

Special Section Commemorating the 100th Anniversary of the U.S. Federal Trade Commission

William L. Wilkie

A Brief Background on the Federal Trade Commission

This year is the 100th anniversary of the U.S. Federal Trade Commission (FTC), the primary regulator of marketing activity in the United States. This special section is intended to afford us all an opportunity to reflect on the agency, its key role in our society, and its performance over time and into the future. As a brief background, the FTC is an independent regulatory agency broadly charged with the responsibility of providing a “fair competitive and consumer environment” for the nation’s economic system. It is run by five commissioners, with no more than three from a given political party, appointed on a rolling basis for seven-year terms. This structure is designed to cross presidential administrations, thus offering a degree of independence in carrying out the agency’s mission. The FTC has three major Bureaus—Competition, Consumer Protection, and Economics—that reflect the span of its work. Founded in 1914, its mandate, apart from administering several specific acts, is surprisingly vague. Section 5 of the Federal Trade Commission Act originally declared “unfair methods of competition in commerce” to be unlawful and was later amended to include “unfair or deceptive acts or practices.” These statements historically have been interpreted as assigning responsibility and authority in areas of industry structure (competition) and trade practices (consumer protection). Considerable background on the agency and its programs, together with the agency’s own celebration of its 100th year, is available at www.ftc.gov.

Marketing’s Role and Contributions to the FTC

This special section is intended to probe the role of marketing in carrying out the FTC’s mission. It is focused on presenting an insider’s look at the history of a little-known but interesting initiative in the marketing field, one that involved the infusion of marketing thought into public policy decision making in the United States. It began in the 1970s, when the Marketing Academic Consultancy Program (Project MAC) was launched at the FTC. Although the FTC was (and is) the nation’s primary regulator of marketing activities, it had been staffed by attorneys and economists who had little to no awareness of the academic mar-

keting field. When President Nixon pressured the agency to increase its consumer protection efforts, FTC officials, led by Commissioner Mary Gardiner Jones, decided to investigate whether marketing academics might help. Initial results were positive. Thus, a formal consultancy program was begun, in which marketing academics would take university leaves of absence to work inside the FTC as consultants and then recruit their replacements so as to maintain a continuing presence of the field at work on commission matters.

Over the ensuing ten years, some 30 marketing academics moved to Washington and worked as in-house consultants in this program, and many others were called on for specialized projects and testimony as FTC management began to recognize the value of marketing insights. Strong impacts on FTC’s operations ensued, reflected by a massive increase in FTC spending for marketing and consumer research activities—from essentially zero at the start of the program to approximately \$1 million just six years later. Important benefits also flowed back into academia, as this program formed a prime basis for the development of today’s Marketing and Society research area, including this very journal (*Journal of Public Policy & Marketing*), the annual Marketing & Public Policy Conference, and the biannual doctoral consortium.

How and why did this occur? In part due to its vague mandate, the FTC has often been controversial: across its history, critics have strongly questioned commission activities, accusing it of at times regulating with too heavy a hand and at other times not giving nearly enough attention to harmful abuses occurring in the dynamic U.S. economy (for an excellent review of the FTC’s first 50 years, written by a historian, see Zuckerman [1990]). The 1960s brought accusations of agency inactivity and the need for substantial reform. The 1970s and 1980s were turbulent times for the FTC, with activism and then deregulation successively ruling agency efforts. Several new and important marketing regulation concepts were developed during this time. Marketing academics played a significant role in advancing these concepts, although they had been largely, if not entirely, absent at the FTC before this time. In this section, we provide a series of first-person accounts of how marketing academics came to be included, the sorts of contributions they made, how they were phased out, how they then came back, and where they stand today. Our style will be relatively informal, with the hope that readers will enjoy gaining further perspective on our field, its history and contributions, and its frequently underestimated potential for directing better public policy.

William L. Wilkie is Nathe Professor of Marketing, University of Notre Dame (e-mail: wwilkie@nd.edu).

The Section's Contents

We are pleased to offer 12 essays in the section. As a set, they cover more than 40 years of marketing academics' contributions to public policy while conveying a strong sense of the regulatory context and challenges. Not all of the authors are traditional marketing academics: some are trained as economists and some in the field of law. All have worked closely with marketing at the FTC, however, as we shall learn.

The section unfolds in a largely chronological fashion, though not entirely, as the authors of our two closing articles hold long terms of FTC service that overlap the years discussed in our earlier essays while bringing us to the present. Let me offer a brief introduction to each author and article to whet your appetite.

Andrew J. Strenio Jr. (Partner, Sidley Austin LLP, Washington, D.C.; former FTC Commissioner)

In my personal experience, there have been two FTC Commissioners who have been the most perceptive about marketing academia's potential to contribute to better public policy decisions: the late Mary Gardiner Jones, who worked to open the FTC's doors to marketing scholars in the early 1970s, and Andrew J. Strenio Jr., who worked to reopen those doors and formally invite us back into the agency in the early 1990s. I am very pleased that he accepted our invitation to share his views here. If we attend carefully and perhaps read between the lines, we'll detect sage insights about what has and has not transpired at the FTC as well as what the agency (and we) might strive to achieve in the future.

William L. Wilkie (Nathe Professor of Marketing, University of Notre Dame)

I had just ended my second year as an assistant professor in 1972 when I went on leave to the FTC's Bureau of Consumer Protection as its first in-house consultant on marketing. My article provides a historical background on the creation of Project MAC at the FTC in addition to descriptions of the types of issues I worked on as the FTC searched for the boundaries of its mandate. I also provide an overview of how the FTC experiences of this set of marketing academics led them to work to create the present field of Marketing and Society Research.

John Eighmey (Mithun Chair in Advertising, University of Minnesota)

John had also just ended his second year as an assistant professor when he joined the FTC under the aegis of Project MAC. His article traces his rise to a higher-level staff position there: the Deputy Assistant Director of the Division of National Advertising. He also discusses his project contributions and the impact of this experience of his subsequent rise to high levels in the advertising industry as well as in academia.

Debra L. Scammon (Jones Professor of Marketing, University of Utah)

Debbie was a doctoral student when Harold Kassarjian, her advisor, returned from his Project MAC tour at the FTC and arranged for her to work with the agency on her doctoral

dissertation research. Her topic: the nation's new effort to effectively provide nutritional disclosures on food labels. She then later joined the FTC under Project MAC in the late 1970s. Her article provides an excellent look at the major issues of that time, when consumer research was at the center of focus at the agency.

Kenneth L. Bernhardt (Regents Professor Emeritus, Georgia State University)

Ken was an associate professor when he joined the FTC under Project MAC in the late 1970s, brought in as Head of the new Office of Impact Evaluation, which had been implemented (at the suggestion of Michael Mazis) to assess progress on the much-widened scope of FTC activities. Ken's essay outlines the wide range of his work and his expenditures—in excess of \$1 million—thus providing insight into the extent to which marketing research came to be valued at the FTC.

Ross D. Petty (Professor of Marketing Law, Babson College)

Ross presents a different exposure: nine years as an FTC attorney and manager. He began as a new FTC attorney (albeit also with a Master of Business Administration degree in Marketing) who worked with the marketing academics during the active period in the late 1970s. Following this period, he takes us through the FTC's internal shifts into deregulation, thus providing more insights into FTC itself; finally, he discusses his shift into business academia, in which he has been a prolific, incisive contributor.

Joshua L. Weiner (Carson Professor of Business Administration, Oklahoma State University)

Josh also offers a new perspective: he joined the FTC as a PhD economist just before the 1980 presidential election, which would lead to a massive shift in FTC priorities. Josh provides valuable insights into the ramifications of the agency's transition as well as his subsequent decision to shift into marketing academia, in which he has played a leading role ever since.

Gregory T. Gundlach (Coggin Distinguished Professor, University of North Florida)

Greg has yet another vantage point to share, as he joined the FTC as an intern during his time in law school. His assignments took him into competition issues regarding vertical restraints and, thus, into channels research in the field of marketing. In his essay, he relates how this sparked his interest in further pursuit of marketing knowledge because he perceived it to offer significant extensions beyond the understanding offered by economics. He then moved into doctoral study in marketing and then faculty work in our field. He describes his leading work in the study of marketing competition issues in conjunction with his role as a Fellow of the American Antitrust Institute.

Patrick E. Murphy (Professor of Marketing, University of Notre Dame)

Pat entered the FTC just as the deregulatory period was beginning under the regime of Chicago economists, who did not perceive that marketing academia would be very relevant to their conceptions. As such, Pat was among the last of us to participate in the original Project MAC, and his article describes his experiences during this time. In addition, he provides useful insights on the subsequent momentum within our field to build a subsector specializing in Marketing and Society, in which he has been a leader.

J. Craig Andrews (Kellstadt Chair in Marketing, Marquette University)

After the deregulatory hiatus, in 1990 efforts were made to reinstitute the Project MAC Program to bring academics to Washington (with Commissioner Andrew Strenio leading the way on the agency side), and Craig was the first to return. In his essay, he describes the positive reception he experienced and projects he undertook. He also explains the salutary effect this had on his subsequent academic career and discusses the directions he has taken, including his current work—again as a professor on leave—at the Food and Drug Administration in Washington, D.C.

Manoj Hastak (Professor of Marketing, American University) and Michael B. Mazis (Professor Emeritus, American University)

Manoj and Michael provide our only dual-authored article because they were “local” faculty members who have worked jointly as part-time consultants at the agency for many years. They tell their separate stories in this article, in which we learn that Michael was originally one of the early Project MAC participants and then stayed with the agency in key roles (including Chief of Marketing and Consumer Research) in the 1970s. He then transitioned to American University but continued to consult with FTC. Manoj joined American University in about 1990, began to work with Michael, moved into our reconstituted MAC program for a year, and then began a long-term part-time consultant role that continues today. Their essay thus draws on a rich experience base and provides tremendous insights into the activities that marketing academics are undertaking in public policy.

Janis K. Pappalardo (Assistant Director, Bureau of Economics, FTC)

Jan is a consumer economist who has been a significant contributor to the marketing and public policy research area for many years, and I greatly appreciate her willingness to provide this terrific article for us. Within the FTC, economists assigned to the consumer protection area (in the Consumer Protection Division of the Bureau of Economics) deal with many issues in common with marketers' interests, and in this article Jan provides an extended overview of their work. The article provides insights that may be unfamiliar to many of us and is thus very useful for gaining better appreciation of the FTC, the issues it confronts, and its operations.

A Closing Comment

I believe that the experiences reported in the articles of this section represent a valuable lesson for us about the potential synergies possible when a public policy entity is willing to open its doors and ask marketing academics to explore its problems and offer possible solutions. It is clear that the FTC benefited enormously from our involvement, as did we, both collectively and as individuals. The fact that so many of the FTC's academic participants were early in their careers afforded them many opportunities to explore new directions, which they pursued enthusiastically. It is also my belief that subsequent academic developments such as this journal and the annual Marketing & Public Policy Conference have been marvelous additions to our field, providing structured opportunities to collaborate on exploring better roads for marketing as well as for public policy.

In closing, I thank David Stewart, the editor of *JPPM*, who suggested this special commemorative undertaking and allowed me to take it on. I also extend my thanks to all of our authors for their good spirits and fine contributions, which I hope will be read widely within the FTC and assigned in doctoral seminars across our field.

References

- Zuckerman, M.E. (1990), “The Federal Trade Commission in Historical Perspective: The First Fifty Years,” in *Marketing and Advertising Regulation: The Federal Trade Commission in the 1990s*, Patrick E. Murphy and William L. Wilkie, eds. Notre Dame, IN: University of Notre Dame Press, 169–202.

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