Review of
Paul Blumberg, *The Predatory Society: Deception in the American Marketplace*
New York: Oxford University Press, 1989.
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The Predatory Society examines the inadequacies of marketing and the free market system. It is written by a sociologist. I think that, in general, sociologists are biased against marketing people. The bias runs like this: Sociologists believe that consenting adults should be allowed to enter into agreements without state interference. However, if those agreements involve legal transactions with money, the freedom of the consenting adults should be abridged for the protection of those adults. An elite should decide how much freedom is in the interests of these people. Translated into marketers' terms, the argument is that the state should regulate the behavior of adult buyers and sellers because the former are honest but incompetent and the latter are often dishonest. Blumberg lives up to some of my expectations, but he is also aware of the arguments favoring the free market.

The Predatory Society tries to establish that business has a major problem with honesty. To make this point, Blumberg provides eight exhausting chapters with such titles as "Selling It: The Seamy Side of the Market Place," "Ignorance: Dumb Customers and Distracted Customers," "Helpless Customers and Potemkim Villages," "Filth," and "Petty Bourgeois Tricks." For balance, there is a chapter on "Honest Business: Neighborhoods and Saints"; it is a short chapter. The author's solutions are presented in Chapter 11, "Morality and the Market Place."

The study method is described in the first chapter. Blumberg's approach was to ask his sociology students over the period from 1972 to 1987 to write essays about incidents involving dishonesty that they encountered during jobs they had previously held or in which they were currently engaged. These students, taking courses at the City University of New York, were usually employed in the New York City area.

More than 700 incidents were described and 70% of the reporters were able to find at least one incident of dishonesty. In essence, this evidence supports what others have noted before and what most of us learn in our daily lives – some transactions in business are dishonest. As noted, the incidents occurred in New York, a city that claims to have one of the strongest consumer affairs departments in the country.

If the study were carried out-with care, what could one learn from it? Presumably that dishonest behavior is more likely than expected . . . or less likely. Or that things are getting better . . . or worse. Or that the New York City Consumer Affairs Department is successful . . . or not. Given the absence of benchmarks on frequency, the lack of any estimate of the number of total incidents observed by the reporters, and the bias inherent in being graded by a professor who seems to be collecting incidents on what is wrong with business, I doubt that one can conclude much.

The book also reports evidence from survey research. Much of it is interesting. For example, only about a third of U.S. respondents had "a great deal" or "quite a lot" of confidence in big business, and this proportion has been relatively constant from 1973 to 1986. The military, in contrast, had the confidence of well over half of the respondents.

Blumberg uses secondary sources, such as the press, to support various points. They were not always convincing. For example, Blumberg claims that the deregulation of airlines has been detrimental to consumers (p. 139). Though this perception is common among journalists, empirical research on the topic has shown the opposite.

My belief is that the honesty of people in business in the U.S. is high, in general. Marketing transactions often are a source of pleasure; many people enjoy shopping. The percentage of transactions in which I have been deceived is small. Nevertheless, it would be desirable for business firms to be even more honest. Dishonest transactions cause distress to consumers and have led some firms into bankruptcy.

I also believe that businesses have become more honest in recent years. People learn that honesty is profitable when good communication is present and when firms expect to have long-term relationships (Axelrod 1984; Raiffa 1982). Firms invest money to promote the integrity of their brands in the expectation that they will be dealing with customers for a long time. To cheat a customer would lessen the value of a brand. For example, the tampering with odometers at Chrysler must be harmful to the company in the long run.

Norris and Gifford (1988) provide evidence to support the viewpoint that marketing is becoming more honest. They compared retailers' responses to a set of 14 ethical vignettes, five of which involved issues of honesty. In all five vignettes, the retailers' responses in 1986 were much more honest than those obtained from a set of retailers studied in 1976. In the 1986 study, the responses by the retailers (n = 102) were significantly more honest than those by students (n = 46) in four of the five vignettes (p c .05).

Blumberg's solution to the dishonesty problem is "to combine the powerful economic incentives of capitalism with the more socially responsible motives of cooperative and communal forms." This solution does not necessarily imply the need for government regulation. The potential for dishonesty becomes even higher under regulation. The reason is that often it is not in the interest of public servants to be honest; relationships for mutual benefit in government are commonly illegal. Blumberg (p. 205) refers to a recent survey showing that 84% of Americans believe that corruption and payoffs are common among government officials.

One approach that Blumberg suggests is the cooperative. The Consumers' Cooperative of Berkeley, California, is used as a model, though a postscript on page ix reports on the demise of that institution. Nevertheless, I think there is merit to Blumberg's suggestion. One possible extension is to manage firms democratically, an area in which Blumberg has made a substantial previous contribution (Blumberg 1968). My role playing research suggests that people are less likely to commit socially irresponsible acts in democratically run firms (Armstrong 1977). Many small firms are successfully run in such a way. On a larger scale, the Mondragon system in the Basque region of Spain has been highly successful for more than four decades. For example, workers elect their bosses and dismiss those who do not furnish the services workers expect. They find that they need few bosses. Mondragon has been studied extensively (see, e.g., the empirical studies of Jones and Svejnar 1982). The studies suggest that democratically run firms have been much more successful than traditionally run free enterprises.

I enjoyed reading *The Predatory Society* because it helped me to understand the sociologist's viewpoint. Blumberg provides an interesting historical perspective for this philosophy. He draws upon Thomas Aquinas, ". . . he who in trading sells a thing for more than he paid for it must have paid less than it was worth or be selling it for more. Therefore, this cannot be done without sin." And he quotes Cicero, "Sordid . . . is the calling of those who buy wholesale in order to sell retail, since they would gain no profits without a great deal of lying."

One reason to read the book is to gain perspective. As Blumberg shows with public opinion summaries, most people would agree with Cicero and Aquinas. What are the implications? More democracy in organizations might help. Also important is the trend toward better information. And deregulation makes firms directly responsible to the customers. Most important, the basic concepts of the free market are being recognized as not only efficient, but also humane. Freedom, even economic freedom, is appreciated by consenting adults. As Blumberg concedes (p. 209), capitalism produces an exceedingly tolerant economic system to which considerations of race, creed, gender, and so on are largely irrelevant.

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