lower levels of formal education necessary to evaluate complex product offerings -- are only quantitatively different from those faced by middle class white consumers. The major thesis, however, has been that a great many barriers are in fact qualitatively different from those of the middle class. In effect, the data permit the conclusion that inner city consumers live in what might be called a "culture of consumer poverty" which requires different understanding and different solutions than apply to middle class cultures.

The principal qualitative differences between inner city and white middle class consumers are their place of residence, their color, and the stability of their incomes. As has been shown, place of residence subjects ICCs to a particularly disadvantageous market structure and a set of exploitative merchant practices that are their major barriers to effective consumption.

Color is a direct source of disadvantage because it acts as a signal to merchants that blacks are consumers who:

(a) can be charged higher prices because they have less physical and psychological mobility;

(b) ought to be charged higher prices when they buy on credit because "their kind" are bad risks;

(c) can be deceived because they are typically "unsophisticated" and, even when they are not, they have little power or motivation to secure legal redress.

Finally, unstable incomes make it infinitely more difficult for ICCs to plan purchases carefully. This difficulty leads many consumers to a strategy of incurring heavy consumer debt which may seem irrational to many non-poor consumers.

These socioeconomic characteristics, in turn, lead to attitudes and values that further inhibit effective consumption. Many ghetto blacks with low and unstable incomes have a fear of being discriminated against which
discourages shopping excursions to lower priced outlets beyond their area. Further, as merchants have often sensed, they also have a sense of powerlessness and persecution which discourages price comparison and legal pursuit of deceptive sellers.

More fundamentally, the analysis has suggested the possibility that shopping itself may perform a different role for ICCs than for white middle class families. For many ICCs, shopping constitutes a social event making important contributions to their well-being and self-definition. In addition, for many, patronage of black outlets is a means for asserting ethnic identity and participating in community-building in a small but presumably personally satisfying way.

Choosing -- or being restricted to -- that market, however, proves to be a further barrier to achieving maximum market value. The absence of low cost mass merchandisers and specialty stores, the excessive number and marginal status of remaining stores, high operating costs, deteriorated and unsanitary conditions, and poor management seriously restrict the range and quality of goods and services available to inner city consumers and subject them to higher prices and greater safety hazards than whites are subject to.

Finally, it has been suggested that merchant exploitation is much more commonly experienced by inner city residents (a) partly because they tend to purchase from those kinds of merchants more prone to exploit; (b) partly because they more often choose to purchase on credit where the possibilities of exploitation are greater; and, finally (c) partly because merchants feel inner city residents can more easily be cheated without repercussions.

A graphic portrayal of the causal chains outlined in the preceding paragraphs is indicated in Figure 1.
IMPLICATIONS FOR THE CONSUMER MOVEMENT

Analysis of the implications of the preceding discussion follows the outlines of Figure 1.

The problems associated with the characteristics of inner city consumers raise questions about the relevance of the consumer movement to their most immediate sources of difficulty. The fact that their consumer problems stem mainly from the fact that ICCs live in ghettos, are black, and have unstable incomes implies that they would secure substantially greater "rights" as consumers from programs designed to:

a. promote residential desegregation,

b. reduce racial prejudice among the white middle class,

c. improve job opportunities and increase income stability among black heads of household.

Programs in all three areas at present are well outside the central thrust of the consumer movement. While this may well be a reasonable selection of priorities by the movement, it does mean that the movement's impact on the consumer problems of ghetto residents is likely to be quite limited.

Problems associated with the unique attitudes and values of ghetto consumers raise questions about whether there is ever likely to be much mutual understanding and empathy between ICCs and movement activists. Black writers like James Baldwin, Malcolm X, Frantz Fanon and others have asserted for some time that whites can never truly comprehend the black experience. It is at least a reasonable hypothesis, given the perception of writers like Richards, to suggest that this is a valid assertion for the area of consumption behavior. The hypothesis leads one to ask:

a. Whether white middle class consumer activists can truly understand and empathize with inner city consumers' needs and world view sufficiently well to be able to develop really effective programs to help them;
b. Whether, if MCCs cannot develop programs for them, ICCs will feel enough empathy for their problems within the consumer movement to want to join and work closely with existing activists to mutually develop and implement needed solutions;

c. Whether, even if they sense such empathy, the most disadvantaged blacks with their sense of powerlessness and discrimination will believe that the consumer movement is nothing more than another white "ego trip" or imaginative new plan to "rip off" more of the wealth of the black community.

The third major problem area, the depressed and atomistic character of inner city market structures, again raises issues of relevance of the movement. In the absence of a major infusion of consumer income, what are clearly needed here are subsidy programs for mass merchandisers, economic planning for ghetto areas, programs to recruit, train and counsel existing and potential black businessmen, greater inputs of loan and equity capital, and so on. These, again, are program areas generally outside the central thrust of the consumer movement.

The final problem area, that of merchant exploitation, would seem to be one where the consumer movement can have considerable impact. Although there may be little that white consumerists can do to change the characteristics or shopping goals of ICCs or the market structure they face, presumably they can make access to legal redress for deceptive acts easier and can seek direct sanctions against exploiting merchants. However, a major handicap to consumer activists in this regard is the very localized nature of inner city enterprise. Inner city market dynamics tend to drive out mass merchandisers and the other "better" white operations which are in interstate commerce and thus affected by the present aggressive consumer activism at the federal level. As a consequence, legislative and enforcement solutions for ghetto consumers necessarily are needed at the state and local levels. Unfortunately, consumer power at these levels is at the present time modest although growing. To the
extent the present vigorous national thrust of the consumer movement minimizes efforts at local organization -- even in white areas -- the likelihood of removal of exploitation barriers facing inner city consumer rights is considerably diminished.

Recommendations

The argument developed in this paper concludes that in several critical areas the consumer movement lacks relevant objectives and effective organization to correct the central problems of inner city consumers. Further, significant differences in perspective and potential difficulties in communication between consumer activists and ghetto residents will make it unlikely that participation of the latter in the movement will be more than minimal in the foreseeable future.

Given these difficulties, it seems reasonable to conclude that a viable consumer movement in ghetto areas is likely to emerge only if it is organized by blacks for blacks. Further, given the apathy and sense of powerlessness of the most disadvantaged black consumers, it also is reasonable to conclude that the most effective approach to developing an indigenous consumer movement is to work from some existing black organizational base. And, finally, given the extent to which ghetto consumer problems are bound up with problems of market structure and merchant behavior, the "natural" organizational base would seem to be the black economic development organizations that exist in almost every major urban black community.

While the merger of interests has some obvious advantages, linking inner city consumer activism and economic development is not an unmixed blessing. One problem is, of course, that many such organizations are less than viable. More importantly perhaps, as I have outlined elsewhere, there is a basic dilemma in trying to improve the lot of inner city consumers while at the same time trying to increase the number of black-owned businesses and to increase job opportunities for inner
city residents. At least in the short run, large well run mass merchandise outlets that can provide significant job opportunities and substantially lower prices for inner city consumers are most easily introduced into inner city areas with white capital and white ownership. To insist, as many black development organizations do, that such businesses be black owned may, given the scarcity of a needed pool of black managerial talent and difficulties in securing capital, be to effectively bar needed consumer oriented improvements. 59

If, then, the natural home for inner city consumer activism is in the economic development movement, what role remains for the consumer movement besides strengthening their own impact at the state level?

1. First consumerists must reconcile themselves to two facts: (a) consumer organizations will develop much less rapidly if at all in inner city than in non-inner city areas despite the greater need for such organizations in the former; and (b) development of consumer organizations in inner city areas may be impeded if white middle class activists try to become involved;

2. Consumer groups should seek out existing community economic development organizations as the natural developer and eventual "home" of inner city consumer activist groups and offer their assistance in developing active consumer programs. Such assistance might include:

   a. convincing the community economic development organization that the securing of consumer rights should be an important part of this mission;

   b. providing funding, manpower, written materials, and advice for the consumer organization effort itself.

3. Because of the understandable sensitivity of such organizations to potential white interference, consumer activists should place themselves in the position of resources for such community economic development-consumer groups.
This means that they should be willing to forego any formal affiliation between the groups and themselves. Given blacks' feelings about white involvement on their "turf" and the different general goals of economic development organizations, proposal of such an affiliation could prove as formidable a handicap to achieving improvements in inner city consumer welfare as would attempts by the consumer movement to organize inner city consumer groups themselves.
FIGURE 1

STRUCTURAL MODEL OF CAUSES OF BARRIERS TO "CONSUMER RIGHTS"
FOOTNOTES


3. Ibid.


16. Louise Richards, op. cit., p. 68.

17. Raymond Bauer and Scott Cunningham, op. cit. p. 32.


19. It should be noted that Portis' data are reported only for respondents with some fashion interest. Those with no interest were excluded with unknown effects on the results.
20. Raymond Bauer and Scott Cunningham, op. cit.


22. Raymond Bauer and Scott Cunningham, op. cit.


25. Ibid. Bauer and Cunningham argue that blacks have greater needs of newspaper ads than whites but offer no quantitative support for this assertion.


31. Marcus Alexis, op. cit.


50. David Caplovitz, Consumers in Trouble, op. cit.

51. Ibid., p. 45.


59. Dennis Gensch, op. cit.

