
TRENDS IN UNION CORPORATE CAMPAIGNS

A BRIEFING BOOK

Jarol B. Manheim
The George Washington University



The U.S. Chamber of Commerce

TRENDS IN UNION CORPORATE CAMPAIGNS

A BRIEFING BOOK

Jarol B. Manheim

The George Washington University

A “corporate campaign” is an attack by a union on the ability of a company or industry to conduct its routine business. The objective is to generate so much pressure on the “target” that it will give in to union demands. This briefing book provides the reader with an introduction to the corporate campaign and an overview of its increasingly important role in U.S. labor relations.

Jarol B. Manheim is Professor of Media and Public Affairs, and of Political Science, at The George Washington University, where he was the founding director of the School of Media and Public Affairs. He has been described as one of the world’s leading authorities on campaigns against business. Among his books on the subject are The Death of a Thousand Cuts: Corporate Campaigns and the Attack on the Corporation (Lawrence Erlbaum Associates, 2001), Biz-War and the “Out-of-Power Elite”: The Progressive Left Attack on the Corporation (Lawrence Erlbaum Associates, 2004), and Power Failure, Power Surge: Union Pension Fund Activism and the Publicly Held Corporation (HR Policy Association, 2005).



The United States Chamber of Commerce is the world’s largest business federation, representing 3,000,000 businesses, 2,800 state and local chambers of commerce, 830 business associations, and 102 American Chambers of Commerce in 87 countries.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	5
INTRODUCTION	7
ORIGINS	9
STRATEGY.....	13
OBJECTIVES	21
CORPORATE TARGETS.....	27
TRENDS	31
CONCLUSION	45
ENDNOTES	47

EXECUTIVE SUMMARY

This briefing book summarizes the phenomenon known as the “corporate campaign” and identifies current trends in campaign strategy and tactics. Among the principal observations and findings are the following:

- The corporate campaign was invented by the New Left in the 1970s, and by the 1990s was in widespread use by the labor movement. To date, unions have waged nearly 300 campaigns against employers, primarily, though not exclusively, to facilitate organizing.
- Corporate campaigns employ “power structure analysis” to identify and exploit vulnerabilities in the critical stakeholder relationships on which all companies depend. This broad strategic approach is then implemented through tactics that range from highly sophisticated financial and governance initiatives to street theater and even psychological warfare.
- Typically, the role of the corporate campaign today is to force management to accede to union demands for “card check and neutrality”—a process by which the union certification procedures administered by the National Labor Relations Board (NLRB) are effectively circumvented. A recent innovation here is the substitution of non-NLRB elections for card check, which has been coupled with a widening attack on the NLRB itself.
- The use and conduct of corporate campaigns has evolved over time. Some recent trends:
 - ◆ increasing and highly strategic use of shareholder resolutions and proxy voting to pressure directors and senior management;

-
- ◆ continued development of infrastructure (courses, manuals, funding mechanisms) to support corporate campaigns, and a growing population of professionals, now numbering in the hundreds, whose primary job responsibility is to plan and lead them;
 - ◆ increasing numbers of multi-union, or even movement wide, attacks on individual companies, including activity by transnational union alliances and international labor organizations;
 - ◆ rapid expansion of networks and coalitions of nonunion allies and surrogates that advance and legitimize union attacks on companies, both within the U.S. and internationally;
 - ◆ an increase in the use of corporate campaigns for political, policy or ideological purposes, rather than for economic/employment purposes.

This report concludes that corporate campaigns play an important and growing role as an alternative to labor-management relations as envisioned in the nation's principal governing legislation. Their continued widespread use may have the result of rendering that legislation ineffective or irrelevant.

INTRODUCTION

A corporate campaign is a multifaceted and often long-running attack on the business relationships on which a corporation (or an industry) depends for its well-being and success. It is a highly sophisticated form of warfare in which a target company is subjected to diverse attacks—legislative, regulatory, legal, economic, psychological—the function of which is to so thoroughly undermine confidence in the company that it is no longer able to do business as usual. The union waging the campaign then offers to withdraw the pressure in return for substantial concessions. These concessions might include such items as agreement upon otherwise unacceptable contract terms, silence with respect to the company’s preferences regarding the unionization of its workforce (what the unions term “neutrality”), or even an agreement to recognize the union without a formal vote by the employees. The more sensitive a company is to its reputation, the more susceptible it is to public fears about the safety or propriety of its operations, or the more highly regulated its lines of business, the more vulnerable it is to such attacks.

In this briefing book, we will summarize the origins, strategies and objectives of these campaigns, and will identify both long-term and recent trends in their development.

ORIGINS

Corporate campaigns trace their origins to several sources. Two of the most important include the Students for a Democratic Society (SDS) and long-time community activist Saul Alinsky. In its defining 1962 manifesto, *The Port Huron Statement*, drafted by then-president Tom Hayden, the SDS noted:

We can no longer rely on competition of the many to assure that business enterprise is responsive to social needs.... Nor can we trust the corporate bureaucracy to be socially responsible or to develop a 'corporate conscience' that is democratic.... We must consider changes in the rules of society by challenging the unchallenged politics of American corporations.¹

SDS was soon to be swept up in the anti-war movement of that era and, with the single exception of a demonstration organized in 1964 by then-president Todd Gitlin and then-vice president Paul Booth designed to pressure Chase Manhattan Bank to stop financing the Apartheid regime in South Africa, did not engage in significant anti-corporate activism.² But numerous SDS alumni, including Mr. Booth and perhaps most notably Michael Locker, went on to careers in the labor movement, where they helped to put these strategies into motion.

In the meantime, Mr. Alinsky, acting independently, was already putting some of these ideas to work, most notably in a campaign he led against Eastman Kodak in 1966 on behalf of a coalition of African-American organizations seeking to open employment opportunities in Rochester, New York. Significantly, Mr. Alinsky chose Kodak as his target, not because it was the worst corporate citizen in town, but because it was the best. He reasoned that the

company was so image conscious that it would be the most likely to yield to the group's demands.³ Of more lasting import, however, was his tactical advice to anti-corporate activists, which, in a book of the same name, took the form of thirteen "Rules for Radicals." They included:

1. Power is not only what you have, but what the enemy thinks you have.
2. Never go outside the experience of your people.
3. Whenever possible go outside the experience of your enemy.
4. Make the enemy live up to their own book of rules.
5. Ridicule is man's most potent weapon.
6. A good tactic is one that your people enjoy.
7. A tactic that drags on too long becomes a drag.
8. Keep the pressure on.
9. The threat is usually more terrifying than the thing itself.
10. Maintain a constant pressure upon the opposition.
11. If you push a negative hard and deep enough it will break through into its counter-side.
12. The price of a successful attack is a constructive alternative.

13. Pick the target, freeze it, personalize it, and polarize it.⁴

Mr. Alinsky's book is still in print today, and is widely regarded as required reading for corporate campaigners.

STRATEGY

The central strategic concept underlying the corporate campaign is known as power structure analysis. As characterized by Ray Rogers, who, with Mr. Locker, is generally credited with developing labor's first corporate campaigns, waged by the textile workers union against Farah Manufacturing and J.P. Stevens in the mid-1970s, power structure analysis is a means of "organizing workers" by "disorganizing companies."⁵ Or as he put it on another occasion,

The goal of a corporate campaign is to polarize the entire corporate and financial community away from a primary target, thus pulling its most crucial underpinnings out from underneath it.⁶

What might such polarization look like? The following excerpt from a news story on efforts to keep Wal-Mart Supercenters out of the Washington, DC, market—part of a national effort by labor to limit Wal-Mart's growth by attacking its role as corporate citizen—is a good exemplar.

"I would not stand up in front of a zoning meeting and say, 'I am here to bring you Wal-Mart,' " said one local developer, who spoke on condition of anonymity for fear of jeopardizing future relations with the company. "There is an anti-Wal-Mart hysteria in this area."⁷

In other words, the campaign's ability to create a negative image of the company was sufficiently powerful in this instance to lead a stakeholder—in this case a real estate developer—to act differently than he otherwise might on a routine matter, and in a way that was disadvantageous to the company. In such

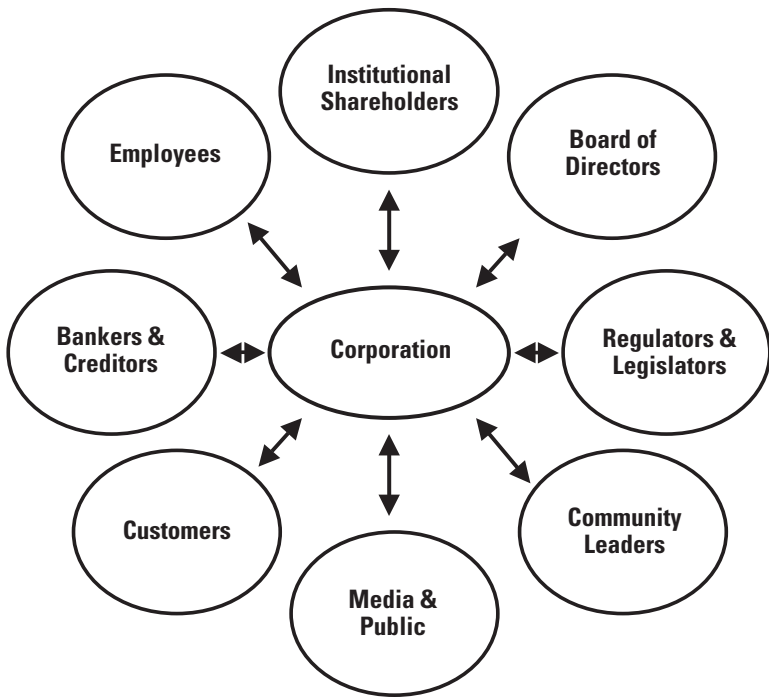


Figure 1. Selected Corporate Stakeholder Relationships Used in Power Structure Analysis⁸

circumstances, it is the ability to establish prevailing perceptions, which may or may not be grounded in truth, that gives these campaign attacks their power.

Power structure analysis is illustrated in Figure 1. In applying this technique, a prospective attacker locates the target company in the center of a diagram, and arrays around it all of the key stakeholder relationships upon which it depends for its success and well-being. These will vary, of course, from one company to the next, but will generally include some or all of the categories identified in the figure. Once this list is complete, the attacker

then examines each relationship in detail looking for its principal strengths and vulnerabilities. The identification and assessment of these stakeholder relationships requires extensive research, and can take months or even years to accomplish.

Once the assessment of the stakeholder relationships is completed, the results—and primarily the vulnerabilities that have been identified—are set against the capabilities of the attacker. These might include supporters within the company, existing alliances with interested third parties, the availability of themes or data of particular potential value in attacking a given company, or the like. The juxtaposing of attacker capabilities with target vulnerabilities will produce a prioritized list of strategies and tactics to be deployed. Typically, the attacker will then start at the top of the list and, over time, work as far down it as available staff, money and other resources permit. In some cases, unions have been known to devote literally millions of dollars, and twenty years or longer, to such efforts. As Bruce Raynor, now the President of UNITE HERE, once put it,

To be successful [in organizing], I believe you have to be relentless.... We're not businessmen, and at the end of the day they are. If we're willing to cost them enough, they'll give in.⁹

Because of their common origin in power structure analysis, all corporate campaigns are precisely the same, and every corporate campaign is unique. The commonality lies in the underlying analysis and exploitation of stakeholder relationships, and the idiosyncrasy arises from the fact that such an analysis will produce a different outcome in every instance.

While this description of power structure analysis may make it sound as if the union in question is recruiting stakeholder allies to

Table 1. Tactics Employed By Unions Engaged In Corporate Campaigns

Introduce shareholder resolutions designed to weaken the independence of management or directors
Encourage ministers to give sermons critical of company or executives (including those in their own congregations)
Distribute to his/her neighbors literature attacking the CEO
Allege or imply sexual liaisons among executives
File frivolous unfair labor practice claims
Generate conflicts among religious groups, e.g., between differing interpretations of Catholic social teachings on the nature of a “just” workplace
Recruit celebrities or prominent politicians to pressure the company
Send postcards to maternity patients of a healthcare system warning their babies may be born on soiled or bloody linens because of a threatened laundry strike
Salting — place union-paid organizers on a company payroll for the purpose of organizing and generating inside pressure on management
Establish anti-company Web sites
Establish Web sites to track/attack individual directors or executives
Commission, prepare and distribute white papers attacking company
Conduct Workers Rights Boards, hearings or town hall meetings at which unions and their allies place the company on trial and find it “guilty” of anti-union activity
Fly anti-company banners from small planes at athletic events
Challenge the zoning or permitting of any new facilities sought by the company
Picket and/or disrupt corporate annual meetings
Attack the company’s safety or environmental practices
Place print, radio, television, billboard, other advertising attacking the company

Table 1, Continued

Post warnings or contact customers to notify of potentially embarrassing or inconvenient experiences if they patronize the company
Pressure company through surrogates such as Jobs with Justice, National Interfaith Committee for Worker Justice
Encourage investigations of potential antitrust, tax or other violations
File, encourage or support litigation against the company
Leverage differing international labor climates against U.S.-based multinationals or U.S. subsidiaries of non-U.S. (e.g., European) companies
Use the OECD and other international organizations to pressure company
Employ race, class and similar themes as elements of attacks on the company

its cause, the dynamic is actually rather different. One principal objective of pre-campaign research is to identify the full range of each stakeholder's own interests and objectives and to cull out those that might be selectively activated to advance the cause of the campaign. The union then looks for opportunities to set those stakeholder self-interests in motion. When practiced successfully, this can be a very sophisticated exercise. Table 1 lists a few of the tactics employed by unions engaged in corporate campaigns.

A definitive, but hardly unique, example of selective activation, and one with enduring consequences, is provided by a campaign waged by the hotel employees union (HERE) against Marriott International. At the time, 1998, HERE Local 2 was trying to organize workers at the company's hotel in downtown San Francisco.¹⁰ The Marriott family owned about 20 percent of the company's shares, and private investors another 30 percent, with

the balance held by institutional investors. In order to facilitate acquisitions, the company wanted to expand the number of its shares. At the same time, the family wanted to retain its influence over company affairs. So management proposed the establishment of two classes of stock, one of which, termed a “super voting” class, would carry ten votes per share rather than the customary one vote. Most of the super shares would be held by the Marriott family.¹¹

Sensing an opportunity to demonstrate its clout, HERE began an effort to line up votes against the dual-stock proposal. To this end, the union encouraged a small proxy voting advisory firm, Institutional Shareholder Services (ISS), to advise its clients—comprising many of the nation’s largest institutional shareholders—to oppose the change on the grounds that their own influence over the company would be diluted. With support from the California Public Employees’ Retirement System (CalPERS) and other public employee pension funds, the proposal was defeated.¹²

This was a signal development in two important ways. First, it illustrated the selective activation of corporate stakeholder pressure by a union, not by recruiting allies to support its organizing, but by developing lines of attack that resonated with the interests of the stakeholders themselves. In the words of HERE Research Director Matthew Walker,

People assume that there is a division between labor and capital. The fact is that we demonstrated an ability to identify with our fellow shareholders in Marriott and to build an alliance with shareholders that many people didn’t think was possible.¹³

Second, in a way that has helped prove Mr. Walker’s words prophetic, it set ISS on a path in support of proxy voting initiatives by labor that would become highly significant within a very short time.

When fully deployed, a corporate campaign will generate a rising crescendo of pressures on management, most of them coming from traditional allies, business partners and other supporters whose concerns cannot be ignored. As Mr. Raynor's comments suggest, over time these pressures will consume more and more of management's attention, distracting the company's key decision-makers from their more routine daily responsibilities. The union's attacks on the company will be designed to stigmatize those who continue to engage in business-as-usual with the target—whether that means selling its goods and services, remaining a customer or client, accepting its claims to be following extant regulations, or merely acknowledging its contributions as a corporate citizen. In effect, the objective is to embarrass key groups into altering their behaviors with respect to the company, the operative assumption being that those behaviors in the pre-campaign period were central to the company's success, and that changing them will prove disadvantageous to (generate pressure on) the company. If all of this works as intended, the net result will be to change the target company's decision-making calculus in ways that benefit the union.

OBJECTIVES

Sometimes, where employers already have unionized workforces, those “benefits” take the form of contract concessions, and sometimes, where the union has policy interests, they take the form of political concessions. Recent campaigns by the so-called Coordinated Bargaining Committee, representing fourteen unions with members employed by General Electric, are an example of the former. The 2005 campaign by organized labor against the Bush administration’s proposed Social Security reforms, in which the unions pressured individual financial services companies to drop their support for the plan, illustrates the latter. But most of the action in corporate campaigns today, and certainly the most extensive and most aggressive campaigns, are centered on efforts to organize workers.

The earliest corporate campaigns, such as those at Farah and J.P. Stevens in the 1970s, were focused on organizing, but in that era the explicit objective was to bring about representation elections as provided under the National Labor Relations Act. In these elections, once at least 30 percent of workers in a prospective bargaining unit sign cards petitioning the National Labor Relations Board (NLRB) to conduct a secret-ballot election, the regional office(s) of the NLRB will administer a vote, usually in the workplace itself. As in all things bureaucratic, there are rules of procedure, the basic result of which is that both the union and the company are permitted to communicate their views to the workers, after which the workers mark their ballots. The NLRB tallies the votes and, if a majority of workers so indicate, certifies the union as their bargaining agent. The employer is then required to bargain with the union. We can think of this as retail organizing — gaining the right to represent workers from the bottom up, vote by vote. This procedure is illustrated in Figure 2(a).

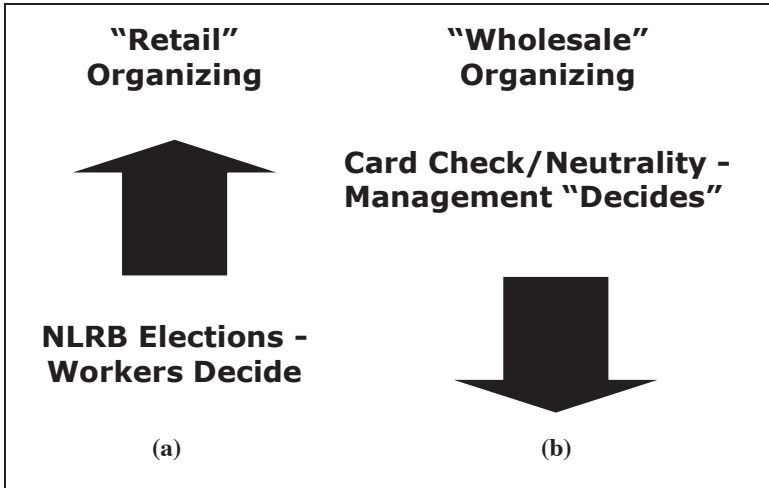


Figure 2. Retail versus Wholesale Organizing

From the unions' perspective, this procedure has proven problematic in two ways. First, it is very expensive. Some estimates place the cost at as much as \$1,000 per worker, win or lose. And second, it is successful only slightly more than half the time. In recent years, unions have been winning around 55 percent of NLRB-administered, secret-ballot elections. And in fact, the actual number of such elections has been declining, from more than 7,000 per year in the 1960s to around 2,000 per year today. In 2003, for example, the NLRB conducted 2,133 certification elections. The elections themselves are being conducted in smaller and smaller workplaces, so that even union victories count for less than they once did. The 2,133 elections in 2003, for example, when set against the results of an additional 372 decertification elections, in which workers already represented by a union vote on whether to terminate that relationship, produced a net gain in union membership for the year of a mere 30,436.¹⁴

Faced with these numbers and trends, and with what they regard as a substantial and growing capability of companies to counter their appeal to workers through so-called union avoidance consultants, unions have turned to an alternative organizing strategy, which we can think of as wholesale organizing. This approach was characterized more than a decade ago by Joe Crump, an official of a United Food and Commercial Workers local, when he wrote,

Employees are complex and unpredictable. Employers are simple and predictable. Organize employers, not employees.¹⁵

This alternative approach, which today tends to center on a tandem of union demands—for “card check” and “neutrality”—is illustrated in Figure 2(b).

Card check is a procedure under which a company agrees to recognize a union once that union produces evidence that a majority of the company’s workers have signed authorization cards. These cards can be signed in the workplace, but elsewhere as well, including the employees’ homes, or even online, and the signatures themselves may not be easily revoked. Once a majority have signed, the matter is settled. No election is required. A neutrality agreement is a companion arrangement under which the company accedes that, during the period in which the union is soliciting signatures on cards, it will not say or do anything to express management’s view of unionization or its effects on the workplace or the workers. The union has much greater flexibility in soliciting signatures under card check, which is generally unregulated, than under the NLRB-administered solicitation process, and the company’s voice is muzzled under neutrality, leaving only the union’s voice to be heard. The unsurprising result is that, where card check and neutrality are accepted by

management, unions have a significantly higher rate of success in recruiting members. One study conducted for the AFL-CIO set the success rate in such circumstances at more than 70 percent.¹⁶

One of the challenges labor faces in arguing for card check over NLRB-administered certification elections is a rhetorical one. Consider the statement made by UNITE HERE President Bruce Raynor in discussing that union's organizing drive at Cintas, a commercial laundry and uniform company: "There's no reason to subject the workers to an election."¹⁷ It is difficult for an ostensibly democratic movement to sustain such a position opposing secret-ballot elections.

Perhaps in recognition of that difficulty, unions are now making an alternative demand on employers—for a secret-ballot election outside the purview of the National Labor Relations Board (typically also to be accompanied by a neutrality agreement). This is the case, for example, in an organizing campaign at Yale New Haven Health, and in a growing number of other such efforts. In these instances, the rhetoric is somewhat different, as illustrated by William Meyerson of SEIU Local 1199-NE: "The NLRB election process is neither fair nor democratic and favors management."¹⁸ Mr. Meyerson went on to describe an alternative process being proposed at Yale New Haven through which a third party, such as a panel of legislators or a council of community leaders would conduct the vote.¹⁹ In addition to negotiating the terms of the vote, the employer in such cases effectively waives its right of appeal of the outcome since the vote will have occurred outside of the normal regulatory process. Indeed, that process is being subjected to increasing attacks that appear to be aimed at undermining confidence in the NLRB itself.

While some employers are quite open to facilitating the unionization of their workforces, and while some groups of

nonunion employees are affirmatively interested in union representation, many are not. In such circumstances, why would an employer agree to card check and neutrality knowing that doing so might well produce an outcome contrary to its own interests and/or those of its employees? That is where the corporate campaign comes into play. As a component of organizing strategy, the function of the corporate campaign is to generate sufficient pressure on a company, from the top down, to alter its assessment of the relative costs and benefits of yielding to the demands of the union. In theory, and often in practice, the reality of anti-corporate warfare, and sometimes the mere threat of it, will make the company much more responsive to the union's demands.

CORPORATE TARGETS

Corporate campaigns are not isolated phenomena. A count of these efforts from their inception in 1974 through 1999, for example, identified approximately 200 such engagements, with the number increasing at an accelerating rate.²⁰ Not coincidentally, AFL-CIO President John Sweeney promised during his inaugural address in 1995,

We will use old-fashioned mass demonstrations, as well as sophisticated corporate campaigns, to make worker rights the civil rights issue of the 1990s.²¹

It is likely that the total number of such efforts is now approaching 300 or more. Table 2 lists a selection of companies targeted in union or movement-wide corporate campaigns during the period 2000-2005. Some of these campaigns are still underway at this writing. A review of the list will show that companies are targeted without respect to their size, location, industry or prominence.

Table 2. Selected Corporate Campaigns, 2000-2005

Target	Union(s)
Adams Mark Hotels	HERE
Advocate Health	SEIU
AK Steel	USWA
Aladdin Hotel & Casino	HERE
Angelica	UNITE HERE
Borders Books	UFCW
Boston Properties	SEIU
Catholic Healthcare West	SEIU
Cintas	UNITE HERE, Teamsters
Comcast	CWA
Continental Carbon	PACE
DHB Point Blank	UNITE HERE
DHL	Teamsters
Duane Reade	UFCW
Ensign Group	SEIU
Equity Office	SEIU
Exxon Mobil	PACE/Steelworkers
Fidelity Investments	AFL-CIO
Financial Services Industry	AFL-CIO, SEIU
Gallo	UFW
General Electric	IUE (CWA), others
Gillette	SEIU, UNITE HERE
H&M	UNITE
Healthcare Industry	SEIU, AFSCME
IBM	CWA
Imerys	PACE (USWA)
KSL Recreation	UNITE HERE
Labor Ready	AFL-CIO (Building Trades)
Maersk	Teamsters
Mount Olive	FLOC
Nebraska Beef	UFCW

Table 2, Continued

Target	Union(s)
Nike	UNITE
Oregon Steel	USWA
Overnite Transportation	Teamsters
Pacific Maritime Association	ILWU
PPR – Brylane – Gucci	UNITE
ResCare	SEIU
Resurrection Health	AFSCME
Quebecor	GCIU/Teamsters
Safeway	UFCW
Saint Gobain	UAW
Sky Chef	HERE
Smithfield Foods	UFCW
Sodexo	UNITE HERE, SEIU, (AFSCME)
Station Casinos	UNITE HERE
Sutter Health	SEIU
Taco Bell	Coalition of Immokalee Workers
Tenet Health Care	SEIU
Titan Tire	USWA
Trico Marine	OMU
Tyson Foods	Teamsters, UFCW
Verizon	CWA
Wackenhut Security	SEIU
Wal-Mart	UFCW, SEIU, AFL-CIO
Westfield Centers	SEIU
Yale University	UNITE HERE
Yale New Haven Health	SEIU

KEY: AFSCME – American Federation of State, County and Municipal Employees; CWA – Communications Workers of America; FLOC – Farm Labor Organizing Committee; GCIU – Graphic Communications International Union, which merged into the Teamsters shortly before the campaign was concluded; HERE – Hotel Employees and Restaurant Employees International Union, later merged into UNITE HERE; ILWU – International Longshore and Warehouse Union; OMU – Offshore Mariners United; PACE – the paper and chemical workers union, later merged into the Steelworkers; SEIU – Service Employees International Union; UAW – United Auto Workers; UFCW – United Food and Commercial Workers; UNITE – textile workers union, later merged into UNITE HERE; UNITE HERE – the merger union of the textile workers and hotel/restaurant workers unions; USWA – United Steelworkers of America.

TRENDS

Today's corporate campaigns share many characteristics with those of the 1970s and 1980s, but where those early efforts were experimental and often hit-or-miss in nature, the techniques employed in contemporary campaigns have been tested and optimized over time. They are the products of thirty years of distillation and refinement. This suggests the operation of an evolutionary process that is worth understanding. One way to accomplish that is to consider several long-term or emergent trends in corporate campaigns.

Other People's Money. Without question, the most significant development in corporate campaigns over the last decade has been the increasing emphasis the unions place on leveraging the target companies' financial stakeholders, and most especially their institutional shareholders, to increase the pressure on management and the board of directors. The reasons for this are at least two-fold. First, labor has followed something of a natural progression around the wheel of stakeholders identified through power structure analysis, shifting from one emphasis to the next in search of relationships that can actually impact on management. Working through the principal owners of the company, the institutional shareholders, has emerged as the tactic with the greatest average potential to achieve campaign objectives. At the same time, and in a much larger context, this emphasis on shareholder activism plays to one of labor's few great strengths, its ability to exploit a significant share of the \$7.5 trillion currently held by public employee, single employer, and multiemployer pension funds. By unleashing the proxy power stored in the equity portions of these portfolios, and by pressuring the financial services industry to act "pro-socially" by voting still other trillions of dollars worth of proxies in favor of labor's shareholder agenda,

the unions are in the process of transforming their movement from one based in representing workers to one based in managing their collective financial resources.

The potential of this strategy was first identified by Peter F. Drucker in 1976 in his book *Unseen Revolution: How Pension Fund Socialism Came to America*, and was shortly afterward set forth more directly by Jeremy Rifkin and Randy Barber, who spoke of

... laying out the groundwork for both the takeover of pension capital and the implementation of an alternative economic base, one independent of the private-capital sector.²²

This idea was thus ripe for action when the Sweeney administration took over the AFL-CIO in 1995. As described by Richard Trumka, Secretary-Treasurer of the federation,

Back in 1995, we did a survey of all the programs around here—what was happening to labor, where were we headed? We found out that workers' money—not only was it not being used to help workers as investors or shareholders, but it was actually being used against us. So we decided to organize our money essentially the way we organize workers.²³

This decision led to a series of actions, the details of which lie beyond the scope of this briefing.²⁴ For our purposes, it will suffice to state that the objectives were (a) to capture effective control over proxy-voting decisions by pension fund trustees, (b) to expand substantially the definition of fiduciary responsibility so as to legitimize the voting of these proxies on the basis of social policy and other non-financial grounds, (c) to create an infrastructure to promulgate this new standard of accountability

and to forge alliances with other likeminded investors and advocates, (d) to alter the policies of the Securities and Exchange Commission in such ways as to facilitate policy- and governance-based voting, and (e) to use these newly defined and enhanced capabilities to advance campaigns of pressure against corporate management.

In practice, this has led the unions into a large-scale proxy war on corporate America. In 2004, for example, the most recent year for which relatively complete data are available, union-based pension funds sponsored more than 200 shareholder resolutions at corporate annual meetings on topics ranging from splitting the roles of CEO and board chair to preparing reports on corporate political contributions. Not all of these initiatives are primarily aimed at use in the corporate campaign, but they are sufficiently commonplace in that setting to warrant our attention.

The final element of this strategy, at least to date, was, as noted, to find ways of encouraging the financial services industry to engage management in pursuit of the same agenda. To this end, for example, in 2003 the AFL-CIO led a campaign, primarily centered on Fidelity Investments, to impose transparency requirements on proxy voting by fund managers, the theory being that transparent votes were more likely than opaque ones to be cast in favor of resolutions offered by labor and its allies and framed by them as pro-social governance and policy reforms. Most recently, the SEIU has been building infrastructure, which it terms Capital Strategies, for its own concerted campaign in the financial services industry, a campaign that is certain to employ the techniques of the corporate campaign.

While the increasing use of these financial strategies has been the most important trend in recent years, several other developments are also noteworthy. Among them:

By the Numbers. At last formal count, in 1999, there had been some 200 union-initiated corporate campaigns, with new efforts coming online at the rate of about 15 per year.²⁵ A less formal estimate today suggests that there are at least 15 to 20 campaigns underway at any given time. This is perhaps interesting in itself, but it is also an important indicator of the continuing importance that labor attaches to these efforts, precisely as Mr. Sweeney promised ten years ago. It also means that an ever-widening circle of companies is being swept up into an expanding war on the corporate community per se.

Outside the Lines. In fact, the census of corporate campaigns may well understate the ubiquity of the phenomenon. In the early days of such efforts, there was a clear boundary between campaign-style activities and other means of pressuring companies, and unions saw some value, as well, in literally declaring the commencement of such hostilities. But over time, the number, diversity and potential effectiveness of corporate campaign strategies and tactics have all grown to such a point that the very notion of a boundary is increasingly archaic. Where it was once unusual for a union to form alliances with third parties and exploit stakeholder relationships for the purpose of coercing companies, for example, today it is commonplace, even where no explicit corporate campaign is in progress. Such campaign-style activities are now so thoroughly embedded in the culture underlying union behaviors that it might even be misleading to think that corporate campaigns can somehow be isolated from labor strategies in general.

Getting the Idea. And no wonder. For over the years the labor movement has developed a substantial infrastructure to develop, teach, support and assess the effectiveness of corporate campaign methods. This includes a library full of how-to manuals with such titles as *The Campaign Guide: Organizing the Construction Industry*,²⁶ which builds explicitly on power structure analysis,

or *A Troublemaker's Handbook: How to Fight Back Where You Work — and Win!*, now in its second edition;²⁷ courses on such topics as Organizing (including a section on corporate campaign research), Strategic Research for Organizers and Bargainers, Strategic Campaigns in the Construction Industry, Working with the Media, and Capital Stewardship, all offered by the AFL-CIO's National Labor College at the George Meany Center in Maryland;²⁸ and research reports like the study of the effectiveness of card check and neutrality cited earlier.²⁹

Turning Pro. With three decades of experience, hundreds of campaigns and a solid intellectual infrastructure, it should not be surprising that there has emerged a professional class of corporate campaigners—individuals trained and hired expressly for the purpose of attacking corporate targets. While no count of such professional campaigners exists, it is likely they number in the hundreds. Typical position postings list such titles as union (or corporate) campaign researcher, campaign communications director, strategic communications specialist, researcher/strategic campaigner, online advocacy organizer, or even director of investor relations. For example, a listing for an entry-level position with one union in 2005 included the following elements:

- Research companies using a wide variety of sources, including published databases, on-line and Internet sources as well as informational interviews with union, industry and financial sources;
- Conduct local and field research on companies and industries;
- Develop corporate analysis and adapt it for various audiences (e.g. staff, workers, stockholders, the public);
- Develop and implement campaign strategies and tactics.³⁰

A listing for a more senior position, as Director of Communications for a surrogate organization involved in the corporate campaign against Wal-Mart, outlined the following responsibilities:

Lead the message development and execute an effective media plan that will redefine the public's perspective on Wal-Mart, expose and tell the true story of Wal-Mart, promote the center's mission and objective, and brand the center's message and identity through the media.³¹

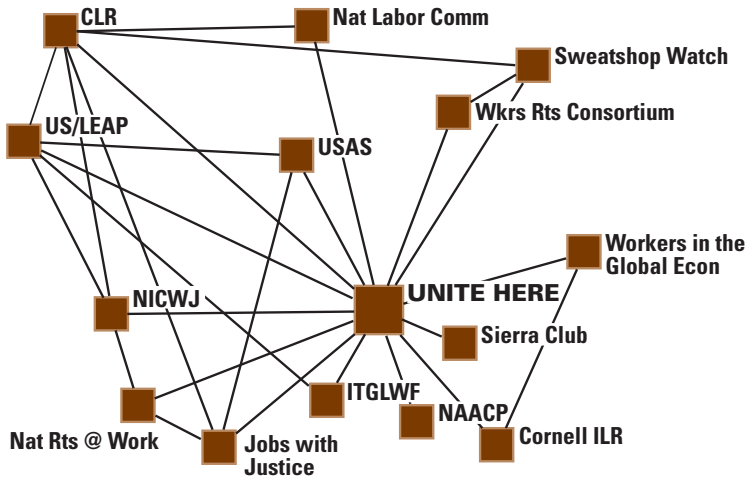
It is easily the case that the labor federation, its unions and associated organizations advertise for 50 to 100 such positions annually. Indeed, the communications director for the Wal-Mart campaign was being hired to oversee a staff of eight to ten persons.³²

Paying the Tab. One clear corollary of the professionalization of corporate campaigns is that they cost a lot of money. Associated advertising and other activities also add to their cost. Where does the money come from? To be sure, a significant portion comes from the dues of union members, though under pre-2004 reporting requirements it is difficult to say exactly how much of the unions' organizing and other expenditures is devoted to these activities. But dues are not the only source of financing. For example, affinity credit card (and similar) programs generate millions of dollars a year. In addition, allied, affiliated and surrogate groups such as the Prewitt Organizing Fund are able to raise money from activist foundations and other sources to support aspects of their participation in campaign-related activities.

Network News. In the early years of corporate campaigns, unions often found it necessary to develop alliance structures with environmentalists, human rights activists and others to overcome a critical problem—the low credibility the public

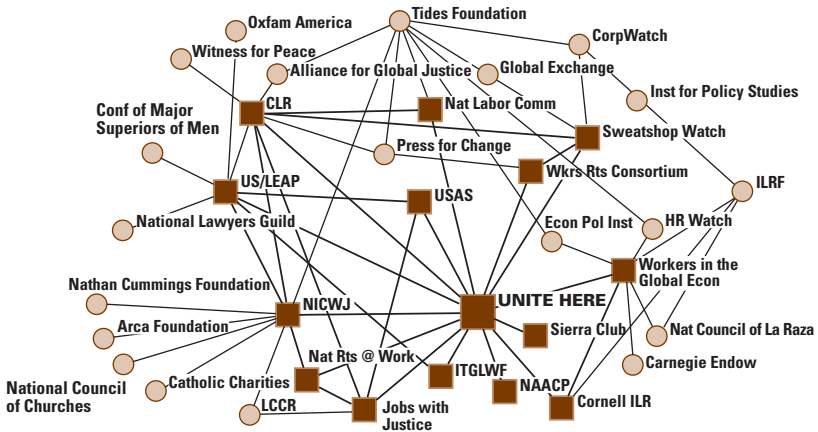
and others assigned to their attacks on companies. This was a function of a weakness they have long shared with big business—the lack of popular sympathy for their actions. Over the years, however, these alliances have become more extensive, more formal and in many ways more meaningful, to the point that today non-labor advocacy groups carry much of the weight in labor-based corporate campaigns. Figure 3, for instance, summarizes a few of the organizations that have shared direct connections with UNITE HERE, the textile and hotel/restaurant workers union. The lines in the figure represent funding trails, shared programs, leadership links and the like that have been in place at one or another point, or continuously, in recent years.

Figure 3. Selected Organizations with Primary Connections to UNITE HERE



For a key to the acronyms in Figure 3, see Figure 4.

Figure 4. UNITE HERE Network Extended 1 Degree of Separation



KEY: CLR – Campaign for Labor Rights; ILRF – International Labor Rights Fund; IPS – Institute for Policy Studies; ITGLWF – International Textile, Garment and Leather Workers Federation, one of the international trade secretariats of the International Confederation of Free Trade Unions; NAACP – National Association for the Advancement of Colored People; NICWJ – National Interfaith Committee for Worker Justice; USAS – United Students Against Sweatshops; US/LEAP – US Labor Education in the Americas Project.³³ Nodes represented by dark squares have, or have had, direct connections with UNITE HERE. Nodes represented by light circles are networked to UNITE HERE only through intermediary groups or coalitions.

Figure 4 extends this network one step beyond direct links to suggest a few of the organizations with which the union has been connected through these alliances. Collectively, this networking links the union with environmentalists, international labor activists, religious activists and other allies. Among other partner organizations, it includes umbrella groups like Jobs with Justice and the National Interfaith Committee for Worker Justice, which have been established by labor to facilitate local alliances

with clergy and religious leaders, and, not coincidentally, extend these union-centered networks to the local level. It also incorporates surrogate groups, such as USAS and the Workers Rights Consortium, in whose establishment UNITE HERE itself played a key role. And it suggests the role of such activist foundations as Tides, Arca and Nathan Cummings in providing indirect support to union corporate campaign activities. Were we to move one more degree of separation beyond that illustrated in Figure 4, we would begin to illustrate this particular union's links to groups active in Latin American politics and the Zapatista movement in Mexico.

Though their extent, purposes and composition will vary greatly, many unions, and especially those most actively engaged in corporate campaigns, maintain such networks, which are both natural products and foci of partner recruitment for the campaigns themselves.

Making a Left Turn. Labor activists engage in corporate campaigns for a variety of reasons, which we can generally classify as pragmatic, programmatic or ideological. Pragmatic activism is designed to accomplish a particular objective, i.e., engaging in a corporate campaign to organize the workers at a company or to impose more favorable terms in a contract negotiation. This motivation is, in a sense, the most traditional, pointing as it does toward long-standing economic objectives of organized labor, and in the early days of corporate campaigns it predominated. Over time, as the decline of the labor movement continued apace, increasing numbers of campaigners came to be motivated by a more generic interest in movement-building per se, or by an interest in advancing one or another public policy position through the use of such campaigns. The use of campaign techniques to pressure financial services and other companies into dropping their support for the Bush Administration's proposed shift of the Social Security program toward personal investment

accounts in 2005 is a case in point. Finally, in response to those same threats to the viability of the movement, but also as a byproduct of labor's systematic and now long-running outreach to allies in the so-called "progressive left", a growing number of anti-corporate ideologues both within and allied with the labor movement have come to see these tactics as a means to advance their broader political and economic agendas. It is in this context that we have begun to see job listings and campaign objectives that are stated in more expressly political terms. Consider, for example, the primary criterion stated in 2002 for an organizing position posted by SEIU 1199 in Ohio, which stated in large, italicized type: "Must Be Willing to Wage Class War. Liberals Need Not Apply."³⁴

Playing Politics. Corporate campaigners have long sought to involve political candidates and office holders in events that called attention to their efforts, and over the years many such politicians, mainly but not exclusively Democrats, have obliged by walking picket lines, issuing statements, or simply boycotting businesses such as hotels or even major news outlets that were campaign targets. A more recent phenomenon is the development, primarily to date by the SEIU, of what we might think of as a blue-state organizing strategy. In states like Illinois or New York, where the unions have powerful legislative and/or gubernatorial allies, they have begun advancing agendas of union-friendly legislation, regulations, and even interpretations of existing laws for the purpose of facilitating member recruitment. Typically focused on the healthcare industry, these range from laws banning the use of public funds by companies to communicate to their workers their concerns about the effects of unionization (New York)³⁵ to the de facto equating of individual private-sector workers with a class of public-sector workers to change the rules for organizing them (Illinois).³⁶ This approach is somewhat akin to the wholesale organizing model we discussed earlier, but operates at an even broader level.

Summoning Synergies. From time to time, multiple unions have engaged with a given employer and in some measure coordinated their efforts. Recent examples include cooperation between UNITE HERE and the Teamsters in their campaigns against Cintas (see Table 1) or, for a time, between the SEIU and AFSCME in their efforts to organize healthcare workers in Illinois. For the most part, these cooperative efforts have tended to be more symbolic than substantive. In recent years, however, examples have begun to emerge of much closer cooperation. The campaign against Wal-Mart, for example, has been taken up not only by the UFCW, which first engaged the company in the early 1990s, but by the AFL-CIO itself, by several of its member unions, and most recently, as noted, by the SEIU-based group, Five Stones. At a more tactical level, we have the previously noted 2005 example of UNITE HERE, which, in the course of threatening a strike against Angelica (see Table 1), mailed postcards to new and expectant mothers who were patients in facilities owned by Sutter Health, itself a target of a corporate campaign by the SEIU, which contained the following warning:

You'll do anything to protect your vulnerable newborn from infection, but your Sutter birthing center may not be taking the same precaution. Reports have surfaced that Angelica, the laundry service utilized by Sutter, does not ensure that 'clean' linens are free from blood, feces, and harmful pathogens. Protect your newborn. Choose your birthing center wisely.³⁷

Going Global. Historically, U.S. unions have maintained a friendly, but arm's length, relationship with their counterparts elsewhere, especially those in Europe, and with the international labor movement. In the early days of the corporate campaign, it was generally the case that U.S. unions were both better funded and better schooled in the new campaign methodology than others,

though labor itself had higher standing and more influence abroad than in the U.S. Driven by the pace of economic globalization, and facilitated by the Internet, those bonds have grown closer in recent years, and it is now commonplace to find unions in different countries working in concert to pressure an employer (for example, through a global day of protest against IBM in 2005),³⁸ to find the industry trade secretariats of the International Confederation of Free Trade Unions collaborating in industry-wide campaigns on a global scale, and to find unions using leverage in one country to pressure an employer in another, as in the campaigns against Quebecor and Wackenhut Security (see Table 1), in both of which parent companies in labor-friendly countries have been pressured to bring U.S.-based subsidiaries into line.

Spinning the Web. Finally, we should take note of the increasing role of the Internet in corporate campaigns. Unions and their allies make extensive use of the Web—for fundraising, for mobilization and event coordination, to inform members or prospective members of their actions, to disseminate information about campaign strategies and tactics, and for the full range of such activism-support mechanisms that are generally well-known today. Perhaps most notable among these are the now routine establishment of Web sites for every campaign that comes along, and sometimes even for individual executives or board members who are targeted for special attention, and the creation of virtual surrogates, or organizations that exist only in cyberspace and only for the purpose of supporting a given campaign. But one less visible use of the Internet in these campaigns may be the most important of all. For one way in which corporate campaigns have evolved over the years is in the ease with which power structure research can be accomplished today simply because much of the information that once required expensive and time-consuming searches of publications and public records can now be completed quickly and conveniently using resources available online. The

savings in time and money for research, not to mention the more complete and more timely information upon which it can be based, has greatly facilitated campaign planning and has doubtless contributed to the increased frequency and sophistication of corporate campaigns.

CONCLUSION

When we put all of these pieces together, it is evident that corporate campaigns have not only endured and evolved over the past 30 years, but they have emerged as the primary mechanism by which organized labor now confronts corporate management, especially over issues of recruitment and organizing. And yet, these campaigns operate for the most part outside of the established legislative framework of labor-management relations in the United States. They were neither contemplated in the law nor regulated within its letter or intent.

From the perspective of organized labor, which sees itself as besieged at every turn, this is among their principal appeals, for the unregulated character of these campaigns provides the unions with several tactical advantages, not least of which is a claim to be engaging in protected forms of speech. From the perspective of the business community, the fundamentally extortionate quality of these campaigns, wherein a union seeks to intimidate the target company but withdraws its pressure when the requisite concessions are offered, represents their great challenge. And from the perspective of the government, which has a legitimate interest in regulating labor-management relations to protect the interests of workers as well as the broader public interest, the growing reliance on these campaigns may, within a relatively short time, render current legislative frameworks ineffective or largely irrelevant.

To paraphrase Saul Alinsky's sixth rule for radicals, an effective tactic is one that entertains those who engage in it. With respect to the corporate campaign, one thing is quite clear. Only one side is having fun.

ENDNOTES

- ¹ From *The Port Huron Statement* as reproduced in James Miller, *Democracy Is in the Streets: From Port Huron to the Siege of Chicago* (New York: Simon and Schuster, 1987), p. 363.
- ² Miller, op. cit., p. 228, and Todd Gitlin, *The Sixties: Years of Hope, Days of Rage*, revised edition (New York: Bantam, 1993), p. 317.
- ³ Saul Alinsky, *Rules for Radicals: A Pragmatic Primer for Realistic Radicals* (New York: Vintage Books, 1989), pp. 170-175; and David Vogel, *Lobbying the Corporation* (New York: Basic Books, 1978), pp. 30-35. The original edition of Alinsky's book was published in 1971 by Random House.
- ⁴ Alinsky, op. cit., pp. 127-130, quoted selectively.
- ⁵ Quoted in William Serrin, "Organized Labor is Increasingly Less So," *The New York Times*, November 18, 1984, p. 4:3.
- ⁶ Quoted in Stephen Szkotak, "The Nation's Longest Running Major Strike Highlights New Labor Strategy, Industry Woes," United Press International, August 25, 1982.
- ⁷ Michael Barbaro, "Putting on the Brakes: Local Grocery Workers Union Leads the Fight to Block Wal-Mart's Efforts to Infiltrate Inner Suburbs, District," *Washington Post*, May 23, 2005, p. E1.
- ⁸ There are many variations on this drawing. This one is taken from Jarol B. Manheim, *Power Failure, Power Surge: Union Pension Fund Activism and the Publicly Held Corporation* (Washington: HR Policy Association, 2005), p. 36, reprinted with permission.
- ⁹ Presentation at the annual meeting of the American Political Science Association, Atlanta, Georgia, September 3, 1999.
- ¹⁰ Ilana DeBare, "S.F. Marriott, Hotel Union Clash," *San Francisco Chronicle*, February 19, 1999, p. B1.
- ¹¹ Judith Evans, "Small Investors May Hold Key Votes in Marriott Fight," *Washington Post*, May 15, 1998, p. F1.
- ¹² Christina Binckley, "Marriott Shareholders Vote Down Plan to Create Two Stock Classes," *Wall Street Journal*, May 21, 1998.
- ¹³ Quoted in *Ibid.*
- ¹⁴ Based on data published by the National Labor Relations Board. It is important to note that these data exclude organizing under the Railway Labor Act and organizing of public-sector employees.
- ¹⁵ Joe Crump, "The Pressure Is On: Organizing Without the NLRB," *Labor Research Review* (1991/92).
- ¹⁶ Adrienne E. Eaton and Jill Kriesky, "Organizing Experiences Under Union-Management Neutrality and Card Check Agreements," Report to the Institute for the Study of Labor Organizations, George Meany Center for Labor Studies, February 1999, pp. ii-iii.
- ¹⁷ Quoted in Steven Greenhouse, "Labor Turns to a Pivotal Organizing Drive," *The New York Times*, May 31, 2003, p. A-11.
- ¹⁸ Quoted in Susie Poppick, "Two Sides Support Ballot, But Not NLRB," *Yale Daily News*, February 18, 2005.
- ¹⁹ *Ibid.*
- ²⁰ Jarol B. Manheim, *The Death of a Thousand Cuts: Corporate Campaigns and the Attack on*

the Corporation (Mahwah, NJ: Lawrence Erlbaum Associates, 2001), pp. 311-338.

²¹ Quoted in James L. Tyson, "As Strikes Lose Potency, Unions Turn to Tactics Outside the Workplace," *Christian Science Monitor*, February 16, 1996, p. 1.

²² Jeremy Rifkin and Randy Barber, *The North Will Rise Again: Pensions, Politics and Power in the 1980s* (New York: Beacon Press, 1978), p. 1.

²³ Quoted in Aaron Lucchetti, "Union Agenda: Labor Pushes for Changes in Fund Industry," *Wall Street Journal*, March 3, 2003.

²⁴ For a full analysis of these strategies see Jarol B. Manheim, *Power Failure, Power Surge: Union Pension Fund Activism and the Publicly Held Corporation* (Washington: HR Policy Association, 2005).

²⁵ Manheim, *Death of a Thousand Cuts*, p. 302.

²⁶ Published in 2000 by the Building and Construction Trades Department, AFL-CIO.

²⁷ Jane Slaughter, ed. (Detroit: Labor Notes, 2005).

²⁸ *2004 Course Catalog*, National Labor College, George Meany Center.

²⁹ Eaton and Kriesky, op. cit.

³⁰ Listing for a position analyzing Yale University for UNITE HERE, found online May 23, 2005, at http://www.unionjobs.com/staff/ct/UNITE_HERE-yale-2.html.

³¹ Job posting for Five Stones, found online at <http://www.unionjobs.com/staff/dc/fivestones.html>, May 23, 2005.

³² Ibid.

³³ Brief descriptions of a number of the activist organizations incorporated in the figure can be found in Jarol B. Manheim, *Biz-War and the Out-of-Power Elite: The Progressive-Left Attack on the Corporation* (Mahwah, NJ: Lawrence Erlbaum Associated, 2004), pp. 189-201.

³⁴ Found online at www.unionjobs.com/staff/ky/seiu1199-4.html, May 24, 2002.

³⁵ The New York statute was recently struck down by a federal court. See Joel Stashenko, "Court ruling wins praise from opponents of unionization drive law," *The Business Review* (Albany, NY), May 16, 2005.

³⁶ Illinois Governor Rod Blagojevich signed a first-in-the-nation order to this effect for home-care providers in February 2005. See Stephen Franklin, "Union War Over Child Care: Sitters Seek Someone to Stand Up for Them," *Chicago Tribune*, March 18, 2005.

³⁷ Kathy Robertson, "Unions rope Sutter into laundry fight: Mailing targets new moms," *Sacramento Business Journal*, April 24, 2005.

³⁸ "Global day of action over IBM job cuts," press release, Union Network International, May 19, 2005.



U.S. Chamber of Commerce
1615 H Street, N.W.
Washington, D.C. 20062
uschamber.com

For more information, contact the Labor,
Immigration and Employee Benefits Division
at 202-463-5522