ORGANISED POLITICAL PRESSURES ON COMPANIES

ANTI-ANTI-REPORT
(Counter counter information services)

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AIMS

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An Aims of Industry publication

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Organised pressure on companies by extremist groups for political reasons is a comparatively new phenomenon. But there is little doubt that it is a problem that will have to be faced by an increasing number of companies. All the indications are that the activities of the militants—and their range of demands—will grow, and so will the number and type of the companies under attack.

Currently such pressure involves any combination of four activities: buying shares in the "target" company in order to gain entrance to annual general meetings; publishing "anti-reports" about the firm's activities (distributing copies to shareholders as they arrive for A.G.M.s); organising boycotts; and picketing.

Since such pressures began in earnest in Britain about three-and-a-half years ago, the militants have become increasingly sophisticated. The "anti-reports", for example, disregarding the bias of their contents, are well produced and presented. And individual groups have become better organised in working together to concentrate their attacks more effectively.

One thing that all the groups have in common is that they want companies to change policies or activities to conform with the militants' *political* beliefs which are extreme. Some of the immediate aims being pursued may, at a quick, first glance, appear beguiling. What the groups really want, however, is the downfall of the whole free enterprise system. Even with South Africa, demands are extreme and largely political—the complete withdrawal of foreign investment, the ending of all trading, even though it is at the very least debatable whether this is the best way to achieve better conditions for South Africa's black population.

Pressure for political ends is not confined to Britain. Groups are also active in a number of other countries, notably the United

States (where demands have already widened considerably) and West Germany and Sweden.

It is worth looking at the militants and their methods, considering their possible impact, examining the danger they constitute, and seeing what lessons companies might draw.

THE MILITANTS AND THEIR METHODS

A recent article, by a supporter of the tactic of pressure through share-buying, boasted that once company meetings were "quiet affairs"; now with A.G.M.s attended by "rather bright" young people they could last six hours or more with chairmen forced to argue their company policies "by political yardsticks".

The main group involved has been one called the Haslemere Group, formed in January, 1968. It has declared: "We believe that the capitalist system has inherent weaknesses and defects that inhibit it, however much it is reformed, from being the agency for equality and universal human development. Capitalism creates institutions overwhelmingly weighted in the interests of the powerful. By its very nature it can only respond to the needs of the poor at a pace that does not jeopardise its own driving force—sufficient profit and material incentive to satisfy those who are already economically dominant."

Its philosophy, thus, is clear. So are its tactics, summed up in one of its own advertisements: "Our tactics are simple. Buy one share and you are entitled to go to company A.G.Ms. There you can ask questions, put down motions, demonstrate, etc." Two targets have been Barclays, because of its South African involvement, and Rio Tinto-Zinc. More recently it has been buying shares for supporters in Tesco and Woolworths, in a campaign aimed at getting them to stop selling Nescafe, because it contains a percentage of Angolan coffee.

Counter Information Services, with whom there are joint campaigns, produces "anti-reports", highly hostile, often hysterical, with a format modelled on the company's own annual report. Some objective observers, including Peter Wilsher of the Sunday Times, have argued they pursue the wrong points (and he described them as a "a cell of far-Left squibmakers"), but they have attracted wide publicity—a major aim of all campaigners. The reports so far have been on Consolidated Goldfields, G.E.C. and R.T.Z. and on property in London.

C.I.S., formed in 1972, claims financial support from individuals, charitable trusts and trade union bodies, and appears to be made up of about 20 people, five of them full-time, with average ages said to be between 21 and 35. Although some members are known, it operates in great secrecy—its address, for example, is an accommodation one. As with the Haslemere Group, there appear to be some links with the revolutionary International Socialism Group. And it makes it plain that its concerns are wider than the individual companies it attacks. It sees "the way large corporations operate as a microcosm of the way our society works as a whole."

Other groups involved in pressure tactics include Third World First, a student organisation said to have 127 groups in colleges and universities and a claimed annual income of £140,000 (though this is probably an inflated claim to elevate its importance). It is involved in attempts to boycott Nescafe and Gulf Oil (the latter with the National Union of Students, Anti Apartheid, and the Student Christian Movement).

HOW IMPORTANT ARE THEY?

The groups, of course, would claim they are very important. One boast is that with a few people at an annual meeting they can have the impact of a march of 20,000.

At the other extreme are those who would argue that they are a small, insignificant group of extremists, a pinprick, a bit of a nuisance.

But companies would be unwise to adopt this view. Without overrating the strength of the groups—which, in total, is small—pressure, and areas in which militants will seek to exert it, will grow. And already there are indications that pressure can make itself felt, albeit in the one area where public feeling is already strong, southern Africa.

The groups would claim to have forced Barclays to withdraw their interest in the Cabora Bassa Dam project in Mozambique. And they would point to: the T.U.C. decision not to invest money in shares of any companies connected with South Africa; the withdrawal by the World Council of Churches of its funds invested in 650 American, British, Dutch and Swiss companies involved in investment or trade with South Africa; the sale by the Church Commissioners of £1.25 million holdings in R.T.Z.; and the pressure on the Church of England regarding its policies in holding shares in companies with South African investments.

Abroad, the "most important success" has been seen as that of the campaign against the Polaroid Corporation. As a result, the corporation improved the pay and conditions of its black employees in South Africa, decided to use part of its profits for improving the education of blacks, and it stopped selling film to the South African government for the "instant pictures" for passes that Africans must carry.

WHAT IS THE DANGER?

Given South African policies, anything that does improve the conditions of black Africans must be applauded. No one could be anything but glad at the moves made by Polaroid, and if a campaign by shareholders was responsible that, too, might be praised (though it is worth noting that one Haslemere activist dismisses Polaroid's actions as a mere "liberal gesture").

But that is not really the point. From a tactical viewpoint, the groups have been wise to concentrate *so far* on South Africa, which raises strong emotions (although, even here, as has been observed, the groups' demands represent more a fairly hysterical political philosophy than a genuine practical attempt to help).

The question is: What next for political pressure? There are already pointers from the United States that aims being pursued might be extended almost indefinitely.

There, share-buying schemes have been directed at ensuring that women and "minority groups" are included on boards of directors; that there is a pre-determined percentage of black Americans in executive posts; on environment issues; and on anti-military considerations. In one case a unit trust has decided it will invest only in firms with directors it considers "socially responsible".

Most people accept that companies have a number of responsibilities, not least to the community at large. But who defines "socially responsible"?

And what next? The world is full of prejudices and beliefs; one man's political views are anathema to another. Where do you stop? If you are pro-Arab, do you exert pressure on groups that deal with Israel? And, pro-Israel on, say, oil companies? Anti-

Communist, do you campaign against anyone who trades with them? Or perhaps you are anti-American; so do you attack or boycott any firm that trades with them, or even stocks American goods? Even when your particular target is defined, where do you stop? If you try to exert pressure on oil companies, do you also include shipping lines who run tankers, engineering firms who build pipelines, the companies that supply those firms . . .?

Given the almost infinite variety of beliefs and prejudices, it is possible that there is not one company that could not be lobbied by someone. To give two examples—and in one case slightly outlandish: the ultra militant Jewish Defence League would like to blacklist everyone who deals with Russia, Syria and Iraq. Mrs. Mary Whitehouse would like her supporters to boycott any goods that were advertised during the breaks in the I.T.V. documentary on Andy Warhol.

The militant groups who do exert pressure would laugh. But their only difference is that they are actively trying to put their extremist views into practice instead of just voicing them.

WHAT LESSONS MIGHT COMPANIES LEARN?

There are two. The first is an obvious one—that companies must accept their multi-responsibilities (to society, shareholders, employees and customers) in practice as well as in theory. Sometimes they may be in conflict, and defining the right "mix" in any situation cannot be easy, but it is the most basic need. On South Africa, for example, there is a strong case that investing and using the strength of that to improve conditions is the most sensible and humane philosophy. But it must also be seen to be so in practice.

The second stems from that. There is a great need for companies to be much more ready to communicate what they are doing, and the policies on which such activities are based, to the community, employees and—not least—to shareholders. From June shareholders will be receiving unofficial information from yet another outside information source—the Public Interest Research Centre. This new body plans to publish a quarterly journal called 'Social Audit' looking at particular companies and their subsidiaries, examining where those companies stand on such issues as pollution.

It is information that far-sighted companies should have already decided should be communicated to their shareholders.

Companies must accept that shareholders are key figures. Those attending annual meetings of companies under pressure from militants are already lobbied. It is quite possible that in future lobbying of more shareholders will become common.

Companies, not only for this reason, should ensure that their case does not go by default. Too often, the information shareholders receive is far too scanty.

With large companies and shareholders widely dispersed, they have too often been taken for granted. If they lost faith in a company, their only action was selling their shares.

Increasingly, as John Read, the chief executive of E.M.I., has recently observed, shareholders, like employees and customers, are "no longer content to be seen but not heard".

Wise companies should heed this. There are already enough indications to show this pattern will grow. Shareholders, rightly, have complained in recent years that company advertising campaigns at times of takeover attempts (the one occasion when shareholders come into their own) reveal to them more information about the firm concerned than they have learned from ten years of annual reports.

Given the limitations of commercial secrecy in some areas, some annual reports could and should be more informative. So, too, should some annual meetings—sometimes regarded in the past as tiresome formalities. Ideally, the annual meeting should be the forum at which directors can communicate to shareholders, shareholders with the board.

Quite apart from anything else, the lack of communication represents missed opportunities. The report, for example, is an ideal opportunity for a company to publicise just what it is doing and why. And it is an ideal vehicle for building up loyalty that might be needed if ever the company has to ask for support through temporary bad times,

Being vigilant in putting responsibilities into practice, and being more definite in communicating. Those are the two major lessons. Given them, the impact of the political pressure groups would dwindle.

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- has a Council consisting of leading industrialists who decide on policy.
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- relies for finance on companies, federations and trade associations.
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- seeks its knowledge and information from those in the best position to know the facts.

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