



**Putting Consumers First:
The 2006 Guglielmo Marconi Lecture**

**William W. Lewis
Director Emeritus, McKinsey Global Institute
Brussels, 04 December 2006**

Consumers First

The Remaining Difference Between Europe and the US

William W. Lewis

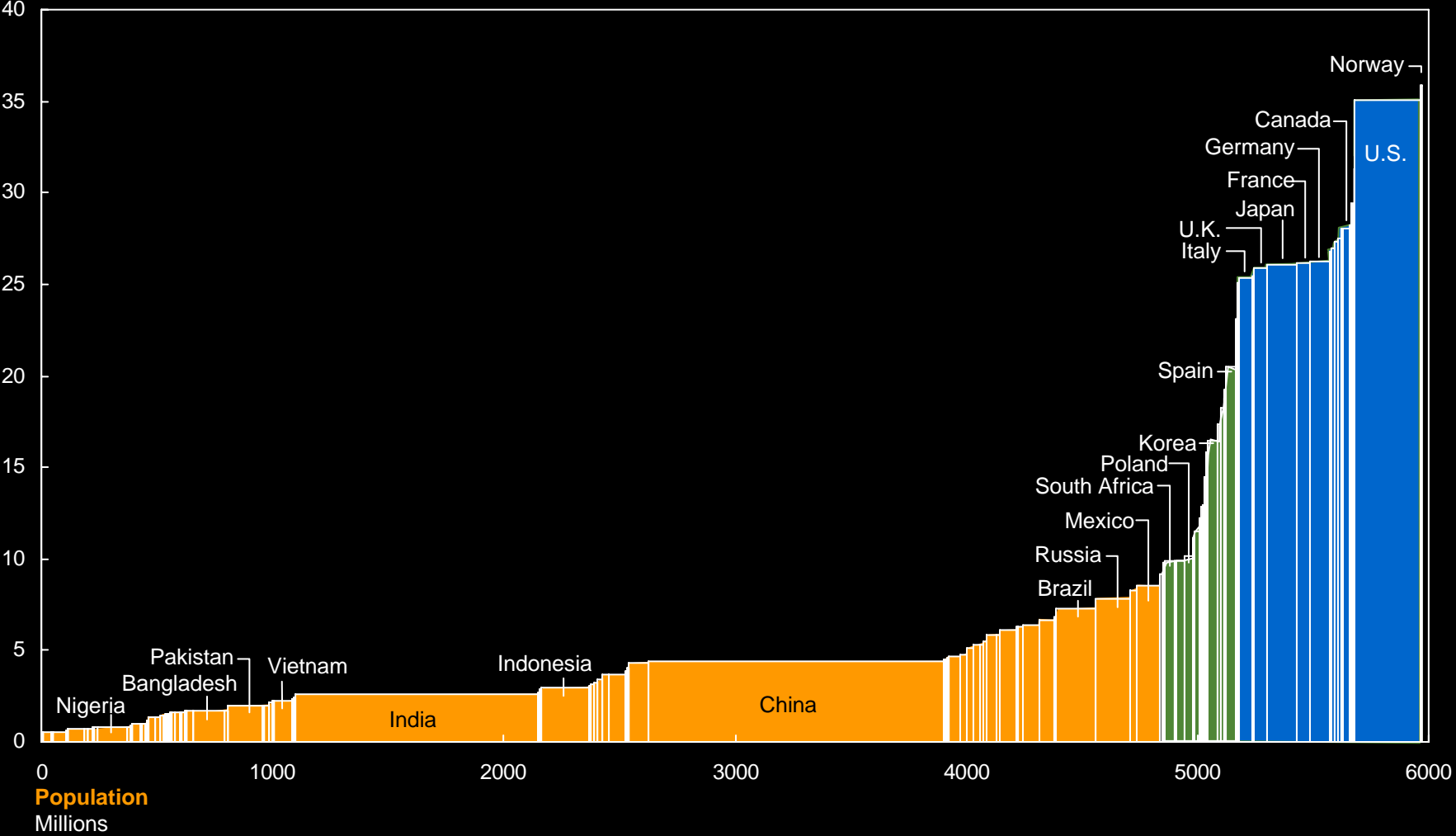
The Lisbon Council
Brussels
December 4, 2006

WORLD DISTRIBUTION OF PER CAPITA GDP BY COUNTRY

U.S. Dollars, at PPP

- High income countries
- Middle income countries
- Low income countries

GDP per capita, 2002
U.S. 2002 \$ thousands

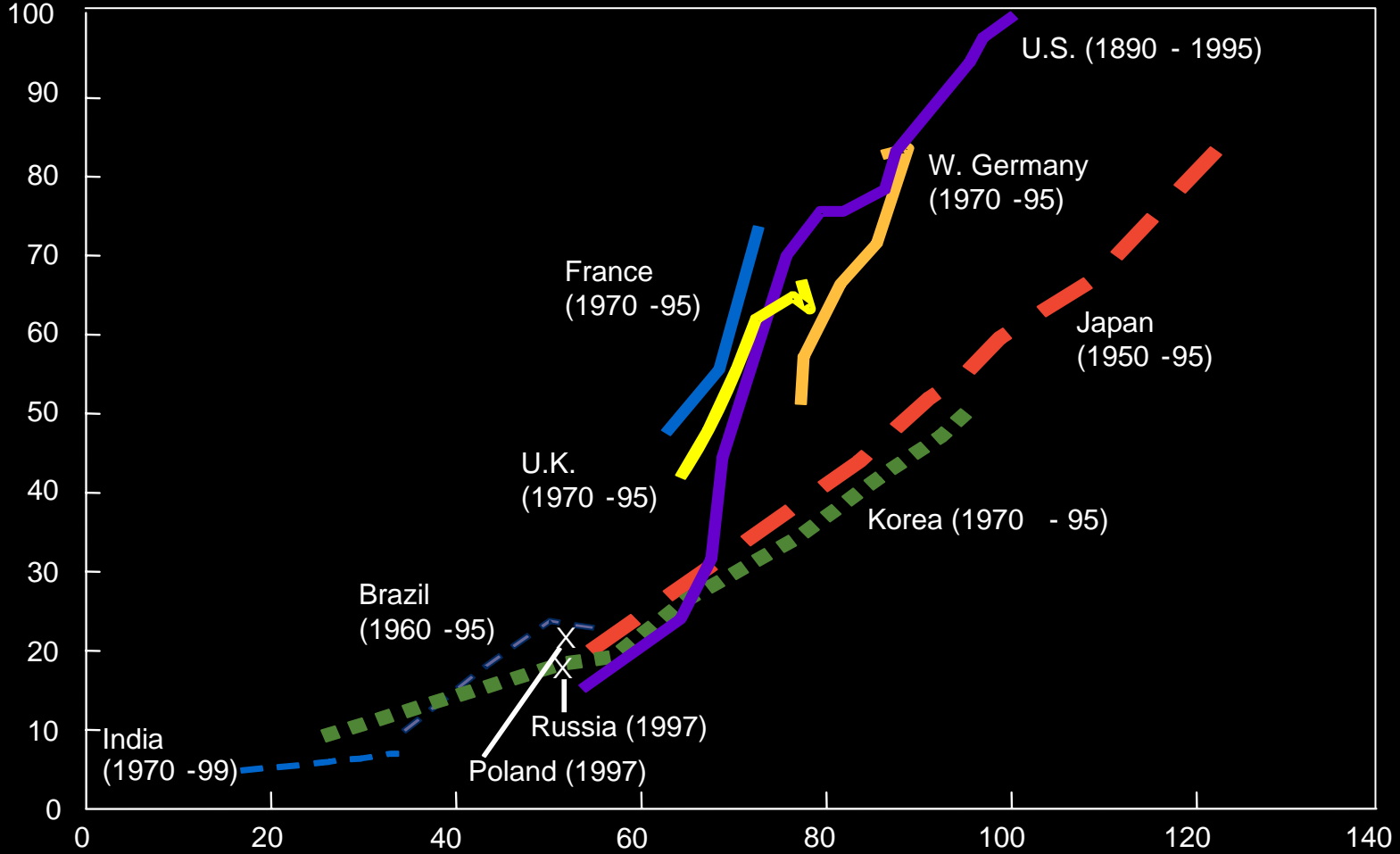


ECONOMIC DEVELOPMENT PATHS

Percent U.S. 1995 level

GDP per capita

Percent



Total labor and capital inputs per capita

GDP per
capita

=

Employment
Capita

x

Labor
productivity

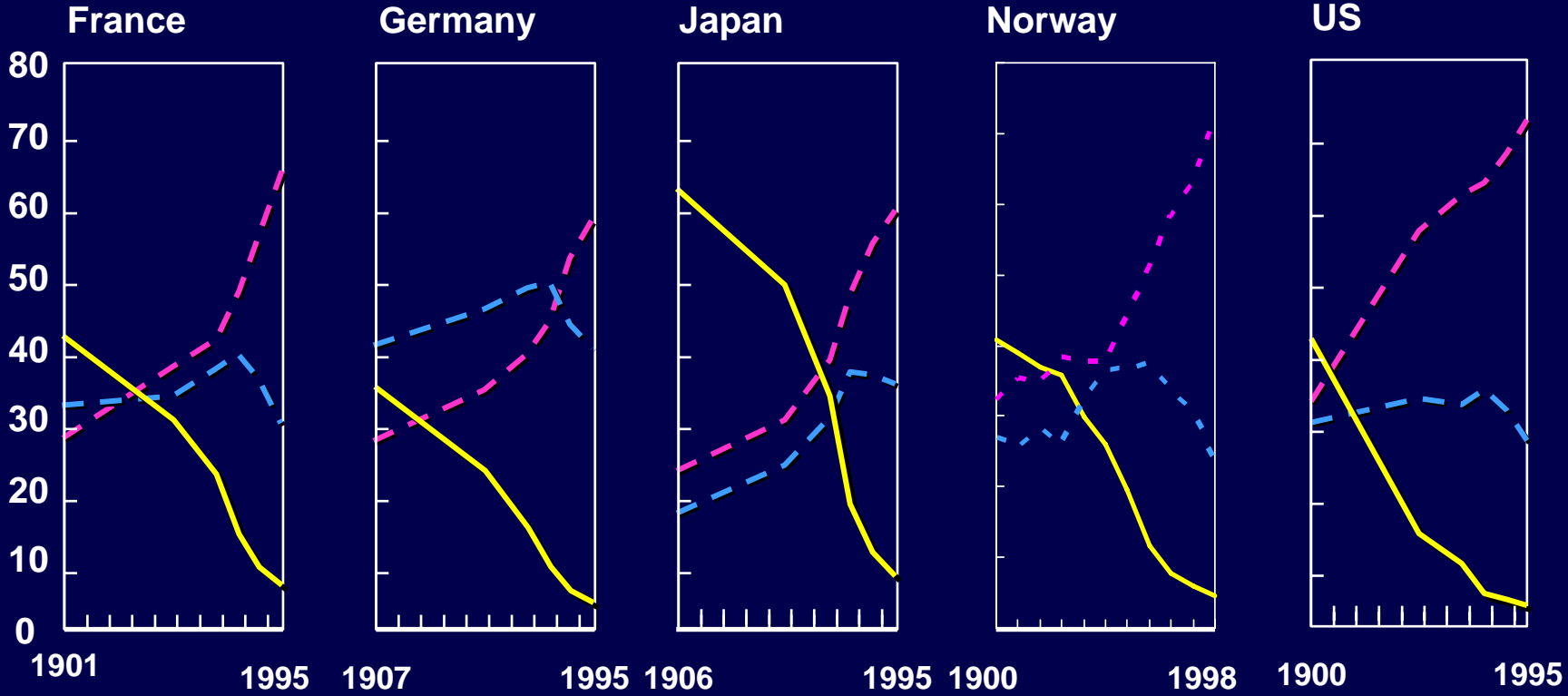
- Skill level of personnel
- Organization of functions and tasks, marketing and other operational factors

- Capital and technology
- Scale and capacity utilization

HISTORIC SHARES OF EMPLOYMENT IN DIFFERENT SECTORS – 1900 - 1995

Percent of total employment

- Services
- Industry
- Agriculture



CONCLUSIONS

- **Serving consumers' interests at the industry level is necessary for the highest economic performance**
- **Distortions in competition in product markets reduce productivity and hence consumer benefits**
- **Distorting markets to achieve social equity objectives is usually a bad idea**
- **Consumers are the only political force that can stand up to producer, labor, and political elites benefiting from market distortions**

CONCLUSIONS

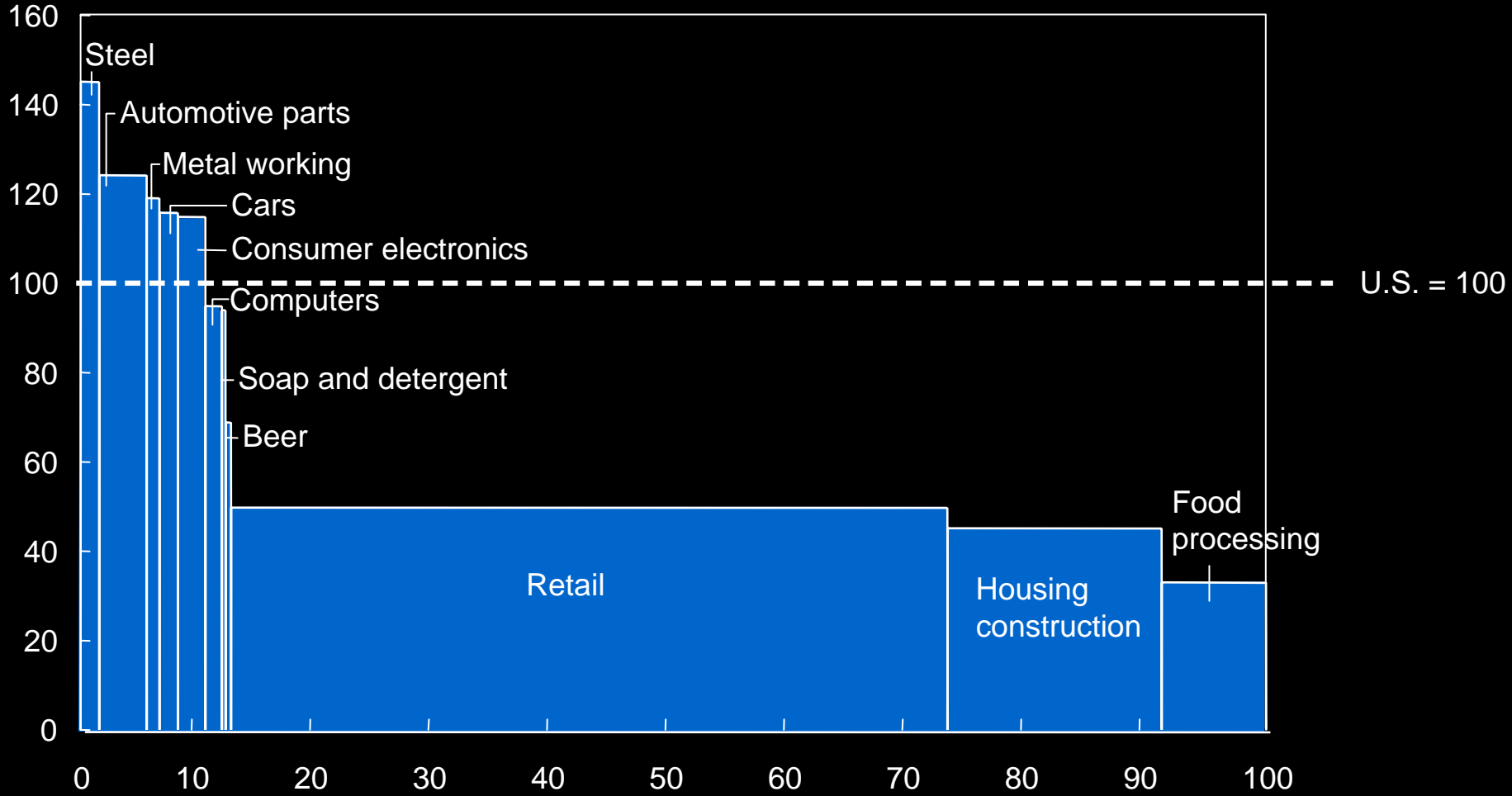
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DUAL ECONOMY IN JAPAN

11 Industries

Relative productivity levels

Index U.S. = 100



Employment

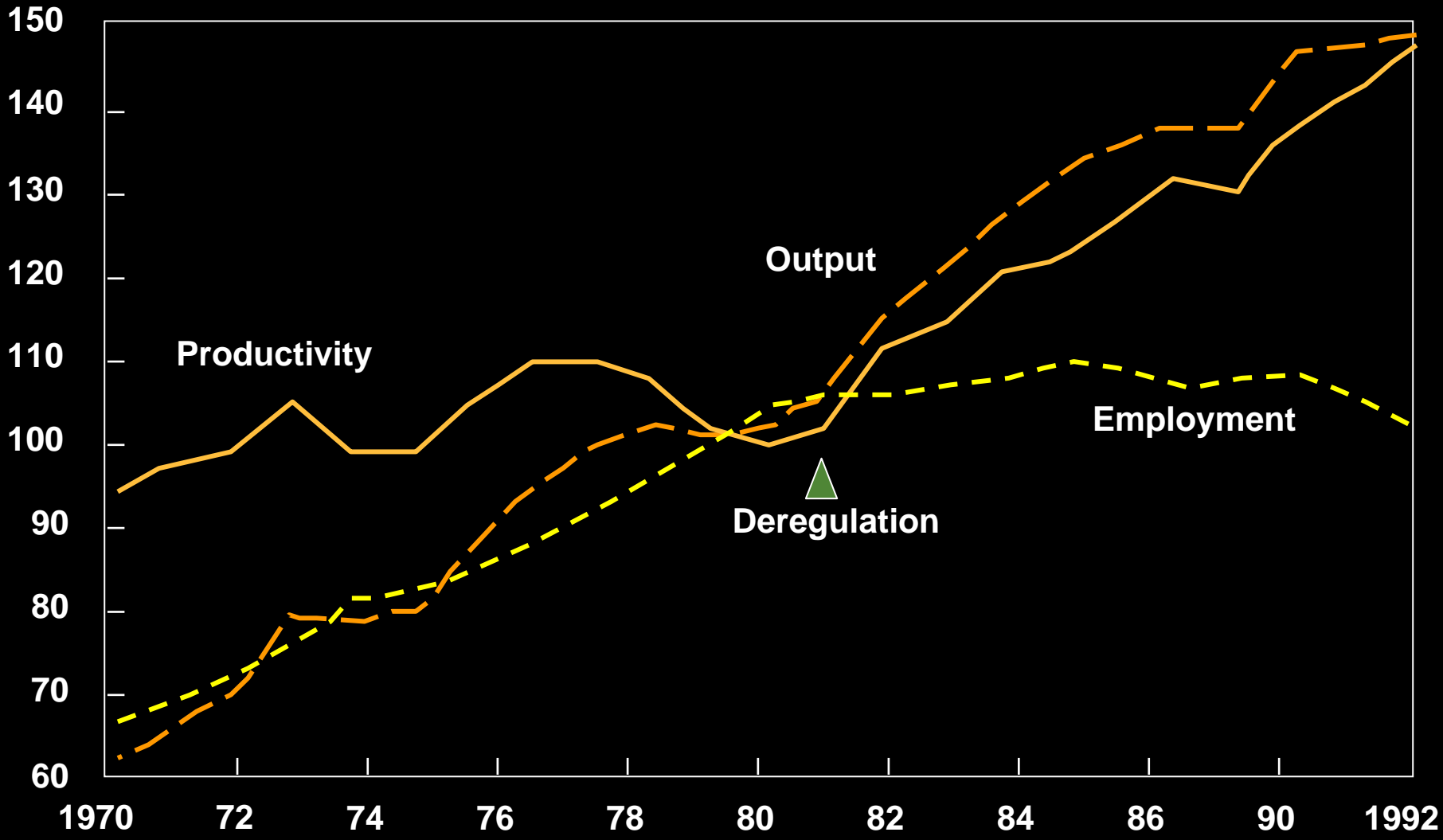
100% = 12.473 million employees

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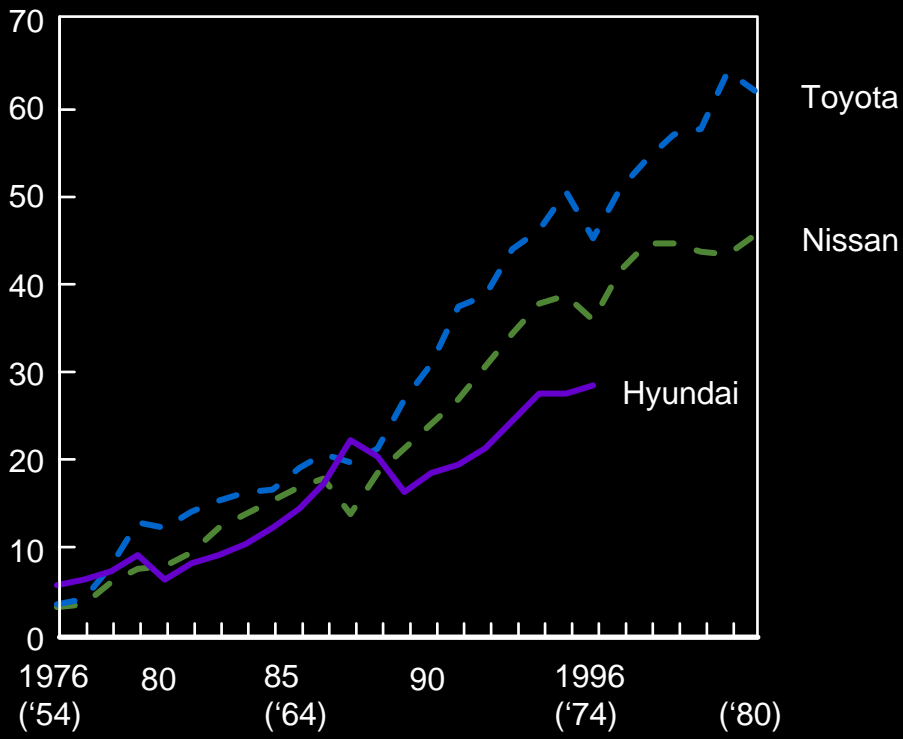
LABOR PRODUCTIVITY, OUTPUT, AND EMPLOYMENT IN U.S. COMMERCIAL BANKS

Indexed to 1980 = 100

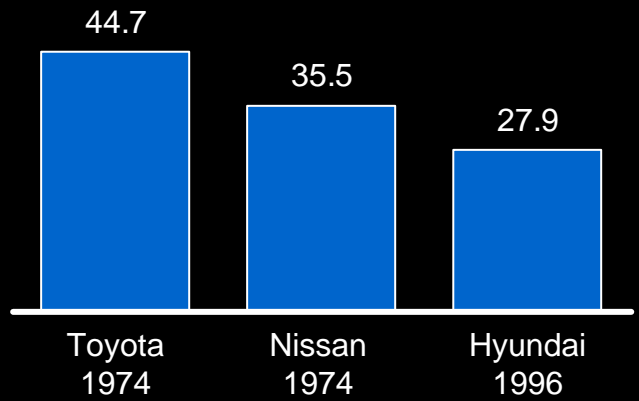


AUTOMOTIVE LABOR PRODUCTIVITY GROWTH

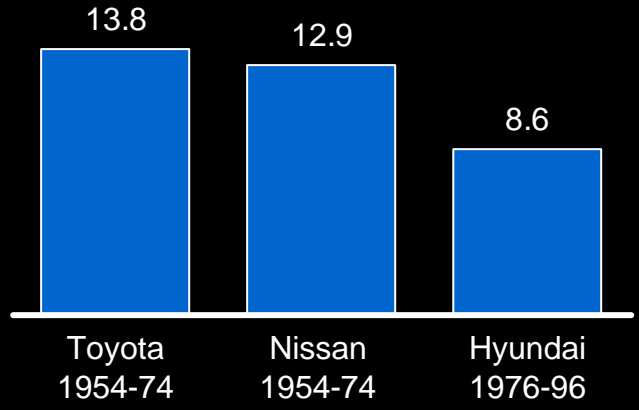
Vehicles produced per employee



Labor productivity
Vehicles per employee



20-year labor productivity growth rate
Percent

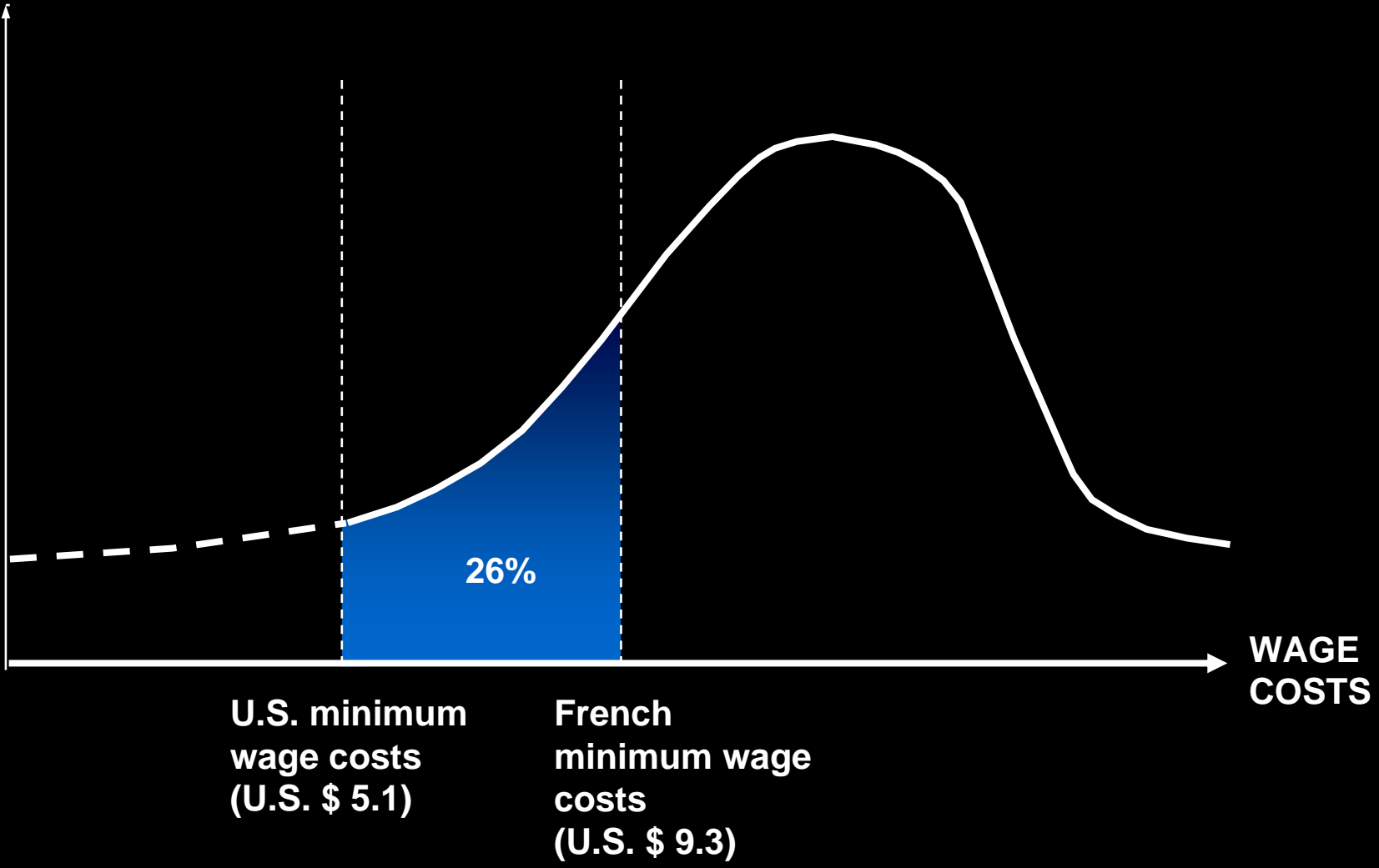


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IMPORTANCE OF LOW SKILLED LABOR IN THE U.S. – 1995

Number of jobs in the U.S.



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5. Consumers have political clout

US Consumer advocacy



1906, Senator Robert La Follette

“The welfare of all the people as consumers should be the supreme consideration of the government.”



1914, Walter Lippman

“We hear a great deal about the class-consciousness of labour. My own observation is that in America today consumers’ consciousness is growing very much faster.”



1932, President Franklin Roosevelt

“I believe that we are at the threshold of a fundamental change in our popular economic thought; in the future, we’re going to think less about the producer and more about the consumer.”



1960, John F. Kennedy

“The consumer is the only man in our economy without a high-powered lobbyist. I intend to be that lobbyist.”



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