

March 11, 1980

**THE CORPORATE DEMOCRACY ACT AND
BIG BUSINESS DAY:
*Rhetoric vs. Reality***

On April 17, 1980, a coalition of self-proclaimed public interest and labor groups will sponsor "Big Business Day," a nationwide "day of education and action" to expose alleged abuses of (and by) corporate power in America.

The keystone of Big Business Day will be the Corporate Democracy Act of 1980, scheduled to be introduced in the Congress at that time. The act proposes to weaken the powers of management "autocracy," causing corporations to be more responsible towards social goals such as environmental concerns, community relations, and employee well-being.

This paper includes two views of Big Business Day. The first, an analysis of the Corporate Democracy Act, demonstrates that the act is an attack on the profit motive which would reduce economic efficiency and exacerbate the problems the act's authors seek to solve. The second is an examination of the groups and personalities sponsoring Big Business Day. Despite Ralph Nader's claim that "The support is America," the groups involved are "concentrated within what any responsible observer must regard as the left of the political and economic spectrum."

THE CORPORATE DEMOCRACY ACT

INTRODUCTION

The Corporate Democracy Act, drafted by a coalition of self-described public interest and labor groups, is, at present, a concept advocated solely by its authors. Although various portions have appeared as bills in past years, the current version has not yet been introduced in Congress.

The proposal would apply to all non-financial corporations with more than \$250 million in total assets or annual sales or more than 5,000 employees in any of the three years prior to enactment. The thresholds would automatically increase by 10 percent annually.

TITLE I: DIRECTORS AND SHAREHOLDERS

The act stipulates that a majority of the Board of Directors must be "independent," i.e., not have been employed by the corporation or any organization providing services for the past five years. In addition, the independent directors cannot have an equity interest in the corporation. The Board shall be provided its own staff, independent of management.

The act would also require that at least nine board members be delegated the additional responsibilities of investigating corporate performance in relation to: 1) employee well-being; 2) consumer protection; 3) environmental protection; 4) community relations; 5) shareholder rights; 6) law compliance; 7) technology assessment; 8) anti-trust standards; and 9) political relations.

The proposal would further require the creation of Audit, Nominating, Compensation, Public Policy, and Law Compliance Committees. With the exception of the Public Policy Committee, which would only require a majority membership of independent directors, all would be composed entirely of independent directors. The Public Policy Committee, for instance, would be responsible "for those public or political positions taken by the company that may have a significant impact on employees, consumers, suppliers, individual communities and the physical environment."

Shareholders would be permitted to nominate candidates for the Board of Directors, based on some minimum support requirement. A shareholder would be permitted to cast all his votes in favor of a single candidate, regardless of the number of vacancies to be filled.

Finally, the Corporate Democracy Act would establish a shareholder referendum on any action, i.e., sale, purchase, etc., involving ten percent of the corporation assets or outstanding stock.

TITLE II: CORPORATE DISCLOSURE

Each corporation would be required to include within its annual report a breakdown of its workforce by sex, race, and job, its actual average daily emissions and effluents, and the total of all occupational injuries and illnesses. The twenty largest stockholders, the number of shares held, and their addresses would also be required.

The annual report would also include the effective annual tax rate, federal contracts, grants and subsidies, and any tax expenditures. Finally, the Securities and Exchange Commission would be "authorized to require further disclosure to enable stockholders to make judgments on a firm's social performance and impact on the human and natural environment."

TITLE III: COMMUNITY IMPACT ANALYSIS

A corporation would be required to give the Secretary of Labor, employees, and community representatives 24 months notice of any closing or relocation which results in a loss of 500 jobs within a geographically continuous area or 20 percent of the labor force of a standard metropolitan statistical area. The Secretary would be empowered to appoint an arbitrator with subpoena power to investigate the circumstances and consequences of any closing.

The corporation would be liable for an unspecified percentage of the local government's tax revenue loss attributable to a closing or relocation.

TITLE IV: "CONSTITUTIONAL" RIGHTS OF EMPLOYEES

The act would amend the National Labor Relations Act to prohibit employee termination because of an exercise of constitutional, civil or legal rights, the refusal to engage in unlawful conduct, or the refusal to submit to a polygraph test or a personal search.

TITLE V: INTERLOCKING DIRECTORS AND OFFICERS

Any director serving more than two corporations is subject to a civil penalty of not more than \$10,000 per day.

TITLE VI: CRIMINAL AND CIVIL SANCTIONS

A Federal Court may require a corporation convicted of fraud to notify the class of persons affected. The proposal would also require restitution to victims of corporate misconduct. Failure to report a hazardous product or process may result in a \$50,000 fine and/or imprisonment of the responsible individual.

TITLE VII: JURISDICTION AND PENALTIES

The final section of the proffered legislation establishes jurisdiction, penalties, and gives any individual standing to sue. Finally, it mandates that "No firm that regularly fails to meet the standards of the Securities and Exchange Commission, shall be permitted to engage in commerce in the United States."

ANALYSIS

Advocates of the Corporate Democracy Act base their arguments on two premises. One, corporations are dominated by a management "autocracy" which has successfully insulated itself from not only labor, community, and environmental groups, but also the shareholders and directors. Secondly, since the purported cause of the estrangement is state competition for corporate charters, the only viable solution is minimum, federally-mandated standards of corporate behavior.

Implicit within these assertions, and thus the source of their fallacy, is a perception of the corporation as a political rather than an economic entity. The proponents of "corporate democracy" fail to acknowledge, possibly even to realize, that profit maximizing behavior advances the public interest through lower costs, more efficient means of production, and greater responsiveness to consumer desires.

STATE CHARTERS

The competition between states, it is charged, has resulted in a "rush to the bottom" and excessively pro-management corporate charters. Delaware with its inordinate number of corporate headquarters, is allegedly the worst offender.

The evidence refutes the claim that states have become increasingly "pro-management." By their definition a "pro-management" charter, by increasing the discretion of management, constricts the rights and duties of shareholders. However, since the equity values of corporations obtaining a Delaware charter have not declined, shareholders must either not find: 1) a Delaware charter "pro-management" or 2) any significance to the "pro-management" bias. In either case, the need for federal legislation to protect the shareholder does not exist.

CORPORATE AUTOCRACY

To support the case for federal restrictions, proponents rely not on quantitative or analytical data, but rather on incidents or examples such as Love Canal, political payoffs, or defective products. It is claimed existing laws are not capable of preventing or penalizing such behavior because the large

corporations have become nations unto themselves, governed by a managerial elite, answerable to none.

The proper remedy, as perceived by the authors of the Corporate Democracy Act, is to politicize the internal structure of the corporation. The composition of the Board of Directors and its committees, the shareholder referendum and information requirements are designed to weaken management's discretionary decision-making abilities and to invest greater power in the shareholders and outside directors.

The desired shift to greater shareholder input is based on the belief that shareholders are not now capable of influencing corporate policy. According to proponents, greater shareholder and independent director powers will rectify the abuses committed by the managerial elite.

Contrary to the protestations of the act's proponents, shareholders already possess the ability to effectively influence management's policies and decisions. Through the sale or purchase of stock, shareholders can express their satisfaction or dissatisfaction with management policies. Furthermore, since the stock market is highly competitive (i.e., ease of entry, accessibility of information, numerous entries), shareholders can influence the policies of a monopoly as easily as those of a highly competitive corporation.

The proposition that shareholders will prove more responsive to the social goals in the proposal and less intent on profits than management is refuted by the market. For example, assume that there are many potential stockholders more interested in social goals than dividends or capital gains. A corporation would thus have an incentive to voluntarily comply with the spirit and specifics of the Corporate Democracy Act and, by doing so, attract capital. The fact that so few have done so strongly suggests that stockholders are more interested in profits and rates of return than in social goals.

Assume, now, that given some minimum level of return, stockholders would prefer a corporation with the type of policies enumerated in the Corporate Democracy Act. Since so few corporations have voluntarily followed the prescriptions, it suggests that such corporations could not achieve the efficiency and profit performance needed to match the non-complying competitors. This lower performance, when aggregated, would be the total social loss resulting from enactment of legislation similar to the Corporate Democracy Act.

BOARD OF DIRECTORS

A key element of the act is the proposed shift in corporate control from management to independent directors. In addition,

individual directors would be vested with significant responsibilities regarding policy toward the environment, the community, and employees.

Contrary to the claims of its exponents, a strengthened and specialized group of independent directors would not enhance the shareholders' welfare. The restructured board would more likely pursue policies that conflict with shareholder interests. Furthermore, the expanded power of the independent directors and the potential for stockholder veto would create inefficiencies and increase the cost of decision making.

As evidenced by corporate efforts to raise capital, stockholder and management goals seem to correspond very closely. Thus, any shift in corporate policy would have to come from the independent directors. The inordinate responsibilities and the nature of the duties, i.e., consumer protection, community relations, environmental protection, suggest that if they are not already biased, the independent directors will acquire a bias in favor of their specialities. Because they hold no equity, it might be anticipated that the independent directors will pursue not the general interests of the corporation, but instead their own specialities. The boardroom could very quickly resemble a political session in which votes are traded for reciprocative actions. Coalitions and voting blocs which either dominate or obstruct management policies could develop. In this manner the Board of Directors might assign a greater priority to "public interests" than to stockholders' returns.

A politicized Board of Directors would also reduce the efficiency of the corporation. The existence of special interest coalitions suggests that corporate policy could become a matter of compromise. Rather than charting the optimal course toward an established goal, profits, the Board of Directors would be forced to choose among competing goals, such as profits, environment and community relations.

COMMUNITY IMPACT

The Corporate Democracy Act would require corporations to provide 24 months notice of any plant closing or relocation. Furthermore, the Secretary of Labor would be granted subpoena power to investigate the reasons and costs of any closing or move.

It is interesting to note that the act does not create any legal barriers to corporate moves. Thus, it appears that the costs imposed on both the corporation and the Labor Department could not possibly yield any benefit. The only value of the Corporate Democracy Act in relation to corporate relocation is to serve as a framework from which future restrictions on business mobility might evolve.

Proponents of the act cite the declining Northeastern industrial base and rapid development of the Sun Belt as a prima facie case for restrictions on corporate mobility. It is charged that corporate greed and the lure of sympathetic tax policies have motivated the abandonment of the older communities in favor of the non-unionized regions.

The evidence refutes the charge. Plant closings are not the result of relocation nor is the North in a state of economic decline. Richard B. McKenzie of Clemson University, has found that only 1.5 percent of plant closings are due to relocation.* He suggests instead that misguided or onerous public policies are the major cause of the corporate dissolutions which result in plant closings. In addition, McKenzie found that, contrary to popular perception, the northern economy is actually expanding and wage rates rising. Although the manufacturing sector has faltered, growth in the service industries has more than compensated for the decline.

Restrictions on business mobility would impose substantial costs on all regions of the nation and all segments of the economy. The attempt to preserve the status quo will 1) impede the competitive forces which lead to greater economic efficiency and 2) penalize existing corporations and shareholders. For example, a tire manufacturer in Ohio might be able to produce tires more cheaply in Arizona. Restrictions on mobility would prevent the Ohio corporation from moving to Arizona. However, there would be no prohibition against a new tire manufacturer developing an Arizona facility. Should that occur, as would seem likely, the Ohio tire producer would lose portions or all of its market. Thus, even with the restrictions against mobility, the center of tire manufacturing would shift and Ohio jobs would be lost. However, by forcing the shift through inferior channels, restrictions against mobility would create significant costs or inequities. A major cost would be the loss of the Ohio manufacturer's expertise. In addition, shareholders of the Ohio corporation would suffer a legislated loss in the value of their holdings.

REGULATION

It is interesting to note that even as public and professional opinion has turned against regulation and its apparent excesses, the advocates of the Corporate Democracy Act would extend the regulatory scope by substituting what are now constraints for corporate goals.

Protection of the environment, for instance, currently a duty of the government, would become a duty of both government

*Richard B. McKenzie, Restrictions on Business Mobility (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1979).

and the corporation. Although at first glance this appears to be a meritorious proposal, corporations would inevitably encounter a conflict between discretionary and non-legislated environmental protection and the need for profits.

The consumer-voter is capable of influencing corporate activity through two channels. Consumers dictate what corporations shall produce and government, representing the voters, establishes rules of conduct. Thus, the consumer-voter indirectly chooses between economic efficiency and social goals.

The Corporate Democracy Act would destroy this balance by requiring corporations to perform a function not only more appropriately pursued by government, but in excess of government. (Presumably the corporation would be asked to exceed existing legislative constraints. If not, there is little justification for the Corporate Democracy Act.) The essence of the act would be to take away the consumer-voter ability to influence the efficiency-social good trade-off. The net effect would be to force the corporation to achieve a higher "social performance" than the law demands and consequently achieve a lesser economic performance than the consumer desires.

CONCLUSION

The intent of the Corporate Democracy Act is to politicize the corporation and thereby reduce management's discretionary decision-making ability. Proponents of the act claim that, by weakening the powers of the managerial "autocracy" and strengthening shareholders and independent directors, the corporation will become more responsive to social goals, such as environmental concerns, community relations, and employee "well-being."

Unfortunately, the authors of the act are not merely advancing social goals which they consider neglected or abused. Rather they are attacking an institution, the profit motive, which assures economic efficiency and therefore advances the public welfare. The animus against profits is best revealed in the proposed internal restructuring of the corporation. Rather than constrain profit-seeking through laws and regulations protecting the environment and the community, the authors would instead replace the goal of profits with what are now social constraints.

The Corporate Democracy Act would reduce economic efficiency by creating numerous barriers and obstacles to profit-maximizing behavior. Corporations, in fact all forms of business organizations, provide a unique benefit. In pursuit of their own interests, corporations advance the public welfare. The Corporate Democracy Act, by attempting to dictate social goals for corporate management, will weaken or destroy the incentive which has produced our material wealth.

Eugene J. McAllister
Walker Fellow in Economics

THE NEW LEFT AND BIG BUSINESS DAY
A Preliminary Survey

"BIG BUSINESS HAS A PLAN FOR THE 1980'S: MORE MONOPOLY. WEAK UNIONS. LOWER SAFETY STANDARDS. EXCESS PROFITS." So states a brochure currently being disseminated by an organization calling itself Americans Concerned About Corporate Power, organizer of Big Business Day, a nationwide action scheduled for April 17, 1980. The brochure is couched in terms obviously designed to appeal to those whose conception of corporate enterprise is one of lust for power and profit untrammelled by considerations of ethics or decent respect for preservation of the environment or the public health. The following language from the document speaks for itself:

Some people think that corporate power has been tamed --that state and federal laws, "countervailing" forces like labor, and "shareholder democracy" have curbed corporate abuses.

If you think they're right, consider the following:

- * Last year over 100,000 people died from cancer they got on the job, in the air, in their food.
YET BIG BUSINESS HAS LAUNCHED A PROPOGANDA [sic] WAR TO UNDERMINE OSHA, THE CLEAN AIR ACT, AND PURE FOOD LAWS.
- * While prices jumped 13% this year, take home pay for workers rose less than 9%.
YET BIG BUSINESS SPENT ALMOST \$500 MILLION FOR PROFESSIONAL UNION-BUSTERS TO CUT WAGES EVEN MORE.
- * In the past few years there has been an explosion of corporate crime -- from 400 companies admitting payoffs to hundreds of chemical timebombs like Love Canal.
YET BIG BUSINESS OPPOSES NEW CRIMINAL SANCTIONS AS "OVER-DETERRANCE [sic]."
- * In 1978, big business spent over \$20 million to elect their friends to Congress.
YET, IN 1980, THEY PLAN TO DOUBLE THAT POLITICAL ACTION SPENDING.
- * From 1975 to 1978, giant conglomerates increased by three fold the number of smaller businesses they gobbled up.
YET BIG BUSINESS OPPOSES NEW ANTITRUST LAWS AS VIOLATIONS OF THE "FREE MARKET."

Make no mistake, big business is on the march.

To counteract this marching corporate monolith, "A national 'Big Business Day' office [in Washington, D.C.] will coordinate activities, prepare materials, generate publicity, and help local groups" to organize for "a day of education and action, of description and prescription" that "will carry the message to other Americans. To members of unions, churches, and citizen groups. To government and the media." This effort to "FIGHT CRIME IN THE SUITES" is intended as "a kick-off" for a coordinated national campaign:

Just as Earth Day in 1970 was the start for so many environmental successes in the last decade, Big Business Day is the kick-off for the campaign to curb corporate abuse in the 1980's. It builds on the effectiveness of similar events such as Food Day and Sun Day and will leave a similar legacy.

It is projected that with "the attention that national leaders can bring and the cooperation of people in communities across America our group's efforts will be part of a larger, stronger coalition challenging corporate abuses." This coalition will help the American people to "understand what big business' plan for the 1980's is all about" so that they will "know about apartheid in South Africa. Or union busting in North Carolina. Or chemical poisoning in Buffalo. Or 'red-lining' in St. Louis. Or low wages for women and minorities across the country." Further, it will help people "LEARN HOW TO FIGHT BACK." This goal is described as follows:

Opposition alone to big business is not enough. People need to know the alternative.

That means telling them about legislation like the "Corporate Democracy Act of 1980" that would make these "private governments" more accountable to their constituencies -- consumers, workers, and local communities.

It means talking about consumer coops, credit unions and small businesses as an alternative and spur to big business.

It means a people's Energy Corporation of America, a kind of TVA for oil and gas to keep Big Oil honest.

The basic goals of this campaign, as well as the fundamental bias of its leaders, were well articulated in a press release issued on December 12, 1979, proclaiming that "NADER, GALBRAITH, LABOR ANNOUNCE NATIONAL DRIVE TO REFORM BIG BUSINESS" and that "Broad Alliance Proposes 'Big Business Day' and 'Corporate Democracy Act' to fight 'Crime in the Suites.'" The release stated that

Calling for a public day to "expose and repair big business," a broad consumer, labor, religious and environmental alliance today announced plans to hold a "Big

Business Day - 1980" next April 17 and released a proposal for legislation aimed at reducing corporate abuse.

"The 'Day' and the legislation address the fundamental question of corporate power in America," Ralph Nader said. "We as a nation need to ask -- who governs our giant corporations, and how do they in turn govern us? The bill seeks to reform the corporation by increasing the accountability of its decision-making process. It would grant greater rights of access and voice to the various constituencies of the giant corporation --workers, consumers, communities, and shareholders.

William Wynn, the president of the United Food and Commercial Workers, the largest AFL-CIO member union, said, "Just as the 1950s scrutinized the labor movement and the 1970s big government, this Day will mark the 1980s as the decade to correct the abuses of big business. We in the labor movement think it's time for a Landrum-Griffin Act for big business."

Professor John Kenneth Galbraith, the noted economist and author, said, "Because I would like to see big business better understood, I urge that we all take a day to see how it sets prices, persuades consumers, influences legislation, and otherwise plans our lives. We want all to realize that the voice of the corporate leader, resonant and with access to the media, regularly gets mistaken for the voice of the masses."

Both domestically and internationally, "the inexorable interest of big agribusiness is the control and exploitation of resources, including helpless peasants and God's good earth," Catholic Bishop Thomas Gumbleton of Detroit, president of Bread for the World, said. "These abuses are of enormous concern to the church."

The same release outlined the projected range of events to be conducted across the United States on Big Business Day:

"We intend to do for big business what Earth Day, Food Day and Sun Day did for their subjects -- expose abuses and explore alternatives," said Mark Green, the president of Big Business Day's board of directors. "In hundreds of communities across the nation there will be teach-ins and debates, alternatives-to-big-business fairs, the promotion of small business and appropriate technologies, 'trials' of corrupt companies, nominations for a "Corporate Hall of Shame," symbolic 'bread lines' at banks that red-line communities, and a compilation of models of corporate social responsibility." The event will also publish an anthology, "The Big Business Day Reader," and a book of profiles entitled, "The 50 Businessmen You Don't Know Who Run America."

As observed in the February 11, 1980, issue of Business Week, however, the "centerpiece of the campaign" is to be the Corporate Democracy Act of 1980, summarized by the magazine in the following passage:

...Among other things, the draft's provisions would: enhance corporate accountability by requiring boards to be made up of a majority of independent directors and to have some of the directors responsible for such things as employee well-being and consumer relations; require 24-month notification of plant relocations and closedowns; prohibit discrimination against employees for "whistle-blowing"; prohibit anyone from simultaneously serving as a director of more than two companies; and provide stiff penalties for violations of environmental and other laws, restitution to victims of chemical spills and the like, and disqualification of convicted executives. The coalition likens the bill to the 1959 Landrum-Griffin Act.

The basic rationale for the proposed legislation is contained in The Case For a Corporate Democracy Act of 1980, an ACACP publication that sells for \$10.00 per copy. The title page of this volume reflects that the study was prepared by Mark Green of Public Citizen's Congress Watch; Alice Tepper Marlin of the Council on Economic Priorities; Victor Kamber of the Building and Construction Trades Department of the American Federation of Labor-Congress of Industrial Organizations; and Jules Bernstein, Associate Counsel, Laborers' International Union of North America, AFL-CIO. The analysis is predicated upon the assumption that "there are two forms of government in the U.S., the political government and the economic government." Inextricably intertwined with this view is the corollary axiom that "the economic government is largely unaccountable to its constituencies" and is thus able to operate effectively above or outside the law in a manner basically antithetical to democratic usages: "Ultimately, then, the issue is not regulation vs. freedom...Nor is it capitalism vs. socialism. It is autocracy vs. democracy."

Plans for Big Business Day have apparently been discussed for a considerable period of time; according to the December 12, 1979, release, "The initiating consumer and labor sponsors began planning the Day six months ago." Also, there appears to be a wide range of support for the effort among consumer, labor, environmental, and other special-interest activist organizations and individuals as shown by the following paragraph from the same source:

About sixty prominent groups and citizens will be contributing resources and time to the Day, including the Building Trades Union, UAW [United Auto Workers, AFL-CIO], Public Citizen, National Council of Senior Citizens, Consumer Federation of America, Friends of the Earth, Machinists Union [International Association

of Machinists, AFL-CIO], actor Ed Asner, environmentalist Barry Commoner, James Farmer, the founder of CORE [Congress of Racial Equality], Patsy Mink, head of ADA [Americans for Democratic Action], and Rabbi Marc Tanenbaum. Thousands of other groups and individuals are in the process of being solicited to participate in this new consumer-worker alliance, organizers said.

The previously-cited "Nor is it capitalism vs. socialism" statement from The Case For a Corporate Democracy Act of 1980 is indicative of something explicitly stated by Ralph Nader, according to the Business Week article: "'This is not a fringe group,' says Nader, adding: 'The support is America.'" Obviously, such a statement is mandatory for any individual, organization, or coalition that truly wishes to achieve the broadest possible respectability by appealing to the maximum possible numbers of people; in the case of Big Business Day, however, its validity is questionable. An undated list of "PUBLIC INTEREST AND LABOR GROUPS INITIALLY SUPPORTING THE CORPORATE DEMOCRACY ACT," for example, includes the following, most of which will be readily recognized:

Congress.Watch-Public Citizen
 Council on Economic Priorities
 Consumer Federation of America
 Environmental Action
 Environmental Policy Institute/Citizen's Coal Project
 Equal Justice Foundation
 National Consumers League
 Virginia Citizen's Consumer Council
 American Federation of State, County, and Municipal Employees
 Building Trades Department, AFL-CIO
 Food and Beverage Trades Department, AFL-CIO
 International Association of Machinists
 Newspaper Guild
 United Farmworkers Union
 United Food and Commercial Workers

Similarly, the December 1979 press release stated that

Michael Jacobson, director of the Center for Science in the Public Interest, is the secretary-treasurer of the Day's board of directors; Jules Bernstein, a union attorney, and Victor Kamber, assistant to the president of the Building Trades Union, are among the other founding board members; and Michael Schippiani, recently with the Amalgated [sic] Clothing Workers, is the event's national coordinator.

A presumably complete roster of Big Business Day's board of advisors and board of directors was printed on the "BIG BUSINESS HAS A PLAN FOR THE 1980'S" brochure cited earlier. The full list, with identifying data, is as follows:

Board of Advisors

Ralph Nader (Consumer advocate)
 John Kenneth Galbraith (Prof. Emeritus, Harvard University)
 William H. Winn (Pres., United Food and Commercial Workers)
 Douglas A. Fraser (Pres., United Automobile, Aerospace, and
 Agricultural Implement Workers of America)
 Patsy J. Mink (Pres., Americans for Democratic Action)
 James Farmer (Exec. Dir., Coalition of American Public
 Employees)

Gar Alperovitz (CO-Dir., Exploratory Project for Economic
 Alternatives)
 Ira Arlook (Exec. Dir., Ohio Public Interest Campaign)
 Ed Asner (Actor)
 George Ballis (Rural America, National Land for People)
 Richard Barnet (Co-Author, GLOBAL REACH)
 Julian Bond (State Senator, Georgia)
 Heather Booth (Mid-West Academy)
 David Brower (Founder, Chair. of the Bd., Friends of the
 Earth)
 Caesar Chavez (Pres., United Farm Workers of America)
 Jacob Clayman (Pres., National Council of Senior Citizens)
 Barry Commoner (Dir., Center for Biology of Natural Systems)
 John Conyers (Member of Congress)
 Ronald V. Dellums (Member of Congress)
 Ed Garvey (National Football League Players Association)
 Robert Georgine (Pres., Building and Construction Trades
 Department, AFL-CIO)
 Bishop Thomas Gumbleton (Auxiliary Bishop, Archdiocese of
 Detroit)
 Robert Harbrant (Pres., Food and Beverage Trades Department,
 AFL-CIO)
 Michael Harrington (Nat. Chair., Democratic Socialist
 Organizing Comm.)
 Fred Harris (Prof., University of New Mexico)
 Robert Heilbroner (Prof. New School for Social Research)
 Jim Hightower (Author, EAT YOUR HEART OUT)
 Irving Howe (Prof., Hunter College)
 William Hutton (Exec. Dir., National Council of Senior
 Citizens)
 Mildred Jeffrey (Former Nat. Chair., National Women's
 Political Caucus)
 Mary Gardiner Jones (Former Commissioner, Federal Trade
 Commission)
 Frances Moore Lappe (Co-director, Institute for Food and
 Development Policy)
 Robert Lekachman (Prof., City University of New York)
 Joyce Miller (Vice Pres., Amalgamated Clothing and Textile
 Workers)
 Kathleen O'Reilly (Exec. Dir., Consumer Federation of America)
 Wade Rathke (Chief Organizer, ACORN)
 Jeremy Rifkin (Dir., People's Business Commission)
 Arthur Schlesinger, Jr. (Albert Schweitzer Prof. of Humanities,
 City University of New York)

Stanley Sheinbaum (American Civil Liberties Union)
 Scott Sklar (Washington Dir., National Center for Appropriate
 Technology)
 Timothy Smith (Exec. Dir., Interfaith Center on Corporate
 Responsibility)
 Rabbi Marc Tanenbaum (American Jewish Committee)
 Mary Luke Tobin, S.L. (Thomas Merton Center)
 William W. Winpisinger (Pres., International Association of
 Machinists and Aerospace Workers)
 Jerry Wurf, (Inter. Pres., American Federation of State,
 County, and Municipal Employees)

Board of Directors

Mark Green, President of the Board (Dir., Public Citizen's
 Congress Watch)
 Michael Jacobson, Secretary-Treasurer of the Board (Exec.
 Dir., Center for Science in the Public Interest)
 Ann Beaudry (Conference on Alternative State and Local Policies)
 Jules Bernstein (Associate Counsel, Laborer's International
 Union)
 David Burgess (Minister, Newark, N.J.)
 Thom Fassett (Board of Church and Society, United Methodist
 Church)
 Peter Harnik (Consultant, Co-coordinator of Sun Day)
 Victor Kamber (Asst. to the Pres., Building and Construction
 Trades Department, AFL-CIO)
 Alice Tepper Marlin (Exec. Dir., Counsel [sic] on Economic
 Priorities)
 William Olwell (Inter. Vice Pres., United Food and Commercial
 Workers)
 Marjorie Phylfe (Rep., Non-Partisan Political League, Inter-
 national Association of Machinists)
 Frank Viggiano (Exec. Dir., United States Student Associa-
 tion)

Nader, Galbraith, Winn, Fraser, Mink, and Farmer also have
 been listed as "Initiating Sponsors" on literature issued by
 organizers of Big Business Day. In addition, an undated Big
 Business Day document lists the following as "New Members of the
 Big Business Day Advisory Board":*

Marc Caplan (Director, Connecticut Citizens' Action Group)
 Art Danforth (Cooperative League of U.S.A.)
 Joe Fish (Director, Carolina Action)

*An undated but recent Big Business Day literature list and order form
 printed on the organization's letterhead reflects the addition of the following
 to the Board of Advisors: Representative Jonathan Bingham (D-N.Y.), David J.
 Fitzmaurice, Ruth Yannatta Goldway, George Hardy, Richard G. Hatcher, Sr.
 Barbara Lupo, Frank D. Martino, Iris Mitgang, and Carl Scarbrough. This
 document further reflects the addition of Pat Ford-Roegner to the Board of
 Directors.

Monseigneur George Higgins (U.S. Catholic Conference)
 Bruce Ratner (New York City Commissioner of Consumer Affairs)
 Representative Benjamin Rosenthal (D.-N.Y.)
 Donald Ross (Director, New York Public Interest Research Group)
 Harold Willens (Chairman, Factory Equipment Corporation)
 Sandra Willet (Exec. Director, National Consumer League)

The identifying data as given in Big Business Day's own literature clearly indicate that the principal affiliations of a substantial number of the movement's key supporters and organizers effectively rebut Nader's rather sweeping claim that "The support is America." While it may represent a significant element within the overall range of public-policy thinking in the United States, support for Big Business Day is demonstrably concentrated within what any responsible observer must regard as the left of the political and economic spectrum.

This is indicated also by the fact that seed money for Big Business Day, as revealed in the December 1979 press release, was provided by a grant of \$15,000.00 from the Stern Fund, a New York-based tax-exempt foundation that has served as a major support for the radical-leftist Institute for Policy Studies,* a Washington, D.C., institution that has served for many years as the principal "think tank" for the so-called New Left in the United States. Stern money also went to support the frankly revolutionary People's Bicentennial Commission led by Big Business Day supporter Jeremy Rifkin. The successor to the PBC is the People's Business Commission, which operates from offices in the same building in Washington, D.C., that houses the headquarters of Big Business Day and Americans Concerned About Corporate Power.

The same pattern is indicated when one examines the records of those who serve as members of the Big Business Day advisory board. Both John Conyers and Ronald V. Dellums, for example, are actively associated with the U.S. Peace Council, an affiliate of the World Peace Council, an international Communist-front apparatus controlled by the Communist Party of the Soviet Union. Both were also prominent supporters of the National Peace Action Coalition, an anti-Vietnam war enterprise controlled by the Trotskyite Communist Socialist Workers Party, and endorsers of the founding conference of the National Alliance Against Racist and Political Repression, a nationwide organization controlled by the Communist Party, U.S.A. Conyers has also been an active member of the National Lawyers Guild, "legal bulwark of the Communist Party." Edward Asner, in addition to being an actor of note, has supported both the National Emergency Civil Liberties Committee, cited as a front for the Communist Party, U.S.A., and the Political Rights Defense Fund, an adjunct of the Socialist Workers Party.

*For detailed background on IPS and several of its subsidiary operations, see Heritage Foundation Institution Analysis No. 2, "Institute for Policy Studies," May 1977.

Some members of the advisory board also have ties to the so-called "anti-defense lobby."* Specifically, Harold Willens has also been listed as a member of the advisory board of the Center for Defense Information, a project of the leftist Fund for Peace, on whose board Willens also serves along with Julian Bond and Barry Commoner; another FFP board member is Senator Howard Metzenbaum of Ohio, who is expected to introduce the Corporate Democracy Act of 1980 in the United States Senate as part of the Big Business Day schedule. Another FFP project is the Center for National Security Studies, run by Morton Halperin as part of the anti-intelligence lobby; Richard Barnet has been listed as a member of the CNSS advisory board. He has also been listed as a member of the advisory board of another Fund enterprise, In the Public Interest, as has Jeremy Rifkin.

An apparatus which enjoys close ties to various components of the "anti-defense lobby," particularly the Coalition for a New Foreign and Military Policy and many of its major affiliates, is the Mobilization for Survival, whose International Co-Convenor is also an activist in the Soviet-controlled World Peace Council and its American affiliate, the U.S. Peace Council. It is noted that among those who attended the third national conference of the MFS in Louisville, Kentucky, in late 1979 was Alice Tepper Marlin, a supporter of Big Business Day who is also President Ex-Officio of the Council on Economic Priorities. According to a report on the conference published in the December 28, 1979, issue of the authoritative Information Digest, CEP was among those groups which organized workshops at the conference. The same source further indicates that the following individuals listed as supporters of Big Business Day serve as members of CEP's board of directors: Mary Gardiner Jones, Robert Heilbroner, Alice Tepper Marlin, Richard Barnet, Hazel Henderson, and Timothy H. Smith.

Big Business Day supporters Richard Barnet and Ronald V. Dellums were listed as speakers for another aggressively leftist operation, the National Conference on Cuba, held in November 1979 at the Riverside Church in New York City under the auspices of the Center for Cuban Studies, a New York-based organization of pro-Castro complexion. According to the November 9, 1979, issue of Information Digest, CCS "provides a New York focal point for the Venceremos Brigade (VB), for travel to Cuba, and for Cuban officials at the United Nations Mission." This source reflects that Dellums "praised Cuba's 'commitment' to ending 'colonialism' and said, 'It is a role that the U.S. should be endorsing and emulating instead of attacking'" and further quotes Dellums as saying in his remarks that "Cuba is creating a society that was the dream of Dr. Martin Luther King."

*See Heritage Foundation Institution Analysis No. 10, "The Anti-Defense Lobby: Part I, Center for Defense Information," April 1979; Institution Analysis No. 11, "The Anti-Defense Lobby: Part II, 'The Peace Movement, Continued,'" September 1979; and Institution Analysis No. 12, "The Anti-Defense Lobby: Part III, Coalition for a New Foreign and Military Policy," December 1979.

Several supporters of Big Business Day have also been actively involved in the Democratic Socialist Organizing Committee and its offshoot, the Democratic Agenda, an apparatus which works generally within the left wing of the Democratic Party. A Democratic Agenda document circulated prior to the November 1979 Democratic Agenda 1979 Conference in Washington, D.C., stated that the organization is "fighting to make sure the Democrats keep the promises they made us to confront the problems of excessive corporate power, dying cities, soaring prices, growing unemployment and declining public services" and added that "The problem is the stranglehold big corporations have on the economy and the political system." According to the December 29, 1979, issue of Information Digest, the "initiators" of DSOC, formed in 1973 as a result of a split within the Socialist Party largely over the issue of "cooperation with communists," include Julian Bond, Heather Booth, John Conyers, Ronald Dellums, Douglas Fraser, Joyce Miller, William Winpisinger, and Jerry Wurf, all of whom are currently supporting Big Business Day. The previously-cited Democratic Agenda conference brochure listed Winpisinger, DSOC national chairman Michael Harrington, and Barry Commoner as speakers at conference "Plenaries," with Big Business Day supporters Mildred Jeffrey, Robert Georgine, Heather Booth, Ira Arlook, Mark Green, Jules Bernstein, James Farmer, and Marjorie Phye listed as "Speakers." Conference "Initiators" included Booth, Harrington, Jeffrey, Winpisinger, Phye, and Wurf, in addition to Conyers, Dellums, Fraser, Irving Howe, and Robert Lekachman, all of whom are also members of the board of advisors for Big Business Day.

By far the most significant pattern of interlocking affiliations characteristic of those supporting Big Business Day, however, is indicated by the presence of Ann Beaudry among the members of the board of directors. Beaudry is identified simply as being affiliated with the Conference on Alternative State and Local Policies, no further qualification being provided. In fact, the Conference was founded in June 1975 as the National Conference on Alternative State and Local Public Policies and was organized explicitly as a project of the Institute for Policy Studies. IPS, as mentioned earlier, has served for many years as the principal "think tank" for the New Left movement in the United States and has been deeply involved in the so-called economic democracy movement since its inception -- an inception in which IPS and its affiliates played a key role.* Today, for example,

*In February 1977, IPS-connected activists played key roles in the California Conference on Alternative Public Policy held in Santa Barbara, California, and sponsored by the California Public Policy Center, a major West Coast outlet for IPS programs and activism. Another organization deeply involved in this effort, also known as the "Santa Barbara Conference on Economic Democracy," was the Campaign for Economic Democracy. Big Business Day supporter Ruth Yannatta chaired one of the conference workshops; and a basic conference "Working Paper" entitled "TOWARDS CONTROLLING CORPORATIONS," prepared by the CPPC and published by it in conjunction with the Santa Barbara gathering, bears striking resemblance in emphasis and rhetoric to significant segments of the rationale currently being advanced in behalf of the Corporate Democracy Act of 1980. This conference provided a major impetus -- and is regarded by some observers as probably the birthplace -- for the "economic democracy" movement that has now found national focus in Big Business Day and the Corporate Democracy Act.

partly through interlocking relationships with both the Conference on Alternative State and Local Policies and the California Public Policy Center, IPS maintains close ties to the Campaign for Economic Democracy, a burgeoning radical movement led by Tom Hayden and Jane Fonda. The general thrusts of IPS material and Big Business Day-related literature are anything but dissimilar, a fact that makes it of more than casual interest that so many supporters of Big Business Day have also seen fit to involve themselves in activities of the Institute for Policy Studies or its affiliated operations.

Both Conyers and Dellums, for example, have been among members of Congress who have requested major federal budget analyses from IPS, one issued in 1975 and another, The Federal Budget and Social Reconstruction, published in 1978. Among other members of the House of Representatives requesting these studies has been Representative Benjamin Rosenthal of New York, who is expected to introduce the Corporate Democracy Act of 1980 in the House. Conyers was also listed by IPS as an instructor for its Washington School during the "Fall Quarter 1979." Other scheduled instructors included Richard Barnet, one of the founders of IPS, and Gar Alperovitz, who heads the National Center for Economic Alternatives, founded under IPS auspices as the Exploratory Project for Economic Alternatives with a declared goal of achieving "fundamental change in the way our economy is organized." EPEA and Alperovitz were also actively involved in another operation, Americans for a Working Economy, which views the American economic system as one of "corporate monopoly power" that "produces corporate profits, but increasingly destroys human lives." Both Conyers and Rosenthal have been carried in IPS literature as having participated in seminars and other IPS programs over the years, along with such other Big Business Day supporters as Alperovitz and Barnet, James Farmer, Julian Bond, Michael Harrington, Robert Lekachman, Stanley Sheinbaum, Mark Green, and Ralph Nader. Frances Moore Lappe and Jeremy Rifkin have contributed articles to Mother Jones, published by an IPS project known as the Foundation for National Progress.

A similar interlocking relationship exists specifically with reference to the Conference on Alternative State and Local Policies. In May 1978, to cite but one example, Ann Beaudry, Mildred Jeffrey, Joyce Miller, Pat Ford-Roegner, Ruth G. Yannatta, and Marjorie Phyfe attended its conference on "Women in the Economy: Policies and Strategies for Change" in Cleveland, Ohio; Beaudry, Miller, and Jeffrey served as speakers at plenary sessions of this gathering.

Yannatta, William Winpisinger, Barry Commoner, and Ira Arlook served as speakers at the third annual conference of the NCASLPP in Denver, Colorado, in July 1977; among those who participated in workshops at this conference were Beaudry ("Feminist Issues: Legislative Strategies at the State & Local Level"), Commoner ("Federal Energy Policy: Implications for Cities & States"), Yannatta ("Base Building for Electoral Action"), Don

Ross ("Effective Lobbying for Progressive Policies"), and, again, Ira Arlook ("Runaway Shops"), an alumnus of the Hayden-Fonda Indochina Peace Campaign and of the Coalition to Stop Funding the War, a predecessor of the present-day Coalition for a New Foreign and Military Policy, a pivotal part of the anti-defense lobby in Washington, D.C., and across the country.

The fifth annual conference, held in August 1979 near Philadelphia, Pennsylvania, was attended by Harrington, Ford-Roegner, Phyfe, Wade Rathke, Douglas Fraser, and Heather Booth, who, in addition to her support for Big Business Day and the CASLP, heads the Midwest Academy, an avowedly radical training facility for community activism in the interests of "the actual redistribution of wealth." Scheduled speakers, according to the official conference program, included the following Big Business Day supporters: Gar Alperovitz ("Stagflation: The Crisis of the 80's?"), Heather Booth ("Stagflation: What Implications for the State and Local Agenda?"), Jim Hightower ("The Crisis in American Agriculture: Opportunities for Progressive Change?"), Michael Harrington ("The 1980 Presidential Campaign: Perspectives and Issues"), Ann Beaudry and Ira Arlook ("New Elements of A Program for the 80's"), and Douglas Fraser ("Independent Politics: Strategies for Progressive Change"). Both Arlook and Hightower have also been listed as members of the NCASLPP steering committee.

It is not contended that such affiliations and activities necessarily indicate consciously evil intent; it is, however, contended that a definite pattern does exist and that this pattern is of a specifically leftist character, thus rendering overdrawn Ralph Nader's rather grandiose claim that "This is not a fringe group." The pattern of involvement in IPS and similar operations, including the CASLP, by supporters of Big Business Day is clear; and it is sufficiently clear -- and sufficiently extensive -- to call into serious question Nader's other statement that support for Big Business Day "is America." Support for Big Business Day and for the Corporate Democracy Act of 1980 may be many things -- anti-corporate, leftist, even socialist in many instances -- but it is not, broadly speaking, as Nader would have it, "America."

William T. Poole
Policy Analyst