

*In 1983 several unions coordinated their efforts in an effective corporate campaign against Litton Industries, which had been acting as if labor law did not exist.*

## Corporate Campaigns:

# Strengths & Limits of Non-Workplace Strategies

■ Lawrence Mishel

Corporate campaigns are increasingly used by unions to fight recalcitrant employers, and campaign tactics—like protests at stockholders meetings—are spreading. With the continuing employer assault on established unions and the tremendous difficulties facing workers attempting to organize, a further increase in corporate campaign activity can be expected.

Recently the AFL-CIO endorsed them, recommending that "unions should develop the research and other capabilities needed to mount an effective corporate campaign, and organizers should be trained in the various types of corporate campaign tactics." This follows the example of several of the Federation's departments and a variety of international unions. The Food & Allied Service Trades (FAST) Department and the Industrial Union Department (IUD) are already assisting affiliates with corporate campaigns. Unions such as the Carpenters, the Steelworkers, the Auto Workers, the United Food & Commercial Workers, the Clothing and Textile Workers and the Service Employees have developed internal corporate campaign expertise.

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What can be expected from this increased corporate campaign activity is unclear. It is unlikely, as some proponents seem to suggest, that corporate campaigns will prove a winning strategy in almost every situation and will single-handedly reverse labor's current woes. It is equally unlikely that corporate campaigns will replace strikes and erode workplace militancy, as some detractors claim.

This article discusses the limitations and possibilities of private sector corporate campaign strategies. What can we expect from them? For what purposes and in which situations?

### **What's It All About?**

A corporate campaign is different from traditional strategies in that it puts pressure on management in ways that are *external* to the workplace. Strikes, slowdowns, working-to-rule are *workplace* strategies which directly challenge an employer's ability to produce. Boycotts, shareholder actions, pressure on banks and interlocking corporations are tactics which are part of an external strategy. Both strategies, workplace and non-workplace, are likely to be present in any particular conflict. In fact, corporate campaigns will have limited success unless they are linked to workplace strategies.

The notion behind any corporate campaign is simple. A corporation is an organization which exists to make money, the more the better. Each corporation relies on its own resources and those of other organizations and individuals. A corporate campaign strategy is based on an assessment of an employer's links to other organizations (banks, interlocking corporations, government, corporate customers) and individuals (customers, shareholders, neighbors, citizens). A corporate campaign systematically uses the resources available to the union—its membership, its ties to other unions, church and community groups, its political clout—to put pressure on the vulnerable links. The basic elements of a corporate campaign are research, the mobilization of the union's resources, coalition building and public outreach. The basic thrust is to broaden the conflict from one which is solely between a limited group of workers and their employer to one which is between a corporation and all levels of government, community groups, its customers, the entire labor movement.

To view a corporation's links is to reveal the many dependencies on which labor and its allies can exert pressure.

**Financing.** Firms frequently obtain financing from banks and insurance companies who, in turn, often have representatives on

the firm's board of directors. A company which depends on bank funds needs to maintain its relationship to its bankers. A company which relies on public financing (industrial revenue bonds) needs to keep in good graces with politicians. Those financing an employer can be asked for their support and, if not provided, can be asked to distance themselves from the target employer.

**Shareholders/Owners.** Most public corporations have a limited number of important shareholders who control a large block of their stock. These can be investment bankers, pension funds, insurance companies or wealthy individuals or families. Together they may hold from 20 to 75 percent of the stock, though individual pieces may be no more than 2, 5 or 10 percent. There are also large numbers of small shareholders. Both major and minor shareholders are subject to pressure and appeals for support through face-to-face contacts, annual shareholder meetings, shareholder resolutions and running candidates for the board of directors. Companies want to keep current shareholders happy and attract new ones. Even a private company has shareholders who can be targeted to obtain their support.

**Customers.** Every corporation has customers. They may be a few large corporations, certain sectors of the public or the public at large. Boycott activities can be aimed at selected groups or the public at large. Other pressures can be put on corporate customers. Unions themselves may be significant customers for some companies, such as insurance companies and banks.

**Corporate Governance & Community.** Each corporation has a board of directors, drawn from the officers of other corporations, and representatives of banks, insurance companies or wealthy families. Corporations may have their own foundations and may have officers who sit on the boards of various community organizations and charities. Most companies have extensive ties to other corporations and to the community, all of which are subject to pressure.

**Public Image.** Most corporations are sensitive to their public image, particularly if they need to sell stock, to obtain government contracts or to sell to the public. It is almost always possible to call attention to a variety of corporate misdeeds—discrimination, environmental abuses, safety and health violations, plant closings, unfair labor practices, excessive corporate compensation. A corporate campaign will place these misdeeds before the public eye.

**Government.** Corporations have many links to government. There are numerous regulations of the workplace (health and safety and anti-discrimination), of the environment (dumping of toxics or air pollution), of particular industries (health care, defense, energy, communications, transportation) and of transactions (selling stock, mergers and acquisitions). Each of these can provide pressure points. The government may be a significant customer of a particular corporation, whether it is buying weapons for the Pentagon or obtaining items such as furniture. State and local governments are increasingly becoming involved in the financing of corporate expansion through the use of industrial revenue bonds. Zoning and other laws affect a corporation at the community level. Thus, there are many connections between the ongoing life of a company and the many levels of government in our society, all of which can be targeted in a campaign.

**International Links.** Many large corporations have ties to other countries. They may have production facilities abroad, they may sell abroad or they may themselves be owned by a foreign corporation. Particular connections, such as one to South Africa, can become a campaign focus. Companies based in Western European countries can frequently be pressured by trade unions in their "home" country.

Various vulnerabilities have been identified and used in prior campaigns. The Litton campaign focused on a debarment bill which would have prevented government purchases from extensive labor law violators such as Litton. The Equitable Life Insurance campaign used a boycott approach which focused on obtaining support from women's groups, since Equitable was focusing its own marketing on women. Beverly Enterprises, the focus of a joint UFCW and SEIU campaign, depends upon licensing of its nursing homes by state regulatory bodies and upon industrial revenue bond financing for expansion; both of these dependencies were threatened by union documentation of the poor quality of health care at Beverly. The J.P. Stevens campaign relied on a boycott but also involved actions to sever the links between the company, two insurance companies and a bank. The Carpenters' campaign against Louisiana-Pacific included a boycott targeted against particular products and the solicitation of shareholder votes. Other campaigns have included running candidates for the board of directors, attendance at the targets' or related companies' shareholder meetings, and withdrawal of union funds from related banks.



*The first corporate campaign, conceived and coordinated by Ray Rogers, is credit with bringing J.P. Stevens & Co. to the bargaining table. Here demonstrators from several unions jam Stevens' New York headquarters in 1978.*

### The Record So Far

Corporate campaigns have been used in a variety of circumstances and for a variety of purposes, primarily as a weapon against corporate lawlessness and takeaway demands. But, with the exception of first contracts, external strategies have not been used to gain traditional bargaining demands such as higher wages, benefits or time off, or to break new ground in collective bargaining.

One major use has been to aid the unionizing efforts of unorganized workers and the securing of their first contract. This was the case at Equitable Life Insurance, Litton, Beverly Enterprises and J.P. Stevens.

External strategies also can be used to make life uncomfortable for employers who have broken a union or have broken away from an industry-wide pattern, as in the Louisiana-Pacific and Phelps Dodge campaigns. By putting pressure on the "bad apples," it may be possible to deter other employers from following their example.

Campaigns have also been employed against employer efforts to close a plant or relocate work. Likewise, they have been part of efforts to resist corporate takeaways, such as at Brown and

Sharpe, Danly Machine and Capital Cities Communications. Sometimes a corporate campaign has been a last ditch effort in a lengthy strike. In all cases, a corporate campaign is useful in maintaining the morale of strikers or of newly organized workers.

Have corporate campaigns been successful? There are many problems in evaluating prior experience. One difficulty is that the results are often secret or hard to interpret. A campaign's success must be judged against what would have occurred in its absence and against the actual goals of the union, both of which can be hard to determine. Moreover, most campaigns are accompanied by workplace activities, making it difficult to assess an external strategy's unique contribution.

Yet, there have been many situations where corporate campaigns can be said to have been helpful. For instance, it is acknowledged that ACTWU's success in getting a contract at J.P. Stevens was at least partially due to the union's corporate campaign. Likewise, the campaign at Equitable Life Insurance yielded a first contract, as did the IUD's Litton campaign. The Beverly campaign provided the context for an impressive win rate in organizing drives. The UAW was able to secure an agreement from General Dynamics which ended a lengthy strike at Electric Boat. Another indication of success is that a variety of unions have added staff for operating external strategies.

### **Some Implications**

Corporate campaigns necessarily imply a reliance on other organizations (minority, feminist, ethnic, environmental, religious, community) and individuals for support in pressuring employers. The union involved will also require support from other unions. This help is necessary for carrying out boycotts, pressuring financial institutions, demonstrating, obtaining votes for shareholder resolutions and for most tactics associated with corporate campaigns. In many instances, it will be useful or necessary to obtain the support of politicians and government officials. Consequently, corporate campaign success will depend on the state of union solidarity, the strength of labor's ties to other organizations, the standing of labor in the community and union political strength. Although successful campaigns are currently possible, further experience with external strategies will lead unions to increase their community and political involvement and to strengthen union solidarity.

**Resources.** A successful corporate campaign requires a sustained effort to challenge the many dimensions of a corporation's

existence. This, in turn, requires the commitment of substantial amounts of time and money.

A considerable amount of research is necessary to identify the particular linkages which are subject to pressure. This will involve accumulating information from SEC documents, Wall Street analysts, newspapers and private sources. It may involve collecting information on a corporation from its workers. Moreover, it is necessary to have an extensive analysis of the company's interlocking directorate, its financing, its current corporate strategy, and the economics of the industries in which it operates.

The financial burden can be minimized to some extent through careful planning and through using the energies of strikers, future bargaining unit members and the union's own staff rather than outside consultants. The cost of any campaign may not be large compared to the cost of other strategies. In particular, legal strategies can prove very expensive and lengthy. Also, an external strategy may shorten a strike with the consequent reduction in members' financial losses and in the financial drain on the strike fund.

**Control.** An external strategy is necessarily a less private struggle than a strike or a typical organizing drive. Extensive campaigns involve coalition efforts, and it can be difficult for a union to control the campaign's tempo and perhaps even the terms of its settlement, since its goals will probably be broader than the union's collective bargaining demands. Therefore, it is critical that the coalition adopt clear, achievable goals and settlement terms.

**Institution Threatening.** A corporate campaign may threaten the viability of a corporation. As a result, any union initiating a campaign will need to consult with other unions representing workers in the same corporation. Unions may be hesitant to launch a campaign lest it destroy members' jobs by irreparably damaging the employer's relationship with customers or in some other way.

### **Some Clarifications**

The following is an attempt to address some of the common misunderstandings regarding corporate campaigns.

**There is No Magic Button.** There is no set formula for putting together a successful corporate campaign, and there are many situations where a corporate campaign will not be effective. A corporation may be privately held and it may be hard to get

information about it. It may be self-financed. It may not have important ties to the community or other business organizations. It may not care about its public image. It may not sell directly to the public or to any customers who are susceptible to a union appeal. Moreover, there will be instances where the key links with other organizations (e.g., banks) are such that they cannot be successfully challenged.

**More than Just Tactics.** Corporate campaigns are more than the particular tactics employed in them. Rather, it is a strategy which ties together: (1) the weaknesses of the corporation as an institution;(2) the appropriate tactics that can challenge these weaknesses; and (3) the resources (people, pension power, political clout, publicity, etc.) that are available. A corporate campaign is more than finding out who is on the board of directors and which banks are involved and then finding ways to pressure them. The tactics employed must fit the particular circumstances of the target employer, and the timing of the actions are important.

**Strikes and Corporate Campaigns.** Some trade unionists have raised fears that corporate campaigns will replace strikes and erode shopfloor militancy. This fear is not well-founded. A strike is a more powerful weapon than a corporate campaign. When effective, a strike prevents the production of goods or services, and nothing hurts a company more financially than not being able to produce products for sale. Strikes directly use labor's greatest resource—the power to produce—and do not require much assistance beyond that of the workforce. At its best, an external strategy inhibits an employer's ability to make money but hardly as cleanly and directly as a strike. Thus, strikes, when effective, will be favored over external strategies.

But strikes are not always an effective strategy and sometimes this option is exhausted prior to the initiation of a corporate campaign. In many situations strikers are likely to be replaced. In others, the work can be removed to another location. A large inventory can blunt a strike's effect. Or, a strike at one among many plants may only inconvenience an employer.

External strategies need not be a substitute for a strike; just as likely, an external strategy will complement strike activity. In fact, it is hard to see how a corporate campaign can be successful in the absence of some form of workplace resistance. After all, the union involved will be appealing for support from others and will need to demonstrate its own efforts. It can be expected, therefore, that workplace activity will accompany an external strategy.

**A Technocratic Solution?** Some fear that corporate campaigns are a technocratic response to labor's loss of power—that is, a technical solution to a political problem and one that does not require activating the membership. It is certainly true that tactics associated with corporate campaigns require unions to master new technical areas such as utilizing SEC proxy rules, analyzing corporate ownership structures and interlocking directorates, and understanding corporate finance and government regulations. It may be possible to achieve some success through submission of shareholders' resolutions, mailings to shareholders, shifting pension money, and visits to banks. This success should be welcomed. It is unlikely, however, that a few union staffers or consultants can overcome a determined corporation without a steadily increasing level of support from other organizations and the public. And, as argued above, a corporate campaign will not have much success without visible support from workers involved in a workplace strategy.

A technical approach to corporate campaigns will have only limited success. To make the strategy work requires building union solidarity, creating coalitions with non-labor organizations, and mobilizing union members around corporate pressure points. The technical skills are necessary, but not enough.

### What Next?

Given the high level of experimentation in this area, it will be another 3 to 5 years before the possibilities of external strategies are fully evident. This section speculates on the future course of corporate campaign activity.

Corporate campaigns will continue to be waged to oppose corporate takeaways and union-busting and to neutralize corporate resistance and lawlessness in organizing drives. Except for first contracts, they will not be used to make collective bargaining advances, and they will not be of use to high-wage union workers except in blatant cases of union-busting and corporate arrogance. Extensive campaigns will be initiated primarily in high-profile conflicts with employers. Due to limited resources and to the limited number of concurrent appeals that can be made to non-labor organizations and the public, there will be only a small number of campaigns—at most a few dozen—occurring at one time.

The potent use of campaigns will be in neutralizing large anti-union employers in both bargaining and organizing. It will be a major contribution if corporate campaigns can prevent future

high-profile defeats similar to those which have occurred in recent years.

Several factors may limit the application of external strategies. One limitation may be the uncertain legal situation regarding various aspects of corporate campaigns, although experience to date permits optimism in this area. The lack of understanding about corporate campaigns, the difficulties in coalition building, and the potential "loss of control" problem may inhibit the acceptability of corporate campaigns as a routine union strategy.

Nevertheless, tactics associated with corporate campaigns can be expected to be used in many more conflicts, even when a comprehensive campaign is not undertaken. For instance, local unions will attend their employers' shareholders meetings and begin to use SEC proxy machinery for submitting resolutions and sending mailings to shareholders.

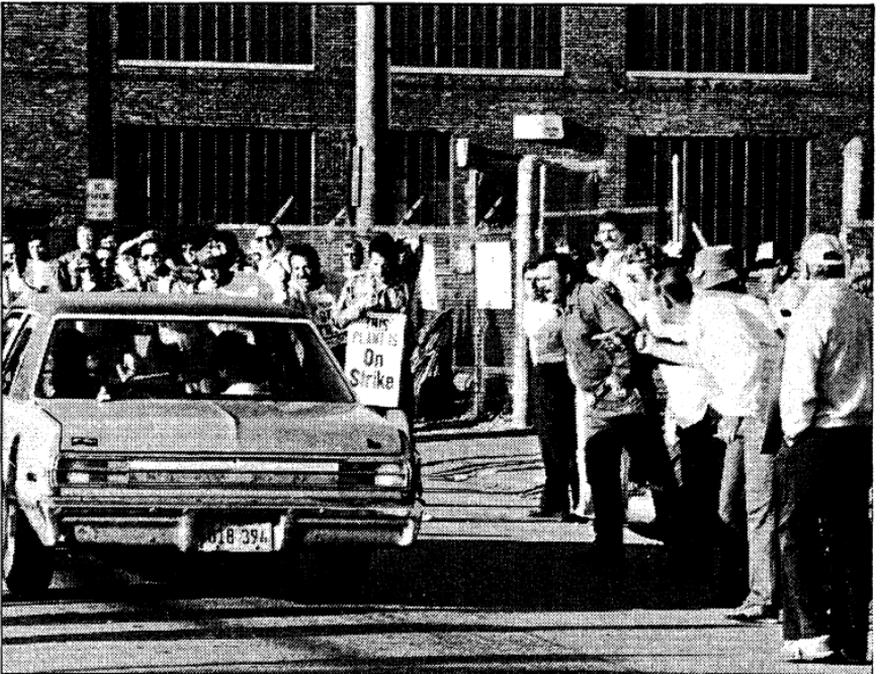
The greatest hope for the corporate campaign is that it will be a viable strategy for local unions and union staffs in dealing with the tough employers. Success will require local union activists to have the skills to research their employer's business. Local activists will also have to enhance their skills in coalition building and strategic thinking. Success will require union solidarity, political strength and broad alliances with non-labor groups at the local level.

The corporate campaign tool does not operate independently of labor's political strength and standing in the community. But corporate campaigns present the possibility of mobilizing the goodwill that does exist for labor (particularly for low-wage workers, women and minorities), of capitalizing on labor's still considerable political strength in many locales, and of activating the union membership against corporate power. ■



Chicago Tribune

*USWA 15271 strikers greet scabs during their 10-month strike at Danly Machine in Cicero, Illinois, in 1984. Several months into the strike the Steelworkers hit Danly's parent, the Ogden Corp., with a corporate campaign.*



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