

The Death of a Thousand Cuts

JAROL B. MANHEIM

‘Corporate campaigns swarm the target employer from every angle, great and small, with an eye toward inflicting upon the employer the death of a thousand cuts rather than a single blow’.

Richard Trumka, Secretary-Treasurer
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THERE is a war raging, though few seem to realize it. It is a war being fought, not with missiles and guns, but with broadsides, half-truths, innuendo and a staccato rhythm of castigation, litigation, legislation and regulation. It is a war being fought in the press and on television, on the World Wide Web, in the halls of government, in the marketplace, on the trading floor and in the boardroom. Not only is the financial well-being of many of the world’s largest corporations at stake, but also the future viability of the corporation itself as a basis for organizing economic activity.

The protagonists in this conflict generally fall into three camps. On one side are the targets—such well-known companies as Nike, Rio Tinto and Wal-Mart. Arrayed against them are two interlocked sets of antagonists—labour unions, which are in the game for economic advantage, if not for their very survival; and non-labour NGOs, which are in it for either ideological or programmatic reasons.

The unifying strategy in every instance is this: If the reputation of a company can be so damaged that its ability to conduct its business is threatened, that company will yield to the demands of its antagonists. In the case of attacks by unions, the objective is often to force a target company to unionize. For other NGOs—environmentalists, human rights advocates and the like—the objective is to punish a company for policies or behaviours with which the attackers disagree, and force it to change its ways.

There is a term of art for these attacks: the corporate campaign, or perhaps more tellingly, the *anti*-corporate campaign. An anti-corporate campaign is a co-ordinated, often long-term and wide-ranging programme of economic, political, legal and psychological warfare designed to attack the viability of the essential stakeholder relationships on which any corporation depends. By turning these stakeholders into pressure points against the company, the successful campaign strikes at the company where it hurts most while simultaneously depriving it of its best lines of defence.

In my recently published book, *The Death of a Thousand Cuts: Corporate Campaigns and the Attack on the Corporation*, I examine the history, strategies, tactics and effects of these campaigns. In these few pages, I will summarize the argument of the book.

A PRIMER ON CAMPAIGN STRATEGY

At their heart, anti-corporate campaigns attack the very *corporateness* of their targets—the legitimacy of the corporation as a social form. They are invariably constructed around a myth structure which holds that the target *du jour* is a social outlaw, acting without regard to any public interest, and they are designed to appeal to an underlying distrust of big business that is widely held in many, if not all, countries around the world. Indeed, the corporate campaign is perhaps best understood as a hugely complex morality play, in which the antagonists seek to define the moral high ground

on terms the target company cannot possibly meet, then to publicize and exploit the resulting corporate shortcomings.

More than 200 such campaigns have been waged over the past quarter-century. The targets have come from all sectors of industry, from mining and manufacturing to healthcare, retail and services. In the last decade, the frequency, sophistication and impact of these exercises in reputational warfare have increased dramatically. What began as a parochial defensive strategy on the part of a few beleaguered unions has emerged as a major force in the international system.

As long as there have been opposing interests—business, labour and advocates of other diverse causes—there has been a competition for the hearts and minds of the public and for control of public policy. The anti-corporate campaign differs from other campaigns through its scope, its complexity, its sophistication and, most of all, its grounding in a systematic deconstruction of the target company.

Every successful campaign begins with extensive research designed to identify every stakeholder relationship on which the target company depends. Included would be relationships with such groups as its customers, bankers and creditors, shareholders and financial analysts, principal regulators, employees, advocacy groups and even civic and religious leaders. In each instance, the antagonists seek out potential vulnerabilities they might exploit. These are then compared against the antagonists’ own strengths and capa- ▶

bilities, and are prioritized as an order of attack.

Because they are based on company-specific research and give rise to company-specific actions, the strategies of the anti-corporate campaign appear to be somewhat idiosyncratic. But by observing a large number of such campaigns, we can identify several classes of actions that are employed with considerable regularity. Some of these include:

- *Defining and defending the moral high ground.* This, as noted, is a unifying strategy of all such campaigns. It is most clearly manifested, however, in campaigns that pressure corporations to adopt codes of conduct that bind a company and, typically, all of its business partners to certain labour, environmental and other policies that may or may not be in the company's best interest.
- *Bringing secondary pressure on the company's financial arrangements.* It is common in campaigns, especially those conducted by certain unions and NGOs, to picket or boycott banks that lend funds to the target company. This strategy often includes threats to withdraw union pension funds on deposit.
- *Attacking shareholder value.* Campaigns are often directed at bringing downward pressure on a company's share price by generating adverse publicity and by questioning the company's accounting and reporting practices. Many campaigns produce white-paper reports purporting to show how badly the target company is doing, then distribute these to trade and financial analysts and the media. Shareholders are mobilized to complain, and to advance changes in corporate governance structures that reduce the company's defences against attack.
- *Boycotting the company's products or services.* This is employed primarily against manufacturers or sellers of consumer goods.
- *Litigation and regulation.* Most anti-corporate campaigns employ the courts and government regulatory

structures extensively. By initiating allegations of wrongdoing—whether justified or not—in one or the other venue, the campaigners can bring waves of unfavourable publicity crashing against the company, can tie up resources and management attention that would otherwise be directed at actually doing business, and can sometimes raise a viable threat to which the company must, at significant cost, respond.

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The idea behind these and other stratagems is to encourage various stakeholders to act selectively in their own self-interest, but to structure the business environment so that the stakeholders' self-interest will parallel the interests of the company's antagonists. This has the effect of converting the company's essential supporters into *de facto* allies of its opponents. It is a very sophisticated strategy.

Through these and other devices, the campaign brings unremitting pressure against the target company. But, because most companies are organized in stovepipe fashion by function, management can be slow to recognize and respond to such attacks as anything more than *ad hoc* problems. This is understandable, but it can be fatal.

Part of the difficulty in recognizing a campaign when one is on the receiving end is the extraordinary diversity of forces through which the attacks may be carried. At least in the US,

labour unions are held in low public regard. And in all instances, labour unions have an evident self-interest in attacking any particular company. So in labour-based campaigns, it is commonplace for the unions to construct coalitions of religious leaders, consumer rights advocates, human rights groups and other interests whose names and agendas convey an image of concern for the public interest. These groups give the campaign a patina of legitimacy. Even in campaigns waged by non-labour NGOs, broad-based, or at least broad-appearing, coalitions can have value, if only to enhance the ostensible strength of the opposing forces.

From the management view, then, the company finds itself attacked by religious leaders asking it to commit to moral conduct, by consumer activists decrying the quality of its products, by attorneys seeking redress for its alleged misdeeds in any number of areas, by its regulatory overseers acting on complaints about workplace safety or environmental or a host of other practices, by shareholders concerned that management is not serving them well, by customers who turn to competitors, and by the media who report gleefully on all of the above, but without context, explanation or understanding. Only when the prime antagonist steps forward and offers to make all of the pain disappear do the pieces come together, and by then it may well be too late.

INTELLECTUAL ORIGINS OF THE ANTI-CORPORATE CAMPAIGN

Allowing for a bit of simplification, the anti-corporate campaign traces its origins to an American student activist group of the 1960s, the Students for a Democratic Society (SDS). Today, Americans remember the SDS (if at all) as a leader of the anti-Vietnam War movement that came to be dominated by increasingly violent activists. But before Vietnam, the group functioned much in the manner of a social policy incubator, experimenting with community organizing and other pro-

grammes intended to build a progressive-left movement in the US.

In one of these experiments, SDS collaborated with the National Council of Churches (the US affiliate of the World Council of Churches) and others in devising a strategy for converting major social institutions such as churches, unions and corporations into agents of social change. The idea was to influence *public* policy by forcing massive changes in the policies of leading *private* institutions. In 1970, this collaboration produced the first systematic how-to manual for identifying the key stakeholders who might be mobilized against the power of the corporation.

The intellectual foundation of the campaign was further cemented by veteran community organizer Saul Alinsky, whose well-known book, *Rules for Radicals*, published the following year, was explicitly directed to these new activists. Alinsky drew on his own experience in confronting corporate power to propose 13 ‘rules’—really tactics—that he hoped would convert an intellectual movement into a practical and effective one.

CAMPAIGNS TAKE ROOT

It was organized labour that first breathed life into the anti-corporate campaign. By the 1970s, the US labour movement was in desperate straits. Membership had been declining since the end of World War II, and with that had come shrinking resources and a loss of influence. The social tensions of the 1960s and 1970s had separated labour from its traditional allies. The public distrusted labour, and there was little incentive for workers to join unions. The success rate in representation elections dropped below 50 per cent for the first time. The movement was in deep trouble. Then things got much worse.

In 1981, newly elected President Ronald Reagan was confronted with a strike of the nation’s air traffic controllers, which under American law was illegal. The controllers figured that, since the nation’s air traffic system could not operate without them, they

were immune to sanctions. They figured wrong. In a dramatic move that chilled the labour movement to the bone, the President fired the strikers and barred them for life from other federal employment. And he made it stick. Then, not long afterward, a mining strike in the state of Arizona was broken with the hiring of permanent replacement workers, another new precedent. At this point, labour was in utter disarray.

As it happened, a few years earlier some unions—most notably the textile workers—had begun to experiment with a new approach to organizing: the corporate campaign. Rather than organizing workers vote-by-vote in workplace elections in the traditional manner, campaigns might be used to organize whole companies at the wholesale level. Hand over your workers, the message was, or suffer the consequences.

After a bit of experimentation, the first full-scale campaign was launched against J.P. Stevens, a large textile producer, beginning in 1976. Through the early 1980s, a small number of other campaigns were waged. Though these efforts had mixed success, out of them came a growing expertise in devising the strategies, building the coalitions

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and shaping the messages that would most effectively undermine corporate reputations. But the advocates of this alternative approach to organizing remained on the outside of the labour movement, distrusted and often explicitly opposed by its leaders.

That changed in 1995 with the election of John Sweeney as head of the AFL-CIO. Mr Sweeney was a long-time advocate of the corporate campaign approach. In his inaugural address, he set the tone for the last several years when he promised to ‘use old fashioned mass demonstrations, as well as sophisticated corporate campaigns, to make worker rights the civil rights issue of the 1990s’.

THE MAINSTREAMING OF ANTI-CORPORATE CAMPAIGNS

Since 1995, Mr Sweeney has strongly encouraged the AFL-CIO’s member unions to employ corporate campaigns as a central element in their organizing drives, has directed massive new resources to these efforts, and has overseen the construction of an infrastructure of educational programmes, recruitment activities, financing and policy initiatives to support them. Significantly, he has also forged a new era of co-operation with the international labour movement that has helped establish the anti-corporate campaign as a genuinely international phenomenon.

The impetus for this latter move was twofold. First, American unions found themselves increasingly disadvantaged by the ability and inclination of multinational companies to move jobs offshore. Some means had to be found to pressure these employers in markets beyond the US, or the only result of a successful organizing campaign would be a further loss of the unions’ share of the domestic labour market.

At the same time, there was an affirmative gain to be achieved. Even in their weakened condition, the American unions had substantially more resources at their command than did their European and other international counterparts. And they now had a body of expertise in conducting anti-corporate campaigns. Still, unlike unions elsewhere, they lacked a measure of legitimacy and influence. Americans did not much trust their unions, and government did not much listen to them. But a genuine international al- ▶

liance of labour... *that* held the potential to marry resources and expertise with legitimacy and influence in a way the biggest companies could not ignore.

And that is precisely what the international labour movement has set out to do. Working through the International Confederation of Free Trade Unions and a number of its industry-specific trade secretariats, unions in a number of countries have begun to mount co-ordinated international campaigns against prominent companies. In some instances, this international action is mobilized to organize workers globally, as in the campaign against Rio Tinto. In others, global action is directed at bringing local pressure, as when the chemical workers federation pressured the operations of Germany's Continental Tire in several countries in order to force settlement of a strike at one factory in the US. All of this is facilitated by the World Wide Web, which allows a degree of communication and co-ordination across national boundaries that was inconceivable a scant decade ago.

NON-LABOUR NGOS: THE BIGGER THREAT?

Anti-corporate campaigns are effective to the extent that they generate real or apparent risk for the target company, and corporate antagonists are the most frightening when they seem to act without regard to any interests of their targets. Labour, however, does have a common interest with the giant corporations it so vigorously attacks. Those corporations employ the very workers that labour seeks to represent, and employs them on the only scale that facilitates organizing—large. As a result, in its attacks on corporations, the labour movement necessarily recognizes certain boundaries that, at least in the aggregate, must not be crossed.

The same cannot be said of some other NGOs that are now employing these techniques. Leaving aside a few scattered experiences, non-labour NGOs were latecomers to anti-corporate campaigns. Indeed, they became engaged in these actions largely upon

being recruited by labour to join in its various coalitions and help to legitimize its messages. But as more and more groups—environmentalists, consumer rights and human rights advocates, anti-GM food and crop activists and others—were exposed to the strategies and potentialities of the anti-corporate campaign, more and more of them came to realize that they did not need to await labour's lead. In many instances they did not need labour at all.

In fact, one useful way to categorize NGOs engaged in anti-corporate campaigns is by their degree of separation from labour. At one end of the spectrum are those groups that have been created by or for the unions primarily to legitimize their message. In the US, for example, the National Interfaith Committee for Worker Jus-

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tice was established shortly after Mr Sweeney's election to head the AFL-CIO. Its role is to bring target companies into conflict, not with the unions, but with their local religious and community leaders. Toward the other end of the spectrum are such groups as Greenpeace, INFACT and the Rainforest Action Network (RAN). These groups may occasionally share objectives with labour, but they were not established to serve labour's purpose and more often act independently in pursuit of their own objectives. Examples would include Greenpeace's campaign against Monsanto over GM crops, INFACT's anti-smoking campaign against Philip Morris, and RAN's

international efforts against Mitsubishi over its logging and other practices.

For these groups, the primary motives are political, not economic. More to the point, many of them appear to have little commitment to corporate capitalism *per se*, let alone to the survival of individual corporations. As a result, the tactics adopted by such groups are often more reckless and more dramatic than those employed by labour—and also more newsworthy. For these groups, the campaign may be not a means to an end, but an end in itself, and there is great value in prolonging it. From a management perspective, this makes them especially unpredictable and dangerous.

GLOBALIZE THIS!

All of these players and trends coalesced at the end of 1999 in the so-called 'Battle in Seattle,' the massive demonstrations against the World Trade Organization. The object of all this attention—global trade policy—symbolized the internationalization of the struggle against the corporation, with the anti-corporate campaign playing a central role. The ongoing campaign against the international economic order, as represented by the World Bank, International Monetary Fund, World Economic Forum and other institutions and events, is but one dimension of this conflict, albeit one that serves notice that business interests are not the only practitioners of globalization.

The years ahead are likely to see an intensification of this conflict, as more and more companies and international institutions come under attack. At stake is the structure of international commerce ... and its control.

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