Consumer Bill of Rights

Proposed by JFK in 1962

Lesson Objective: Know the 7 Consumer Rights & Responsibilities and the Government Agencies set up to protect those rights.
Consumer Bill of Rights

1. Right to Safety
   ▪ Products must not endanger consumer’s lives or health

2. Right to be Informed
   ▪ Businesses must provide accurate information in advertising, labeling and sales

3. Right to Choose
   ▪ Consumers should have a variety of goods and services from which to choose
   ▪ Competition
3. Right to Choose (cont’d)

• Bill of Rights aimed at making products safe and competition fair

• Competition results in the following two factors:
  – Lower Price
  – Improved Product Quality

• Unfair Competition
  – Monopolies (Sherman Anti Trust Act, Microsoft)
  – Price Fixing: all companies agreeing to charge the same price thus no choice
Consumer Bill of Rights (4-7)

4. Right to be Heard
   - The government must consider consumer interests when creating laws

5. Right to Redress
   - Consumers must be able to remedy problems

6. Right to Consumer Education
   - Sufficient information available for consumers

7. Right to a Healthy Environment
   - Businesses should avoid polluting and contribute to the welfare of their community
Consumer Protection Agencies

- Federal Trade Commission (FTC)
  - Protects consumers from unfair business practices
- Consumer Product Safety Commission (CPSC)
  - Tests and bans hazardous products
- Environmental Protection Agency (EPA)
  - Makes sure businesses dispose of hazardous waste, monitors air and water quality
- Federal Communication Commission (FCC)
  - Monitors the radio and television airwaves
    - $550,000 fine, delay increased to 10 seconds
Consumer Protection Agencies

• Securities & Exchange Commission (SEC)
  – Monitors & controls stock market
  – Insider Trading Legal / Insider Information Illegal

• Securities Investors Protection Corporation (SIPC)
  – first line of defense if a brokerage firm fails that owes customers cash and securities missing from their accounts

• Food & Drug Administration (FDA)
  – recalls, alerts, and warnings of foods, drugs, medical devices, and cosmetics
Consumer Protection Agencies

- Federal Aviation Administration (FAA)
  - responsible for the safety of civil aviation

- Federal Deposit Insurance Corporation (FDIC)
  - Insures investor’s deposits up to $250,000 until December 2013 (then back to $100,000)

- BBB
  - Private organization that gathers information and reviews on businesses
Buyer Beware Techniques

- Pyramid schemes
- Bait & Switch – illegal
- Monopoly & price fixing – illegal
- Loss Leader – legal
- Impulse Purchase
- Buyer’s Remorse

- Advertising
  - Deceptive
  - Informative
  - Persuasive
  - Comparative