

ephemera

theory & politics in organization

© ephemera 2007
ISSN 1473-2866
www.ephemeraweb.org
volume 7(3): 395-498

volume 7, number 3 (august 2007)

editorial

*Local Solidarity: Historical and Contemporary Experiments
in Socially Responsive Business Development* **395**
David Jacobs

articles

*Union-Driven Economic Development Initiatives and
Community Solidarity in Western New York* **403**
Charles J. Whalen

*Sustainability and Solidarity in a Globalized World:
The Case of a Local Network Economy in Rural India* **419**
Latha Poonamallee

*Extending Frames and Breaking Windows:
Labor Activists as Shareholder Advocates* **440**
Richard Marens

*Worker-Ownership as an Instrument for Solidarity
and Social Change?* **462**
John T. Luhman

reviews

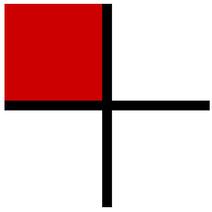
The Management of Populations **475**
Nick Butler

Jodi's Dream **481**
Ian Parker

The Parallax Review **486**
Ian Parker

The Physics and Metaphysics of Struggle **489**
Martin Parker

In Defence of ... the Bourgeoisie and Capitalism? **493**
Scott Taylor



Local Solidarity: Historical and Contemporary Experiments in Socially Responsive Business Development^{*}

David Jacobs

Introduction

In its multiple meanings, solidarity is a fact of human existence, a normative value, a means to an end, and a call to arms. Commonality, unity, and cohesion are among its synonyms. It is understood by competitive athletes, by union activists, and by human rights campaigners. It is invoked by managers for business purposes and yet feared at the same time. Unlike the weak bromide of corporate social responsibility, solidarity may serve as an organizing principle and guide the reconstruction of the local and global economies. However, it is fragile, often yields to narrow and sectarian interests, and sometimes sustains prejudice.

Solidarity is a social bond of affection and identity that unites family, tribe, ethnic group, and nation. It may also extend to an inclusive view of humanity unmarred by invidious distinctions. While all organizations and communities depend upon group cohesion, solidarity is a special form of cooperation that may transcend sectarian interests and boundaries.

Solidarity, Culture, and Human Nature

In his famous work, *The Gift*, French anthropologist Marcel Mauss (2002) found patterns of reciprocity embedded in the practices of a wide variety of cultures. He argued that the notion of a gift actually carried with it expectations of return. That is, giving creates a relationship characterized by mutual responsibility, which the recipient will honor with another gift. Mauss questioned the economists' reduction of social relations to a carefully calibrated exchange of commodities of equal value, since he

* The author thanks Milton Jacobs for his introduction to the domain of philosophical anthropology.

viewed exchange as constitutive of social bonds, of solidarity. Mauss asserted that broader gift processes were at work in modern society through the operation of cooperatives and trade unions, despite the apparently dominant capitalist logic.

Mauss' conception of gift processes appears consistent with 'reciprocal altruism,' which arguably has both cultural and natural sources. On the one hand, some cultures embrace gift processes to a greater degree than others. On the other hand, biologist Robert Trivers (1971) found evidence of reciprocal altruism in animal behavior. That is, cultures may choose to reinforce a behavior that emerges within nature without the benefit of consciousness.

Among the social institutions that may be described as instantiations of solidarity, one would include social security, universal health care, cooperatives, trade union federations, and social regulations of broad public benefit. None of these reflect an abstract and disinterested universalism. Rather, each links and realizes specific interests within the context of universal guarantees.

Since capitalism and socialism come in multiple forms, it is often deceptive to rely on rigid categories to describe something as fluid as political economy. Despite the claims of neoclassical economists, both self-interest and altruism are ineradicable elements of the thinking and behavior of all humans and will be reflected in social institutions regardless of the putative governing ideology. Self-interest is linked to individual identity and altruism underlies potential solidarities.

In addition to centripetal and solidaristic forces sustaining cooperation, there are particularistic and centrifugal forces leading toward capitalist forms. Cooperatives, for example, sometimes metamorphose into traditional capitalist enterprises as individual members sell their stake in the marketplace. This is emblematic of a broader dynamic in which solidaristic initiatives yield to internal and external pressures.

The Emergence of Global Solidarity

Global travel and trade have brought disparate communities in close contact and have stimulated debate about similarities and differences among cultures. Global contacts have led to the development of a variety of institutions for communication and control. In many contexts, one human group has found advantage in the denial of the humanity of another. Gould (1981: 245) notes humans' problematic habit of imposing a rigid ranking on disparate cultures. Slavery, servitude, imperialism, and ethnic cleansing have drawn inspiration from this ranking process.

The development of capitalism and the evolving language of human rights shook the pre-existing feudal hierarchies and engendered new debates. By overturning old institutions, reformers and revolutionaries fostered a period of institution-building. Some sociologists and social critics found the logic of market and contract a threat to the improvement of 'society,' whose malleability they proclaimed with optimism. Auguste Comte, Émile Durkheim, and other early sociologists struggled to understand the nature of social cohesion in its favorable and destructive forms. Unfortunately,

many students of society continued to find gradations of humanity in the world's population.

The nineteenth century anti-slavery movement demonstrated the growing power of a global conception of human rights, according to which human equality was asserted across cultures. Marx's call for class-consciousness focused on the shared interests of the working class but tended toward the possibility of a broader human redemption. Later, anthropologists like Boas (Boas and Wallace, 1939) and Levi-Strauss (1966) challenged prejudicial conceptions of race and culture and provided a scholarly justification for a broad human solidarity.

Solidarity and Critical Management Studies

Notions of solidarity have been central to the many currents of scholarship challenging the main drift of capitalist development. The 'possessive individualism' of Thomas Hobbes and John Locke and the market models of Adam Smith and Jeremy Bentham contributed an intellectual foundation for laissez-faire capitalist institutions but also helped engender a critique of capitalism. For example, Locke's right of revolution could be appropriated by thinkers with a more egalitarian and solidaristic vision, like Thomas Paine. Adam Smith's notion of sympathy helped inspire Giddings' concept of *consciousness of kind*, the development of shared identity among similarly situated individuals. This idea undermined individualistic models of human nature (Giddings, 1896). Marx, institutionalists, and evolutionary economists observed collective processes underlying the practices of capitalism and perceived the bases for an alternative solidaristic economics. Durkheim identified the coercive dimensions of capitalist contract (which he called *contractual solidarity*) and *ascriptive solidarity*, which he associated with the exclusive identities of gender, kin, ethnic group and nation. These he counterpoised to more egalitarian and consensual solidarities.

More recently, scholars in Critical Management Studies have sought to assert workers and community interests against the depredations of capitalism, in the interests of some kind of broader human solidarity. (See, for example, *The Critical Management Studies Interest Group Domain Mission Statement* [CMSIG, 2001].) They have described how the consciousness of shared concerns that sustains teams and corporate loyalty may also generate a broader social consciousness, stimulating labor activism, environmental campaigning, or global human rights work. On the other hand, Reedy (2003), relying on Rorty (1989), warns that solidarity and exclusivity often are correlated, and that local identity is likely to be more conducive to activism than universal ideals.

Solidarity and Corporate Social Responsibility

Solidarity informs the struggles of trade unionists and the other stakeholders who challenge corporate decisions. Solidarity in the form of altruism should limit managers' exploitation of stakeholders. However, managers and leaders of corporations regard

themselves as a class apart whose need of autonomy trumps substantive duties to employees and community.

In the United States, successive waves of labor, Populist, Progressive, New Deal, liberal and radical movements have sought to limit corporate power, socialize it, and sometimes overturn it. As Charles Perrow (2002) points out in *Organizing America: Wealth, power, and the origins of corporate capitalism*, there were competing paths for the development of enterprise, and the leaders of the corporations were able to fashion doctrines of limited liability, legal personhood, and profit-maximizing that undermined older visions of craft workshops and cooperative commonwealth.

The 1960s and 1970s brought renewed challenges to corporate power, and some liberal business leaders puzzled out loud about their social responsibilities. Ralph Nader and other corporate accountability activists proposed a legal redefinition of the corporation. The Committee for Economic Development endorsed an expansive statement of corporate social responsibility, stressing the sufficiency of enlightened self-interest as a pillar of virtuous practice, but there were a few panel members who called for robust government activism (CED, 1971).

Corporate conservatives soon regained the initiative and continued to proselytize for a weak brand of corporate social responsibility founded on an opportunistic discretionary behavior by managers. Management scholars and practitioners alike have peddled this notion and have ignored the underlying reality that 'stakeholder management' tends to preclude enforceable standards in wage justice and job security. Instead, managers assert their sensitivity. What workers and neighbors probably want more than the rhetoric of intimacy is a durable set of guarantees. Solidarity is the end and the means in that fair treatment depends upon a reciprocity that presupposes an underlying equality and solidarity.

As distinguished from CSR, solidarity implies a correspondence of identity and incorporates public and private means to secure justice. It tolerates no invidious distinctions and insists on a global human equality. It endorses collective action for broadening the distribution of social goods. Most management scholars, it would appear, find the concept of solidarity to threaten the pre-eminence of the corporation and management. They prefer to study teams and corporate loyalty for that reason.

Local Solidarity and United States Federalism

Local solidarity may guide institution-making in spaces where workers and other community members have decisive power by virtue of their votes and organization and a measure of autonomy. The federal structure of the United States permits considerable variation in public policy and private practice on the state and local levels. As a result, states and cities sometimes become home to a web of solidaristic initiatives.

The United States has always had a segmented and internally diverse political economy. Despite the rhetorical emphasis on capitalist individualism, there have been varied forms of capitalism and socialism implemented on the regional and local levels. In fact,

while states are frequently conceived as laboratories for experimentation, community experience is even more varied. Institutionalist economists like Peter Doeringer and Michael Piore (1971) have demonstrated that labor markets are segmented with varying dynamics elevating or depressing labor power even in the same organization. Competing paths of development are visible within organizations.

Regional, state, and local politics are influenced by heterogeneous patterns of immigration, ethnic politics, voter participation, industrial mix, and other historical and institutional factors. In the pre-Civil War period, plantation slavery coexisted with subsistence agriculture and craft workshops. Following the Civil War, slavery evolved into tenant farming and sharecropping in the South, but agrarian radicals built farm cooperatives, craft workers organized unions and agitated for worker cooperatives, and large scale factory production emerged. While the locus and intensity of economic competition grew, local markets and politics retained distinctive identities.

Particularly in periods of depression, local activists across the United States sought alternatives to economic insecurity through political action and social experimentation. A panoply of 'radical' economic programs were attempted at the local level, including state-level Populism in the 1890s, so-called 'sewer' socialism in city government in such cities as Milwaukee, Farm-Labor politics in Minnesota and North Dakota, the 'Wisconsin Idea' and LaFollette Progressivism, Upton Sinclair's End Poverty in California campaign for 1930s California, little New Deal governments in Michigan and New York, and, more recently, university and community-sponsored employee-ownership networks in Ohio and Vermont. There is a rich history of economic experimentation to consider (Goodwyn, 1976; Laidler, 1968; Freeman, 2000).

In their periods of liberal leadership, New York, Wisconsin, Minnesota, Oregon, Hawaii, California, and other states have established policies comparable to the achievements of European social democracy. For example, the New York State Constitution guarantees the right to welfare. Oregon mandates safety committees in many employers. Hawaii and Massachusetts have attempted to guarantee universal health insurance. New England has nurtured a substantial constituency of environmentally-oriented businesses.

Solidarity Constrained

The mobility of business and the decisive power of the corporate right have long constrained states' progressive experimentation. The Chamber of Commerce, well organized in fifty states, consistently warns that states may damage the climate for business by over-regulation. Firms like Grant-Thornton and Development Councilors that rank states on business climate and have usually rated states with effective environmental and labor regulation poorly. The 'Federalist Society' functions as a party within the judiciary and has sought to whittle down the commerce clause of the Constitution so as to undermine social controls on business (Landay, 2000).

Joshua Freeman's (2000) *Working Class New York* reveals the substantial gains labor made in New York City and illuminates the backlash from conservative business interests. On the gains, Freeman writes:

the New York labor movement led the city toward a social democratic polity unique in the country in its ambition and achievements [following World War II]. New York became a laboratory for a social urbanism committed to an expansive welfare state, racial equality, and popular access to culture and education. (Freeman, 2000)

Freeman argues that the proportion of workers organized in New York City (between a quarter and a third) played a critical role in shaping the politics of the city. With union involvement, Democrats, liberal Republicans, and third party leaders fashioned vast systems of health care and higher education in order to expand public access. Unions and cooperatives developed housing to serve those with low and moderate incomes. The result was a political economy resembling Labor Britain or the Swedish 'Third Way' rather than 'Main Street.'

Then came the backlash. New York's mid-1970s fiscal crisis led to a confrontation between the values implicit in the city's budget and the politics of the Ford administration. Secretary of the Treasury William Simon testified before Congress and asserted that the terms for federal aid to New York should be "so punitive, the overall experience so painful, that no city, no political subdivision would ever be tempted to go down the same road." Some observers construed this move as an effort to reverse liberal social spending in the city, not merely to forestall default (Freeman, 2000).

From the Local to the Global

Given the decisive power of corporate interests at the United States federal level and widespread insecurity about the process of globalization, the possibilities and limitations of local and regional reform are worthy of examination. The nation-state is not necessarily the most appropriate target for activism.

Local experimentation is, in fact, a global phenomenon, and solidaristic initiatives may bind local communities across the globe. International trade unionism is an obvious example. Global Exchange (www.globalexchange.org) and the Mennonite enterprise Ten Thousand Villages are two organizations that connect international networks of 'fair trade' producers. The 'Social Forum' movement is, of course, a special interest of *ephemera* readers. Solidarity is a multi-layered phenomenon, which connects individuals and groups in concentric circles of overlapping identity and affiliation of varying intensity. The starting point, however, is usually found close to home, in the workplace, village, county, and region, as Rorty and Giddings would suggest, and in experiments such as the ones examined in this special issue.

This Special Issue of *ephemera* incorporates a diverse set of case studies: Luhman's study of the potential of worker cooperatives as a tool for social change, Marens' account of labor's pension fund strategies, Poonamallee's consideration of an Indian town's struggles to avoid the perils of globalization, and Whalen's analysis of labor

friendly economic development efforts in Western New York State. All are experiments in 'local solidarity,' solidaristic initiatives in pursuit of shared economic security in an environment dominated by large, hierarchical, profit-maximizing corporations. All depend upon intertwined conceptions of enterprise and community.

Luhman explores the proposition that worker-ownership may be an effective instrument for solidarity and social change given social commitment and vision among the members. Marens analyzes shareholder activism as a social movement and examines labor activists' strategy of seeking to coalesce with other investors on the basis of a shared 'master frame' of producerist values. Poonamallee finds the relationship between an emerging model of locally sustainable economic development in India and historic anti-colonial struggles. Whalen explores economic development initiatives driven by labor union leaders in the western region of New York and considers the shifting boundaries of solidarity.

In each case, the practice of solidarity is unstable and subject to setback. Union pension fund managers are susceptible to the appeal of wealth-maximizing at the expense of social justice. Worker cooperatives often lose their democratic character and become more like traditional business. A civic reformer of the sort profiled by Poonamallee may ultimately choose private profit over the travails of social activism. Labor and management partnerships seldom endure multiple rounds of economic crisis.

Taken together, the authors and I believe that solidarity, rather than the widely cited notion of 'corporate social responsibility,' helps explain these experiments in social innovation. A common humanity and an inclusive community potentially trump traditional economic roles. Managers, workers, and neighbors may be rendered civic equals, at least for an historic moment. We submit these essays for the consideration of scholars within business schools and activists in the communities. We quite deliberately propose the language of solidarity to unite these varied efforts to construct just social and economic arrangements.

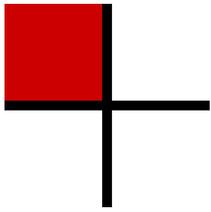
references

- Boas, F. and H. A. Wallace (1939) *The Genetic Basis for Democracy, A Panel Discussion on Race and Race Prejudice*. New York: American Committee for Democracy and Intellectual Freedom.
- CMS-IG (2001) *Critical Management Studies Interest Group Domain Statement* [<http://group.aomonline.org/cms/About/Domain.htm>].
- Committee for Economic Development. (1971) *Social Responsibilities of Business Corporations*. New York: CED.
- Freeman, J. (2000) *Working Class New York*. New York: New Press
- Giddings, F. H. (1896) *The Principles of Sociology: An Analysis of the Phenomena of Association and of Social Organization*. New York: Macmillan and Co.
- Goodwyn, L. (1976) *Democratic Promise: The Populist Moment in America*. New York: Oxford University Press.
- Gould, S. J. (1981) *The Mismeasure of Man*. New York: W. W. Norton.
- Laidler, H. W. (1968) *History of Socialism: A Comparative Survey of Socialism, Communism, Trade Unionism, Cooperation, Utopianism, and Other Systems of Reform and Reconstruction*. New York: Crowell.

- Landay, J. (2000) 'The conservative cabal that's transforming American law,' *Washington Monthly*, March [<http://www.washingtonmonthly.com/features/2000/0003.landay.html>].
- Levi-Strauss, C. (1966) *The Savage Mind*. Chicago: University of Chicago Press.
- Mauss, M. (1955/2002) *The Gift: The Form and Reason for Exchange in Archaic Societies*. New York: Routledge.
- Perrow, C. (2002) *Organizing America: Wealth, power, and the origins of corporate capitalism*. Princeton, New Jersey: Princeton University Press.
- Doeringer, P. and M. Piore (1971) *Internal Labor Market and Manpower Analysis*. Lexington, Massachusetts: Heath.
- Reedy, P. (2003) 'Together we stand: An investigation into the concept of solidarity in management education', *Management Learning*, 34(1): 1-109.
- Rorty, R. (1989) *Contingency, irony, and solidarity*. Cambridge: Cambridge University Press.
- Trivers, R. L. (1971) 'The evolution of reciprocal altruism', *Quarterly Review of Biology*, 46: 35-57.

the author

David Jacobs is Associate Professor of Management at the Earl Graves School of Business and Management at Morgan State University. His work focuses on the role of altruism and self-interest in decision-making by business, labor, and other stakeholders. His most recent book, co-authored with Joel Yudken, *The Internet, Organizational Change, and Labor*, explores promise and peril in the effects of the Internet on organizations. Jacobs has also published books on social security and employee benefits, business lobbies, and bargaining as an instrument of social change. His essay, 'Internet Activism and the Democratic Emergency in the US', appeared in *ephemera* in February 2005. Other articles by Jacobs appear in *The Academy of Management Review*, *Journal of Management Inquiry*, *Negotiation Journal*, *Labor Studies Journal*, *Advances in Industrial and Labor Relations*, *Academy of Management Learning and Education Journal*, etc.
E-mail: djacobs@jewel.morgan.edu



Union-Driven Economic Development Initiatives and Community Solidarity in Western New York*

Charles J. Whalen

abstract

Critical Management Studies (CMS) uncovers organizational alternatives effaced by management knowledge and practice and gives attention to concepts often ignored by management scholars. Solidarity is one of these concepts. This article focuses on solidarity as it relates to economic development initiatives pursued by labor union leaders residing in Buffalo and other parts of the western region of New York. The first section of the article looks at the concept of solidarity in the labor union literature and in CMS. The second section surveys the origin and activities of the union-created Economic Development Group of Western New York. The third section examines how solidarity plays a role in that organization by considering some conceptual and practical implications of the group's initiatives. The article finds that the Economic Development Group is rethinking solidarity, something labor scholars see as essential to the future of unions; the group is also pursuing economic development projects with an eye to building communitywide solidarity, a strategy that challenges key aspects of what public- and private-sector managers have long considered the conventional wisdom.

Introduction

Critical Management Studies (CMS) emerged as a sub-discipline in the early 1990s. In part, CMS was a reaction to the widespread elevation of management 'from a technique to a value,' which explains why CMS involves demonstrating that organizational reality is not natural, inevitable, or inherently superior to all conceivable alternatives. As Valerie Fournier and Chris Grey write, CMS probes the socially constructed nature of social arrangements and uncovers "the alternatives that have been effaced by management knowledge and practice" (2000: 18).

In pursuit of its aims, CMS gives attention to concepts that are often ignored by management scholars. Solidarity is one of these concepts. A look at *Organizational*

* An earlier version of this article was delivered at the Academy of Management Annual Meeting on August 14, 2006. The author thanks David Jacobs, Richard Lipsitz, Jr., Katie Vann, Linda Whalen and two referees for helpful comments and suggestions.

Behavior by Stephen P. Robbins and Tim A. Judge (2007), authors of bestselling management and organizational texts, finds no entry for ‘solidarity’ in its index. Meanwhile, as David C. Jacobs’s introduction to this *ephemera* special issue shows, CMS scholars recognize that solidarity is a multifaceted notion that has long been relevant to organization theory and practice.

While all the articles in this special issue involve experiments in local solidarity, this piece focuses on economic development initiatives driven by labor union leaders residing in Buffalo and other parts of the western region of New York state. The first section of this article looks at the concept of solidarity in the labor union literature and in CMS. The second section surveys the origin and activities of the union-created Economic Development Group of Western New York. The third section examines how solidarity plays a role in that organization by considering some conceptual and practical implications of the group’s initiatives. The article finds that the Economic Development Group is rethinking solidarity, something labor scholars see as essential to the future of unions; the group is also pursuing economic development projects with an eye to building communitywide solidarity, a strategy that challenges key aspects of what public- and private-sector managers have long considered the conventional wisdom.

Solidarity

Although Robert F. Hoxie’s *Trade Unionism in the United States* was written nearly a century ago, it remains a foundation of much contemporary scholarship involving unions. According to Hoxie, an understanding of labor unions rests on an appreciation of their aims, policies and methods, not on the study of union structures. Since unions are formed to address workers’ common needs and problems, the origin of unions is rooted in employees’ “common interpretation of the social situation.” Hoxie (1923: 53-77) does not explicitly use the term ‘solidarity,’ but the concept – in the form of what he calls a common or group ‘interpretation,’ ‘psychology,’ and ‘consciousness’ – is clearly at the heart of his study of unionism.

In 1996, more than two-dozen European labor scholars produced a collection of essays entitled *The Challenges to Trade Unions in Europe: Innovation or Adaptation*. The contributors stressed the need for unions to engage in a critical reflection on the notion of solidarity and concluded “only modest attempts at rethinking solidarity...have been made so far.” In addition, Ranier Zoll’s chapter emphasized that the reconsideration of solidarity has more than mere academic significance – it is, Zoll argued, essential to the continued survival of unions (Leisink et al., 1996: 21).

More recently, Hoyt N. Wheeler devoted attention to solidarity in a book on the future of the American labor movement. Wheeler agrees with his European colleagues that some form of worker solidarity is necessary for the labor movement to have a future. He also stresses that there are many possible forms, including the *narrow* (but intensive) solidarity of American Federation of Labor craft unions and the *extensive* (but shallow) solidarity of the Knights of Labor, which embraced the entire working class (Wheeler, 2002: 190-191). Wheeler also perceives an opportunity for workers to reach out to

employers and other local residents to fashion *community* solidarity. Reporting on European cases in which unions have been partners in local economic development, he writes that there seem to be ‘some significant advantages’ to such union activities, including a chance for unions to demonstrate “that they are an organic part of the community” (Wheeler, 2002: 174-175).

Turning to the CMS literature, one also finds various forms of solidarity. In fact, Patrick Reedy writes in the journal *Management Learning*, “Solidarity is not a straightforward or unquestionably positive concept and resists clear definition.” Reedy recognizes that solidarity “belongs to the same family of ideas as mutuality, reciprocity and community;” still, he uses the following metaphor to explain solidarity: “If the community can be likened to the building, then solidarity is the mortar holding the structure together” (Reedy, 2003: 95).

Reedy draws on Emile Durkheim, Richard Rorty and Marilyn Friedman to explore aspects and implications of the concept of solidarity. Since Jacobs also mentions Durkheim, we look first at Durkheim’s (1933) *The Division of Labor in Society*.

As sociologist Timothy Shortell (2006) discusses in a recent essay, Durkheim and Karl Marx viewed society from different vantage points. Marx emphasized social conflict, while Durkheim focused on social order. Marx argued that the division of labor produced by capitalism generates employee solidarity, working-class consciousness, and social instability that end only when capitalism is eliminated. In contrast, Durkheim (1933:41) believed that social harmony is the normal condition of human society and that the division of labor is a fundamental basis of social order in industrial society.

The Division of Labor in Society contrasts two main types of solidarity – *mechanical* and *organic*. Mechanical solidarity is rooted in resemblances, what Reedy calls ‘ascriptive’ similarities – “primordial and given attachments, such as gender, kinship, tribe, ethnicity and nation” (Reedy, 2003: 95). In a society characterized by mechanical solidarity, Durkheim (1933: 70-110) finds the following: order is the result of universal conformity; religion often pervades the whole of social life; and deviations from group norms are treated as criminal acts and are severely punished.

Organic solidarity, meanwhile, rests on the division of labor, which brings differences and variations between people to the fore. Although individuality can flourish in a society characterized by the division of labor, there is also mutual dependence. This interdependence produces institutions and shared beliefs that regulate social relations. Organic solidarity is, in short, the mortar holding industrial society together (Durkheim, 1933: 181-199).¹

Durkheim also mentions a third form of solidarity – *contractual* solidarity – which he attributes to the work of Herbert Spencer. Durkheim (1933: 200-229) is critical of this view because he believes contracts alone cannot provide sufficient social cohesion. As

1 Durkheim treats mechanical and organic solidarity as the extreme ends of a continuum; a society can have elements of both types, but organic solidarity becomes predominant as the division of labor plays an increasing social role (Durkheim, 1933: 92).

Robert N. Bellah writes in *Emile Durkheim: On Morality and Society*, “For Durkheim, what is essential in organic solidarity is not contract but the moral basis of contract or the ‘noncontractual elements’ in the contract. If contract were simply a temporary truce between conflicting interests, and subject to every pressure a stronger party could enforce, it would provide far too capricious a foundation for a society based on the division of labor. A stable form of organic solidarity requires an institutionalized system of enforcing good faith and avoidance of force and fraud in contract. It requires, in a word, justice” (Bellah, 1973: xxv).

In fact, contractual solidarity opens the door to two ‘abnormal’ forms of division of labor discussed by Durkheim (1933: 353-388) – anomic and forced. “The anomic form results from a lack of regulation of the social relations involved in the division of labor. The result is undue conflict between different groups and a loss of a sense of the meaning of the individual’s contribution to a larger whole. The forced form results when stronger contracting parties use unjust [coercive and/or fraudulent] means to enforce their will on weaker parties” (Bellah, 1973: xxvii). Thus, without organic solidarity, there is social instability and/or class war.

Attention to Durkheim’s discussion of contractual solidarity and abnormal forms of the division of labor (which includes an analysis of how these notions differ from a world with organic solidarity) helps shed light on what Reedy means when he calls organic solidarity ‘consensual’ and “characterized by equality between members” (Reedy, 2003: 96). According to Durkheim, organic solidarity involves contracts in which “the values exchanged are really equivalent; and, for this to be so, it is necessary for traders to be placed in conditions externally equal.” Moreover, “true individual liberty does not consist in suppression of all regulation, but it is the product of regulation, for this equality is not in nature” (Durkheim, 1933: xxiii). Thus, in a world of organic solidarity, regulations imposed upon members of society allow all parties equal freedom from physical or economic coercion and enable them to interact on a consensual basis.

Durkheim’s examination of abnormal forms of the division of labor also drives home two main points in *The Division of Labor in Society*. One is that society is not merely a constraint on human freedom. Economists often view regulation as encroaching on and diminishing the domain of individual liberty, but this section of Durkheim’s book stresses that regulation can also eliminate the coercion that limits a person’s freedom in an unregulated setting (including the freedom to develop one’s talents and capacities). The other main point is that there is nothing ‘natural’ about a world held together by organic solidarity. Achieving organic solidarity and a world with such liberty and justice “is a conquest of society over nature.” Humanity escapes nature by creating another world: “That world is society” (Durkheim, 1933: 386-387).²

Richard Rorty’s contribution to solidarity, meanwhile, is his approach to achieving an expansive conception of human solidarity. Rorty is sympathetic to those who seek universal human solidarity as a foundation for action. However, he sees appeals to

2 Note that although Durkheim believed social harmony is the normal or usual condition of human society, he did not view it as occurring naturally. Instead, like today’s CMS scholars, he argued that this harmony must be socially constructed.

universal humanity as problematic in two ways. First, he cannot rely on a common humanity that stands “beyond history and institutions” because it runs counter to his philosophical perspective, which insists on contingency and the role that “contingent historical circumstance” plays in generating belief (Rorty, 1989: 198). Second, he argues that generous action seldom occurs because we view the recipient of our generosity as a fellow human being. “Our sense of solidarity is strongest when those with whom solidarity is expressed are thought of as ‘one of us,’ where ‘us’ means something smaller and more local than the human race,” he writes (Rorty, 1989: 191).

The key to this logjam, Rorty argues, is to be found in recognizing that “feelings of solidarity are necessarily a matter of which similarities and dissimilarities strike us as salient.” Achieving more inclusive solidarities, therefore, rests on “the ability to see more and more traditional differences (of tribe, religion, race, customs and the like) as unimportant when compared with similarities with respect to pain and humiliation – the ability to think of people wildly different from ourselves as included in the range of ‘us’” (Rorty, 1989: 192). Thus, for Rorty, universal human solidarity is built not on philosophical or religious treatises, but on journalistic accounts and other forms of communication and interaction that enable us to identify with the details of others’ lives (1989: 190-192).

Of course, beyond the boundaries of ‘us’ is the realm of the outsider. Marilyn Friedman (1989), for example, stresses that women are often ignored or excluded when notions of solidarity are constructed. The labor literature also finds such exclusion: “Very often the old ‘core industrial working class’ considered women as outsiders (and therefore excluded from solidarity), not to mention immigrants and ethnic minorities,” writes Zoll (Leisink et al., 1996: 87). For CMS scholars, an awareness of exclusion demands reflection, but it also necessitates a consideration of alternative visions of human society (Reedy, 2003: 97).

The Economic Development Group

In the early decades following World War II, the economy of Western New York (WNY) was booming. Jobs were so plentiful that workers needed only to cross the street to change employers. During the 1970s, however, Buffalo and the surrounding area became fixed in the nation’s mind as an archetypal ‘Rust Belt’ community. Indeed, a 1978 report produced locally acknowledged that Greater Buffalo “displays the classic syndrome of economic illness endemic to many Northeastern cities:” urban decay fueled by widespread plant closings and diminished economic prospects for local workers and businesses (Ahern, 1978: 2). The WNY region has been struggling to recover ever since.

Out of that struggle have come a number of successful experiments with plant-level labor-management cooperation, and union leaders sought to apply that experience to local economic development in 1999. Liberated from traditions that long kept unions focused only on the bargaining table and the grievance procedure, the goal of these labor leaders is to take an active role in shaping the future of their community. To date,

the projects of their Economic Development Group (EDG) have fallen within four broad areas: constructive labor relations, regional energy, workforce development, and neighborhood revitalization.

According to Hoxie, the key to accounting for a labor organization's strategies and actions is to examine the origin and development of its 'group interpretation' of interests, aims, scope, character, and methods. That interpretation will be influenced by economic, political and other features of the environment in which the group operates, Hoxie argued, as well as by members' personal characteristics (native and acquired), group dynamics, history and experience. When unionism takes shape, these many influences yield both a shared view of the problems workers face in a given setting and a common interpretation of what must be done (Hoxie, 1923: 53-77).

Space constraints prevent a comprehensive and detailed discussion, but some of the factors that shaped the EDG's development of a group viewpoint in 1999 and early 2000 can be identified. A brief survey of some background influences is followed by a summary of the EDG's origins and activities.³

While WNY cities such as Buffalo and nearby Niagara Falls were hit hard by wrenching economic change in the 1970s, the experience of those communities was in many ways a bellwether for the challenge to industrial competitiveness that soon confronted the entire nation. By the mid-1980s, there was widespread concern – among leaders in business, labor, academia and government – about the American economy's ability to prosper in an increasingly global and competitive environment (President's Commission, 1985).

From the vantage point of many in the U.S. labor movement, the United States in the 1990s faced a choice between two paths to national economic revitalization – a 'high road' and a 'low road.' According to the AFL-CIO's Human Resources Development Institute (HRDI) and sympathetic academics, the low road is characterized by an employer emphasis on avoiding unions and competing on the basis of low wages, and by public policies that roll back worker protections and environmental regulations; in contrast, the high-road is characterized by companies operating in a climate that encourages competition on the basis of worker productivity, labor force skills, innovation, and product quality (HRDI, 1998; Marshall, 1996). In 1998, the HRDI sought to promote pursuit of the latter at the community, state and regional levels by

3 According to Hoxie, "coming into direct contact with the unionists themselves" is crucial to understanding unionism: "Only by watching [unionists] closely in their formulation of plans and in their actual contests; only by getting them off guard or getting to know them well enough to break down their secrecy and reserve of hostility or to discount or interpret what they say; only, in short, by putting ourselves as nearly as possible into their places can we hope to get at the real character and causes of unionism" (1923: 28-29). At the same time, he stresses the need to "undertake the study in a scientific spirit, ...which means rooting out of our minds all prejudice and partisanship, being willing to follow the truth wherever it leads, and getting into the closest possible touch with the facts as they exist" (Hoxie, 1923: 30). This author has sought to achieve direct contact and maintain the scientific spirit by conducting an extensive series of interviews with dozens of members of the WNY community and by engaging in extended periods of observation in the region (in the capacities of both an academic researcher and a journalist). The contact began two decades ago, was most intensive when the EDG was being established, and continues to the present.

publishing *Economic Development: A Union Guide to the High Road*, which reported on a number of organizations that forged business, labor, and community partnerships to foster creation and retention of family-supporting jobs (HRDI, 1998).

A number of labor leaders in Buffalo and the surrounding area learned about the HRDI book and were intrigued by the idea of pursuing a high-road regional development strategy. In part, that is because the notion of creating labor-management partnerships resonated with them. Such partnerships were not new to WNY unions in the 1990s. Since the mid-1970s, labor and management in many enterprises throughout the region worked together to address common concerns via plant-level committees established by a local business-labor group called the Buffalo-Erie County Labor-Management Council. Although the Council lost much local influence and faded from the scene after its original director retired in 1993, its legacy is that most of the region's union leaders feel as comfortable engaging with employers in cooperative endeavors as they do participating in hard-nosed negotiations.

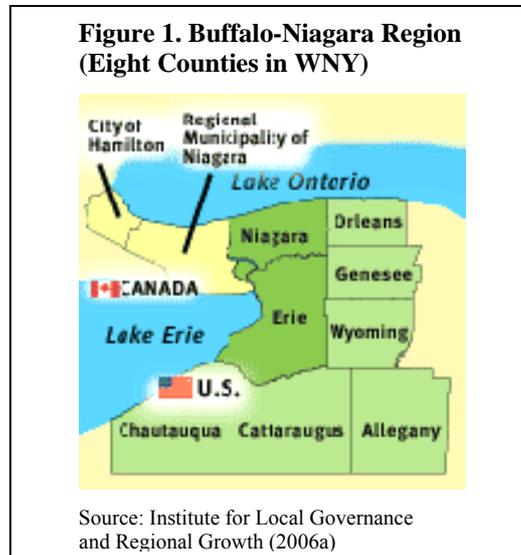
Industrial relations studies suggest that union involvement in economic development comes most often in response to a crisis – usually a plant closing or prolonged labor dispute that highlights an extended period of declining job opportunities and deteriorating labor relations. At first glance, then, it might seem strange that WNY labor leaders organized to participate in regional development activities during the boom period of the late 1990s. Although the local manufacturing sector had struggled for over two decades, the economies of WNY and the nation were expanding as the new millennium approached. Unemployment rates locally and nationally were lower than they had been in years, and union-management relations were generally harmonious. In fact, a number of WNY labor-relations partnerships won national awards in this period.

The union leaders' decision to organize for action is partly explained by the fact that they and other WNY residents felt the region was not sharing adequately in the nation's prosperity. In early 1999, for example, economists at Buffalo's Canisius College reported that, for the decade, personal income in the area was growing only about half as fast as in the nation as a whole (Palumbo and Zaporowski, 1999). There was a widespread sense that the region could and should be doing better.

There was also a critical incident that galvanized the labor leaders into action. In the spring of 1999, the Buffalo area's Chamber of Commerce, called the Buffalo Niagara Partnership, established a nonprofit, private business development and regional marketing organization in conjunction with the industrial development agencies of eight WNY counties. Members of the new group, called the Buffalo Niagara Enterprise (BNE), pooled resources and set ambitious goals for attracting capital investment and jobs to the Buffalo-Niagara region (see Figure 1).

Area labor leaders, especially those affiliated with the Buffalo AFL-CIO Council, wanted to let the members and staff of the new BNE – indeed, the entire community – know that they were willing to do all they could to expand area business and job opportunities. To be sure, the union members wanted to encourage creation of family-supporting jobs and a high-road approach to business development. As community residents, however, they also wanted the BNE to achieve its investment and

employment objectives; the unionists were interested in chipping in to support the BNE's efforts, not in battling over economic development strategies.



Union members believed they could play a valuable role in the regional marketing effort. Buffalo's image as a 'union town' was as deeply embedded in the national psyche as its association with snow and chicken wings, and for good reason: the metropolitan area had the highest unionization rate in the country in the 1980s and 1990s. Therefore, labor had to have a presence in the business-recruitment process, said the unionists – and not just to give 'organized labor' a human face. Union involvement provided labor and management the opportunity to undermine unfounded stereotypes while jointly spreading the word about the many area successes traceable to worker-management cooperation. It was not merely impossible to promote WNY and ignore unions; it would also amount to a missed opportunity, local labor leaders reasoned.

The public-relations firm hired to work with the BNE seemed to think the unionists had a point. After studying the region's strengths and weaknesses for three months in early 1999, Development Counselors International (DCI) stressed the importance of drawing attention to the region's highly productive workforce. Noting that General Motors called its Tonawanda, New York, engine plant one of the company's most productive facilities, Ted Levine of DCI suggested promoting Buffalo-Niagara as the "the most productive region in North America" (Meyer, 1999a: B7).

As news about creation of the BNE began to spread throughout the region, the Buffalo AFL-CIO Council convened a series of meetings of the area's interested union leaders. The 14 leaders participating in those initial gatherings were diverse in terms of race, gender and industrial affiliation, and most had extensive experience with workplace-level union-management initiatives and other joint labor-management projects. The meetings generated a set of objectives and possible initiatives for what participants called the WNY AFL-CIO Economic Development Group. The union leaders agreed to build a working relationship with the BNE (in pursuit of 'mutual economic development interests'), expand the geographic scope of the group's efforts by reaching out to AFL-CIO labor councils in nearby counties, and endorse the appointment of

Kevin Donovan (area director of United Auto Workers in WNY and vicinity) as EDG spokesperson (Buffalo AFL-CIO Council, 1999).⁴ On July 22, 1999, the EDG convened a breakfast meeting with public officials from the region and introduced the organization and its goals (see Table 1).

By early 2000, the EDG's 'group interpretation' of its situation was in place and the organization was ready for action. AFL-CIO labor councils in seven WNY counties backed the EDG's structure and mission, and the group's leaders were in close contact with AFL-CIO's Working for America Institute, successor to the HRDI.⁵ Services of a day-to-day coordinator had been secured and specific project areas were identified, based on members' perceptions of both the issues most important to the region and the initiatives that would best allow them to make a difference. In addition, progress was made on securing operating funds and on chartering the group as a nonprofit corporation (eventually achieved under the abbreviated name Economic Development Group, Inc.).

- | |
|---|
| <ul style="list-style-type: none">• Create a strong, diversified economy with living-wage jobs for all and quality standards of living in WNY• Strengthen a highly skilled workforce as a competitive regional advantage• Secure a voice for organized labor in economic development in the region• Mobilize organized labor to seize and expand opportunities for partnership with regional job creation efforts, building on mutual interests• Actively promote progressive, constructive labor relations throughout WNY, and publicize the successes as a regional advantage• Coordinate and build labor cohesion in regional economic development efforts, learning from one another |
|---|

Table 1. Objectives of the WNY AFL-CIO Economic Development Group (as declared on June 25, 1999 and presented to the region's public leaders on July 22, 1999) Source: Buffalo AFL-CIO Council (1999)

A major early EDG goal was to promote cooperative labor-management relations at the enterprise and community levels within WNY. Such cooperation was viewed as essential not only to retaining and improving existing jobs but also to creating new ones via local business expansion, enterprise startups, and attraction of corporations from outside the region. Pursuit of this objective led the EDG and BNE to jointly commission – at the EDG's suggestion – a Cornell University study of the region's employment relations and workplace practices, called *Champions at Work: Employment, Workplace*

4 Kevin Donovan, 47 years old at the time, was widely recognized as the perfect leader for the EDG. As a longtime union representative at a General Motors plant sold in the 1990s to American Axle and Manufacturing, he forged innovative labor-management partnerships that helped avoid shutdowns in tough times. In the mid-1990s, Donovan and colleagues successfully presented American Axle with the business case for expanding operations to address a persistent problem with the quality of outsourced parts work. The result was creation of 120 new WNY jobs in 1999 and a facility that by late 2000 had so much work it was 'busting at the seams' (Donovan, 2000).

5 The EDG represents union members in the following WNY counties: Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, and Orleans. The scope of the business community's BNE includes an additional county, Wyoming, a largely rural area with few union members. According to a regional studies institute at the SUNY-University at Buffalo, the total population of these eight counties was just under 1.6 million in 2000 (Institute for Local Governance and Regional Growth, 2006b).

Practices and Labor-Management Relations in Western New York (Fleron et al., 2000). It also resulted in establishment of a business-labor practitioners' network, dubbed the Champions Network, intended to spread the use of cooperative labor relations in the region and assist in attracting companies to WNY (by fielding business re-location inquiries and participating in ongoing public-private regional marketing initiatives).

The Cornell study demonstrated that WNY is a leader in positive labor relations, which put the region in a new light in the eyes of many. In addition to showing that joint labor-management problem solving is a core characteristic of WNY labor relations, the study found that WNY 'is a world-class region' in terms of workforce quality and workplace practices. It also confirmed the results of earlier academic studies that show "unions contribute to the success of high-performance workplaces" (Fleron et al., 2000: 7). The study was well received in the region and garnered attention from the nation's business press; when asked whether the findings would make corporate site-selection professionals change their views of WNY, Lance Yoder, managing editor of *Expansion Management* said he expected it would cause them to 'take a second look' at the area (Williams, 2000).

The Cornell study and Champions Network do indeed appear to have had an impact on site-selection consultants and the business community. In 2005, the BNE was named by *Site Selection Magazine* as one of the Top 20 local economic development groups in North America (Starner, 2005). In early 2006, meanwhile, *Expansion Management* named Buffalo to its list of 'America's 50 Hottest Cities' for business expansion or relocation (Kirzner, 2006). On those occasions when business executives from outside the region have expressed anxiety about local unions, the BNE has called on the Champions Network to help put their concerns to rest (Greer and Fleron, 2005: 17). The EDG plans to further promote WNY later in 2007, when it joins the National Electric Contractors Association as co-sponsor of an economic development exposition in Buffalo.

Reliable and affordable supplies of electricity and heat are essential to WNY, where winters are long and as many as half of the jobs depend on manufacturing (Maguire, 2002). As a result, the EDG has, from inception, given special attention to projects that help provide low-cost energy to the region. In 2000, the group took the lead in working to renew the license that governs the region's hydropower plant, the Niagara Power Project. EDG leaders initiated an unconventional, consensus-building re-licensing process that gave all area stakeholders a voice in the financial, power-allocation, and community issues associated with operating the plant during the coming decades. Indeed, the EDG's chair, Donovan, co-chaired the re-licensing consensus committee that enabled the plant to submit its renewal application two years early (a regional development official was the other co-chair). More recently, the EDG teamed with Siemens Building Technologies to convert and expand a gas-fired plant providing thermal energy to city-owned buildings into a biomass-fueled facility that can heat numerous workplaces and residences in Buffalo's downtown (Barrett, 2006).

Providing reliable, low-cost energy to private sector employers is seen as a way to help retain and expand job opportunities in the city, but the EDG also has other goals for its Buffalo thermal energy initiative, which is (in 2007) just beginning to move from the

conceptual stage to the initial stages of operation. For example, fueling the heating plant with willow shrubs and other energy crops grown in WNY will help support the region's farmers, and construction associated with the plant's expansion will provide jobs for skilled workers and training opportunities for area youth. Indeed, the EDG calls "training the underrepresented to take advantage of new opportunities" a cornerstone of the project (Economic Development Group, 2004: 17).⁶

Solidarity Revisited

The previous section explained that solidarity provides the 'group interpretation' giving shape to the nature and functioning of the EDG. This section further probes how solidarity plays a role in the EDG in order to identify some conceptual and practical implications of its initiatives. Special attention is given to the EDG's rethinking of solidarity and to the group's attempt to establish a regional sense of community solidarity.

A clear implication of the EDG case study is that, at least in WNY, the labor movement is indeed rethinking solidarity. As mentioned above, scholars in both Europe and the United States have for at least a decade emphasized the need for labor unions to take a new look at the notion of solidarity that drives union actions. During the half-century prior to establishment of the EDG, inter-union cooperation at the regional level was practically nonexistent in America (Eimer, 1999: 67-68). Even WNY's Buffalo-Erie County Labor-Management Council, which operated from the mid-1970s until the end of the 1990s, focused almost exclusively on promoting plant-level, labor-management cooperation. Thus, the EDG's mid-1999 statement of goals, which included an intention to build regional labor cohesion and pursue a common economic-development action agenda, signaled a new direction for the area's labor leaders.

The EDG was constructed around what Wheeler would call an 'extensive' notion of worker solidarity, which represents a major break from the job consciousness long dominant in the American labor movement. This broadly inclusive notion is the product of early and active EDG participation by leaders of union locals representing many different types of workers, including carpenters, autoworkers, nurses, utility workers, musicians, hospital orderlies, operating engineers, teachers, construction workers, supermarket clerks, teamsters, and steelworkers. Moreover, the organization's focus on attracting and retaining family-sustaining jobs, rather than on insisting on union employment, prevents exclusion of non-union workers from the EDG conception of solidarity.

In fact, the EDG doesn't stop at worker solidarity. Instead, the aim is, as mentioned above, to 'seize and expand opportunities' that benefit the entire region. Thus, EDG

6 Providing workforce development opportunities, with special attention to women and minorities is, in fact, central to other EDG projects, including one that links neighborhood revitalization efforts to a publicly funded schools reconstruction initiative. "It's not a high-road economy unless the whole community can benefit. We need to enable participation by those who have been excluded from paths to prosperity in the past," says Richard Lipsitz, an EDG Board member (Lipsitz, 2006).

area revitalization projects involve community associations and the faith-based community in search of ways to ensure training and employment opportunities for women and minorities underrepresented in building trades and to enhance the quality of education for youth in disadvantaged WNY neighborhoods. In addition, as discussed above, the EDG seeks to work with the business community to expand investment in the region, and it has designed its Buffalo thermal energy project in a way that can benefit area farmers. Indeed, all EDG projects have aspects that contribute to pursuit of the organization's goal of achieving *communitywide* solidarity.⁷

The EDG case draws attention not only to the notion of community solidarity, which is the *product* of labor's fresh look at solidarity, but also to the importance of recognizing 'rethinking solidarity' as a *process*. The EDG did not emerge spontaneously and fully formed; rather, as indicated above, it was the result of a series of discussions convened by the area's Buffalo AFL-CIO Council as a response to regional developments. The "common interpretation of the social situation" (to use Hoxie's words) generated by those meetings, the EDG action agenda, and specific implementation steps that followed were all arrived at through interactive engagement and consensus-based planning. Consistent with the writings of Durkheim and CMS scholars, which both strive to 'denaturalize' social reality, there is nothing predetermined or natural about the process or outcome of the re-conceptualization of solidarity that occurred in WNY.⁸ As Peter Leisink and his colleagues write in the introduction to *The Challenge to Trade Unions in Europe*, solidarity requires discussion and even debate: "Solidarity is not a *priori* condition, but the outcome of repeated efforts to create commitments and alliances among workers despite their differences" (Leisink et al., 1996: 21).

An examination of the EDG also illustrates Wheeler's point that labor's involvement in local economic development provides a chance for unions to show that they are an organic part of the community. When the EDG was first announced, its spokesperson Donovan met with a reporter and explained, "We [organized labor] need to show people that we're not green-eyed monsters with horns, trying to take away business [from the region]" (quoted in Meyer, 1999b: A9). More recently, Richard Lipsitz, an EDG board member, expressed a similar view, "We are making a difference in people's lives, and we hope to make more of a difference over time.... Meanwhile, if the community comes to realize that union people aren't the enemy, then that's all the better" (Lipsitz, 2006).

7 While some might see an emphasis on community solidarity as requiring the WNY labor movement to sacrifice traditional worker aims, those in the EDG still reserve the right to engage with employers in an adversarial manner when necessary. The ability to engage in distributive bargaining one day and work on mutual-gains initiatives the next is characteristic of many contemporary labor leaders not only in WNY, but elsewhere as well. As Leisink and his colleagues write, "It is important for unions to master the whole repertoire of union-employer relationships and to be able to choose whichever model seems appropriate" in a given situation (Leisink et al., 1996: 23). Similarly, Wheeler stresses that cooperative and adversarial engagement are "really complementary aspects of unionism," which "must be combined for the labor movement to carry its special contribution to society into this century" (2002: 185).

8 For a discussion of 'denaturalization' (the effort to counter the perception that existing social and organizational relationships are natural and/or unavoidable) in the CMS literature, see Fournier and Grey (2000: 18-19).

The EDG seeks more than a regional awareness that unions are a constructive part of the WNY landscape, however. It also aims to be an institution that *builds* communitywide solidarity. This has conceptual and practical implications. While EDG members are guided by a community-oriented consciousness, they recognize that such a notion has not been the guiding force in WNY during recent decades. Indeed, economic and political factions and partisan infighting have long characterized the area. As a result, the EDG has carefully chosen projects that help build regional support for their vision by bringing diverse groups together to work on shared goals (Donovan, 2000; Lipsitz, 2006).

The EDG attempt to build communitywide solidarity emphasizes finding commonalities – shared interests and region-based affinities, especially ones that may not be readily apparent – that can bring diverse segments of the region’s population together. In the short term, the EDG seeks to get WNY residents to identify with each other on concrete matters so that they are willing to jointly participate in specific projects on the basis of self-interest and shared identity. In the longer term, the EDG envisions that such collective action will have spillover effects that generate an inclusive, area-wide sense of solidarity based on experience (Lipsitz, 2006).

At the conceptual level, this is an illustration of Rorty’s ideas about solidarity. In both Rorty and the EDG, the focus is on enabling people to *identify with others* (to view them as ‘one of us’) and act because of that identification, rather on fostering a sense of *obligation for others* (who are not viewed as ‘one of us’). Moreover, in choosing projects that emphasize communitywide interests, the EDG is, as Rorty would say, influencing “which similarities and differences strike [WNY residents] as salient” (Rorty, 1989: 189-198).

At the practical level, meanwhile, the EDG’s specific, community-building projects present opportunities that were missed entirely by public and private managers operating in conventional ways. Even when an outside consultant told WNY business and government leaders that a major regional strength was the skill and productivity of its workforce – and that an obstacle to luring new investment was a negative perception of unions, especially among companies not accustomed to dealing with organized labor – it took the labor movement to suggest promoting the area’s harmonious labor-management climate and its beneficial impact on the region’s labor force and enterprises. As indicated in the previous section, this union-initiated strategy has proven successful in that it is clear that site selectors, who in the past would often dismiss WNY because of high unionization rates alone, are now willing to give the region a serious look.

The Niagara Power re-licensing project provides another concrete example. If the EDG hadn’t taken the initiative on this project, then the conventional, adversarial licensing approach would have been followed, an approach that is more expensive and time consuming than the consensus-based method. According to one union leader, the project gave labor ‘a place at the table’ and ensured that the renewal process – involving numerous settlement agreements that determine electricity allocation and the community impact of plant operations – was used “for purposes of improving the WNY

economy” (Lipsitz, 2006).⁹ Moreover, the EDG’s leadership in the re-licensing process received praise from all corners of the WNY community, and the inclusive nature of the consensus approach provided all area stakeholders “with an integral say in the project’s future,” said New York State Assemblywoman Francine DelMonte (quoted in Saltzman, 2005). With the Niagara Power initiative, the EDG found more than a way to ensure it had a voice, it also found a way to promote a sense of community solidarity.¹⁰

Of course, communitywide solidarity does not replace all other forms of solidarity. Even Durkheim recognized that organic and mechanical solidarity would coexist and that the latter would at best predominate (Durkheim, 1933: 174-193). Yet, the fact that many forms of solidarity can exist at the same time underscores the opportunity to promote and build an inclusive notion of solidarity. Further, coexistence of different forms of solidarity underscores CMS scholar Martin Parker’s argument that although senses of community grow within and around work organizations, “they can never be exclusive of other, non-organizational senses of community,” which means managerial attempts to control worker and/or citizen social identities are open to challenges from those with alternative visions (Parker, 1998: 89). As Jacobs writes in the introduction to this special issue, there is always the chance that the notion of an inclusive community can “trump traditional economic roles” and that managers, workers, and neighbors can work together as civic equals (Jacobs, this issue). Thus, the task of the EDG is to raise awareness of community solidarity as a local possibility and to give that notion a fighting chance of serving as the decisive factor in various local decisions.

Conclusion: Solidarity as a Foundation for Action

This article has focused on economic development initiatives led by labor union leaders residing in the western region of New York. The first section looked at the concept of solidarity as it appears in scholarly research on unions and in some of the CMS literature. The second section surveyed the origin and activities of the union-created EDG. The third section examined how solidarity plays a role in that organization by considering some conceptual and practical implications of the group’s initiatives. The article finds not only that the EDG is rethinking solidarity, but also that the group is pursuing economic development projects with an eye to building communitywide solidarity.

While the article has focused on solidarity, it is important to stress that solidarity is not an end in itself. Solidarity is, rather, a foundation for action. Thus, struggles over competing notions of solidarity are ultimately struggles over alternative action paths, and reformulations of this concept provide an opportunity for moving a community in new directions and for achieving social change.

9 According to Lipsitz, “Without the EDG, environmentalists and developers would have had a voice, but not area workers” (2006).

10 The entire WNY community was invited to participate in the Niagara Power re-licensing, and those at the table included a wide range of individuals and representatives, such as business owners, members of neighborhood associations, public officials, leaders of the Tuscarora Nation, and local sportsmen.

When it comes to marketing WNY and to other aspects of regional economic development, the EDG has challenged the conventional wisdom of managers in the public and private sectors. In doing so, it has achieved some early results, and even some praise from various corners of the community. There have also been setbacks. While the BNE and EDG are cordial to each other, a solid and enduring working relationship has yet to materialize. The Champions Network has been a casualty of the failure to achieve such a partnership. The Network continues to exist as a project of the Western Regional Office of Cornell University's School of Industrial and Labor Relations, but it is no longer a project of the EDG, which has decided to focus its attention on other, more promising initiatives (such as expansion of the Buffalo thermal heating plant) (Barrett, 2006).

The EDG's long-term goals are ambitious and the group might not ultimately succeed in having a major impact on WNY. Still, a key message of the CMS literature is that the future is not predetermined, and the EDG's way of thinking about – and acting on – economic development would probably not have had a chance in WNY in the absence of its efforts. And so the EDG continues, shedding light on alternatives effaced by management knowledge and practice and 'making a difference' daily in whatever ways it can (Lipsitz, 2006).

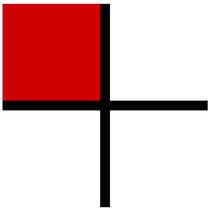
references

- Ahern, R. W. (1978) 'The Buffalo-Erie County Labor-Management Council: the first two years', paper delivered at the Maryland Center for Productivity and Quality of Working Life, April 26, Baltimore, Maryland.
- Barrett, J. P. (2006) Interview with the author, June 19, Buffalo, New York.
- Bellah, R. N. (1973) *Emile Durkheim on Morality and Society: Selected Writings*. Chicago: The University of Chicago Press.
- Buffalo AFL-CIO Council (1999) 'News Release: Buffalo AFL-CIO announces formation of Western New York AFL-CIO Economic Development Group', June 25, Buffalo, New York.
- Donovan, K. (2000) Interview with the author, October 12, Buffalo, New York.
- Durkheim, E. (1933) *The Division of Labor in Society*, trans. G. Simpson. New York: The Free Press.
- Economic Development Group (2004) 'Reinventing Buffalo: Buffalo district energy project'. Buffalo, New York: Economic Development Group.
- Eimer, S. (1999) 'From 'business unionism' to 'social movement unionism': the case of the AFL-CIO Milwaukee County Labor Council', *Labor Studies Journal*, 24(5): 63-81.
- Fleron, L. J., H. Stanger, and E. Patton, 2000. *Champions at Work: Employment, Workplace Practices and Labor-Relations in Western New York*. Buffalo, New York: Cornell University School of Industrial and Labor Relations.
- Fournier, V. and C. Grey (2000) 'At the critical moment: conditions and prospects for critical management studies', *Human Relations*, 53(1): 7-32.
- Friedman, M. (1989) 'Feminism and modern friendship: dislocating the community', *Ethics*, 99(2): 275-290.
- Greer, I. and L. J. Fleron (2005) 'Labor and urban crisis in Buffalo, New York: building a high road infrastructure'[www.laborstudies.wayne.edu/power/downloads/Buffalo.pdf].
- Hoxie, R. F. (1923) *Trade Unionism in the United States*, second edition. New York: D. Appleton and Company.
- Human Resources Development Institute (1998) *Economic Development: A Union Guide to the High Road*. Washington, DC: AFL-CIO Human Resources Development Institute.

- Institute for Local Governance and Regional Growth (2006a) 'State of the region: project background'. [<http://www.regional-institute.buffalo.edu/sotr/>].
- Institute for Local Governance and Regional Growth (2006b) 'State of the region: regional overview' [http://regional.institute.buffalo.edu/sotr/regi_over_popu.cfm].
- Kirzner, K. (2006) 'Expansion Management Magazine Publishes its 8th Annual 'America's 50 Hottest Cities' Ranking', *Expansion Management* Press Release, January 25.
- Leisink, P., J. Van Leemput, and J. Vilrocx (eds.) (1996) *Trade Unions in Europe: Innovation or Adaptation*. Cheltenham, UK: Edward Elgar.
- Lipsitz, R. (2006) Interview with the author, June 19 and 20, Buffalo, New York.
- Maguire, M. (2002) 'Study: manufacturing still matters to New York Economy, especially upstate, and new state policies can help it thrive', News Release of The Business Council of New York State, September 17.
- Marshall, R. (1996) 'Human resources, labor markets and economic performance', in C. J. Whalen (ed.) *Political Economy for the 21st Century: Contemporary Views on the Trend of Economics*. Armonk, NY: M. E. Sharpe.
- Meyer, B. (1999a) 'WNY needs a 'killer' slogan, marketers tell BNE,' *The Buffalo News*, July 17, B7.
- Meyer, B. (1999b) 'Unions on board with BNE's job-creation effort,' *The Buffalo News*, July 23, A9.
- Palumbo, G. P. and M. P. Zaporowski. 1999. 'The economic outlook for the Buffalo region,' *Western New York Economic News*, 2(2): 1-8 [http://www.canisius.edu/images/userImages/creans/Page_8187/wnyen2.pdf].
- Parker, M. (1998) 'Organisation, community and utopia', *Studies in Culture, Organisations and Society* 4: 71-91.
- President's Commission on Industrial Competitiveness (1985) *Global Competition: The New Reality*, vol. 1. Washington, DC: U.S. Government Printing Office.
- Reedy, P. (2003) 'Together we stand? An investigation into the concept of solidarity in management education', *Management Learning*, 34(1): 91-109.
- Robbins, S. P. and T. A. Judge (2007) *Organizational Behavior*, 12th ed. Prentice Hall: Upper Saddle River, New Jersey.
- Rorty, R. (1989) *Contingency, Irony, and Solidarity*. Cambridge: Cambridge University Press.
- Saltzman, M. (2005) 'NYPA files application for a new license for the Niagara Project reflecting participation of area communities', New York State Power Authority News Release, August 18.
- Shortell, T. (2006) 'Durkheim's Sociology: On Social Solidarity' [<http://www.shortell.org/?q=node/4>].
- Starner, R. (2005) 'Southern Comfort', *Site Selection Magazine*, May [<http://www.siteselection.com/issues/2005/may/p250/>].
- Wheeler, H.N. (2002) *The Future of the American Labor Movement*. New York: Cambridge University Press.
- Williams, F. O. (2000) 'A bright side to unions,' *The Buffalo News*, October 1, B5.

the author

Charles J. Whalen edits *Perspectives on Work*, published by the Labor and Employment Relations Association and the University of Illinois. He has served on the faculty of Hobart and William Smith Colleges and Cornell University, and worked as associate economics editor at *BusinessWeek*. He returns to Cornell in the 2007-2008 academic year as a visiting faculty fellow in the School of Industrial and Labor Relations.
E-mail: perspectives@ad.uiuc.edu



Sustainability and Solidarity in a Globalized World: The Case of a Local Network Economy in Rural India^{*}

Latha Poonamallee

abstract

In this paper, I argue for the case of local solidarity in the 'globalized' world. By using a critical genealogical approach, I describe the impact of globalization on the marginal communities of India, especially livelihood issues and draw a parallel between globalization and erstwhile colonialism in their impact on social and physical ecologies of the country. I argue that the tradition of locally organized protest movements during colonialism continues today in an attempt to create locally sustainable economic models and present an example of a case study from a village in India and its challenges. I also advocate for scholars to step out of the mainstream to study the margins that are emerging as crucibles of innovative social forms.

Introduction

This paper highlights the role local solidarity plays for marginal communities in today's globalized world by using a critical genealogical approach to describe the impact of capitalization on social and physical ecologies of India, especially people's livelihood and ways of life. It also presents and critiques an example of a bold social experiment being performed in Kuthambakkam village near the city of Chennai, in the state of Tamil Nadu using the vehicle of Panchayat (Village Government). It describes the village, the accomplishments of its unique Panchayat Leader, Elango and his vision for the future of the village and a sustainable model for Rural Economy. He is trying to build what he calls, a *Network Economy* among a few villages in the region, through which the local economy builds, sustains and nurtures itself, without dependence on the mainstream, global economy, although not completely divorcing itself from it either. Elango's ambition is to demonstrate this idea through a working model on which other local economies can follow. He has founded a Trust for Village Self Governance through which he imparts these ideas to village leaders from other parts of the state and

* The author wishes to thank the community featured in this case study, and particularly, Elango, a truly visionary leader.

country. This village is on its way to becoming the first hut-less village in the country, the new dwellings built using indigenous materials, technology and labor, with the government resources being augmented by the villagers themselves and funds raised personally by Elango through his connection agencies and well-wishers.

I made my initial contact with Elango of Kuthambakkam in May 2003 and followed it with an intensive data collection visit for three months in 2004 and then with another brief visit in Jan 2005. In all, I spent around six months in this site over a period of three years collecting various types of data including interviews with individuals, focus group discussions, and archival data. I also kept an extensive personal journal. During the visits, I was able to spend substantial time visiting with people and informally talking to them. Here, the interviews were conducted in Tamil, my native language. I listened to the interviews at the end of every day and then transcribed and translated them at frequent intervals. During the translation, I have chosen not to clean up the language but to maintain the flavor of the original language and its construction and the mixed use of English in conversation in this part of the country and the selected quotes reflect this choice.

This paper also locates the case in Gadgil and Guha's (2000) socio-ecological framework and advocates for learning from the margins. Gadgil and Guha's framework of the new social stratification perpetuated by the processes of development and globalization explains this phenomenon at the national level in India and at the global level. This new stratification consists of three different groups of people: Ecosystem people, Omnivores and Ecological Refugees. Ecosystem people are those who depend on their local environment for their livelihood, mostly indigenous groups like hunter-gatherers and small farmers. Omnivores are the rich farmers, white collars workers and bureaucrats who lead a luxurious life at the cost of great damage to people and resources all around them. Bias in the development process and the exploitation of natural resources by the omnivores pass off costs such as resource depletion, habitat fragmentation, and species loss to the ecosystem people making them the Ecological Refugees. These ecological refugees end up mostly as homeless migrant labor in the urban centers while their villages are slowly facing economic extinction. A similar vicious cycle was triggered in Kuthambakkam, the site of this case, by privatization of water and uncontrolled exploitation of local natural resources. This village is responding by initiating a social experiment to start a network economy as a sustainable economic alternative. This paper outlines the key challenges in implementing the change program. Two key factors are leadership and caste/class/power dynamic.

Globalization and India

Appadurai asks,

What does globalization mean for labor markets and fair wages? How will it affect chances for real jobs and reliable rewards? What does it mean for the ability of nations to determine the economic futures of their populations? What is the hidden dowry of globalization? Christianity? Cyberproletarianism? New forms of structural adjustments? Americanization disguised as human rights or MTV? (2000: 3)

While 350,000 new jobs have been created in the outsourcing industry in India, which is heralded as the liberating force of Indian economy, the first ever labor study of the outsourcing industry published a report that accuses the companies of running sweatshops which are worse than seventeenth century capitalist enterprises. The anticipated gains of globalization for India, where nearly 70 percent of the population is directly or indirectly involved with agriculture and farming, have been almost negligible. TRIPS (Agreement on Trade Related Aspects of Intellectual Property Rights), a brainchild of an industry coalition and its first initiative, Intellectual Property Committee has been generating huge controversies, especially its patents on plants and plant varieties.

Gupta (2000) contends that global environmentalism is part of a qualitative transformation of the world economy whose ramifications go beyond mere intensification of existing trends. It foreshadows the creation of a set of institutions and practices that make up, in Foucauldian terms, a new technology of government. He also says that to talk about these changes entirely in terms of geographical expansion of capitalism is to thus underspecify what is distinctive about the world order. Efforts to push a binding treaty that would mandate conservation failed, owing to strenuous opposition from Brazil, India, and Malaysia. If signed, it would result in international pressure on the Indian government to limit access to firewood, which would raise the price of cooking fuel, and would raise prices for oil based chemical fertilizers. In 1937, George Orwell observed that bourgeois socialists were prepared to demand the death of capitalism and the destruction of the British Empire only because they knew that these things were unlikely to happen. The economic formula has not changed much in the last seven decades. The inhabitants of the first world owe their prosperity, comparative comfort and high physical quality of life indicators and their GDP to the inordinate power that their governments wield, the inordinate wealth that flows from that power. Accepting the need for global democracy would mean accepting the loss of this power to ensure that the world is not run for the benefit of the rich. The commonality among the approaches of domination and exploitation whether it was extermination in the Americas, colonization of India, 'development' by the World Bank and the present day mantra of globalization, all these start with depriving the poorest of the world, of their basic security in food and medicine and their livelihood.

Deprivation of access to commons did not just deny their basic rights to land but also their livelihoods (Poonamallee, 2003). For instance, before the Forest Act of 1857 was passed in India, artisans used to take bamboo and silk cocoons from the forests at no cost, and after the Act was passed, they were forced to buy their raw material from the state and their sustenance economy could not afford it. This is quite similar to the current day dispute over patenting of life forms by the Western companies, which forces the poor farmers to buy seeds. For generations, they have not only crossbred and generated a number of seed forms, they are also used to saving part of the current year's crop as seeds for the next season. The British government also imposed very high taxes on local weavers and iron smelters making it possible to dump their cheaper manufactured goods into the Indian market. This is not dissimilar to the unequal tariff structures between various countries that allow the west to dump their surplus into the markets of the developing countries and simultaneously robbing millions of the poor their livelihood.

India is an important area to study. The country is predicted to emerge as one of the key economic powers in the immediate future. Flavin and Gardner (2006) liken the emergence of India and China to civilization changing events such as the rise of the Roman Empire or the discovery of the New World. Moreover, this growth is going to have an enormous impact on the global biosphere, especially because this growth, unlike the west, does not have the material resources to make investments critical to equity and sustainability. Sunita Narain (2006) summarizes this imperative and argues that India needs to reinvent the development trajectory. Because, the environmental movement in the west emerged after the period of wealth creation and during the period of waste generation, they argued for containment of the waste but did not have the need to argue for the reinvention of the paradigm of waste generation, whereas a fast growing economy like India needs a breakthrough in terms of new and inventive thinking. Scholars like Appadurai (2000) and Esteva and Prakash (2000) point out the social experiments in the margins of globalization as the crucibles of new social forms and this paper is an invitation to other scholars to learn from these populations.

By examining and advocating for sustainable local economic alternatives and contextualizing them in the globalization discourse, this paper attempts to bring together the local and global discourses. As Sunita Narain (2006) closes her impressive preface to the year's state of the world report, it is here the rich must learn its Gandhi. She writes, "It [the rich world] must learn that it cannot preach because it has nothing to teach. But it can learn, if it follows the environmentalism of the poor, to share Earth's resources so that there is a common future for all." Poonamallee (2005) writes that India co-holds multiple countries within herself, each one being a crucible of major transformation. At one end of the spectrum is the software writing, international banking, hip, urban India greatly influenced and materially benefited by the process of globalization. At the other extreme is Bharat; its villagers protesting against globalization and its impact on their livelihood, with groups in between committed to finding appropriate and sustainable economic and social alternatives. This paper argues that local and global discourses are not divorced from each other but they are rather deeply intertwined. Local solidarity is one way in which marginal communities are fighting against the deleterious effects of globalization. What happens to the water table in a small village in India has the power to reverberate across the globe. In this section, I argued that physical ecologies impact social life and described the zeitgeist in the context of globalization. Next, I overview the village, its context and the social experiment.

Village Overview and its Livelihood

Located in the south eastern state of Tamil Nadu, and close to Chennai, the state capital (formerly known as Madras), Kuthambakkam is a long lived habitat covering an area of about 36 sq. kilometres with a population of around five thousand. A vast lake irrigates around 1400 acres while another 700 acres are rainfed. There are many caste divisions, though the major division is between those of the upper castes and Scheduled Tribes, who form the lower caste Hindus. Though 75% of the inhabitants are dalits (the lower caste), they own only around 2% of the land and hence work as laborers in the

landlords' farms. The literacy rate is around 85% but the difference in levels of education among different castes is quite high. Class divisions among and within castes make the society even more complex. Although the educated landowning families have other non-agro sources of employment like government, schools, and factories in the outskirts of Chennai, most of the village economy is still agro-based. Table 1 lists the village's socio-economic and political characteristics.

Dimension	Characteristic
Economy	Networked, Farming and Dairy
Structures	Quasi-Democratic /Hierarchical/ Network
Available Capital	Land to some extent, labor, social, cultural and political capital
Trigger to Change	Internal-External Leader
Leadership	A Strong Leader with a vision to organize the community into an economic network
Relationship with Government	Co-optation and claim of ownership
Demographics	Rural and Semi-urban, landed and landless farming
Religion	Mix of Hindus, Muslims and Christians, though the majority population is Hindu
Organizing Purpose	Local Economy/Livelihood

Table 1: Characteristics of the Case

While there is much difference in class, caste and land ownership, almost all the villagers have traditionally shared the reliance on water for livelihood. Next, I present a socio-ecological view of the cases based on Gadgil and Guha's (2000) original framework.

A Socio-ecological View of the Case

In this section, I overview the framework, and develop the concept of class mobility in this framework as a vicious cycle and locate the three cases by discussing how 'water' a key resource for survival and prosperity of human groups impacts the case under consideration. Gadgil and Guha (2000) offer an original framework to understand social stratification from an ecological point of view, based on the relationship with nature. This framework divides the society into three categories: *Ecosystem people*, *Omnivores and Ecological Refugees*.

Ecosystem people are those who depend on their local environment for their livelihood and meet most of their material needs. The authors suggest that perhaps four-fifths of India's rural people belong to this category. These include small and subsistence farmers, hunter-gatherers, artisanal fisherfolk and the like. As the natural world recedes, the capacity of the local ecosystems to support these people shrinks. For example, dams and mines have physically displaced millions of peasants and tribal people in independent India. Bias in the development process passes off costs such as resource

depletion, habitat fragmentation, and species loss to the ecosystem people and makes them *Ecological Refugees*. Ecological refugees live on the margins of islands of prosperity, as farm laborers in the rural areas and as domestic servants in the urban areas. As many as one-third of the Indian population live today such a life as displaced, with little that they can pick up from the natural world, but not much money to buy the commodities that the shops are brimming with either. The remaining one-sixth of the population ends up being what Gadgil and Guha (2000) describe as the growth of the artificial at the cost of the natural. These beneficiaries are bigger landowners with access to irrigation, urban professionals, lawyers, doctors, investment bankers, rapidly gaining in wealth and prestige, and the ever-growing number of bureaucrats. According to this framework, devouring everything produced all over the earth, leading a luxurious life at the cost of great damage to people and resources all around them, they are the *Omnivores* of the society. This model can also be successfully applied to the world at large. Most of the inhabitants of the first world and the elite of the third world are the omnivores driving more and more of the third world poor ecosystem people into becoming ecological refugees. Esteva and Prakash (2000) call this the divide between social majority and minority.

Ecosystem People to Ecological Refugees – a vicious cycle

Mobility among these three categories is not always upward in terms of quality of life and I now position the case in this framework and describe the socio-ecological interrelationships in the site and the entities around it. I use water as a key organizing resource to illustrate and explain this dynamic interrelationship. Water is a life-sustaining resource that many global citizens take for granted but it is a commodity for which corporate and social battles are being waged at the global level today. What should be a basic inalienable right has been commodified in the global economy. Global consumption of water is doubling every 20 years, more than twice the rate of human population growth while less than one half of a percent of water on earth is available as fresh water. The global private water industry is estimated to be worth US \$400 billion, one third larger than global pharmaceuticals, while more than a billion people lack access to safe drinking water and more than five million people, most of them children, die each year from illnesses caused from drinking unsafe water. In the US alone, private water corporations generate revenues of more than a billion US dollars a year, four times the annual sales of Microsoft. Four of the top ten water companies are ranked among the Fortune 100 companies. People drink more and more bottled water everyday across the world.

In Kuthambakkam Village, while the Indian caste system predated colonial invasion, the British divide and rule approach to politics pitted one group of Indians against the others. This practice led to rampant caste conflicts and the exclusion of the lower castes from access to opportunity structures and resources led to multiple antisocial behaviors including the one that causes most damage in these communities: the economy of illicit liquor: brewing, sale and consumption. Usually, even in the midst of rampant caste politics, antisocial activities like brewing of illicit liquor and lack of amenities and hygiene, this village has been prosperous due to their longstanding and highly effective

rainwater harvesting practices. Rain-water harvesting has been an extremely important practice in the history of irrigation in India, because most of the country is dependent on monsoon for its water and it is important not only to save water when they can, but also to ensure continuous renewal of the underground water aquifers as they in turn ensure water supply for the rest of the year and the future. These traditional rainwater-harvesting structures like ponds, tanks, lakes, and small earthen check dams not only serve as catchment areas for rainwater during the monsoon season but also continually renew the underground water resources. They are also eco and human friendly because they do not cause the kind of damage like flooding and displacement of villages that are attendant effects of bigger dams; whereas these structures are built around the needs of each village and are their 'commons. Like many parts of the country, the state of Tamil Nadu has practiced the traditional rainwater harvesting methods and Tamil Nadu is especially well known for its historic Tank Irrigation system. These practices in Kuthambakkam allowed the village farmers to grow three crops a year, which meant that most of the population had steady income and therefore did not go hungry even in the midst of severe drought. But more recently this has been changing with the depletion of water resources by multiple parties. The offenders include private water bottling companies, Coca-Cola and the state government.

During the period of data collection for this study, apart from the state government that was drawing water from this village to supply the urban population of the city, there were also three water bottling companies in Kuthambakkam village. These are proprietary firms owned by individuals who had the forethought to buy about half acre of land each in the village and put in a deep well motor system to pump the water. Their capital investment is limited in scope to the bottles, transportation, and labor for those who bottle and seal water. All these companies used a similar *modus operandi*. They hire about five to eight women from the local villages, and a couple of men to do the heavy lifting, and invest in a van to transport these employees to work and back home. These women simply fill the cans, and seal them and the men put them away for transportation to the city's hundreds of retail outlets that distribute the water cans to offices, and households. Additionally, on the outskirts of this village there is a Coca-Cola bottling plant set in a large campus of around twenty five acres, equipped with tens of sunken bore wells up to 3000 feet to pump water for bottling operations and uses up to 132,000 liters a day. This plant is a reasonably new arrival to this village, starting its operations less than a decade ago. The present team of managers have taken up their jobs in the last five years, and as per the practice of most multinational companies, the initial green field team has been disbanded once the plant was up and running. Their mandate is to make the plant profitable and therefore according to them, the ongoing pumping and deepening of wells for the bottling operations is an inevitable business decision.

Independent observers say that the permit system for licensing commercial activities involving extraction of water is fundamentally flawed because no means exist to independently verify the quantity of water drawn by companies. In the absence of accurate data as to who is drawing how much, it is virtually impossible to ensure efficient usage of water and minimize wastage. Engineers from the Tamilnadu Pollution Control Board concede that under the circumstances, figures reported by the industry are likely to be gross underestimates. Even the conservative figures declared by the

industry indicate that packaged water units waste anywhere between 15 and 35 percent of the water they draw from the ground. This rampant depletion of ground water resources has led to a major water crisis in this village, in turn leading to loss of livelihood for the large section of the population dependent on agriculture. Today, the village is in the throes of a drought. Almost eighty percent of the population has suffered the loss of their livelihoods and are looking for any kind of work that might come their way, to make sure that their children eat at least once a day. Neighbors and family members share the available jobs, so everyone can have a chance to make ends meet. Communities until recently self-sufficient for water are now on the edge of desperation as their water security is being compromised to serve the interests of the consumers in cities like Chennai.

Alternative Paths

Does this mean we have reached a place of no alternatives? I don't believe so and I think there are examples, though far and few in between, of people who have achieved a good quality of life without a fanatic drive towards 'growth' that legitimizes the exploitation of the planet and its poor. There are examples of the creation of local and sustainable economies, both historical and contemporary. From the first recorded rebellion in Indian history by people against the rulers in their fight for access to commons in the 1500s, to the Indian independence struggle, to the present day anti-globalization protest movements, common people have fought for and will continue to fight for their rights over their 'commons'. Most of these protests were and continue to be extra legal hidden forms of resistance and individual acts of violation resting on the support of a network. Apart from protests, a number of local self-help groups outside of the government and development institutions began to take active roles in changing people's lives, restoring their spaces and changing their worlds. Mann (1986) suggests that such interstitial emergence is an important pathway of social change. Efforts include conservation of natural resources, reforestation, alternate local governing bodies, resort to local wisdom, and women's participation in these initiatives. Most of the protests come from the Ecosystem people who face the danger of becoming Ecological Refugees. Fortunately, though Indian democracy is flawed, it is functioning, nobody is completely powerless and there are always avenues for expression of popular protest, even for the most disadvantaged.

India is not alone in the struggle; every country and region has its own form of protest and that includes the rebellion for aboriginal rights as in the case of the New World countries like the Zapatistas of Mexico and peasant rights in various other third world countries. The Seattle protests against the WTO in 1999 were a manifestation of these protests acquiring worldwide support. 50,000 plus people from all over the world came to protest against WTO's policies. In the 1998 Geneva meeting, the delegates had hardly seen the protesters; in Seattle the delegates could not get out of their hotels because of them. Today, the anti-globalization protesters are accorded the status of a social movement. What makes these different 'peoples' alike is they are all autonomous and mostly independent from and, in a few cases, even antagonistic to the state. As Latouche claims,

Progress of real significance today may be through a devaluing the paradigm of development – to dethrone it, reverse its paramount status and leave it behind in the pursuit of radically alternative visions of social life. So it is all in their interests to invent, if they can, other games, and to remake themselves to become *nouveaux riches* in other ways. (Latouche, 1993)

Esteva and Prakash write,

they (grassroots movements) are pleading for protection of the commons, ways of living together that limit economic damage and give room for new forms of social life. Within their traditional forms of governance, they keep alive their own life-support systems, based on self-reliance and mutual help, informal networks for indirect exchange of goods, services and information and an administration of justice that calls for compensation than punishment. (2000:7)

Appadurai (2000) writes that although the sociology of these emergent social forms of globalization from below – part movements, part networks, part organizations – has yet to be developed, there is a considerable progressive consensus that these forms are the crucibles and institutional instruments of most serious efforts to globalize from below. In this context, the sites under consideration have much to offer that we can learn from because collective action and social movements create new organizational forms (Rao, Morrill and Zald, 2000). This paper describes and critiques a living example of one such effort towards creating a locally sustainable economic model by a different kind of a leader.

A Different Kind of Panchayat Leader

Elango, the second-term President of the Panchayat (Village Government), a dynamic forty five year old man was one of the fortunate few of this village who had the access to an engineering education that took him away from the village for around fifteen years, after which he decided to come back and work for his homeland's welfare. He is from a dalit (lowest caste) family, though economically their family was not in the lowest strata of that community. Born and brought up in Kuthambakkam, Elango obtained a degree in Chemical Engineering and was a scientist with Council for Scientific and Industrial Research (CSIR) in India for eight years. Whenever he visited his village, he found that the social ills like poverty, caste riots, illicit liquor, and environmental degradation continued to plague his community. In 1994, he quit his job as a scientist to return to the village fulltime to work on his community's welfare. While many such men usually work through NGOs (Non-Governmental Organizations), Elango chose a completely different route. While most of the educated, middle class of the country choose to stay away from politics, he jumped into the fray, contested independently in the elections in 1996 and became the President of the Village government. In an interview with me conducted in 2003, he describes his vision for the Panchayat rule:

Panchayat is a system for the village. It is available in all the villages of the country. According to 73rd amendment of the constitution, so it is a constitutional body, it has to function as a self governing body for the village, to solve the problems, to attain the social and economic development. So in this, everything fits. But if this functions effectively, as envisioned by the constitution or as it originally did in the pre-colonial India, if this takes off, it starts to deliver

results to people, the entire problem of the villages can be solved within a decade or something. (Interview with Elango, June 2003)

He also believes that social change has to be accompanied by viable, economic alternatives and that access to resources and creation of opportunity structures are key ingredients of successful social change programs. I quote him once again:

For example one man is taking absurdly but democratically, if he gets liberated, yes you are liberating him, but to what. Even take the case of caste politics. When they were liberated by the forward thinkers, there was no economic alternative for them. I am not a negative person but an alternative person. All the dalit activists are emotionally driven. . I don't have meaning in the feelings. If instead they had spoken to the upper classes to improve their standard of life, things would have been better for the lower castes. Because there was some safety net for them. But now it has been destroyed with no support structures in place. I might be portrayed as a reactionary but I am a pragmatic person. What I feel is that emotional issues alone will not work for dalit liberation because they are poor, there should be an economic package that goes with it. there is no point in liberating them emotionally and sending them off to the dark economically. I put him in the slum, it is the same communism that taught me the culture. The pig culture. They live in a community, enjoy their lives. We put them in slums, they live like pigs. When we liberate dalits, we need to take an economic package, there is no point in addressing only emotional issues. Or help them come up with a partnership with the upper caste. Someone who has fifty acres, ask him to let a dalit family use two acres for themselves. The Anna Hazare model. Offer alternative lives. What if you bring a prostitute and do not offer an alternative, she will brew illicit liquor. You are liberating that person in a competitive world, no one has compassion. So many people are suffering in my homeland and no one cares. I am a dalit development worker looking for an alternate route. (Interview with Elango, Feb 2005)

Change Infrastructure

In Kuthambakkam, change is designed to be driven through three key structural entities. Elango's role and presence are pivotal to all the three entities. In my later discussion, I present this as a problematic, that his role in the formal government might be inhibiting his success in the informal role as the leader of the Trust for Village Self Governance, although there are other factors at play. The three structural entities are: *Panchayat*, The Trust for Village Self Government, and Women's Self Help Groups.

Panchayat (Village Government)

This is an elected governing body with constitutionally vested powers for village self governance. In Kuthambakkam, it consists of ten elected ward members with Elango as the President . There is a woman Vice President. In India Affirmative Action takes the route of reservations, and therefore, in democratic bodies, a certain number of positions are reserved for the under-represented lower castes as well as women. Panchayat is responsible for collecting local taxes which it then deploys for the use of the village in the form of infrastructural improvements or maintenance. State and federal funds also augment their tax collections. They are supposed to meet formally once a month but they never met formally even once during my visits. But, they do interact with each other on an everyday basis. Therefore, while I have observed the individual interactions of the members with Elango, I have never observed them together as a group. It also means that most communication that happens is one way from Elango to the ward

member, or two-way between Elango and a ward member but almost never as a whole governing body.

Elango, thanks to his exemplary networking ability, has brought in funds from government and other agencies to work on infrastructural projects. He then allocates the funds to various projects in the ten wards which are overseen by the respective ward members. The ward members also act as contractors and build in a ten percent margin on the project cost so their effort and time get materially rewarded. Moreover, since most of the labor hired is local, a substantial portion of the funds generated by the village and allocated by the state government is retained and shared by the village itself. They have worked on many projects like housing, roads, drains, streetlights, sanitation, all of which have improved their physical quality of life tremendously. The Panchayat started its work with the establishment of 'Samthavapuram' of 50 twin-houses (now one of the 6 hamlets of Kuthambakkam) in October 2000. Samthavapuram is a housing project of the Tamil Nadu state government, which is envisioned as a symbol of peaceful co-existence of traditionally antagonistic communities. In this housing project scheme, a dalit family and a non-dalit family share a twin house. While this is an ongoing scheme of the state government, Kuthambakkam Panchayat redefined the process of this housing project. It was the first time in the history of Samthavapurams (of which there are 154 in the state), that a panchayat demanded a say in its planning. Elango describes the change that his panchayat brought to this process:

when there is a government house being built in a village, the rule is that the government engineer has to do the plan, grade the plan, approve the groundbreaking, and everything happens under his supervision. But building houses in villages is not a new thing, for thousands of years, villagers have built houses. Even houses with more than one story has been built. But what does the government say? It says that our government engineer has to come and take a look, he has to mark, and stuff like that. What do we say? That government does not have to interfere. Government gives 40 K. let them send someone to see if what we build is worth the money, that should be the thing. Here in kuthambakkam we are building houses worth 40000 rupees. But what the government rule says is, our person should come, because we are dependent on them, our work gets delayed. For example, we might begin work everyday at 8 am with our local mason, whereas we have to wait for the mason, who will come at 10.30, we have to wait till he comes. If we can use and organize the local people to do the work, we will do the work between 6 and 10.30 before the sun really starts scorching but we were able to convince the government. Because panchayat itself is a people's body, if it is a big superstructure with fourteen stories, then engineering is important, there you need to intervene. But this is after all a small structure. We were able to convince. Now it is only certification after the house is constructed, to see if it is worth the money that the government is investing in. this is worth more than 40000. Before it was not like this, every time, every stage there is a bill and a lot of bureaucracy. So for many things panchayat has authority. For rules and regulations we need to change the rules when it does not benefit people. Now people have the clarity. To the extent possible, they should be allowed to do whatever they can. Why should we interfere? We have lobbied for such changes. Especially the housing. (Interview with Elango, Feb 2004)

Unlike typical concrete box-houses with asbestos roofing, which are harmful, eco-unfriendly and expensive, Elango chose to employ the stabilized mud-block technology with the help of HUDCO. This technology is simple, inexpensive, uses local red soil for blocks, and mortar and is aesthetically appealing. More importantly, it does not require baking and hence is eco-friendly. The traditional Madras terrace controls the temperature inside. While a typical *Samthavapuram* house is only 210 square feet in

area with only jails (grills) for ventilation, the *Kuthambakkam* house was expanded to 286 square feet with wide windows for the same cost. Out of the total cost of about Rs. 88 lakhs, Rs. 28 lakhs was paid for labor, who were the 220 families rehabilitated from the illicit-arrack trading. While the people were meaningfully employed, they also learnt the technology and construction skills. There are 216 more huts in the village. These will soon be converted into mud-block houses this year, under the central government's innovative housing scheme. The villagers will be responsible for laying the foundation and building the walls at their own cost. The government will help with the roof tiles, doors and windows. Elango has been involved in raising funds to cover the shortfall through his personal network as well as Swiss Development Agency which has a rotational funding scheme for habitat development. In another year, *Kuthambakkam* is expected to become a hut-free village.

Similar to the housing scheme, families rehabilitated from production and sale of illicit liquor were involved in laying good interior concrete roads in every part of the village at low cost. Unlike in the cities, village roads are used not merely for transportation; the space is used for socializing by the men and women folk in the evenings; it is converted into children's playgrounds during vacations and clean plinths for drying grains during the harvest seasons. With government support, all highway and union roads were also repaired, and re-laid, where necessary. They also built drains using locally available materials. During this phase of operations, the *Panchayat* has desilted and deepened six ponds in and around the village, as a result of which the water table does not go below 13 feet even during the summers. An overhead water tank has been constructed, and a water pump installed in every hamlet. These are connected to every house cluster. Elango also came up with a new energy saving lighting scheme for the streets of *Kuthambakkam* and these lights were assembled by a woman's self help group in the village. A well-maintained toilet is essential for maintaining health and hygiene of the population. Elango has set up a number of low cost toilets in his village. Restoring *Panchayat* to the community is what Elango attempts to do. He believes that *Panchayat* is a community vehicle and people should feel that it is theirs and they own it and they should learn that it is their right to demand good service from their government. In an interview during 2005, he told me:

In the past, people used to complain about the panchayat malfunctioning to outsiders like District collector or Block Development Officers because they didn't feel that the panchayat was theirs. But now, they are giving the petition to us, if there is a problem with water or street lights they inform us addressed to me. Now panchayat is a community organization. They will go outside, the outsider will call me. So when that used to happen, I always used to tell the DC to tell the plaintiff to come and talk to me. Tell him to come and find me at my office, my home. Don't entertain him. Don't talk about rules. Water is my business, village business, make him part of the system. If he comes here, I tell him solutions to fix his problems himself. A single bolt that needed to be fixed, fix it and come to me and get it reimbursed. Don't waste four days of your life chasing the bureaucracy. (Interview with Elango, Feb 2005)

While partisan politics is very common in this state, Elango is non-partisan and the regard that people have for him in general has allowed the *Panchayat* to govern in a non-partisan fashion. Physically, this office is located next to the temple and the bus stop and therefore, quite centrally located. While do we need to keep in mind that caste led society, being central means that is close to the streets/hamlets where the upper

castes live, I found no evidence of this preventing people from any caste to approach the office or Elango. This office has one salaried accountant/administrative assistant who is paid by the government.

Trust for Village Self Governance

This is a nongovernmental organization founded and run by Elango in the village. The objective of this agency is to establish a sustainable locally based network economy in Kuthambakkam and train leaders from other *Panchayats* through the *Panchayat Academy*. It occupies a separate physical space from that of the *Panchayat* office. During my initial visits in 2003 and 2004, this campus had a small office and a small living area, both for the use of Elango. It also had a work-shed intended to be used for different projects like tailoring, soap making etc. During my later visit in 2005, I found that Elango had raised funds from the British High Commission and the Oil and Natural Gas Commission (of India) to build an impressive classroom setting for the *Panchayat Academy* and a more spacious, modern office for the staff. During this visit, I also found that he had hired a couple of more people to man this trust and that he had started to spend more time in this place than at the *Panchayat* office. During the period of my study, while this agency had organized more than a few informational sessions for other *Panchayat* leaders, they had not done much to mobilize the locals except two women's self help groups. These are discussed in the following paragraph.

Women's Self Help Groups (SHG)

Kuthambakkam has one sporadically functioning women's self help group and one that is still looking for a beginning. I met with both the groups and had lengthy focus group discussions with them about their experience, vision for the future and every day life. The first one was formed by Elango when he conceived the idea of low cost street lighting for the village. It consists of fifteen women from lower castes. He put together the group and got them to assemble the lights and paid them for their labor. While it is a major first step in bringing women into the change process, my data suggests that it is not truly an autonomous group yet. Whenever there is a new set of lights that need to be put together, Elango sends word and they all gather at the building that houses the Women's Development Center. This building is a small two room house which was on the same street on which I stayed. The second group consists of eleven women of mixed castes and the leader of the group is a college educated, middle-aged woman. A couple of the women are the wives of men who are educated and work as a schoolteacher and as a bank employee respectively. While the group was formed six months before I met them, they had not done anything concrete yet. The group appeared to want to do something but was still struggling to find the right thing to do. While both the groups did not seem either autonomous or well functioning at the moment, data on SHGs suggest that they are powerful vehicles for social change and therefore it is an important structural element that needs to be paid attention.

Network Economy: A Social Experiment in Making

Prof Indiresan, Ex-Director of Indian Institute of Technology, Chennai, explained:

For instance, the government has no employment generation schemes for cities; yet, there are plenty of jobs and high-paying ones too. In villages there are a variety of job creation schemes for the poor but few jobs of any kind to be had, let alone well-paid ones. The reason: The government invests in the macro economy of cities and in villages it tackles only at the micro economic level. It is time the government tackled the poverty of villages rather than the poverty of villagers. Villagers cannot get rich so long as villages remain poor, too poor to attract modern industry and commerce. As a thumb rule, at least 80 per cent of the rural population must make a living in non-agricultural occupations... (March, 24, 2004 reported from the third Ambirajan memorial lecture on 'Equity and Sustainable Development,' jointly organized by the Institute of Economic Education and Public Expenditure Round Table)

Traditionally village communities in India have maintained a sustainable economy which safeguarded the security of their basic needs. This has been made possible through practices of sustainable agriculture, low cost labor and simple and yet elegant life style in relationship with nature. They took no more than they gave back to nature and held the ecological balance sacred. Such sustainability of the day-to-day life in the village has been the basis of the sustainable economy. Elango realized that it was not enough to provide the basic infrastructure but the need of the hour was to create a sustainable source of livelihood at the village level. This model couldn't be informed by the mainstream economic model which was based on mass production. In the village economy, it had to be production by the masses. For instance, when Elango came up with the energy saving lights production scheme, a women's self help group from the village produced for itself. But as he explains further:

Contentment versus development. Humility versus Greed. If you are vested in development philosophy or thought, scale of thinking is very different. Energy efficient light project, there is a huge demand, there is potential to grow more, even 25 lakhs of turnover per day is possible. Philips company has offered two crores to set up an unit here. I am thinking about it carefully because that way, we will be plugged back into the mainstream economy and why don't we show that the villagers can do it on their own? Since I know both the models I am confused about the merits of one versus other. If I didn't know about the macro economy I might have said, it is okay, even if we become financially non viable, we will stay with the village economy. But I think, that if thirty people work here on this project, spread the opportunity around. For instance, if a panchayat from Namakkal wants these lights, Kuthambakkam shouldn't make money out of it but rather teach the other panchayat's villagers this technology so they can manufacture their own lights. That village's money should stay in their community. (Interview with Elango, April 2004)

Therefore, he learnt about various rural development models already operating in India including Anna Hazare's watershed management in Maharashtra, Dr. Parameswara Rao's wasteland development in Andhra Pradesh, Dr. Karunakaran's Gram Swaraj movement in Madhya Pradesh, Dr. M. P. Parameswaran's Swadeshi movement in Kerala and from several universities working on relevant/appropriate rural technologies like the Central Food Technology and Research Institute (CFTRI), Mysore and Central Mechanical Engineering Research Institute (CMERI). Elango's network of rural development workers, academics and government officials and ministers has helped him refine his model constantly. Based on lessons learnt from various sources, Elango drew up a detailed five-year plan for the integrated development of Kuthambakkam in 2003.

This model is also grounded on the data collected from the villagers themselves. Elango and his team conducted a survey among the villagers of Kuthambakkam with a focus on

understanding the consumption and supply patterns of the village. The study included the consumption of food items and other goods and materials, which are necessary and form part of the routine life of the village communities. The survey also included the sources of origin and venues of value addition for such goods. The other elements of the survey included the mapping of the local resources, which include agricultural produce, natural raw materials, skills and the present level of value addition or processing that is happening at the village level. He found out that almost all the commodities being used by this community is coming from the urban market. A more important part of the discovery was that most of the local produce was sold to the market as raw material and the value addition to that local produce takes place in the urban industries and through a multi-tier distribution system. These finished goods are being sold back to them at much higher prices. Therefore Elango decided to focus on developing a system which enables the villagers to use their local resources by converting them into consumable, finished goods through value addition by themselves for their own use.

I am not saying that let's close industry, but we can combine both. We need refineries but we can replace sugar with jaggery production. Let the urban population earn money, I don't want them to be my enemies, I would rather create a model of affection and holistic economy that will attract population here. We will need to create this model. Globalization cannot be stopped but don't marginalize the villagers but find a niche for the village economy in that big cycle. The Australian milk has a longer shelf life. Their entire process is different, because they start from zero bacteria. What will happen to the dairy farmers here? Let's give them a break even. They cannot sell half liter for five or six rupees. Can we offer a local alternative for the same or better price. Shirt example. The price can never be compared. Because their costs are different. Production by the masses instead of mass production. It will work in the local economy. Each community should start its own community. Kuthambakkam people will think about and care about Kuthambakkam dairy farmers. They will not work for farmers in Pune but between these villages, there can be an integration at all levels; emotional, economic and social integration. (Interview with Elango, Feb 2004)

Key Elements of the Network Growth Economy Model

Panchayat's Role as Facilitator

Panchayats are envisioned by Elango as pivotal to the effectiveness and success of Network Economy model and have to play a major role as a facilitator, enabler and at times implementer for all the interventions, which are required towards operationalization of this model. Since this model envisages a number of villages working together in a collaborative manner, a network among Panchayat leaders will need to be established with fair amount of mutual understanding. The group of villages in a cluster has to live like a big family and the Panchayat leaders would be responsible to establish an adequate degree of harmony and solidarity among the villagers. This mandate will require a high degree of leadership, maturity and team building qualities in the Panchayat leaders so that they can handle the group dynamics while dealing with the village communities of different castes and religions. Further the Panchayat leaders have to make efforts to deal with the various state and central government departments for mobilizing necessary support and assistance for their villages under different schemes in force. In order to ensure holistic development of their villages, their Panchayat leaders will have to give due emphasis on all the important matters

pertaining to community needs like education, health, employment, infrastructure and utilities. The Panchayat Academy founded by Elango will support these panchayats in making these possible.

Promotion of Village Industries (VIs)

Self Help Group members and other villagers have to be motivated and trained to put up value addition units for converting locally produced items and raw/waste materials into finished goods. There are various Central and State Government schemes that are available for this purpose and need to be dovetailed for financial and technical assistance. The entire process needs to be carried out through the *Panchayat*. Elango is setting up a demonstration and training center in his Trust to show how these units will work. The infrastructure development is already in process and some of the equipment, tools, and machinery have been installed. In addition to demonstration and training, these units will also be used to produce some items through Self Help Groups of Kuthambakkam village. The Trust plans to organize training programs for SHG leaders and members in collaboration with the Panchayats. The Panchayats will be responsible for organizing the villagers into these activities and may charge a fee or tax for this support so they can generate revenue for investment in village developmental activities. Some of the models that Elango has envisioned for these village industries in Kuthambakkam include processing of locally grown lentils, dairy, a soap-making unit for local consumption, peanut oil production, and bakery projects.

External Networks

To make these infrastructural investments possible, Elango has not only built relationships with the district level and state level bureaucracies but also with a number of external organizations including Association of India Development (AID, USA), Swiss Agency for Development and Cooperation (SDC), Ashoka Foundation, Indians for Collective Action (USA), the British High Commission, and Sankalp Foundation (USA). As Elango himself describes, he has also been picky about who he chooses to build his networks with:

I network with likeminded people. I refused aid from USAID. The consulate general visited here, they have been talking with me. I told him that we don't need much money infusion, all I need I can raise through individual contributions. When I demonstrate, it becomes a people's economy. They will have the money. But you help me with travel, if I go to the US, give me tickets, organize my stay there, do those kinds of things. Whereas Swiss government wanted people movements focusing on habitat development. Mostly it happens through agencies and they wanted to experiment with panchayat. I have a meeting with British high commission this afternoon. British attitude is different. They want to pay back. They say that they feel guilty and they want to pay back. There is affection. America, there is no emotional binding. We have a history with UK. Europe is very leftist in orientation. (Interview with Elango, April 2004)

Current Status and Implications

In spite of a functional infrastructure and the apparent willingness of the villagers to cooperate with the Panchayat to make their village a model village, hunger still remains a persistent problem. The families rehabilitated from the illicit arrack brewing trade were temporarily employed in reconstructing the village. Now, they go hungry and are

waiting for alternatives. The Panchayat is now working towards making Kuthambakkam a hunger-free village in one year. The plan is to revive traditional (organic) farming on unutilized and abandoned lands, and establish several small-scale rural industries, which will employ the villagers, who will be trained in production as well as their maintenance. Several auxiliary units can operate around these. The rural industries will, to the extent possible, be land- (agro-) based; use of locally available raw-materials and indigenous knowledge; cater to the local market; meet the basic needs of villagers – food, clothing and shelter – to attain self-sufficiency; be diverse; work on a cooperative model through men and Women Self Help Groups (SHGs) without the interference of the state or the central government; be heavily dependent on human power; be environment-friendly. That Elango has been re-elected in the 2001 elections with zero campaign cost speaks for the faith the villagers have placed on him. He is also concerned about creating local, sustainable livelihood to avoid potential migration of educated youth out of the village, and thus can be depended to take up roles of leadership and responsibility to implement and spread the message of ‘Network Economy’.

While the Panchayat related activities have been a great success in Kuthambakkam owing mostly to Elango’s integrity, commitment and dedication, my data doesn’t suggest a distributed ownership and leadership of the network economic model. At the time of this data collection, all the ideas for local manufacturing like soap making, bakery unit, tailoring unit, food processing have been languishing in the early stages for years now. They are all ideas with great potential and through his detailed market survey in villages of Kuthambakkam and around, he is convinced that there is sufficient demand for these products in the local market. Therefore, implementation of these ideas through involvement of local villagers might result in creating a sustainable local economy but not one of them have seen the light of the day yet. In this section, I outline the challenges faced in the implementation of this change program and speculate on key factors that are problematic in this experiment. Two of the key significant issues are post colonial class-caste/ power dynamic and leadership.

Post-colonial Caste/Caste/Power Dynamic

Kuthambakkam is a more complex case as far as social norms and power relations are concerned. Elango is from a lower caste family and his presence as a leader brings in more complexity. The upper caste, educated families understand his influence as the Panchayat leader and want to build relationships with him, but it is still an evolving process. In Kuthambakkam, livelihood is not a shared concern and the inequity between different economic classes is very obvious even to a lay observer. This is due to two reasons: given the proximity to Chennai, an urban metropolis offering and the economic opportunities, the more wealthy, educated villagers of Kuthambakkam are able to take up jobs in the city and are not necessarily dependent on the village economy for their livelihood. The second reason is the difference between land owning and non-land owning sections of the population. Those who don’t own land are dependent on the village and its farming activities for survival because traditionally they work as landless laborers in other people’s farms. With increasing mechanization of agriculture and continuing draught conditions and depletion of water table, these jobs are fast disappearing and these influence the social norms too. Elango believes that economic

emancipation is the route to social change and so does not explicitly challenge the caste based and economically driven social norms. He brought in a state government driven initiative called *Samathvapuram* (Town of Equality) which offers homes to both upper and lower caste families if they are willing to live as peaceful neighbors. Even in the case of this new colony, the danger of this dislocation alienating the families that moved from their kinship structures that supported them in their previous habitat was not considered deeply. A number of the residents talked to me about how removed they are from the opportunities for employment. In those settings, even a mile seems like a long distance to get a job, because they are used to living in hamlets located closer to the farmlands where they could work.

Even though the Panchayat government is legally owned by and in service of the people, the villagers still feel that they are obliged to the Panchayat for the favors it bestows on them including basic infrastructure. The same feeling is extended to the activities of Elango and his Trust for Self-Governance. This might be the residual effect of the colonial rule and the erstwhile relationship of natives with the governing authorities, which is perhaps also reinforced by Elango's 'I know best' attitude and the ensuing behaviors. Moreover, Elango's holding of two positions, one as the leader of a formal government machinery and the other, an NGO that aims at creating bonds within the village toward change, may have been at odds with each other.

Leadership

When I say leadership factor, at this stage, it is mostly got to do with Elango's approach, belief system and style. The motivation of the individuals who take up key positions of leadership roles in social movement and their approach to change are fascinating because of two reasons: (1) an absence of a clear cost-benefit based motivation to the individual who gets involved in social change movements because they usually pay a personal prices for getting involved and continuing to do so and (2) their motivations and beliefs about the nature of the change process itself are key elements of the organization's teleoaffective structures.

Leadership Model

Elango's style, what he terms, 'maternal model of leadership' is problematic. He said,

A few people may be negative, some people may be too positive in their evaluation of me. But we have to look at the facts for both. For example, we are building a drain. Drain issues. People might say, "What is this? He is building drains all over"... Whatever you do, you might do it against his aspirations, but ultimately you are doing it for his welfare. A mother has the right to do it, I have the same right. Ultimately you need it, that is the point...I feel that this whole community is mine. But when I think like that, sometimes I expect the community to react in a particular way. That is not a dictatorship. It is one of affection. When we admonish a child not to do something unsafe, it is done out of love. But there should be transparency, democracy to the possible extent which will not disintegrate the strength of the community. (Interview with Elango, December, 2004)

My observation of his daily activities also supports this model. For instance, every single day I saw him giving money to someone or other, an old lady who had scheduled a hospital visit, a child who didn't have note books or clothes, a young man who had to pay his college fees. Elango was always ready to help them. He would also go with the

young people of the village for college enrollment, pay for their computer education. While it can be termed as paternalistic approach to leadership, Elango calls it the maternal approach: with caring and compassion, but setting boundaries with a belief that 'mother knows best.' This also smacks of reproduction of colonial or caste based power relations although Elango is from a lower caste himself. His education and reputation in the external world positions him as superior to the rest of the villagers. This model of leadership also informs his vision for an effective social change process.

I hypothesize that this alienates the rest of the village from taking up ownership for the change vision. My data from Kuthambakkam, both the interviews with the villagers as well as my fairly extensive observational data, suggest that they do not necessarily believe in their own ability to change their lives, but rather in their leader's ability to bring some change in their lives. Paradoxically, even though Elango's network economy model rests on the philosophy of local self reliance, the villagers look up to Elango for instructions and direction and do not operate on their own. While the community has a great deal of respect and affection for Elango, they are yet to share his vision. The onus for accomplishment is still perceived as Elango's even though they want good things to happen. I provide a couple of examples of statements expressing such sentiment. I interviewed a woman villager in 2004 who said,

Before him, we didn't know the role of the panchayat. After he became the leader, we are at least aware about it. He keeps doing something or the other. Big changes, like roads, water, street lights, of course it was all government funding, but he was the one who took efforts to get these amenities for this village. He has full support in this village. He really showed us a lot. Houses are being built. He was the one who showed that all this is possible. (Interview with Kale, a villager, March, 2004)

An enthusiastic and vocal member of a Women's Self Help Group that I talked to in 2005 said,

Even if the plans are on paper, one should implement it right? That he is trying, that is the main thing. If it remains on paper, what good will happen? It has been six months since we joined together and formed the group, but we haven't started any major income generation activity yet. Thalaivar (the leader) said that he will help us start something, it will be good if he can take some steps. It will be good to get some income regularly. (Interview with Anandavalli, member of a Women's Self Help Group, Feb 2005)

Approach to Change

Even though he was a Dalit (Untouchable) activist in his youth, Elango believes that the Dalit Movement was informed by the western models of Revolution. His vision for the community change process lies in nurturing and building of relationships. He also believes that such revitalization of relationships can only happen at a local level, where there is a history between the people involved. His definition of 'relationships' is very different from the generic understanding of relationships in the Western Model, but predicated more on the indigenous kinship models. In the kinship or familial model, it is not about relationships between individuals, but more about a shared history, trust woven among a group of individuals. In Elango's case he is positioned in such a network because he was born and raised in Kuthambakkam. He offers an example of how he resolved an issue with a woman who was angry at him through a community

solution of conversation and negotiation, which he contrasts against the western model of protests and revolution. As he says,

In the western style, it is done through revolution, protest, fight and liberation whereas in a community set up it can happen through a revitalization of relationships. So, I cannot do it on a district level. Because I am not connected to them, so my words will not penetrate their hearts but I am making that leader do the same. He spreads the word to other villages. The community is organizing, the panchayat is a community movement. It may be a parliamentary democracy, and they feel that they are partners and participate in the process of selection through voting. They feel that they have a right. When we do good work, they enjoy and feel reaffirmed. There the democracy should stop. What do we do? If some researcher says 50 people are vehement, what am I supposed to do? management researchers might come up with some hundred problems but what I do is, go to the person who is angry and ask her, "Sister, why did you say that?" and she says, "That you scolded me" and I say sorry. Everything gets crumbled. That is the community solution. There is a compromise and negotiation. There is a relationship. But you will give a grievance procedure and teach them how to protest against me. So the mega-thoughts will not suit us but micro levels or network level approach will work for us. We resolve through conversation and negotiation. We are not related by blood. But people come up and talk with me, a man says that your grandfather and I were friends. Not everything works with law. But with community and relationships, things work. (Interview with Elango, March 2004)

While this is an admirable approach to change processes within, for forging bonds of local solidarity, it becomes an almost naive approach to dealing with situations of power like the one that exists in the context of water. To my knowledge, this village has not fought against Coca-Cola or other water bottling companies operating in their region. In contrast, there are examples of other villages (Pachimada in Kerala) that have gone to court instigating closure of the Coca-Cola plant in their village for over months. In this village, there is an almost naive and simplistic approach to dealing with abuse of power and lacks critical reflection.

Action vs Theory

Elango derides the ivory tower theorists who have neither a relationship with the community nor the willingness to work on the ground.

Symbiosis institute of management visited us. Last year, the world class examples in India, I was one of the four chosen people and I went and spoke to a large audience. What can you do as MBAs? You can do only theory. You can keep on working on more and more theories, and more graphical representations, more and more presentations, but only when you come in you can look at it. Your argument can be only on the graph, there is no sustainability. Management argument is hypothetical, it is only theory. It is all based on assumptions, but here it is based on reality, love, community. There is no need for hypothetical talk about village economy or its success. Success is Anna Hazare. (Interview with Elango, Feb 2005)

At first glance, this statement might appear contradictory to his approach where he has begun the social process of social change with a well-defined vision and an economic model for rural economy. But what we must keep in mind is that it was grounded in information from many other practitioners as well as data from his own village. He has also been on the ground working on infrastructural issues that he had the power to intervene in his capacity as the *Panchayat* leader. However, I believe that this approach cripples his ability to receive feedback from the situation and others, as well as his ability to distill learning for the future from past experience. It may be useful to consider McNulty and Ferlie's (2004) thesis that weak and incoherent reformative

ideology and mixed messages may be an obstacle to radical forms of change within contemporary public service organizations and that a reliance on strong leadership by itself is a weak basis for transformational organizational change in large, complex organizations.

Conclusion

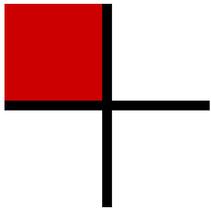
While globalization is touted as inevitable and advantageous to all the participants, there are communities on the margins of the globalized world whose lives and worlds have been profoundly affected by it negatively. However, even in the context of the inevitable globalization, local solidarity continues to play a part in revitalization of communities, as it has played a part in resistance against colonial governments all over the world. This paper has presented an example of one such effort in India locating it in a socio-ecological framework and critiqued it. Moreover, this paper has also argued for organizational scholars to step out of the mainstream to study newly emerging organizations with innovative forms in the margins.

references

- Appadurai, A. (2000) 'Grassroots Globalization and the research imagination', *Public Culture*, 12(1): 1-19.
- Esteve, G. and M. Suri Prakash (2000) *Grassroots Post Modernism – Remaking the soil of cultures*. London: Zed.
- Flavin, C. and G. Gardner (2006) 'China, India, and the New World Order', *The Worldwatch Institute State of the World 2006, Special Focus: China and India*. New York: W. Norton and Company (pp-3-23).
- Gadgil, M. and R. Guha (2000) *The Use and Abuse of Nature*. New Delhi: Oxford University Press.
- Gupta, A. (1998) *Postcolonial Developments: Agriculture in the Making of Modern India*, Duke University Press.
- Latouche, S. (1993) *In the Wake of the Affluent Society*. London: Zed Books.
- McNulty, T. and F. Ewan (2004) 'Process transformation: limitations to radical organizational change within public service organizations', *Organization Studies*, 25(8): 389-412.
- Narain, S. (2006) 'Foreword', *The Worldwatch Institute State of the World 2006, Special Focus: China and India*. New York: W.W. Norton and Company (pp. xvii- ix).
- Poonamallee, L. (2005) *From the Dialectic to the Dialogic: Generative Capacities and Mechanisms for Social Transformation*. A dissertation in progress.
- Poonamallee, L. and A. Howard (2005) *The Dark Side of Water: Struggle for access and Control*. Winner of the CMS-MED Dark side case study competition, 2005. Academy of Management Meeting, Honolulu, HI.
- Rao, H., Calvin Morrill, and M. N. Zald (2000) 'Power plays: How social movements and collective action create new organizational forms', *Research in Organizational Behavior*, 22: 239-282.
- Sachs, W. (1992) *The Development Dictionary: A Guide to Knowledge as Power*. London: Zed.

the author

Latha Poonamallee is Assistant Professor of Organizational Behavior in Michigan Technological University's School of Business and Economics. Her research interests are generative capacities and mechanisms for change, leadership and partnerships in the context of social transformation, and sustainable livelihood for the social minority.
Email: poonamallee@gmail.com



Extending Frames and Breaking Windows: Labor Activists as Shareholder Advocates

Richard Marens

abstract

Observers have long been puzzled over the surprising degree of shareholder activism that organized labor has practiced since the early 1990s. This activism cannot be entirely attributed to corporate campaigns against hostile firms nor the financial interests of union organizations. This paper analyzes shareholder activism as a social movement and focuses on how labor's activists, in an age of financial hegemony, have attempted to gain the support of other investors through *frame extension* by arguing from a *master frame* of producerist values that the long-term interests of employees and their unions coincide with those of investors. Labor activists displayed solidarity with other shareholders by successfully championing many of the issues of corporate governance that have emerged over the last two decades, while simultaneously advocating high performance work practices intended to benefit both employees and investors. More recently, they have used their influence with public pension funds to push an explicitly pro-union version of producerism, which resulted in a political backlash. Future events will determine whether labor activist's efforts to enlist the investment community were merely premature or quixotic, going beyond what is possible in building solidarity between organized labor and corporate investors.

Introduction

Over the last decade or so, a number of journalists and academics have commented upon the surprising degree of shareholder activism on the part of labor unions and union-influenced pension funds (e.g., Bernstein, 1997; Lewis, 1996; Moberg, 1998; Noble, 1988; Marens, 2004; Schwab and Thomas, 1999; Scism, 1994). According to services that track shareholder resolutions, labor unions routinely submit a total of three to four hundred shareholder resolutions per year to approximately half that number of companies, accounting for at least 40% of all resolutions (Georgeson, 1999-2006; Investor Responsibility Research Center, 2002-2006). While labor unions do have an interest in the performance of stock held by their pension plans, the 3% share of total corporate stock owned by union pension funds hardly justifies a level of activism that eclipses the effort of much larger investors and investment funds. It is also true that organized labor has used the shareholder resolution as tactic in corporate campaigns for at least a generation (Manheim, 2001; Rogers, 1984), but there have been too few such labor disputes in the United States in recent years to explain the sheer number of labor-backed resolutions. Moreover, most of labor's resolutions receive a substantial number

of votes from other investors, most of whom are likely to be at least indifferent, and may even be hostile, to the goals of organized labor (Schwab and Thomas, 1999; Marens, 2004).

This paper will attempt to provide a solution for this puzzle by analyzing labor's shareholder activism as one tactic of a broader social movement aimed at advancing the interests of organized labor in the United States. While it may appear that applying the term 'social movement' to a phenomenon as arcane and obscure as shareholder activism trivializes the concept, Davies (1999) points out that social movement analysis has proven valuable beyond the examination of well-known mass movements, such as its application to the study of narrower interest groups that lobby governments and other institutions in less dramatic fashion. Davis and Thompson (1994) provide a very relevant example of the utility of using social movement theory in an unexpected setting. They demonstrate that theories of social movement mobilization were more appropriate than theories of organizational change or finance for understanding the shareholder activism of institutional investors in the 1980s, because the political and evolutionary nature of the process was not adequately captured by the more conventional models.

A social movement analysis should be even more appropriate in the case of organized labor's efforts in the shareholder arena, since no one seriously believes that the efforts made by unions is strictly a response to their financial interests as shareholders. Since union membership has always been a distinct minority within American society, labor activists have had a long-standing tradition of seeking allies among other groups, ranging from farmers, merchants and other 'producerist' groups in the nineteenth century (Hattam 1993) to non-unionized wage earners in the twentieth (Cornfield and Fletcher, 1998). Scholars have applied *frame alignment*, the process in which social movement activists attempt to win broader support (Snow and Benford, 1988; Snow and Benford 1992), to understand the efforts of labor activists to forge alliances with groups that do not entirely share labor's perspective or values (Babb, 1996; Cornfield and Fletcher, 1998). It should surprise no one that organized labor in the United States, after experiencing a long series of organizing, bargaining, and political defeats, has again sought out allies from outside the labor movement. In an era when financial interests have played an increasingly hegemonic role in American society (Arrighi and Silver, 1999; Pollin, 2003), it is understandable that unions have made relatively low-cost, low-risk efforts to find common ground with some of these interests in opposition, or potential opposition, to corporate management.

Perhaps what is more surprising is that in order to find common ground with other investors, labor has largely recapitulated a position that it has used in its distant past, even before the rise of the American Federation of Labor: that those with a legitimate stake in the long-term well-being of businesses need to stand together against the depredations of parasites and rent-seekers (Hattam, 1993). This producerist 'master frame' – so labeled because it has been widely understood and accepted in American society and thus can encompass the narrower frames of many groups (Snow and Benford, 1992 and Swart, 1998) – positions economic conflict as a struggle between various value-creating economic actors and those rent-seekers and speculators who seek to live parasitically upon them (Babb, 1996; Hattam, 1993; Mooney and Hunt, 1996). In

claiming that labor's framing of its proper place in the American economy can be reconciled to the perspective of long-term (non-speculative) investors, labor's shareholder activists have attempted to embed the viewpoints of both groups within the broader scope of this venerable *producerist* master frame. Therefore, the specific issues and arguments promoted by labor's shareholder activists are best understood as relying on an underlying assumption that investors and unions share a mutual interest in promoting sustainable efficiency and in opposing any tendency of corporate management to sabotage these efforts for personal gain.

This paper considers this campaign of labor shareholder activists to forge ties with other investors in four parts. The first section provides background to this effort by briefly surveying the history and achievements of labor's shareholder activism. The second analyzes how these efforts fit within the typology of social movement frame alignment introduced by Snow and Benford, then extended and applied by others. The third part discusses how more recent union-led activism initiated by the California Public Employees Retirement System (CalPERS) lost political support by attempting to stretch the frame too far, going beyond the boundaries of the master frame, and thus shattering a fragile solidarity on investor-related issues. I conclude by evaluating the limits of a reliance on producerist framing for organized labor and offer suggestions of possible future trends.

Labor's Shareholder Activism

Almost thirty years ago, two political activists, Randy Barber and Jeremy Rifkin (1978), argued in *The North Shall Rise Again* that despite recent political and organizing defeats for American labor unions, organized labor had cause for guarded optimism. According to these authors, an almost entirely new and unexpected source of power was beginning to emerge: corporate finance. Recent corporate campaigns had demonstrated that at least a few labor activists were beginning to understand the potential of using financial pressure in labor disputes (see also Manheim, 2001; Rogers, 1984). Moreover, given the rapid growth of pension fund portfolios over the post-war generation, they recognized that the fiduciaries of workers would soon be managing a very large portion of total corporate equity (Drucker, 1976), a potential resource for financially savvy activists to use in advancing the interests of organized labor and American workers.

The book urged new strategies that relied on both the financial resources of unions and their potential influence on even larger pools of financial assets, both of which have grown since the book first appeared. American unions collectively possess a few billion dollars in their own treasuries (Masters, 1997), and they strongly influence the investment policies of a thousand 'multi-employer' pension funds (sometimes called 'Taft-Hartley' Funds after the law that first regulated them) established for the benefit of those unions whose members' careers typically include a large number of different employers. These funds, most commonly attached to the building trades, collectively invest about two hundred billion dollars in corporate stock, approximately 3% of the major stock exchanges (Moberg, 1998). Since about the time Barber's and Rifkin's

book first appeared, unions have made a more serious effort to monitor or even control how these funds are invested (Crittenden, 1979; Bernstein, 1997).

The holdings of public pension funds for state, municipal, and public school workers not only dwarf those of the multi-employer funds, they are also concentrated in far fewer institutions. The top forty public pension funds are currently worth approximately two trillion dollars in aggregate (with about half in stocks), with the California Public Employees Retirement System (CalPERS) alone accounting for a tenth of this figure (*Pensions and Investments*, 2004). Labor unions do not directly manage any of these public pensions, but they can potentially exert a degree of influence over the investment policies of at least some of them. In a handful of very significant cases, such as CalPERS and the New York City Employee Retirement System (NYCERS), union officials do sit on the boards of trustees. However, even where there is no formal union or worker representation, unions can potentially influence the elected officials and government appointees who sit on such boards. This influence, however, is hardly a given, and Barber and Rifkin understood that it would require mobilization to obtain it. Before unions were paying attention the activities of such funds, the pension fund of the liberal state of Oregon, for example, was helping to finance leveraged buyouts that ended badly for unions (Healy, 1988).

Consciously or not, Barber and Rifkin were responding to the early signs of a fundamental transformation within the American economy, the rise of financial hegemony and the decline of the centrality of domestic manufacturing (Arrighi and Silver, 1999; Pollin, 2003). On one hand, the financial sector was becoming increasingly influential with regard to business decisions, a trend acknowledged by Bill Clinton in his complaint that his policies were subject to the de facto veto of “a bunch of fucking bond traders” (Woodward, 1994, p. 84). On the other hand, the increased mobility of capital, itself both a cause and effect of this hegemony (Arrighi and Silver, 1999), was simultaneously undermining the need for businesses to maintain their part in a tacit truce with organized labor (Mills, 1979).

As is often the case, the new tactics were not derived from old organizational functionaries, but from recruits from other, more recently dynamic social movements better positioned to foresee the need for new approaches (Lipset, 1950; Rosenbloom, 1996). Such activists not only included Barber and Rifkin themselves, who were economic activists of the 1970s, but also Ray Rogers, a disciple of Saul Alinsky who led the seminal J.P. Stephens corporate campaign for the textile workers. Others pioneers of labor’s new financial efforts included Cornish Hitchcock, who left Ralph Nader’s Public Citizen organization to establish the pro-union LongView Investment Fund for the Textile Workers Union’s Amalgamated Bank; peace movement activist Richard Ferlauto, who established the Center for Working Capital for the AFL-CIO to coordinate the financial strategies of various unions; environmentalist Jack Marco, who became a financial advisor for multiemployer pension funds; and Melissa Moye, a strategist for Service Employees International Union, an expert on Mondragon, who was previously active in the cooperative movement.

Union activists had proposed the occasional shareholder resolution as early as 1948 (Barbash, 1952), not long after the Securities and Exchange Commission began

allowing shareholders to do so, but the frequency of such resolutions increased in the 1980s after the appearance of Barber's and Rifkin's book; and it took off in the mid-1990s. Labor activists were essentially filling a vacuum as the large institutional investors had begun to propose fewer confrontational resolutions on corporate governance issues, a trend reflected in such headlines as "After takeovers, quiet diplomacy" in the *Wall Street Journal* (Pound, 1992), and "Have shareholder activists lost their edge?" in the *New York Times* (Wayne, 1994). Labor unions and union dominated multiemployer pension funds soon picked up this slack, sponsoring a growing number of shareholder proposals focused on governance issues relating to boards of directors and anti-takeover provisions. The annual total of labor-sponsored resolutions that were brought to a vote never exceeded the mid-teens in any year through 1992, but it grew to 106 by 1995 (Bernstein, 1997; Lewis, 1996). (Nearly half of all resolutions are withdrawn or disqualified before coming to a vote.) Since 2001, shareholders have voted on an average of almost two hundred labor-sponsored resolutions per year, close to half of all those voted upon. The outcomes on these resolutions have proven equally impressive. Only two of the eleven resolutions that won a majority of shareholders' votes in 1993 were sponsored by labor organizations, but seven of the eleven majority votes of 1994 were labor sponsored. In 2005, labor obtained 51 majority votes (Investor Responsibility Research Center, 1993-2005). These winning resolutions exploit the guidelines of many large public and private investment funds to generally (sometimes automatically) follow Council of Institutional Investor recommendations that favor eliminating poison pill plans, requiring annual votes for directors, mandating a certain percentage of outside directors, expensing stock options, and, most recently, obtaining shareholder approval for golden parachutes and supplemental retirement plans for executives.

Aggressive union activism has gone beyond piling up favorable votes on its resolutions. In the early 1990s, labor activists helped broaden the scope of shareholder activism for everyone by convincing the Securities and Exchange Commission (SEC) that resolutions that focused on executive compensation, downsizing, and sweatshops were no longer 'ordinary business' decisions beyond the legitimate concern of shareholders, but were now permissible well-publicized social issues (Marens, 2004). In another expansion of shareholder rights, the Teamsters took Fleming Foods to court in order to confirm the right of shareholders to submit so-called 'binding' resolutions, at least in the jurisdiction of Oklahoma (*International Brotherhood of Teamsters v. Fleming*, 1999), although the overwhelming majority of resolutions are only intended to be advisory.

Moreover, union activists have successfully mobilized the power of shareholders in other ways. They have organized successful coalitions to oppose management's own proposals at companies in which they were in conflict, a more logistically difficult accomplishment than triggering large 'yes' votes on requests for conventional governance reforms. Staffers of the Hotel and Restaurant Workers Union worked the phones in 1998 to successfully convince institutional investors to vote down Marriott's reorganization plan, which would have left control in the hands of the founding family (Binkley, 1998). Similar campaigns forced Santa Fe Gaming to withdraw a stock offer (Binkley, 1999), compelled Union Pacific to abandon a proposal to spin-off Overnite Express (Rasmussen, 1998), and reduced demand for an IPO from PetroChina (Pomfret,

2000). At Oregon Steel, the United Steel Workers joined forces with other groups to form the Committee to Restore Shareholder Value to pressure the company in the midst of a lockout (Love, 1999), and they nearly convinced CalPERS to help defray the \$130,000 cost of doing an independent proxy mailing (Labor and Corporate Governance, 1999). If by the end of the nineties, shareholder activism had at its disposal a larger array of tools and a broader record of success with governance reform proposals than it did at the beginning of the decade, then labor activists deserved most of the credit.

It is not clear, however, how much these campaigns actually accomplished for the labor unions that led them. Unions may have successfully stymied management at these companies, but efforts to organize workers there have not proven as successful (Greenhouse, 2002; *Nevada Employment News Letter*, 2001). Fleming Foods, now bankrupt (Daykin, 2003), can do little for the Teamsters Union that successfully sued it. Oregon Steel did end a lockout on favorable terms for the Steel Workers, but that outcome required the intervention of the National Labor Relations Board. Activists privately claim that the threat of bad publicity from a large vote against management has helped to pressure some companies to settle some labor disputes, but, as majority votes on some governance issues have become so automatic that even individual gadflies can trigger them, the power of these votes to shame or embarrass management has presumably diminished. Labor staffers have become effective corporate governance activists, but it is not obvious exactly how much they have assisted unions in promoting their interests.

Labor's Efforts in Social Movement Perspective

Labor activists do not tend to be naïve, and it is unlikely very many of them expected that shareholder activism by itself was going to prove to be a panacea for obtaining representation elections or winning strikes. It is more useful to view this shareholder activism on the part of labor through a broader and longer-range perspective, as a social movement that is building for the future, not primarily concerned with obtaining immediate results. In particular, this activism can be seen as a manifestation of that part of the process of building a social movement that Snow and Benford (1988) have labeled *frame alignment*. As Snow and Benford describe it, a self-conscious social movement requires a group of movement entrepreneurs, often veterans of a previous social movement, to first develop amongst themselves both a broad consensus on how to 'frame' a particular grievance, the social environment in which it festers, and a general strategy for alleviating it. The goal of this process of framing is to render the situation in a way that will help mobilize collective action among the afflicted while simultaneously attracting allies, or at least neutrality, among other groups (Babb, 1996).

These entrepreneurs or organizers, however, still needed to adapt and modify their particular framing in order to recruit followers, persuade and educate outsiders, win the tolerance of the powerful, and neutralize or overcome opponents. Snow and Benford label this overall process *frame alignment*, which they divide further with the four sub-processes of *frame bridging*, *frame transformation*, *frame amplification*, and *frame*

extension. *Frame bridging* involves convincing potential recruits that the frame constructed by movement entrepreneurs sufficiently overlaps their own for them to want to ‘sign-up’ and join the movement. *Frame transformation* is at the other end of the spectrum and involves persuading people to change their perception of a situation to one that is more sympathetic to the aims and methods of the movement. *Frame amplification* is more subtle and refers to overcoming opposition or legal obstacles by focusing attention to the areas of overlap between the frames and away from general disagreement. An example of frame amplification is the efforts undertaken by leaders of the American Civil Rights Movement to convince judges of their legal right to hold marches, even when those judges were hostile to the aims of integration. In a similar fashion, labor activists successfully persuaded the Securities and Exchange Commission that they retained the right to submit shareholders resolutions on acceptable governance topics, even as they were assisting their unions in disputes with management, and such disputes were themselves unacceptable topics of shareholder resolutions (SEC No-Action Letter 165, 1993).

Frame extension, the task most relevant to my argument, is comparable to *frame bridging* but aims at a more distant audience. While both involve connecting to people who are not yet part of a movement, in *frame bridging* there is usually a shared pre-existing agreement on the nature of a grievance (Tarrow, 1989). *Frame extension*, by contrast, is appropriate where there is less overlap between the frames of movement organizers and those of the audience. The goal here is more akin to building a coalition that advances some of the fundamental goals of both groups. Movement entrepreneurs try to achieve this growth by ‘extending’ their own framing of the situation to include some concerns of the other group that were not included in the original frame. Because it requires, at least publicly, that the entrepreneurs modify the original goal set of the movement, frame extension implies compromise, or even possibly a degree of duplicity.

In their own seminal work, Snow and Benford (1992) suggest that frame extension is most likely when the frames of separate groups are nestled within a larger, more generally understood framing of how social relations work within a society, a construct they term a *master frame*. Others develop this concept further, pointing out that such a frame is more than merely an overlapping of shared values and perspectives among social movements, as Snow and Benford suggest, but rather that it is actually antecedent to the frames of specific movements, and thus influences both their ultimate content and limitations (Oliver and Johnston, 2000; Swart, 1998). These master frames are considerably less malleable than the frames generated by the entrepreneurs of specific movements. While to an extent they are the product of public discussion, these discussions are themselves based upon ideas and world-views constituted by what George Rude (1980) labels ‘inherent ideology,’ a set of widely held cultural assumptions about the world transmitted informally and typically accepted across social classes. Social movements, consciously or not, then tap a master frame “to portray their perceived injustice in ways that fit the tenor of the times” (Oliver and Johnston, 2000: 41). In this manner, during the 1940s American civil rights activists reframed their long-standing social movement by using the language of ‘democracy’ and ‘freedom’ that had won wide currency through a master framing of the conflict with the Axis powers during World War II. Canadian advocates of subsidized religious schooling provide a recent and less dramatic example by switching their arguments away from

religious ones to take advantage of an emerging master frame that endorses diversity and multiculturalism (Davies, 1999).

One master frame that has resonated frequently throughout American history is that of 'producerism,' a framing of economic conflict that depicts an almost Manichean struggle between groups that tangibly contribute to economic well-being and those who seek a parasitic existence living off these producers. Such a vision has its roots in a national mythos in which relatively small commercial farmers and their artisanal colleagues played, by historical standards, an unusually prominent role in political and social life, especially in the Northern states, that predates the American Revolution. The producerist master frame for economic growth and commercial virtue proceeded to influence the framing of a series of important and often overlapping social movements: Jeffersonian and Jacksonian Democracy, republicanism, greenbackism, populism, and progressivism.

Exactly which economic actors were framed as the heroes and the villains in the producerist vision varied somewhat among the particular movements, but certain classes had relatively fixed roles over time. Farmers, small business owners, artisans and skilled factory workers were inevitably on the side of the angels, consistently facing off against banks, monopolists, and bondholders. The place of other groups, even the newly emerging corporate executives, was less clear-cut. Far from always being cast as capitalist exploiters of workers, there was a surprisingly strong tendency to see them as merely the elite among the producers, or at worst the unwilling pawns of distant financial interests (Hattam, 1993). Some producerists even excused the behavior of railroad executives during the Great Railroad Strike of 1877 on the grounds that they were subjected to the irresistible pressures of bondholders (Babb, 1996).

It is within this master frame, which depicts economic conflict not as a matter of class but of contribution, that labor's shareholder activists have attempted to extend their own frame of advancing labor's interests to include the frame of 'shareholder value.' For promoting solidarity, applying elements from the master frame of producerism was a highly logical choice, since its emphasis on hard work and the rights of ownership invokes two principles that have endured throughout American history as both well known and morally unassailable (Babb, 1996). If nineteenth century producerists envisioned a community of interest between owners of production and their employees, or at least their skilled ones (Babb, 1996, Hattam, 1993), then their late twentieth century counterpart could postulate a comparable alliance between investor-owners seeking 'shareholder value' and employees committed to a 'high performance workplace' of empowerment, responsibility, and just rewards. Although advocates of this new producerism might each focus on the interests of different stakeholders in the success of a business, one finds an overarching consensus among them with regard to the ultimate aims of efficiency, productivity, and long-term profitability (Jensen, 1989; Jensen, 2002; Levine and Tyson, 1990, Reich, 1991).

Contemporary producerists inevitably advocate workplaces filled with well-trained and committed employees and enlightened managers who treat them well, while also acknowledging the legitimacy of the desire of 'owners' (shareholders) to enhance the value of their investments over the long-term. This perspective condemns not only

financial speculators, whose investment horizon is unacceptably truncated, but also management that shortsightedly exploits its employees, betrays customers, deceives its investors, or attempts to entrench itself against any possible challengers. These last two judgments generate a contradiction when assessing the role of corporate takeover artists. While they are often reflexively viewed as rapacious speculators, antithetical to producerist values, who loot their target and destroy good stable jobs, others have argued that they provide a necessary check on the tendency of corporate management teams with their preference for self-dealing and empire-building. As even Michael Jensen (2002) has argued, management teams, whether takeover artists or those who successfully resist them, can only enhance shareholder value – a term he did so much to popularize – by embracing producerist principles of treating stakeholder groups fairly and honestly, and emphatically *not* through accounting tricks that temporarily inflate the stock price.

Labor unions themselves displayed this ambiguous and changing attitude toward raiders during the 1990s. Many started the decade by supporting efforts on the part of corporate managers to induce state legislatures to pass anti-takeover measures (Apgar, 1992). As the decade progressed, however, labor unions were finding that raiders were not necessarily any more hostile or intransigent than incumbent managers (Holson, 1998). By the mid-1990s union investment funds often led shareholder efforts against corporate measures, such as staggered boards and poison pill plans, designed by management to prevent takeovers.

Frame Extension Through Producerism

With the deduction by union strategists that the increasing hostility of incumbent managers left them relatively little to fear from corporate raiders, they were liberated to seek ways to confront management through a process of finding and building solidarity with other investors. One means was to pick up the mantle of corporate governance reform pioneered in the 1980s. This movement was originally initiated by shareholder groups in response to managerial efforts to keep raiders at bay, a process that denied stockholders the chance to earn premiums. But it soon included broader concerns such as ensuring that board composition and significant board committees reflected the interests of shareholders, not management (Davis and Thompson, 1995). The interest unions displayed in these issues on the part of unions need not have been entirely cynical or duplicitous. Union officials that oversee multiemployer pensions or sit on boards of public pension funds hold real fiduciary obligations to beneficiaries, and one would expect them to be genuinely interested in improving the performance of these portfolios. While the evidence that activism raises stock prices is inconclusive (Karpoff et al, 1996; Larcker, Richardson, and Tuna, 2004; Nesbitt, 1994), the cost of shareholder activism is not high, and it is hardly unthinkable that some union officials or their public fund allies hope that this activism might lower the cost of providing for their members' retirement. Ron Carey (1993), the former reform President of the Teamsters Union, may have believed sincerely what he claimed in his op-ed piece, 'Unionized Employee Shareholders: A New Force for Corporate Reform,' since pension reform was part of his mandate.

Still, one can understand if most investors proved skeptical of Jack Sheikman's claims of solidarity with investors, which he expressed in a newspaper column titled, 'Labor, Shareholder, a Mutuality of Interest' (Sheikman, 1988: M5). Sheikman was then President of the Amalgamated Textile and Clothing Workers Union, the same union that pioneered shareholder activism in support of labor struggles at J.P. Stevens (2001), and whose members generally do not depend on multiemployer funds for their retirement benefits. Nor do the members of the Hotel and Restaurant Workers, whose research director expressed similar sentiments of cross-class solidarity after he successfully rallied shareholders against management at Marriott:

"People assume that there is a division between capital and labor," said Matthew Walker, the [Hotel Worker's] research director who initiated the campaign. "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." (Binkley, 1998: A3)

The *Wall Street Journal* article that quoted him noted with a bit of understated irony that the union owns a few shares of stock, hardly a sufficient investment to make the effort of mobilizing a coalition of shareholders pay off from a financial perspective. Yet other shareholders, who were presumably aware of the union's hostility to this quintessentially anti-union company, still supported the union's campaign. The fact that various institutional investors sided with union activists, though, is hardly proof that these investors also endorse the union's effort to organize the hotel chain.

Investors are a diverse lot, and possibly some investors might be sympathetic to union organizing, including not just the multiemployer funds but some of the public pension funds and the investment funds of the more liberal churches and non-profits associated with the Interfaith Council on Corporate Responsibility (Van Buren, 2003). However, corporate pension funds control about as much stock as public pensions, with both categories claiming a 20-25% share, and these funds can be expected to reflect the anti-union attitudes of most of corporate America. Bank-managed trust funds, investment offices of wealthy families, foreign investors, and mutual funds managed by financial professionals, all also hold substantial amounts of outstanding shares, and none of these groups are known for their unshakable support for unionization. Moreover, research supports the intuition that the average investor or investment manager tends to react unfavorably to news of union successes (Heaster, 2000; Hirsch and Morgan, 1994; Pearce, Groff, and Wingender, 1995). Some analysts speculated that one company even provoked a strike by the Teamsters in the hope that breaking the union would improve their prospects of selling an upcoming IPO (Heaster, 2000). When most investors follow labor's lead on a governance issue, it is likely that many are willing to accept the issue at face value because they simply doubt that the union has the power or means to exploit a governance victory to the point of depressing the stock price.

Occasionally, union activists have pushed more explicitly pro-employee or even pro-union issues by using the five hundred words allowed for a supporting statement to argue that their own framing of the issue includes the interests of other shareholders. Thus, they made use of the assumption within the producerist frame, that successful businesses are also good employers. Hence, it raised few eyebrows when the General Counsel of CalPERS, the largest investment fund with significant union representation on its board, wrote in the *New York Times*, "CalPERS opposes layoffs to lift stock

prices in the near term. This is wrong and will not work to create wealth over the long run” (Koppes, 1996: 13). When it came to expressing these sentiments in shareholder resolutions, however, unions faced a problem, since the SEC allows companies to exclude resolutions that focus on the ‘ordinary business’ of human resource policies, making it difficult to ask for a vote on better treatment of employees.

Nonetheless, labor activists have intermittently made the effort. One organized attempt to promote a pro-labor agenda through shareholder activism occurred during the 1995 stockholder-meeting season. Scholars of social movements have long understood that one important role of movement entrepreneurs is to recognize and exploit political opportunities where and when they occur, even if the impetus behind a sudden widening of available social space for movement action is unrelated to the movement itself (McAdam, McCarthy, and Zald, 1988; Rochon, 1998). Such an opportunity emerged through the confluence of two events during the early years of the Clinton administration. First, a lawsuit brought by the NYCERS against the SEC on an unrelated issue (NYCERS v. SEC, 1993, 1995) ordered the Commission to stop enforcing its ban on resolutions that discussed human resource policies until the legality of these could be settled by the courts. During this period of about eighteen months, the activist Amalgamated Clothing and Textile Workers Union in conjunction with its LongView Investment Fund for multiemployer pensions (established by the bank that the same union had founded during the depression) submitted requests to seven firms asking management to issue reports on instituting so-called High Performance Workplace Practices, or HPWP.

The selection of this particular issue was itself the product of another political opening, Clinton’s appointment of a new Secretary of Labor in 1993. His choice was Robert Reich, who, due to the success of his book, *Work of Nations*, was the most prominent liberal producerist of the time. Under him, the United States Department of Labor (1993, 1994a) recommended a set of HPWP policies that included employee involvement programs, continuous training, new information systems, and incentives designed to raise productivity by building trust and commitment between workers and employer. The Department of Labor, apparently not entirely trusting corporate management to follow its advice in this manner, adopted a producerist long-term perspective and actually issued regulations intended to encourage fiduciaries of pension funds to investigate companies with regard to their training and other workplace practices (DOL, 1994b). Prodded by Reich’s advocacy (Nomani, 1994), CalPERS threw its massive weight behind the idea by publicly endorsing it (Gordon et al., 1994; Koppes, 1996).

On its face, HPWP hardly seems controversial. Who, after all, would prefer less well-trained workers or compensation policies that do not create incentives for doing good work and sharing ideas? The devil, however, is in the details. Studies have found no evidence that instituting HPWP either improved compensation or reduced the likelihood of layoffs (Handel and Gittleman, 1999, Osterman, 2000). This anomaly created an opening for arguing on behalf of union involvement in HPWP programs, an argument that had been recently revived by former Secretary of Labor Ray Marshall (1991, 1992). The perspective, however, had been advocated since before the New Deal (Dale, 1948; Metcalf, 1948; Rутtenberg, 1939). Theorists have argued for more than a half century

that some degree of job security and gainsharing is necessary for successful implementation of HPWP (Ruttenberg, 1939; Dale, 1948; Levine and Tyson, 1990; McGregor; 1960; Miller, 1992). In the 1990s, labor activists extended this theoretical argument by claiming that unions were necessary to insure that employees both share in any productivity gains and feel protected from betrayals of the trust necessary to underpin the new systems (Marshall, 1992; Bernstein, 1994; Baker, 1999). While there is some research supporting this claim (Black and Lynch, 1999), what probably mattered more was the endorsement of public intellectuals such as Marshall, Reich, and Tyson (briefly chair of the President's Council of Economic Advisors). Unions could then apply an old tactic of social movements, appealing to the opinions of experts as a source of legitimacy (Rochon, 1998).

Ultimately, the sponsors of the seven HPWP resolutions withdrew three of them when management at the companies voluntarily agreed to produce such reports. At the other four companies, the votes for these resolutions averaged 12%. Given that multiemployer pension funds account for less than 3% of total equity (and a 3% vote would assume they were all mobilized to vote the right way on these issues), other classes of investors must have supported these resolutions. The Union and the Longview Fund targets included both Southwest Airlines, which had relatively good labor relations at the time, and Oshkosh B'Gosh, which did not. In effect, these two companies would play good cop/bad cop, with Southwest's human resources policies setting a positive example for other investors. A portion of the resolution submitted to both companies reads as follows:

Presently, various companies are working to create "high-performance workplaces" through policies that emphasize employee training, compensation linked to performance, direct employee involvement in corporate decision-making, employment security and a supportive work environment . . . In an August 1993 report entitled High-Performance Work Practices and Firm Performance (the '1993 Report'), the Labor Department found that high-performance work practices are positively related to both productivity and long-term financial performance, and that innovative workplace practices may be crucial to the future competitiveness of American industry. . . . We believe that high-performance work practices will enhance the company's ability to attract, develop and keep good people. In recent years, Fortune's annual survey of most admired corporations has placed a company's ability to attract, develop and keep good people among the top three measurements of corporate reputation. (Southwest Airlines, 1995: 16)

Southwest Airlines' response in the proxy material showed that the company was less than flattered for being singled-out as an exemplar. Nonetheless, when a substantial 15% of the shareholders voted for such a report, the company voluntarily complied with the request.

Additional language was added when this resolution was submitted to Oshkosh B'Gosh, a company that was in the process of moving production to non-union Tennessee as well as Honduras (Gerth, 1995). After first explaining HPWP, the resolution then asked the company to pursue:

The goal of creating a high-performance workplace based on policies of workplace *democracy* and meaningful worker participation . . . A *number* of studies have concluded high-performance workplace organizations are more often successful at *unionized* facilities in terms of implementation, survivability and increased profitability. The Commission on the Future of Labor-Management Relations praised the economic benefits of high-performance workplace practices,

and stated in fact-finding reports with regard to employee participation programs: “Those in *unionized* settings in which the *union* is involved as a joint partner with management are particularly likely to survive.” One study pointed out that high-performance practices appear to be more prevalent at *union* facilities because *unions* provide an agent for productivity bargaining and job protections as well as a voice for employees . . . The Labor Department has urged investors to examine companies’ workplace practices in their investments. One of the *largest* U.S. public pension funds announced it would evaluate companies for high performance workplace practices. Italics added. (Oshkosh B’Gosh, 1995: 18)

With one reference to workplace democracy and four to unions, the resolution makes the significance of HPWP to the submitter clear enough, and the references to ‘several studies,’ a government commission, and the ‘largest public pension fund’ (i.e., CalPERS) legitimized this claim of a positive role for unions. The legitimacy of both HPWP and labor-management ‘partnership’ was sufficiently strong at the time for the company to frame its rejection of the request, not as unreasonable, but as simply unnecessary, in its proxy material:

The Company has sought to build internal and external partnerships to better accomplish its goals. A very important internal partnership is the Company’s relationship with its Union. The Company has communicated openly with the Union on matters of business conditions and market challenges in order to build a stronger partnership. It has also worked with the Union to create compensation systems which increasingly link employees’ pay to plant as well as team performance. (Oshkosh B’Gosh, 1995: 19)

This version of the resolution earned an impressive 22% vote, only 2 points short of the highest vote getter among social issue (non-governance) resolutions for 1995, suggesting that that some voters who did not normally vote for liberal social resolutions still found the resolution meritorious.

In 1995, an appeals court allowed the SEC to reimpose the ‘ordinary business’ exclusion, preventing union activists from pursuing this issue through shareholder resolutions, but it may not have mattered very much for unions. While parts of the HPWP program have become mainstream, the quid pro quo for employees – more job security and the sharing of productive gains – never really manifested (Leonhardt and Greenhouse, 2006), and many programs of labor-management cooperation were abandoned (Holusha, 1993, 1995; Peters and Maynard, 2005). Even the principal author of CalPERS’s favorable study of HPWP actually criticized union efforts to exploit the idea for their own advantage, without sufficient regard for the interests of shareholders (Sweeney, 1996). Despite a few hopes to the contrary, HPWP was not going to become organized labor’s new passageway into the American workplace.

Instead, labor refocused its efforts towards advancing its own agenda in alliance with other shareholders. One site of this work is the anti-sweatshop arena. Clearly, unions that represent manufacturing workers, especially textile workers, see the trend towards low wage factories abroad as a threat to their members, and they would certainly see value in winning broad support to curb the practice. There is, however, another possible, albeit less direct, goal involved. By pushing companies to respect the labor rights of their employees abroad, resolution sponsors begin, intentionally or not, to take the first steps toward eventually winning permission from the SEC to raise abuses of labor law at U.S.-based firms through the resolution process. Although the resolutions have generally not received significant vote totals, CalPERS, again, supported such a

measure in 1999 at Disney (CalPERS, 1999) for Disney apparel. That same year, a coalition of unions at General Electric, angry about the company moving work to China, paralleled the attempt to make unions a part of HPWP programs at Oshkosh B'Gosh, by adding a pro-union element to an anti-sweatshop resolution at the company. The resolution called on G.E. to endorse the standards of the International Labor Organization (ILO), which, while including the usual condemnations of discrimination and prison labor, also uphold the rights of employees to join unions and bargain collectively without fear of reprisal. Using a negative argument in support of the resolution, the authors claimed that failing to honor these standards would injure the company's reputation in the eyes of customers, various governments, and institutional shareholders (General Electric, 1999). CalPERS supported this resolution as well, although, with only 7% of shareholders voting 'yes,' the explicitly pro-union message clearly did not win a great deal of support among institutional investors in a company that was performing financially quite well at the time.

If the unions at General Electric were viewed as self-serving in their concern for international labor rights in 1999, the New York City pension fund (NYCERS) has had somewhat more success winning votes on the same issue during recent years. This fund is unique among major public funds for allowing three unions to directly appoint representatives to its board of trustees (as opposed to only allowing unions to run candidates in beneficiary elections, as is the case at CalPERS). Moreover, Democratic Party politicians, who need to maintain good relations with New York City's unions, routinely fill most of the remaining nine seats. One result of these strong ties to American labor is evident in NYCERS having gone to the trouble and expense in the early 1990s of challenging the SEC in court over its ban of human resource topics for shareholder resolutions (*NYCERS v. SEC*, 1993, 1995).

Beginning in 2003, NYCERS followed the example set at General Electric and submitted a number of resolutions asking companies to comply with the standards of the International Labor Organization. These resolutions averaged about 10% of the vote in 2003 and 2004, but at least a half-dozen major companies' did agree to either comply or discuss the issue with the Fund (NYCERS website, 2004), and in 2005 the average rose to almost 12% on seven votes. While not winning large votes by the standards of governance issues, the greater success that NYCERS had compared to the unions at General Electric might be attributable to a few factors. In recent years, there has been more publicity about outsourcing as a general, not merely manufacturing, phenomena, and NYCERS's interest in the topic may not appear as patently self-serving as the sponsors' interest at General Electric. If, indeed, the hope of activists is to eventually put American labor rights on the shareholder agenda as an issue connected to globalization, they recently received a boost from an unlikely source. The British Trade Union Congress recently sponsored a resolution calling for a British company that operates buses in the United States to recognize the labor rights of its American employees who are fighting to join a union (Clement, 2006). In the age of globalization, it is possible that the SEC might one day permit shareholders at U.S.-based companies to do the same.

Extending too Far?

While not as consistently dominated by the Democratic Party as NYCERS, the twelve voting members of the CalPERS board are more likely to be Democrats than Republicans, and at least a few are typically union officials. Reflecting this composition, CalPERS has demonstrated a degree of pro-labor and pro-worker policies throughout the era of labor shareholder activism, with its public endorsement of HPWP, votes for anti-sweatshop resolutions at a number of companies, and its confrontation with Bank of America on increasing CEO pay during a year of layoffs (Zuckerman, 2000). In addition, it has adopted the AFL-CIO's fair contract guidelines in its real estate holdings, which require real estate companies to contract only with janitorial services that offer 'fair wages,' health insurance, and neutrality in union certification elections, based on an enlightened investor argument that these policies attract and retain better workers and improve morale (Gozan and Moye, 1999). It has even targeted a small percentage of its investments towards projects that aim to create jobs in depressed regions of California (Romney, 2000).

Until 2003, at least, CalPERS's pro-labor policies had their limits, and it opposed more radical measures, which had weaker producerist justification. In an interesting echo of the nineteenth century ambivalence with regard to corporate executives, its one-time top administrator, Dale Hanson, asserted that while the fund supported efforts at disclosure of executive compensation and would oppose *unjustified* increases (*italics mine*), it opposed limits on executive pay or efforts to tie it to some ratio of lower-paid employees, because these measures would make it harder for companies to compete for the top executive talent presumed necessary for enhancing company performance (Hanson, 1993). Some critics were unimpressed by these limits, contending, "The Democrat-laden board has tipped too much toward labor and [was] influenced too much by political agendas, ranging from investments in affordable housing to low-income mortgages" (Chan, 2003: D2).

However, for a brief period in this new century, CalPERS moved into a more explicitly pro-union stance after the board election of 2003 that made Sean Harrigan, an official of the United Food and Commercial Workers, president of the pension fund. Under Harrigan's leadership, the Fund, in its public stances at least, seemed to abandon its previous self-imposed limit with regard to taking pro-labor positions only as far as these could be rationalized as also promoting shareholder value. CalPERS became increasingly confrontational, criticizing a highly profitable CACI International for its involvement in the Iraqi prison scandal (Chan, 2004), voting against the widely admired avatar of patient investing, Warren Buffett, for a board seat at one company (Evans, 2004), and threatening to divest itself of companies that contracted with California to privatize government work (Weintraub, 2004).

The most blatantly pro-union of CalPERS activities occurred during the Southern California supermarket strike of 2004, in which Harrigan's home union represented the workers then resisting health insurance givebacks and lower wage rates for new employees. While Harrigan was making speeches on behalf of his striking union (Weil and Lublin, 2004), the CalPERS organization he led officially called on the companies to end the strike and even voted its shares to remove the CEO and other directors from

the board of Safeway (Whelan, 2004). The CalPERS investment committee, in an equally unprecedented move, also sent a letter upbraiding the CEO of Albertson's, another supermarket chain involved in the strike:

As a long-term investor we believe that fair treatment of employees is a critical element in creating long term value for shareowners. Fundamental to the fair treatment of employees is a reasonable health care plan that provides basic health care for your workers. . . . In addition we feel that your corporation's blatant disregard for quality of life issues for your long term employees is having a significant impact on our investment in your corporation Therefore, we urge you in the strongest terms possible, to negotiate in good faith with the UFCW and to provide a benefit package that enhances the productivity of your employees as well as the long term value for shareholders. (CalPERS Investment Committee, 2003)

It is unlikely that anyone bought CalPERS's claim that they were primarily concerned that the company's position was reducing shareholder value. A column appearing in CalPERS hometown newspaper, the *Sacramento Bee*, entitled, "CalPERS Agenda: Mere coincidence or evidence of side agendas?" (Walters, 2004), pointed out that the Fund was also using its clout in support of unions by threatening to remove hospitals from its health insurance program on technicalities just as these were beginning to negotiate with one of the unions that organized health care workers. Nonetheless, the Safeway campaign managed to enlist a sufficient number of shareholder allies to produce a 17% vote against reseating Safeway's Chair and a 15% vote against the two other directors up for reelection (Safeway, 2004). These are remarkable results when one considers that the next year, with the strike ended, only 2% of shareholders voted against any director.

Harrigan's campaign can be viewed as an experiment in extending the frame of labor's shareholder activists to the edges of the producerist master frame. Certainly, a producerist argument could be made that a company that responds to competition from Wal-Mart, a notoriously poor employer, by reducing its workers' compensation is not acting in accordance with producerist human resource values. Safeway and the other grocers seeking to pay new employees less and to cut the benefits of old employees were not following the road to trust and loyalty that advocates of HPWP argue are necessary. CalPERS (2004) also pointed out in a press release that Safeway's leadership had failed shareholders because its stock price dropped 60% in two years while management ignored large shareholder votes to expense stock options. In effect, CalPERS had extended the framing of the situation to allow two entry points for the managers of other institutional funds: If investors or fund managers were genuinely disturbed by the company's financial performance, CalPERS was suggesting a way to express no-confidence; and for those investors inherently sympathetic to a group of workers who saw themselves as betrayed by management, CalPERS was providing sound financial cover for voting against management.

The targeted directors did receive an unusually large negative vote for what is normally a formality, but 15% no-vote is still a small minority, and the union ultimately lost the strike. It appears that whatever the faults of the Safeway management team, most investors were not prepared to implicitly take the union's side in a labor dispute, and class interests trumped organizational ones. Harrigan himself was removed soon after as a CalPERS Director by the governmental committee that fills his seat, with one Democratic official joining two Republican appointees in voting him out. The American

investment community had demonstrated for over a decade that it was willing to follow the lead of unions when it saw its own interests at stake, but, typically, these same investors were not prepared to share labor's view that reducing workers' compensation was a threat to investors' interests or that good relations with labor unions generate long-term advantages for businesses.

Conclusion

The question remains as to whether Harrigan's efforts to move CalPERS in a more aggressively pro-labor direction were premature or quixotic. Certainly, social movements experience failures with a new strategy before a combination of timing and tactical adjustment allows it to bear fruit. Political pressure may have forced out Harrigan, but it is interesting to note that his replacement as president of CalPERS was the signatory on the letter to Albertsons, and a ballot initiative in 2005 to limit the autonomy of CalPERS – promoted to prevent the 'politicizing' of investment decisions – was rejected decisively by California voters. It is likely that CalPERS or other organizations will attempt similar efforts in the future, and it is possible that an economic crisis will make such policies appear less radical, creating the kind of social space and political opportunity that made, for example, the Wagner Act politically palatable. Under such circumstances, it is not out of the question that a sizable fraction of investors may actually conclude that continued downward pressure on compensation is no longer the way to enhance the performance of a portfolio of publicly-traded shares of American companies, especially investors who act as fiduciaries for future retirees.

However, there is no guarantee that a portfolio of public companies will indefinitely remain the central instrument of American investment. Jensen (1989) predicted the eclipse of the American publicly-traded corporation almost two decades ago, and perhaps the rise of private placements in corporate stock, the growth of hedge funds, and the emergence of competitive foreign exchanges is finally turning him into a prophet, making current forms of American shareholder activism largely irrelevant. Even without such structural changes in the financial world, a more globalized economy implies that the performance of many companies will rely increasingly less on the performance and consumption levels of American workers, further reducing the credibility of a producerist argument for solidarity between labor and investors. In the worst case, the insistence on the part of labor activists that are acting in solidarity with other outside shareholders helps legitimize the interests of investors who may believe that shareholder value is better enhanced through cheaper foreign labor than through good relations with American unions (Shinal, 2004).

Producerism itself was a product of specific historical conditions: A society in which commercially oriented family farmers originally played an unusually preeminent role, succeeded by one in which the main economic actors were relatively stable industrial corporations who eventually adopted Fordist compensation practices (Arrighi and Silver, 1999). Not surprisingly then, a half-century ago, when both this industrial system and American labor had neared their peak achievements, Lewis Gilbert, the

pioneer of shareholder activism, advocating a producerist solidarity between workers and stockholders.

Lewis's *Dividends and Democracy* (1956) was not the work of an obscure and irrelevant crank, how individual shareholder 'gadflies' are typically viewed today. His opinion was of sufficient importance that his publisher convinced Paul Douglas, United States Senator and prominent University of Chicago economist, to write the introduction. In his book, Gilbert argued that workers should share information with shareholders and cooperate in other ways to advance their common interest in promoting the long-term success of their firms. He even argued, almost forty years before Reich became Secretary of Labor, that a unionized workplace would permit a freer flow of information. There is no evidence that anyone acted on his suggestion. Today, labor is considerably weaker, companies move production abroad, and investors rarely hold on to shares to collect dividends in the manner of the Gilbert brothers. There is little reason to think that labor's shareholder activism can find ways to extend its framing of its grievances across a widening gap of class and geographic space, and it is likely to remain a tactical weapon, albeit an intriguing and potentially useful one, for skirmishing with corporate management and publicizing grievances.

references

- Apgar, S. (1992) 'Dayton Hudson Meeting is Target of UAW Action', *Minneapolis Star Tribune*, 27 May, 4.
- Arrighi, G and B. J. Silver (1999) *Chaos and Governance in the Modern World System*. Minneapolis: University of Minnesota Press.
- Babb, S. (1996) 'A True American System of finance: Frame Resonance in the U.S. Labor Movement', *American Sociological Review*, 61: 1033-1052.
- Baker, T. (1999) *Doing Well by Doing Good: Bottom Line on Workplace Practices*. Washington, DC: Economic Policy Institute.
- Barber, R. and J. Rifkin (1978) *The North Will Rise Again: Pensions, Politics and Power in the 1980s*. Boston: Beacon Press.
- Bernstein, A. (1997) 'Working Capital: Labor's New Weapon', *Business Week*, 29 September, 110-112.
- Binkley, C. (1998) Marriott Plan for New Stock is Voted Down, *Wall Street Journal*, 21 May, A3.
- Binkley, C. (1999) 'At Some Casinos, the Worst Enemy isn't a Card Counter – it's a Unionist who Dissects their Financial Failings', *Wall Street Journal*, 7 June, A1.
- CalPERS (1999) Shareholder Forum [www.calpers-governance.org/], visited March 20, 2000.
- CalPERS (2004) 'CalPERS to Vote Against Safeway Directors,' *Press Release*, 7 April [www.calpers-governance.org/].
- Carey, R. (1993) 'Unionized Employee Shareholders: A New Force for Corporate Reform', *Boston Globe*, 7 September, 38.
- Chan, G. (2003) 'Key Vote Looms at CalPERS', *Sacramento Bee*, 19 February, D2.
- Chan, G. (2004) 'Iraq Contractor under Pressure', *Sacramento Bee*, 12 June, D2.
- Cornfield D. B. and B. Fletcher (1998) 'Institutional Constraints on Social Movement "frame extension": Shifts in the Legislative Agenda of the American Federation of Labor', *Social Forces*, 76: 1305-1321.
- Crittenden, A. (1979) *Corporate Data Exchange Study*, 31 August.
- Dale, E. (1948) *Greater Productivity through Labor-Management Cooperation*. New York: American Management Association.

- Davies, S. (1999) 'From Moral Duty to Cultural Rights: A Case Study of Political Framing in Education', *Sociology of Education*, 72: 1-21.
- Davis, G. F. and T. A. Thompson (1994) 'A Social Movement Perspective on Corporate Control', *Administrative Science Quarterly*, 39: 141-173.
- Daykin, T. (2003) 'Fleming Files for Bankruptcy', *Milwaukee Journal*, 2 April, 3D.
- Drucker, P. (1976) *The Unseen Revolution: How Pension Fund Socialism Came to America*. New York: Harper and Row.
- Evans, J. (2004) 'CalPERS Takes Aim at Firms' Directors', 13 April, *Sacramento Bee*.
- Fleckner, R. (2003) Letter from CalPERS' Investment Committee to Lawrence R. Johnson, Chair and CEO of Albertson's Inc., 17 December.
- General Electric Proxy Statement* (1999) 12 March.
- Georgeson Shareholder, 1999-2006, *Annual Meeting Season Wrap-Up: Corporate Governance*, [<http://www.georgesonshareholder.com>.]
- Gerth, J. (1995) 'Plant Closing all too Familiar for Kentucky Town', *Courier-Journal*, 22 July, B11.
- Gilbert, L. (1956) *Dividends and Democracy*. New York: American Research Council.
- Gozan, J. and M. Moye (1999) *Impact of Quality Building Management and Service on Real Estate Investment*. Washington, D.C.: SEIU Pension investment program.
- Greenhouse, S. (2002) 'Teamsters End 3-Year Strike against Trucker Without Contract', *New York Times*, 26 October, A10.
- Healy, T. (1988) 'Behind LBOs: State Pension Boa', *Seattle Times*, 6 November, B1.
- Handel, M. and M. Gittleman (1999) 'Is There a Wage Payoff to Innovative Work Practices?' *Working Paper #288*, Jerome Levy Institute.
- Hanson, D. (1993) 'Much, Much More than Investors', *Financial Executive*, March/April, 48.
- Hattam, V. C. (1993) *Labor Visions and State Power: The Origins of Business Unionism in the United States*. Princeton: Princeton University Press.
- Heaster, R. (2000) 'AWG-Union Clash Linked to IPO Failure', *Kansas City Star*, 25 April, D13.
- Hirsch, B. and Morgan, B. (1994) 'Shareholder Risk and Returns in Union and Nonunion Firms', *Industrial and Labor Relations Review*, 47: 302-318.
- Holson, L. (1998) 'Echlin Loses Effort to End Hostile SPX Bid', *New York Times*, 25 March, D1.
- Holusha, J. (1993) 'A Profitable Xerox Plans to Cut Staff by 10,000', *New York Times*, 9 December, D1.
- Holusha, J. (1995) 'Singing the Steelworker Blues: A Minimill Deal at LTV leaves Union Feeling Jilted', *New York Times*, 13 December, D1.
- International Brotherhood of Teamsters v. Fleming Cos.*, 975 P.2d 907 (Okla. 1999)
- International Brotherhood of Teamsters v. Fleming Cos.*, 975 P.2d 907 (Okla. 1999)
- Investor Responsibility Research Center (2002-2006) *Shareholder Resolution Database* [<http://www.irrc.org/>, subscription only].
- Jensen, M. C. (1989) 'Eclipse of the Public Corporation', *Harvard Business Review*, 67(5): 61-74.
- Jensen, M. C. (2002) 'Value maximization, stakeholder theory, and the corporate objective function', *Business Ethics Quarterly*, 12: 235-263.
- Karpoff, J.M.; P. Malatesta, and R. A. Walking (1998) 'Corporate Governance and Shareholder Initiatives', *Journal of Financial Economics*, 42: 365-395.
- Koppes, R. (1996) 'And in the Long Run We Should Win', *New York Times*, May 19, C13.
- Labor and Corporate Governance* (1999) Newsletter published by the Investor Responsibility Research Center, July, 1.
- Larcker, D. F., S. A. Richardson, and I. Tuna (2004) 'Does Corporate Governance Really Matter?', *Working Paper*, Wharton School.
- Leonhardt, D. and S. Greenhouse (2006) 'Real Wages Fail to Match Productivity', *New York Times*, 28 August, A1.

- Levine, D. I. and L. D. Tyson (1990) 'Participation Productivity and the Firm's Environment', in A. Blinder (ed.) *Paying for Productivity: A look at the Evidence*. Washington, D.C.: Brookings Institution, 183-243.
- Lewis, D. (1996) 'Unions Seek Leverage as Shareholders', *Boston Globe*, 7 April, 71.
- Limbacher, P. (1995) 'DOL Peeking over Proxy Shoulders', *Pension and Investment*, 6 March, 1 and 35.
- Lipset, S. M. (1950) *Agrarian Socialism: The Cooperative Commonwealth Federation, a Study in Political Sociology*. Berkeley: University of California Press.
- Love, J. (1999) 'Oregon Steel Group Organizes Shareholder Vote', *Oregonian*, 25 February, B1.
- Manheim, J.B. (2001) *Death of a Thousand Cuts*. Mahwah, NJ: Lawrence Erlbaum Associates.
- Marens, R. S. (2004) 'Waiting for the North to Rise: Revisiting Barber and Rifkin after a Generation of Union Financial Activism in the United States', *Journal of Business Ethics*, 52: 109-123.
- Marshall, R. (1991) 'High Performance Work and Learning Systems', *Keynote address to the AFL-CIO Human Resources Conference*, 26 September
- Marshall, R. (1992) 'Work Organization, Unions, and Economic Performance', in L. Mishel and P. Voos (eds.), *Unions and Economic Competitiveness*. Armonk: M. E. Sharpe, 287-313.
- Masters, M.F. (1997) *Unions at the Crossroads: Strategic Membership, Financial, and Political Perspectives*. Westport, CT: Quorum Books.
- McAdam, D. and J. D. McCarthy, and M. N. Zald (1988) 'Social Movements', in N. J. Smelser (ed.) *Handbook of Sociology*. London: Sage, 695-737.
- McGregor, D. (1960) *The Human Side of Enterprise*. New York: McGraw-Hill.
- Metcalfe, H. (1926) *Scientific Foundations of Business Administration*. Baltimore: Williams and Wilkins Co.
- Miller, G. (1992) *Managerial Dilemmas: The Political Economy of Hierarchy*. Cambridge: Cambridge University Press.
- Moberg, D. (1998) 'Union Pension Power', *The Nation*, 1 June, 16-20.
- Mooney, P. H. and S. A. Hunt (1996) 'A Repertoire of Interpretations: Master Frames and Ideological Continuity in the U.S. Agrarian Mobilization', *Sociological Quarterly*, 37: 177-197.
- Nesbitt, S. (1994) 'Long-Term Rewards from Shareholder Activism: A Study of the CALPERS Effect', *Journal of Applied Corporate Finance*, 6: 75-80.
- Nevada Employment News Letter* (2001, April), Nevada Union Activity in Brief, 6(7), [<http://web.lexis-nexis.com/universe/>].
- Noble, K. (1988) 'Organized Labor Taking Fight to Shareholders', *New York Times*, 20 March, A4.
- Nomani, A. (1994) 'Calpers Says its Investment Decisions will Reflect how Firms Treat Workers', *Wall Street Journal*, 16 June, A5.
- NYCERS et al v. SEC 843 F.Supp 858 (S.D.N.Y. 1993).
- NYCERS et al v. SEC 45 F.3rd 7 (2nd Circ. 1995).
- Oshkosh B'Gosh Proxy Statement* (1995) 6 May, *Lexis Online Service*. Nexis/fedsec/SEC Filings and Reports.
- Oliver, P. E. and H. Johnston (2000) 'What a Good Idea! Frames and Ideologies in Social Movement Research', *Mobilization*, 5: 37-54.
- Osterman, P. (2000) 'Work Reorganization in an Era of Restructuring: Trends in Diffusion and Effects on Employee Welfare', *Industrial and Labor Relations Review*, 53: 179-196.
- Pearce, T., J. Groff, and J. Wingender (1995) 'Union Decertification's Impact on Shareholder Wealth', *Industrial Relations*, 34: 58-70.
- Pensions and Investments* (2004) 'Pension One Thousand: Statistics at a Glance for 2004', [<http://www.pionline.com/pension/>]
- Peters, J.W. and M. Maynard (2005) 'Lofty Promise of Saturn Plant Runs into G.M.'s Fiscal Reality', *New York Times*, 2 December, A1.
- Pollin, R. (2003) *Contours of Descent: US Economic Fractures and the Landscape of Global Austerity*. New York: Verso.

- Pomfret, J. (2000) 'IPO Arrives with a Quiet Pulse', *Washington Post*, 6 April, E1.
- Pound J. (1992) 'After Takeovers, Quiet Diplomacy', *Wall Street Journal*, 8 June, A10.
- Raine, G. (2005) 'Two Hotels Give in to Union', *San Francisco Chronicle*, 13 September, D1.
- Rasmussen, J. (1998) 'Teamsters Tackle Overnite', *Omaha World Herald*, 23 July, 16.
- Rochon, T. (1998) *Cultural Moves: Ideas, Activism, and Changing Values*. Princeton: Princeton University Press.
- Rogers, R. (1984) 'How Labor Can Fight Back', *USA Today*, 12 July, E15.
- Romney, L. (2000) 'State Treasurer Seeks Investment in Poorer Areas', *Los Angeles Times*, 11 May, C1.
- Rosenblum, J. (1995) *Copper Crucible*. Ithaca: Cornell University Press.
- Rude, G. F. E. (1980) *Ideology and Popular Protest*. New York: Pantheon Books.
- Ruttenberg, H. J. (1939) 'The Strategy of Industrial Peace', *Harvard Business Review*, Autumn, 158-176.
- Safeway 10-Q Filing (2004) 29 July, *Lexis Online Service*. Nexis/fedsec/SEC Filings and Reports.
- Schwab, S. and R. Thomas (1999) 'Realigning Corporate Governance: Shareholder Activism by Labor Unions', *Michigan Law Review*, 96: 1018-1090.
- Scism, L. (1994) 'Labor Unions Increasingly Initiate Pension Proposals', *Wall Street Journal*, 1 March, C1.
- SEC No-Action Letter 165 (1993). *Lexis Online Service*. Nexis/fedsec/noaction file.
- Sheinkman, J. (1988) 'Labor, Shareholders, a Mutuality of Interest', *Los Angeles Times*, 5 September, M5.
- Shinal, J. (2004), 'Looking Offshore', *San Francisco Chronicle*, 7 March, I11.
- Snow, D. and R. Benford (1988) 'Ideology, Frame Resonance, and Participant Mobilization', *International Social Movement Research*, 1: 197-217.
- Snow, D. and R. Benford (1992) 'Master Frames and Cycles of Protest', in A. Morris (ed.) *Frontiers in Social Movement Theory*. New Haven: Yale University Press, 133-155.
- SouthWest Airlines Proxy Statement (1995) 31 March, *Lexis Online Service*. Nexis/fedsec/SEC Filings and Reports.
- Stutz, H. (2005) 'Union Seeking Station Changes', *Los Vegas Review-Journal*, 26 April.
- Swart, W. J. (1995) 'The League of Nations and the Irish Question: Master Frames, Cycles of Protest, and "Master Frame Alignment"', *Sociological Quarterly*, 36: 465-481.
- Sweeney, P. (1996) 'Clash by Proxy', *Across the Board*, 33(5): 21-5.
- Tarrow, S. (1989) *Democracy and Disorder*. New York: Oxford University Press.
- U.S. Department of Labor (1993) *High Performance Work Practices and Firm Performance*. D.C.: Government Printing Office.
- U.S. Department of Labor (1994a) *Road to High Performance Workplaces, A Guide to Better Jobs and Better Business Results*. D.C.: Office of the American Workplace.
- U.S. Department of Labor (1994b) Interpretive Bulletin Relating to Written Statements of Investment Policy, Including Proxy Voting Guidelines. 29 CFR 2509.94-2.
- Van Buren, H. (2003) Former Director of the Investment Office of the American Episcopal Church, *Personal Communication*, 4 September.
- Vise, D. (1985) 'Institutional Investors Join Forces for Clout: Pension Fund Holdings Become Major Market Force', *Washington Post*, 12 May, F1.
- Voyles, S. (2006) 'Station Casinos Arrange Fight against Petition', *Reno Gazette-Journal*, 13 June, 1
- Walters, D. (2004) 'CalPERS Action: Mere Coincidence or Evidence of Side Agendas?', *Sacramento Bee*, 21 May, A3.
- Wayne, L. (1994) 'Have Shareholder Activists Lost their Edge?', *New York Times*, 30 January, 3-7.
- Weil, J. and J. S. Lublin (2004) 'Gadfly Activism Leads to Possible Ouster of President', *Wall Street Journal*, 1 December, A1.
- Whelan, D. (2004) 'Unsafe at Safeway', *Forbes*, 7 June, 66-67.
- Winetraub, D. (2004, 19 December) 'CalPERS Targets Firms that Replace Public Sector', *Sacramento Bee*, E1.

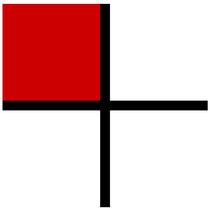
Woodward, B. (1994) *Agenda: Inside the Clinton's White House*. New York: Simon and Schuster.

Zuckerman, S. (2000) 'CalPERS Protests BoA Chief's Huge Pay', *San Francisco Chronicle*, 12 April, A1.

the author

Richard Marens is an assistant professor of management at California State University, Sacramento. He has published articles on the history of management and business ethics, shareholder activism, employee ownership, and the relationship between business ethics and corporate law. He is currently researching the Taylorist and industrial relations roots of corporate social responsibility.

E-mail: marensr@csus.edu



Worker-Ownership as an Instrument for Solidarity and Social Change?^{*}

John T. Luhman

abstract

Is worker-ownership an instrument for solidarity and social change? Will its organizational form stimulate a social consciousness that leads members to be involved with social movements such as community development, labor activism, environmental campaigning, or human rights promotion? To answer this question I offer textual data that suggest that worker-ownership may be an effective instrument for solidarity and social change *dependent* upon the collective political vision of the members.

Democracy, once adopted in a noble fashion, automatically leads to discipline and responsibility, to the consolidation of solidarity, in short, to authentic social progress... (Fr. Jose Maria Arizmendirreta)

Introduction

This quote is from the writings of Father Arizmendirreta, the guiding spirit behind the vast Mondragon cooperative system in the Basque region of Spain. His advice and mentoring helped start their first worker coop in the early 1950s with a handful of founding members, to what today consists of over 150 worker-owned firms with over 20,000 members, a credit union, schools and a vocational college, health clinics, and a private social security system. He believed that work in a democratically structured cooperative would be a catalyst for the members to participate in social change and create solidarity with their community and other workers. The purpose of this paper is to ask if Arizmendirreta's belief holds true for worker coops beyond Mondragon. Does the organizational form of a worker-owned firm stimulate a consciousness of solidarity and a drive for social change among its members? I attempt to answer this question by returning to my previous research (Luhman, 2006; Luhman, 2005; Luhman, 2000) to offer textual data that suggest that worker-ownership may be an effective instrument for

* An earlier version of this paper was presented in the symposium 'Local Solidarity: Historical and Contemporary Experiments in Socially Responsive Business Development' at the Annual Meeting of the Academy of Management in Atlanta, Georgia, August 2006. This version was revised and resubmitted on May 15, 2007.

solidarity and social change *dependent* upon the collective political vision of the members. Although members' political vision may be brought with them as they join a coop, or developed during their time with the coop, their experience of equal of rights and accountability in their workplace will further their sense of solidarity and drive for social change. This paper is organized into three sections: a brief review of the study of worker-ownership; a review of my previous research on democratic structures in worker coops; and a discussion on the question of worker-ownership as an instrument for solidarity and social change.

But first, what is worker-ownership? In a business school environment, especially in the United States, ordinarily little is known of the history and practices of the worker-owned cooperative (otherwise known as a worker coop, a producer cooperative, or more technically a labor-managed firm), organizations that blossomed out of the 19th and 20th century cooperative movement. A worker coop is held as an organizational solution to the alienation of workers from their labor (Campbell, Keen, Norman & Oakeshott, 1977), and as means to 'burst the bonds' of the capitalist organization (see Corina, 1994; Jones, 1894; Knoop, 1969). Experiments in worker cooperatives are inspired in part by a social consciousness that prioritizes shared economic opportunity rather than the maximization of individual wealth. Three centuries of economic insecurity resulting from industrialization and urbanization motivated artisans, craft workers, factory workers, miners, farmers, and service workers to build cooperative workplaces. In the past, early 19th century Workingmen's Associations, unions such as the Knights of Labor, and New Deal public works programs, all promoted worker-ownership. Workers in the U.S. northwest plywood industry, asbestos miners in Vermont, and home care workers in New York City have all been among the many who have sought opportunity and dignity through the cooperative business form. Today, for example, the *U.S. Federation of Worker Cooperatives* (<http://usworker.coop>), the *International Organization for Industrial, Artisanal and Service Producers' Cooperatives* (<http://cicopa.coop>), and the *International Co-operative Alliance* (www.ica.coop) all promote the use of worker-ownership as an instrument for community and social development. There are 210 worker cooperatives in the United States today according to the most recent count by the *U.S. Federation of Worker Cooperatives*.

Yet, is worker ownership an instrument for solidarity and social change in that it stimulates a social consciousness and member activism in social movements such as community development, labor activism, environmental campaigning, or human rights – the concern of this special issue? Once again, in a typical business school, little thought is placed toward the idea of solidarity and a drive for social change between and amongst workers and their community. Solidarity, defined as "shared membership characterized by mutual care and mutual respect, that is, a sense of belonging enriched by a commitment to human dignity – to love one's neighbor as oneself" (Schweigert, 2002: 33), and a desire for social change, are both key concerns within critical management studies. Jermier (1985) points out that critical management studies is naturally concerned with the lack of a class consciousness (i.e. solidarity amongst workers), and with the lack of awareness of one's oppressive state by living in an illusion of freedom (i.e. a desire for a better world). While there are many perspectives influencing critical management studies, for Jermier, the first concern grows out of the

tradition of dialectical Marxism, in which people must uncover the distortion of reality by the privileged classes, specifically with capitalism's process of the commodification of labor, and view the complex forms of oppression through labor's political and historical alienation from the means of production (cf. Mészáros, 1970). The second concern grows out of the tradition of critical theory, in which people should resist their domination by the symbolic processes of capitalism (i.e., the cultural industry that manufactures consent among the laboring class) (cf. Debord, 1967). It is this 'critical' interest in critical management studies that connects to the goals of the cooperative movement in their mutual desire to promote social justice in the workplace, create solidarity between workers of all types, and provide organizational alternatives to the conventional form. In particular, organizational alternatives structured upon democratic principles.

A Brief Review of Worker-Ownership

A worker-owned cooperative is a business organization in which those who perform the work hold the legal rights over profits (i.e. the members) and it is they who exercise direct or indirect control over the production process. A conventional firm (i.e. a 'capital-managed firm'), by comparison, determines the legal right over profit through the property ownership of capital assets, and therefore capital owners exercise direct or indirect control over the production process (Doucouliagos, 1995; Dow, 1993). Worker coops provide members with voting rights over those who manage the firm attempting to create a democratic workplace. This structure is usually reinforced by a set of core principles: management is by majority rule of members; members receive an equal share of the net income; members determine the firm's output level and price levels (given market conditions); and, the size of the firm is determined by the members (given the labor supply). In economic theory these core principles are represented by the Ward-Domar-Vanek model (known from the combination of the three studies: Ward, 1958; Domar, 1966; Vanek, 1970). Their structure and core principles are believed to provide an answer to the major paradox of capitalist production – that of an authoritarian economic life within a democratic political life (Vanek, 1987). A democratic society should promote work where employees are asked for their input, listened to, have their voices count, and engages their human potential. Many theoreticians that advocate worker-ownership claim that: participation increases productivity; the dispersion of asset ownership increases equitable income distribution (Jones, 1986a); worker-ownership helps to stabilize employment levels, a process that would create a smaller Keynesian multiplier in the event of exogenous shocks (Doucouliagos, 1997); self-interest through profit-sharing and altruism through an ideological commitment to the members creates higher levels of individual motivation (Abell, 1983; Jossa & Cuomo, 1997); and, productivity and innovation increases because of the solidarity between an individual's aspirations and an organization's goals (Booth, 1985). All of these advantages are theorized to outweigh the inherent disadvantages of cooperatives, meaning issues such as a lack of capital financing, the risk aversion of workers, or management ineffectiveness (Abell, 1983).

Beyond theoretical claims, there is abundant evidence regarding the economic viability and efficiency of worker-owned firms. Key studies of the efficiency include: Bellas's (1972), Berman and Berman's (1989), and Craig and Pencavel's (1992) northwest U.S. plywood industry studies; Jones' (1986b) Polish study; Mygind's (1986) Danish study; Perotin's (1987) and Defourney's (1992) French studies; Prasnikař, Svejnar, Mihaljek, and Prasnikař's (1984) analysis of Yugoslavian worker coops; Thomas and Logan's (1982) Mondragon study; Thordarson's (1987) Swedish coops study; and Zevi's (1982) study of Italian coops. Doucouliagos (1997) conducted a meta-analysis of existing quantitative studies and found no significant difference between the efficiency of worker-owned firms and comparable conventional firms. In addition to the evidence on efficiency, there is also literature on population and niches such as in professional, craft, or labor-intensive industries (e.g. Stephen, 1984; Bonin, Jones and Putterman, 1993) as well as literature on life cycles (e.g. Russell, 1993; Lichtenstein, 1986).

Although there are many supporters of worker-ownership, there are many detractors too. Karl Marx was one of the first to theoretically challenge the viability of worker coops in their attempt to sustain democratic management practices and structures. Marx believed that since these coops were subject to the competitive forces of capitalism, they would eventually exhibit the non-democratic characteristics of the conventional capitalist firm, such as the non-accountability of owners and managers to workers, and wage differentials (Cornforth, Thomas, Lewis & Spear, 1988). Or as one speaker at a cooperative conference in 1886 put it: "There is a very great danger, now that co-operators have become capitalists to a certain degree, that they may forget and depart from their first principles, and seek to exercise their capital as a power over others, rather than use it as a stepping-stone to the emancipation of their class" (Gray, 1886: 7).

Beatrice Potter (1891), and later with her husband (Webb & Webb, 1914), described this reproduction of the business practices of conventional firms within worker-owned firms as 'degeneration.' According to them, cooperatives could not maintain their utopian dream of organizational democracy and local solidarity under the pressures of economies of scale and organizational rationalization. Departure from their principles can take on three distinct forms (Cornforth *et al.*, 1988: 112-119). First, there is the form of 'constitutional degeneration' where workers eventually lose their property rights as members of the firm. Second, in the form of 'goal degeneration' where the priority of the firm's members becomes purely profit seeking and the social goals are left behind. Finally, there is 'oligarchical or managerial degeneration' where an elite group takes control over the members' decision-making power. Max Weber (1968) critiqued democratic management on the basis that the specialization of tasks in a rational organization (i.e. Weber's theory of bureaucracy) demonstrates the benefits of the separation of roles between workers and managers as well as between managers and owners. Essentially as coops grow in size and in technical complexity, its organization must become professionalized, hierarchical, and primarily profit-oriented.

My Research on Worker-Ownership

I am still left with my second question: are these firms an instrument for solidarity and social change? To answer, I turn to my previous research (Luhman, 2000) in which I developed a framework of organization democracy from an analysis of ethnographic and case study literature on worker-owned cooperatives. I believed that a study was necessary to find evidence that supported the assumption of the existence of democracy in the practices of worker coops. Most of the theoretical literature on worker-ownership declares that organization democracy exists simply because members vote on strategic and implementation issues and management is accountable to the members of the firm. Thus, my primary research question asked if the ethnographic and case study literature on worker coops could confirm the theoretical assumption that they practice organizational democracy. This primary research question required, however, that the term of organizational democracy be defined as a secondary research question. I first examined the theoretical literature to create a framework of how firms might incorporate concepts of democracy in their social structures, and then I examined a collection of ethnographic and case studies to discover their recorded practices.

My research examined texts from published social science literature to combine and analyze descriptions across qualitative studies. This research method has two precedents. First, Hodson, Welsh, Rieble, Jamison, and Creighton (1993) and Hodson (1996) – describing their method as ‘secondary data analysis’ – coded their textual data quantitatively (using multiple coders to verify reliability) in order to create a predictive model. Second, Noblit and Hare (1988) – describing their method as ‘meta ethnography’ – coded their collection of ethnographic studies to construct interpretive explanations in which to create an inductively derived descriptive model. My previous research was more in line with the latter precedent in that I left the coded data in narrative form to create a descriptive model in order to describe (see Pleasants, 1999). A recent example of this method is Dixon, Roscigno & Hodson (2004) study of unions and solidarity strikes. Closer examples of secondary data analysis in organization studies are Litterer’s (1986) framework of pre-Taylor management thought, and Locke and Golden-Biddle (1997) framework of how authors construct their so-called contribution to management knowledge.

My data set included ethnographies (i.e. derived from participant observation and interviews) and case studies (i.e. derived from outsider observation, interviews and archival data). The collection of data began with searching reference banks for ethnographic research and case studies in academic journals or books. There were 279 items retrieved from the citation list, but after reading each item an actual amount of 122 distinct ethnographic studies or case studies of worker coops was determined. The studies came from countries such as Chile, Ethiopia, Yugoslavia, or Belgium. The largest collections coming from the United States (29), the United Kingdom (22), India (13), Spain (12), and Ireland (11) (a list of studies and their context is available from the author). The next step involved coding through a process of reading and identifying textual passages that related to some concept of organizational social structure. Passages were coded by writing personal notes that described concepts, then sorting the concepts, and deciding on the key concepts (cf. Locke and Golden-Biddle, 1997). Textual

passages that belonged to a key concept were identified and brought together through NVivo™ (software developed for the management and analysis of qualitative data).

I developed a framework of organization democracy in worker-owned firms and later derived three postulations. First, the structure of organization democracy in worker coops can be viewed as a conflation of different political visions. The collective political vision of members in each coop is really what creates their ideal type of organization democracy (Luhman, 2006). Second, organization democracy can be viewed as an attempt to (a) make decisions through a set of rules and procedures that are transparent and rational, (b) select and retain members with a coherent set of collective values, and (c) preserve the political visions of members in order to oppose a life completely dominated by formal rationality (Luhman, 2006). And third, that an unproven belief regarding human nature, or what one might call faith, will drive the preferred types of social structures utilized to create organization democracy within a worker coop (Luhman, 2005). I provide my framework of organization democracy in worker coops in the Appendix. The conclusion I made from this research project was that when models of economically successful worker cooperatives are explored, embraced, and implemented by workers, a transformation from an autocratic culture of dependency to a democratic culture of interdependency does begin to emerge.

Worker-Ownership as an Instrument for Solidarity and Social Change

Cheney (1997) specifically examined the concern of solidarity and worker ownership in his study of the early 1990s reorganization of the Mondragon cooperative system. During his time studying the coops, he observed some of the members fighting to maintain solidarity and a social dimension against management's push for further rationalization by reorganizing along lines of business sectors rather than the geographic location of the coops.

They see solidarity especially in terms of worker-members' commitments to one another, bonds that are much stronger when co-op members are citizens of the same community. At the same time, this group emphasizes the co-op's linkage to its host community. Thus any move toward reorganization along sectoral or functional lines is seen as a direct threat to solidarity. In one statement made at a general assembly meeting of one of the largest and the oldest co-ops in 1993, the group warned, 'In the interest of being more modern and more efficient, the co-operatives, under the name of the Mondragon Cooperative Corporation, are trying to dismantle the basic rights of the socios and undermining its most advanced social dimensions.' (Cheney, 1997: 77)

So what answer does my previous research provide toward the question of worker coops being instruments for solidarity and social change? The first step is to examine my theoretical concepts on organization democracy that are related to the concern for solidarity and social change. There are three key concepts which are related: *Community Solidarity*, *Consciousness*, and *Sense of Class Solidarity*. First, *Community Solidarity* is the concept that the practice of organizational democracy requires individuals, as well as groups, to have a sense of solidarity with the needs of the community in which their firm is located. A democratically organized worker coop

should encourage concern for the social and environmental health of their community. Here is one theoretical textual passage relating this key concept:

Workers' control of production can lead to greater community control over it. Workers constitute a community in their productive work, which in turn is part of the community they live in. The two communities are likely to have many common interests. The same cannot be said for the relationship between a community where a firm is located and capital owners, who may have no living connection with that community. Of course, workers who control a firm in their community and others who live in that community may have conflicting as well as common interests. Direct communication between community constituencies and the working community provides opportunities for conflict resolution and for development of more complete linkages between people's lives as producers, consumers, and citizens. (Gunn, 1984b: 36)

Second, *Consciousness* is the concept that the practice of organizational democracy requires individuals have or develop a consciousness of cooperation, and a consciousness of the greater good. A shared or common value set is necessary for the smooth and efficient running of participatory decision-making processes. Here is one example of this theoretical concept:

According to these researchers, for self-management a person must lean generally in the direction of self-reliance, flexibility, and activism. He or she needs to be able to admit his or her own mistakes, be receptive to new and unfamiliar experiences, and be able to fashion compromises with others. The capacity for self-management also includes a readiness to look for past trends and future consequences, sensitivity to the difference between means and ends, and a strong sense of attachment to one's fellows. (Bernstein, 1980: 93)

Finally, *Sense of Class Solidarity* is the concept that the practice of organizational democracy often involves workers having a sense of labor class solidarity which guides their judgment during decision making. Here is one example textual passage:

The Articles were also specific about union membership. Apart from a provision to cover objections on conscientious grounds, those who joined the company would have to join the relevant union. The most important reason for this insistence was the feeling that the unions had been responsible for an enormous improvement in wages and conditions and that people who joined the industry but not the union would thus be like passengers who joined the bus but declined to pay the fare. (Oakeshott, 1978: 96)

As a first step I presented three theoretical concepts – *Community Solidarity*, *Consciousness*, and *Sense of Class Solidarity* – that show a concern for solidarity and social change among advocates and promoters of worker-ownership. The second step is to examine the textual passages from my collection of ethnographic and case studies that support, or don't support, the theoretical concern for solidarity and social change. Based on my immersion in the data, I offer three specific textual data points that are thematic to the struggle of members to create and maintain local solidarity. Spradley tells us that themes are "assertions that have a high degree of generality" (1980: 141). These example data points suggest that worker-ownership stimulates a social consciousness that leads to participation in social movements.

In the long run, it is hoped to channel profits into community centres and other ventures for the Bengali community. At present, the restaurant is used as a base for English language classes. (Derrick, 1984: UK 27)

Much of the energy of the co-op members goes not into building the co-op, but into developing the community where most members live. Community projects have included creating a food co-op and building both a free school and a combined community center, health clinic, and co-op office. Members have a reputation for being ardent environmentalists who strongly oppose the use of herbicides and are willing to take direct action against their use. (Gunn, 1984a: 85)

When asked whether Salsedo's members share in the press threatens their solidarity with (non-owner) workers elsewhere, Gleason replied, "That's possible in theory, but in practice, the opposite is borne out." She cited the examples of Mondragon, a network of cooperatives employing twenty thousand worker-owners, which "has always helped to develop new cooperatives and to expand the cooperative movement in the Basque region of Spain," and of Weirton Steel, a worker-owned steel mill in West Virginia, which has aided workers in failing steel plants at its own expense. Salsedo itself helped workers at another print shop in their attempt to convert to a cooperative. Gleason stressed that "co-ops need to be in the union movement" in order to maintain links with other workers. (Salsedo's production workers are members of the International Typographical Union). She further suggested that worker-owned companies have more concern for the communities and the environment in which their workers live than ordinary corporations do. Co-ops, she believes, are one aspect of "a larger movement for social justice, expanded democracy, and empowerment of regular people in this country." (Hart, 1992: 18-19)

By creating a democratic social order, the social structures within a worker cooperative promote the sharing of information, resources, and power. The members work in a self-renewing and dynamic community. The genius is not in their ability to create wealth, but in their ability to repair community members from the mental and social anguish of industrialization and globalization. These examples do suggest that worker-owned cooperatives can be an instrument for solidarity and social change.

However, there are 'counter-examples' in my data, cases in which members resist any conscious attempt to create and maintain local solidarity. Here are two thematic data points, which suggest that worker-ownership does not stimulate solidarity and social change:

Despite the solidarity generated by the conflicts described, the early stages of the co-operative generated quarrels among the members which took several forms. At first, there was a division among the ex-union members who became members; on the one side were those who were overtly politically motivated and anxious to politicize the membership while engaging them actively in national politics, and on the other were those who were politically neutral. The majority of members felt that politics was a cause of division among members and that this and the factionalism to which they felt it gave rise were preventing members from devoting their whole attention to the pressing need to establish a viable enterprise. (Abell & Mahoney, 1988: 70)

The most pertinent lesson from this common ownership enterprise in South Wales is the rather different one already referred to in the book's opening section. It is that an enterprise of this kind may have to part formal company with the unions whatever the claims of working-class solidarity. At the lowest level, as Burnett saw it, the union might simply prove irrelevant once genuine bottom-upwards control had been achieved. (Oakeshott, 1978: 91)

The answer to the question of whether or not worker-ownership is an effective instrument for solidarity and social change remains ambiguous. The manner that I have to come to terms with this ambiguousness is the postulation (Luhman, 2006) that each cooperative centers on a collectively distinct political vision, which can be viewed through Mannheim's (1936) four utopian images of Anarchism, Liberalism, Conservatism, and Radicalism. Utopian images represent different conceptions of the desirability of change in the status quo, the directions that change should go, and its

pace, as well as different orientations toward ideal times (past, present or future). To start with, Anarchism is the belief in revolution as value in itself, in the spontaneity of human experience. It views human nature as something that is consumed by the monotony of everyday life or created in a spontaneous moment of enlightenment. Thus the possibility of liberation for each human is always at hand in the present. Liberalism is the belief in the evolutionary culmination of reason as individuals strive to advance their psychological maturity by creating conditions for their self-awareness. It views human nature as something that changes as individuals slowly gain the capacity to reason, making the possibility of liberation oriented toward the future. Conservatism accepts contemporary society, and legitimates those with power, by viewing it as the natural order. It views human nature as something permanent, where the possibility of liberation has already been achieved and so the future and the present are the same. And finally, Radicalism is the belief in the promise of a new social order of justice and equality through large-scale revolutionary action. It views human nature as something determined by historical forces – it is egoistic now because of capitalism, yet can be cooperative under a different context. Thus the possibility of liberation is only through future social change.

So, can worker-ownership stimulate a social consciousness that leads its members to involvement with social movements? The answer seems to be that it depends on their collective political vision. This is demonstrated as I turn now to my recent experience attending the 2006 *U.S. Federation of Worker Cooperatives* meeting in New York City – a conference of members of various worker-owned cooperatives. There I took notes at a morning workshop entitled ‘Co-ops and Social Movements.’ Paraphrased here are some of comments of the participants.

Coops are a part of a larger social movement, an expression of a new world, a new set of values, and a move to a new society. We need a broad group to bring us all together.

Part of doing coop well and surviving in the business world is forming partnerships and alliances with other social movement groups.

The acronym of TINMISJWYCDTSW really applies here: “There is no more important social justice work you could do than start a worker-cooperative.” We’re here not to solve all the world problems but an important economic problem.

Our core value as a coop is to support other coops, not necessarily broad social movements. We want people to focus on democracy in the workplace. That needs to be spread through coop activities and through the individual lives of members.

When people live well – in happy, secured jobs – then they have time to go do their own individual political and community activities.

These sample comments reflect somewhat distinct utopian images on the pace of social change and its orientation toward an ideal time. There are reflections of the slow pace of social change supported by Liberalism contradicting with reflections of the possibility of spontaneous change or revolutionary change supported by Anarchism and Radicalism respectively. Therefore, worker-ownership will be an instrument for solidarity and social change, in that it stimulates a social consciousness of activism, when the collective political vision of members reflects a more Radical or Anarchist utopian image. It will not when the collective political vision of members reflects a

more Liberal utopian image. Yet, I do believe that the democratic structure of worker-ownership can enable a transformation toward a broader democratic culture, no matter what priority members of worker cooperatives place toward solidarity and social change. When workers have the opportunity and the means to live in a reality of equal of rights and opportunity, they become part of a culture of interdependency.

Appendix: Framework of Organization Democracy

Concept	Description
Access to Information	All individuals have access to organizational information and individuals gain skills to deal with that information.
Accountable Hierarchical Controls	Organizational efficiency requires a hierarchical system of monitoring of performance, but this system is accountable to the workers.
Collective Management Roles	There is no specialization of management skills or knowledge in any distinct individuals, where management is a collective process rotated amongst group members.
Community Solidarity	Individuals and groups have a sense of solidarity with the needs of the community in which their firm is located.
Concern for Gender Equality	Workers should have a concern for women's rights and women's participation in the workplace.
Consciousness	Individuals have a consciousness of cooperation and a consciousness of the greater good (i.e. a common value set).
Control Over Tasks	Individuals have control over their work tasks.
Decision Making Process	Decisions to be made by the group are through either majority rule voting, or by achieving group consensus.
Job Rotation	The rotation of individuals between specific job positions to enrich their work lives.
Multiple Skills	Individuals have multiple amounts of skills, which can be continually utilized during their tenure.
Non-Hierarchical Controls	There is a severe restriction, or even the elimination, of any hierarchical system of control.
Norm of Self-Reliance	Individuals, or groups, do not submit to the cultural norm of dependence on authority to make decisions or perform tasks.
Procedural Formality	Groups operate with formality in the structure of their procedures and rules.
Procedural Informality	Groups, and/or the organization as a whole, work informally with a minimal amount of structure, procedures, or rules.
Rights and Appeal	There is an independent body (as in a judiciary) to protect the rights of individuals or minority groups from abuse by other individuals or majority groups.
Sense of Class Solidarity	Workers should have a sense of labor class solidarity which guides their judgment during decision making.
Sense of Meaningful Work	The organization strives to give individuals a sense of meaningful work.
Social Council	The organization establishes a structural body that acts on behalf of the workers quality of life concerns, similar to the role of a trade union.
Specialized Management Roles	There is a specialization of management skills and knowledge in distinct individuals.
Task Variety	Individuals have a variety of tasks to perform during their workday so as to enrich their lives.
Tolerance and	Individuals act with tolerance and respect for minority and/or dissenting

Respect	views, and act with tolerance and respect for differences within their group.
Wage Solidarity	The organization establishes a structure of equal, or near equal, wages for all employees in the organization.
Whole Work Process	Individuals have a clear idea of the whole work process of their organization.

Source: Luhman (2006: 173)

references

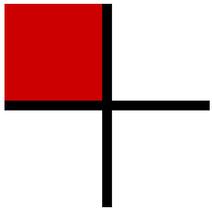
- Abell, P. (1983) 'The viability of industrial producer co-operation', in C. Crouch and F. Heller (eds.) *International Yearbook of Organizational Democracy, Volume 1: Organizational Democracy and Political Processes*. New York: John Wiley & Sons, 73-103.
- Abell, P. and N. Mahoney (1988) *Small-Scale Industrial Producer Co-operatives in Developing Countries*. Delhi: Oxford University Press.
- Bellas, C. J. (1972) *Industrial Democracy and the Worker-Owned Firm: A Study of Twenty-One Plywood Companies in the Pacific Northwest*. New York: Praeger.
- Berman, K. V. and M. D. Berman (1989) 'An empirical test of the theory of the labor-managed firm', *Journal of Comparative Economics*, 13: 281-300.
- Bernstein, P. (1980) *Workplace Democratization: Its Internal Dynamics*. New Brunswick: Transaction Books.
- Bonin, J. P., D. C. Jones, and L. Putterman (1993) 'Theoretical and empirical studies of producer cooperatives: Will ever the twain meet?', *Journal of Economic Literature*, 31(3): 26-56.
- Booth, D. E. (1985) 'The problems of corporate bureaucracy and the producer cooperative as an alternative', *Review of Social Economy*, 43: 298-315.
- Campbell, A., C. Keen, G. Norman and R. Oakeshott (1977) *Worker-Owners: The Mondragon Achievement*. London: Anglo-German Foundation for the Study of Industrial Society.
- Cheney, G. (1997) 'The many meanings of "solidarity": The negotiation of values in the Mondragon worker-cooperative complex under pressure', in B. D. Sypher (ed.) *Case Studies in Organizational Communication, II*. New York: Guilford, 68-84.
- Corina, J. G. (1994) 'William King (1786-1865): Physician and father of the co-operative movement', *Journal of Medical Biography*, 2: 168-176.
- Cornforth, C., A. Thomas, J. Lewis and R. Spear (1988) *Developing successful worker co-operatives*. London: Sage Publications.
- Craig, B. and J. Pencavel (1992) 'The behavior of worker cooperatives: The plywood companies of the Pacific northwest', *American Economic Review*, 82: 1083-1105.
- Debord, G. (1967) *Society of the Spectacle*. Paris: Buchet-Chastel [<http://www.nothingness.org/SI/debord/index.html>].
- Defourney, J. (1992) 'Comparative measures of technical efficiency for five hundred French workers' cooperatives', *Advances in the Economic Analysis of Participatory and Labor-Managed Firms*, 4: 27-62.
- Derrick, P. (1984) 'European workers' co-operatives: Perspectives from the United Kingdom', in *Prospects for Worker's Co-operatives in Europe, Volume 2: Country Reports - first series*: Luxembourg: Office of Official Publications of the European Communities, UK 1-UK 27.
- Dixon, M., V. J. Roscigno and R. Hodson (2004) 'Unions, solidarity, and striking', *Social Forces*, 83(1): 3-33.
- Domar, E. (1966) *The Soviet Collective Farm as a Producer Cooperative*. New York: Cambridge University Press.
- Doucouliafos, C. (1995) 'Institutional bias, risk, and workers' risk aversion', *Journal of Economic Issues*, 29: 1097-1118.
- Doucouliafos, C. (1997) 'The comparative efficiency and productivity of labor-managed and capital-managed firms', *Review of Radical Political Economics*, 29(2): 45-69.

- Dow, G. K. (1993) 'Democracy versus appropriability: Can labor-managed firms flourish in a capitalist world?' in S. Bowles, H. Gintis and B. Gustafsson (eds.) *Markets and Democracy: Participation, Accountability, and Efficiency*. New York: Cambridge University Press, 176-196.
- Gray, J. C. (1886) *Co-operative Production: A Paper Presented at Central Cooperative Board, Plymouth 1886*. Manchester: Cooperative Printing Society.
- Gunn, C. E. (1984a) 'Hoedads co-op: Democracy and cooperation at work', in R. Jackall and H. M. Levin (eds.) *Worker Cooperatives in America*. Berkeley: University of California Press, 141-170.
- Gunn, C. E. (1984b) *Workers' Self-Management in the United States*. Ithaca: Cornell University Press.
- Hart, E. (1992) 'Salsedo press: Community roots, quality printing', in L. Krimmerman and F. Lindenfeld (eds.) *When Workers Decide*. Philadelphia: New Society Publishers, 14-20.
- Hodson, R. (1996) 'Dignity in the workplace under participative management: Alienation and freedom revisited', *American Sociological Review*, 61(October): 719-738.
- Hodson, R., S. Welsh, S. Rieble, C. S. Jamison and S. Creighton (1993) 'Is worker solidarity undermined by autonomy and participation? Patterns from the ethnographic literature', *American Sociological Review*, 58(June): 398-416.
- Jermier, J. M. (1985) "'When the sleeper wakes": A short story extending themes in radical organization theory', *Journal of Management*, 11(2): 67-80.
- Jones, B. (1894) *Co-operative Production*. New York: Augustus M. Kelley Publishers.
- Jones, D. C. (1986a) 'Ambiguous legacies', *Society*, 23(3): 55-58.
- Jones, D. C. (1986b) 'Participation in worker co-operatives in Poland', in R. N. Stern and S. McCarthy (eds.) *International Yearbook of Organizational Democracy, Volume 3: The Organizational Practice of Democracy*. New York: John Wiley and Sons, 431-451.
- Jones, D. C. and J. Svenjar (1982) 'The economic performance of participatory and self-managed firms: A historical perspective and a review', in D.C. Jones and J. Svenjar (eds.) *Participatory and Self-Managed firms*. Lexington: Lexington Books, 3-13.
- Jossa, B. and G. Cuomo (1997) *The Economic Theory of Socialism and the Labor-Managed Firm: Markets, Socialism and Labor Management*. Brookfield: Elgar.
- Knoop, J. G. (1969) *The Rise of American Cooperative Enterprises: 1620-1929*. Danville: Interstate Printers and Publishers.
- Lichtenstein, P. M. (1986) 'The concept of the firm in the economic theory of 'alternative' organizations: Appraisal and reformulation', in S. Jansson and A. Hellmark (eds.) *Labor-Owned Firms and Workers' Cooperatives*. Aldershot: Gower, 51-72.
- Litterer, J. A. (1986) *The Emergence of Systematic Management as Shown by the Literature of Management from 1870-1900*. New York: Garland.
- Locke, K. and K. Golden-Biddle (1997) 'Constructing opportunities for contribution: Structuring intertextual coherence and "problematizing" in organizational studies', *Academy of Management Journal*, 40: 1023-1062.
- Luhman, J. T. (2006) 'Theoretical postulations on organization democracy', *Journal of Management Inquiry*, 15(2): 168-185.
- Luhman, J. T. (2005) 'A contradiction of organization democracy among labor-managed firms', *Tamara Journal*, 4(4): 143-159.
- Luhman, J. T. (2000) 'Searching for organizational democracy in labor-managed firms: A narrative study of the literature', (Doctoral Dissertation, New Mexico State University, 2000). Dissertation Abstracts, 61, 4457.
- Mannheim, K. (1936) *Ideology and Utopia: An Introduction to the Sociology of Knowledge*, trans. L. Wirth and E. Shils. New York: Harcourt, Brace & Company.
- Mészáros, I. (1970) *Marx's Theory of Alienation*. London: Merlin.
- Noblit, G. W. and Hare, R. D. (1988) *Meta-Ethnography: Synthesizing Qualitative Studies, Qualitative Research Methods Series 11*. Newbury Park: Sage.
- Oakeshott, R. (1978) *The Case for Worker's Co-ops*. Boston: Routledge and Kegan Paul.

- Perotin, V. (1987) 'Conditions of survival and closure of French worker cooperatives: Some preliminary findings', *Advances in the Economic Analysis of Participatory and Labor-Managed Firms*, 2: 201-224.
- Pleasant, N. (1999) *Wittgenstein and the Idea of a Critical Social Theory: A Critique of Giddens, Habermas and Bhaskar*. London: Routledge.
- Potter, B. (1891) *The Co-operative Movement in Great Britain*. London: George Allen and Unwin, Ltd.
- Prasnikar, J., J. Svejnar, D. Mihaljek and V. Prasnikar (1984) 'Behavior of participatory firms in Yugoslavia: Lessons for transforming economies', *Review of Economics and Statistics*, 76: 728-741.
- Russell, R. (1993) 'Organizational theories of the labor-managed firm: Arguments and evidence', *Research in the Sociology of Organizations*, 2: 1-32.
- Thomas, H. and C. Logan (1982) *Mondragon: An Economic Analysis*. London: George Allen and Unwin.
- Thordarson, B. (1987) 'A comparison of worker-owned firms and conventionally owned firms in Sweden', *Advances in the Economic Analysis of Participatory and Labor-Managed Firms*, 2: 225-242.
- Schweigert, F. J. (2002) 'Solidarity and subsidiarity: Complementary principles of community development', *Journal of Social Philosophy*, 33(1): 33-44.
- Spradley, J. P. (1980) *Participant Observation*. New York: Harcourt Brace Jovanovich College Publishers.
- Stephen, F. H. (1984) *The Economic Analysis of Producer Cooperatives*. New York: St. Martin's Press.
- Vanek, J. (1970) *The General Theory of Labor-Managed Market Economies*. Ithaca: Cornell University Press.
- Vanek, J. (1987) 'Toward a just, efficient, and fully democratic society', *Advances in the Economic Analysis of Participatory and Labor-Managed Firms*, 2: 13-78.
- Ward, B. (1958) 'The firm in Illyria: Market syndicalism', *American Economic Review*, 48: 566-589.
- Webb, S. and B. Webb (1914) 'Special supplement on co-operative production and profit-sharing', *The New Statesman*, 2(45): 1-31.
- Weber, M. (1968) *Economy and Society, Volumes 1 and 2*, G. Roth and C. Wittich (eds.). Berkeley: University of California Press.
- Zevi, A. (1982) 'The performance of Italian producer cooperatives', in D.C. Jones and J. Svejnar (eds.) *Participatory and Self-Managed Firms*. Lexington: Lexington Books, 239-251.

the author

John T. Luhman is an Assistant Professor of Management at Eastern New Mexico University where he teaches Organizational Behavior and Strategic Management in both the undergraduate and graduate programs. He is published in journals such as *Organization Studies*, *Journal of Management Inquiry*, *Philosophy of Management*, *Emergence: Complexity and Organizations*, and *Tamara Journal*. His research combines an interest in worker-ownership and organizational discourse analysis. He received his Ph.D. in Business Administration from New Mexico State University in 2000.
Address: College of Business, Station 49, Eastern New Mexico University, Portales, NM 88130, USA.
E-mail: john.luhman@enmu.edu



The Management of Populations

Nick Butler

review of:

Michel Foucault (2007) *Security, Territory, Population: Lectures at the Collège de France, 1977-78*, trans. G. Burchell. Basingstoke and New York: Palgrave Macmillan. (HB: pp.417, £19.99, ISBN 1 4039 8652 5)

The ongoing publication of the entire set of lecture courses which Foucault gave between 1971 and 1984 at the Collège de France have so far proved to be essential companions to his better known works. *Security, Territory, Population* – the fifth installment in a total series of thirteen, covering the period from January to April 1978 – is no exception. It provides a compelling glimpse into Foucault's research at a time when his intellectual interests were shifting in dramatic ways. One of the most significant changes to his work concerns the long-planned *History of Sexuality* project, which was put on indefinite hold after the publication of the first volume (*The Will to Knowledge*) in 1976. The project underwent successive revisions before volume two (*The Use of Pleasure*) and volume three (*The Care of the Self*) eventually emerged together in 1984. These adjustments to the direction of Foucault's research are very much apparent in the present lecture series, and for this reason *Security, Territory, Population* – as a work-in-progress – sheds a great deal of light on the development of his thought during this period.

Foucault spends much of the first three lectures in the series describing the 'apparatuses' (*dispositifs*) of security and, in particular, how they contrast to the apparatuses of law and discipline. Where law is understood as a *negative* power (it prevents, it forbids, it prohibits, etc.), and where discipline is understood as a *positive* power (it obliges, it prescribes, it incites, etc.), security is understood as neither a negative nor a positive power. Instead, Foucault argues, security 'lets things happen' and then reacts to this reality in a certain way in order to limit or even neutralize its more random, aleatory effects (p. 46-47). By way of example, Foucault discusses the kinds of techniques which are used to deal with various diseases in different periods. The juridical-legal response to leprosy in the fourteenth and fifteenth century and the disciplinary response to the plague in the sixteenth and seventeenth century are covered by Foucault in more detail in *History of Madness* and *Discipline and Punish* (see

Foucault, 2006: 3-8; 1991: 195-200). In *Security, Territory, Population*, Foucault shows how security deals with the disease of smallpox from the eighteenth century onwards. Rather than deploying techniques of exclusion or quarantine, as for leprosy and the plague, the focus for medical intervention now rests on determining probabilities and establishing averages through the use of statistics. Foucault explains that the fundamental problem for security in its management of the disease involves

knowing how many people are infected with smallpox, at what age, with what effects, with what mortality rate, lesions or after-effects, the risks of inoculation, the probability of an individual dying or being infected by smallpox despite inoculation, and the statistical effects on the population in general. In short, it will no longer be the problem of exclusion, as with leprosy, or of quarantine, as with the plague, but...the medical campaigns that try to halt epidemic or endemic phenomena. (p. 10)

The point now for medical intervention, in other words, is neither to prevent contact between the sick and the healthy nor to treat the disease in all patients but to establish the 'normal distribution' of smallpox in an entire population, which includes both the sick and the healthy. It is on the basis of this distributional curve that medicine can identify and attempt to reduce the most extreme deviations from the statistical norm (p. 62).

Like the techniques which were previously developed to deal with leprosy and the plague, security is not limited to medicine. From the eighteenth century onwards, it begins to extend into other domains. For example, security comes to organize urban space: it does not attempt to plan everything in advance to the last detail but rather estimates the amount of people and goods which will in all likelihood circulate through the city and then constructs houses, streets and districts on the basis of these possible events (p. 18-20). Or again, security comes to deal with food scarcity: it does not attempt to prevent scarcity in advance but instead forecasts its possible effects before they occur and then deals with them as and when they arise (p. 36-37). In short, security allows things to 'take their course' and then manages the result of this natural process, whose random or aleatory effects will have been restricted or cancelled out entirely by the calculus of probabilities (and therefore can no longer really be said to be 'random' or 'aleatory' at all). In contrast to legal prohibition and disciplinary regulation, then, security is concerned with the management of inevitable processes (neither good nor bad in themselves) which take place on the largest possible scale, which is to say, at the level of the population.

The first three lectures are highly suggestive in their examination of security, which extends and modifies the analysis of 'biopolitics' which Foucault began elsewhere earlier in the 1970s (see e.g. Foucault, 1998: 135-45; 2001: 90-110; 134-56; 2003: 239-63). From the fourth lecture, however, Foucault realigns the focus of the entire lecture course. Whereas in the opening lecture Foucault says that he wishes to undertake a "history of technologies of security" (p. 11), now he admits that he is more interested in charting the "history of governmentality" (p. 108). This history involves an examination of the way in which the modern administrative state is gradually carved out from various modes of governing men and a description of the particular rationalities which are attached to these practices. This shift in emphasis does not mean that the concept of security is abandoned. On the contrary, Foucault makes it clear that governmentality

takes security as “its essential technical instrument” (p. 108) in order to intervene at the level of the population from the eighteenth century onwards. But by focusing on the history of governmentality, Foucault is now able to widen both the thematic and the chronological scope of the lecture series.

It becomes clear at this point what is at stake for Foucault in outlining this history of governmentality. Elsewhere, Foucault warns against using a concept of power which takes the state as its basic model. On this view, power is said to be held exclusively by a monolithic institution which imposes its sovereign will on all of its subjects. Foucault rejects this concept of power and instead encourages attention to be paid to the multiple points at which power is exercised ‘from below’ (see e.g. Foucault, 1980: 122; 188; 1998: 85-102). The history of governmentality therefore allows him to take up the problem of the state without foregoing an analysis of the ‘microphysics of power’. Foucault signals his intention in *Security, Territory, Population* to deal with the state as an object of knowledge within a set of concerted practices rather than as one enormous abstract entity:

What if the state were nothing more than a way of governing? What if the state were nothing more than a type of governmentality? What if all these relations of power that gradually take shape on the basis of multiple and very diverse processes which gradually coagulate and form an effect, what if these practices of government were precisely the basis on which the state was constituted? (p. 248)

Or, put slightly differently:

Can we talk of something like a ‘governmentality’ that would be to the state what techniques of segregation were to psychiatry, what techniques of discipline were to the penal system, and what biopolitics was to medical institutions? (p. 120)

The state is to be treated in the same way as the prison, the barracks, the hospital or the asylum in Foucault’s earlier works: the aim is not to conduct an institutional study, but to examine the economy of power in which the institution is situated and the forms of knowledge to which it gives rise. If the state is conceptualized as a specific set of techniques, then the common idea of the state as a ‘cold monster’ which looms menacingly over civil society and controls its fine details from above is no longer applicable (p. 109, 248). The focus on the history of governmentality means that what is at stake is less the vast coordinated machinations of the state than “the ensemble formed by institutions, procedures, analyses and reflections, calculations, and tactics” (p. 108). It is on the basis of this ensemble that the state is able to function at all. The important point is that Foucault does not presuppose the state as a starting-point for his research, but takes governmentality as the broader political framework in which the state – as a specific form of governmental reason – is able to develop.

Foucault spends several lectures describing the Christian pastorate from the third century onwards, which he views as the historical background to political forms of governmentality. These lectures are particularly interesting in that they provide an elaboration of some of the themes Foucault was planning to develop in the proposed second volume of his original abandoned six-part *History of Sexuality* project, which was to be entitled *The Flesh and The Body* (Foucault, 1998: 21[n4]; see also Elden, 2005). The pastorate involves a relationship between a ‘shepherd’ and his ‘flock’, which

is to say, the Church and the totality of Christians. It is characterized, moreover, by a permanent intervention in the direction or conduct of Christian souls in everyday life. Foucault considers the pastorate to have given rise

to an art of conducting, directing, leading, guiding, taking in hand, and manipulating men, an art of monitoring them and urging them on step by step, an art with the function of taking charge of men collectively and individually throughout their life and at every moment of their existence. (p. 165)

Foucault emphasizes that the Christian pastorate does not disappear at the end of the sixteenth century – indeed, some of its characteristics become intensified – but it does mutate in important ways. Most significantly, its techniques of conduct move beyond a purely ecclesiastical context and begin to enter into types of political rationality. Put simply, there is a shift at the threshold of the classical age (roughly between 1580 and 1660) from a religious ‘economy of souls’ to a political ‘management of populations’ (p. 227). This new form of governmentality is characterized by the deployment of two distinct apparatuses whose common aim is the preservation of a dynamic set of forces. On the one hand, the diplomatic-military apparatus seeks to stabilize the set of forces *external* to the state, which is to say, the relations between European states in terms of territorial frontiers, commercial trading, military power, etc. The objective here, as Foucault tells us, is “the balance of Europe” (p. 296-306). On the other hand, the apparatus of police seeks to stabilize the set of forces *internal* to the state, which is to say, the maintenance of ‘good order’ within a state in terms of the productivity, health and growth of its population (p. 323-326). The objective in this case is the detailed regulation of a mass of individual bodies, or “the world of discipline” (p. 340).

From the beginning of the nineteenth century, Foucault argues that both the diplomatic-military apparatus and the apparatus of police no longer serve the same function in relation to the preservation of a dynamic set of forces which are external and internal to the state. A series of modifications are introduced into governmental reason at the cusp of modernity. What form does governmentality now take? The objective is still the maintenance of the state’s internal and external forces in equilibrium, but this is achieved through a different set of political techniques. These techniques take as their primary target the population – no longer understood as a mass of individual bodies which must be minutely regulated, but as a natural phenomenon which is subject to its own laws of movement, expansion and decline. Governmental reason in the nineteenth century allows these natural processes to occur and takes them into account instead of seeking to prohibit them from occurring (p. 349-354). Put simply, governmentality now takes the form of security. Somewhat circuitously, then, Foucault returns in his conclusion to the theme with which he began, although not without resituating the analysis of security within a broader history of governmentality.

The lecture series will be of great interest to many working within the field of management and organization studies and beyond. A great deal of attention has been paid to the concept of ‘governmentality’ over the last couple of decades in various academic fields. This is in part due to the publication of the highly influential edited collection *The Foucault Effect: Studies in Governmentality* in 1991, in which the fourth lecture from the *Security, Territory, Population* course originally appeared in English translation (see Burchell, Gordon and Miller, 1991). While this area of research has proved to be incredibly fruitful, the complete set of lectures in which the concept of

'governmentality' was first elaborated by Foucault has hitherto been unavailable. *Security, Territory, Population* therefore provides an indispensable resource for those who are already working on the history of governmentality as well as a useful point of reference for those who are familiar with Foucault's work but wish to gain additional insight into some of his most productive lines of historical inquiry.

One final comment. Michel Senellart provides an excellent overview of *Security, Territory, Population* which serves as an afterword to the present lecture series. This kind of synopsis is a common feature of all of the Collège de France courses published so far. What marks this particular postscript out, however, are its closing lines. Senellart writes that there has recently been an "application of the concept of governmentality to domains as distant from Foucault's central interests as human resource management, or organization theory" (Senellart, 2007: 391).¹ This fact, he goes on to say, "testifies to the malleability of [Foucault's] analytical scheme and its capacity to circulate in the most varied spaces" (*ibid.*). Perhaps this is true, although one is certainly left wondering whether his analytical scheme really is so pliable or whether management and organization studies has at times been happy to twist, contort and bend Foucault's concepts out of all recognizable shape to suit its own ends. It is hoped that the publication of *Security, Territory, Population*, finally, will make it far less likely for concepts such as 'governmentality', 'biopolitics' and 'disciplinary power' to be used within the field of management and organization studies with quite the same ease and seeming carelessness to which many of us have unfortunately become accustomed.

references

- Barratt, E. (2003) 'Foucault, HRM and the Ethos of the Critical Management Scholar', *Journal of Management Studies*, 40(5): 1069-1087.
- Burchell, G., C. Gordon and P. Miller (eds.) (1991) *The Foucault Effect: Studies in Governmentality*. London: Harvester Wheatsheaf.
- Elden, S. (2005) 'The Problem of Confession: The Productive Failure of Foucault's *History of Sexuality*', *Journal for Cultural Research*, 9(1): 23-41.
- Foucault, M. (1980) *Power/Knowledge: Selected Interviews and Other Writings, 1972-1977*, trans. C. Gordon, et al. New York: Pantheon.
- Foucault, M. (1991) *Discipline and Punish: The Birth of the Prison*, trans. A. Sheridan. London: Penguin.
- Foucault, M. (1998) *The Will to Knowledge: The History of Sexuality, Volume 1*, trans. R. Hurley. London: Penguin.
- Foucault, M. (2001) *Power: Essential Works of Foucault, 1954-1984, Volume 3*, trans. R. Hurley, et al. London: Penguin.
- Foucault, M. (2003) *Society Must Be Defended: Lectures at the Collège de France, 1975-76*, trans. D. Macey. New York: Picador.
- Foucault, M. (2006) *History of Madness*, trans. J. Murphy and J. Khalfa. London and New York: Routledge.
- McKinlay, A. and K. Starkey (eds.) (1998) *Foucault, Management and Organization Theory: From Panopticon to Technologies of Self*. London: Sage.

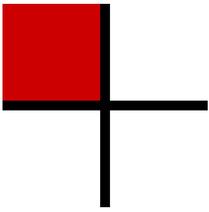
1 Senellart specifically cites Townley (1994), Barratt (2003) and McKinlay and Starkey (1998) (Senellart, 2007: 401[n149; n150]).

Senellart, M. (2007) 'Course Context', in M. Foucault *Security, Territory, Population: Lectures at the Collège de France, 1977-78*, trans. G. Burchell. Basingstoke and New York: Palgrave Macmillan, p.369-401.

Townley, B. (1994) *Reframing Human Resource Management: Power, Ethics and the Subject at Work*. London: Sage.

the author

Nick Butler is a doctoral student at the School of Management, University of Leicester. His research seeks to address the question 'what is management consultancy?'
E-mail: nb115@le.ac.uk



Jodi's Dream

Ian Parker

review of:

Jodi Dean (2006) *Žižek's Politics*. London and New York: Routledge. (PB: pp.237, £13.99, ISBN: 0-415-95176-3)

Jodi Dean's *Žižek's Politics* is the first book-length attempt to systematize Žižek's work. In some respects it is a success, presenting a clear rationale for the use of the category of 'enjoyment' and tracing through how Žižek employs this notion to analyse different social formations. Here Dean has a good grasp of key concepts, and the book could function as a useful guide to readers who have already bought into Žižek's cultural analysis and want to know how the different concepts could be articulated. She rehearses descriptions of the 'theft of enjoyment' and the function of 'transgression' very well, and it really seems at times as if all the different aspects of Žižek's meditations on enjoyment can be woven into one seamless web. Even so, her avoidance of certain topics as well the selection of others makes a defence of what she claims to be the 'underlying system' (p. xx) of Žižek's work much easier, too easy. The gaps are plugged by what appears to have been the late inclusion of references to Žižek's latest book on 'parallax', and this must have been a blessing, for she is then able, with him, to account for 'perspectival shifts in his own work' (p. 53).

The book is as good as Žižek at his best when the 'system' is being cobbled together, and often much more plausible than Žižek himself because Dean follows a single-track train of analysis and hooks together the different elements into a theoretical narrative. However, the book comes off the rails when she tries to show how the theoretical 'system' plays out in the realm of political action. It is then that we start to see that she has made a big mistake; the first step was to over-generously detect some underlying ground-plan in Žižek's politics, and this then leads to some desperate stumbling over Žižek's adventures in the real world.

There are clues that it is going to end badly from early on when she follows Žižek faithfully in a complaint that the "new social movements associated with feminism, gay activism and antiracism" have failed to bring about "a new world of freely self-creating identities" (p. 2). That settles that, unless you ask activists whether they do actually think that they have succeeded – those who still adhere to boring old revolutionary

socialist politics will say no – and whether that kind of new world was ever on the agenda before the liberal leadership of those ‘movements’ were bought off. Dean seems happy to parrot her mentor instead of thinking through the political stakes of the argument right from the start with the aid of some genuinely radical political history. She then even goes so far as to cite “feminist struggles over the right to an abortion” (p. 116) as an instance of ‘depoliticization’ (which, she says, go along with demands for marriage benefits for same-sex couples and media campaigns in favour of networks targeting black audiences) – a rather clueless, if not dangerous, stance to take in a country where the far-right do mobilize to bomb clinics that allow women the right to choose instead of the church or the state.

The fateful phrase “challenge of freedom” appears in chapter one (p. 21), and it is not long after that the ‘Bartleby politics’ Žižek vaunts in his recent account of the ‘parallax view’ is described as a way of turning “an impossibility into the possibility that things might be otherwise” (p. 29). The problem here is two-fold; first, merely saying ‘I would prefer not to’ is likely to land an individual in an institution and an early death (as it does Bartleby himself) with erstwhile comrades left behind who are mystified by what is going on – read the Melville story, and you will find that it amounts to grim and futile (anti-)‘politics’; second, it is actually quite inconsistent with what Dean seems to be adopting as the main message from Žižek’s work, which is that we should accept the ‘challenge of freedom’ by dissolving ourselves into the law. It is “only when we submit to the rule of law” (p. 163), she says, that we will meet this challenge, and this requires “full surrender to the law, with no exception” (p. 165). And, god help us, here she follows Žižek’s “idea that Pauline love fulfils the law as it renders the law non-all” (p. 168). The ‘no exception’ and ‘non-all’ are cryptic Lacanian code-words here, but since Dean does not spell out their secret meaning we are at the mercy of Žižek’s gloss on the theoretical notions he has absorbed on his long march.

In a book that is supposed to be about politics, Dean is very shy about being specific, and does not tell us, for example, whether this would include laws prohibiting abortion (which women are, she implies, wrong to put their energies into contesting). Why not, then, “refuse to accept imaginary and symbolic reassurance and undergo subjective destitution” (p. 44)? If the implication is not actually that we should do this each day before breakfast, Dean does at least make it seem as if this, first, can be done outside analysis and that, second, this analytic process will serve us in the place of politics. Despite the claim that Žižek is helpful in providing ‘political theorists’ with ‘concepts’ (p. 45), we have to wait a long time for any practical political proposals; and when these are hinted at it is clear that we are going to be in deep trouble if we take them seriously.

This is a desperately loyal book, and so the moments when Dean draws back and fails the test – the ‘challenge of freedom’ that would mean following Žižek all the way – are all the more striking. Those moments when she has to own up to her queasiness at going along with some of his analyses reveal something of the good political sense that perhaps lies submerged in this consistent ‘systematic’ narrative produced by a writer who is evidently transfixed by her subject. There are some minor scruples and attempts to tidy things up. She argues for the concept of ‘displaced mediator’ in place of ‘vanishing mediator’ to account for the role that Protestantism played in the triumph of capitalism (p. 111), and this because there is patently still a virulent Protestant

fundamentalist tradition in the United States – a fair point which finesses Žižek's use of Jameson's theoretical notion. There are some worries about some of Žižek's contradictory political assessments of Stalinism. She says he “neglects biopolitical aspects of Stalinism” (p. 85) – a pretty feeble criticism after she has just a few pages earlier lauded his claim that “the brutal violence of Stalinism testifies to the authenticity of the Russian Revolution” (p. 81). She says that he is “not always consistent” in the terms he uses to analyse fascism and Stalinism, but once again puts this down to the ‘parallax gap’ (p. 52), the handy most-recent get-out-of-jail card our hero has up his sleeve – and so this sutures over that little problem.

There are more serious worries that bring her close to the wicked multiculturalist liberal feminism Žižek inveighs against. She does not like Žižek's reference to sado-masochistic lesbian couples as evidence that ‘contemporary subjectivities’ are confronting an obscene need for domination and submission – this is, she says, “an instance of where Žižek's own enjoyment irrupts into the text” (p. 43). She has qualms about the string of examples Žižek gives of an ‘act’, saying that his examples “have their drawbacks” because they are “actually the sacrifice of someone else”, and she does notice that in his examples “the bodies are feminine and infantile” (p. 169) – but she does not follow through the political implications of this criticism. She does not like ‘Bartleby politics’ when it would prefer not to send aid to “Black orphans in Africa”, “to prevent oil-drilling in a wildlife swamp”, or to “send books to educate our liberal-feminist-spirited women in Afghanistan” (these quotes with which she disagrees are from Žižek), but she then comes up with the most liberal reason not to agree with him; that we might be able to prevent a catastrophe “for those who might be left alone and unsupported” (p. 131); this, rather than bringing to bear some political analysis of how feminism – in the activity of the Revolutionary Association of Women of Afghanistan, for example – has operated as a form of genuine political resistance to both the Taliban and to the US-led occupation.

At some points she is forced to confront some serious obstacles to her belief in her guide. She does notice that the political-economic system is “rife with multiple deadlocks” (p. 193) rather than fracture and an ‘act’ appearing at one symptomatic point, and this leads her to the more serious general point, that “Žižek's claim regarding the depoliticized economy as the disavowed fundamental fantasy does not follow from his account of the arrangement of enjoyment in contemporary ideological formations” (p. 193). At issue here is the relationship between politics and the economy, and worries about whether Žižek is “insufficiently materialist” (p. 188) are the least of the problem – but once again, although his “two lines of argumentation do not link up”, the inconsistency can be explained through reference to the “parallax gap” (p. 194). This sum total of instances where Dean demurs with Žižek are cited here to indicate the degree to which she holds fast to her argument that it all must fit together, that he must make sense.

The closest we come to actual political proposals is that we should combine Žižek's idea of the ‘act’ – “the violent disturbance or breaking through of the given order” – with the ‘revolutionary-political Party’ which will retroactively give form to the act; “there cannot”, she argues “be one without the other” (p. 180). It would seem, from the way concepts are accumulated in Dean's narrative, that some of the key notions have

arrived late and are designed to plug the gaps – parallax gaps no doubt – in Žižek's work. There are many points in the early chapters, for example, where we might ask why the wonderful theoretical device of 'the Party' was not brought in to solve some problems of political analysis. So, when Žižek is cited as 'prioritizing' class struggle (p. 59), we might wonder if 'the Party' might be of some use there. It seems it is not, and that for Dean 'the Party' is, instead, an entirely abstract notion that is not intended to be anchored in any actual political terrain.

Making good her claim to be light with the Lacanian theory in this book – a convenient ploy to make the 'underlying system' freer of contradiction – she very quickly asserts that class struggle for Žižek is what 'sexual difference' is for Lacan (p. 60), and so from now on we most probably will be treated to secondary-source Žižekians not only not bothering to read Lacan, but instead utilising this book for transliterating psychoanalytic theory directly into politics. Well, effectively away from politics altogether. When she says that "it is necessary to undertake the slow, difficult work of building something new" (p. 87), 'the Party' does not then seem to occur to her either – and that might be because she sees this 'Party' – even, it seems, "the Leninist Party" (p. 91) – as something which only formalises an 'act' after it has happened and so is not really worth bothering with before anything dramatic has taken place. If we connect Dean's enthusiastic embrace of the law with her belief in 'the Party', we arrive at the rather strange formulation that then "identification is with the Real Other" (p. 201). Is this identification with enjoyment? After bad ideological enjoyment that this identification replaces? Before full flowering of good enjoyment in paradise? This is starting to turn into a pretty mess by the end of the book.

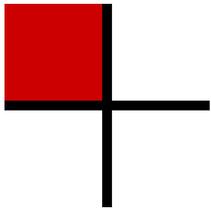
What Dean refused to recognise, and this might be because she treats Žižek as the new best complete theoretical package to be washed up on the shores of thoroughly depoliticised English-speaking academic 'theory', is that Žižek's writing is a bricolage of vantage points gathered together from different writers. Dean is absolutely right when she says that "Žižek is trying to clear out a space for radical politics" (p. 49), and he is indeed battling valiantly against the liberal bourgeois democratic hegemonic forces in contemporary intellectual debate. It is necessary to affirm what is radical in Žižek's interventions against this kind of vision of his work, and to do that involves some critical assessment. When he turns the different scattered vantage points he discusses towards politics he does so as a master tactician, and this mastery includes the ability to cover his tracks and play with the naivety of his audience in the universities. Does Dean really believe that Žižek will show her how to find ways "to attach ourselves to law through belief in the founding dream" (p. 177), and that this then "opens up the possibility of an enjoyment or love beyond the law" (p. 172)? There will undoubtedly be others who will be just as bedazzled by such promises, and many more bewitched by the motif of 'parallax' as a theoretical innovation rather than seeing it as an attempt to escape charges of theoretical inconsistency, and that will be because they refuse to read Žižek politically and, instead, think that their duty is to follow him.

the author

Ian Parker is Professor of Psychology at Manchester Metropolitan University, located in an illicit organisation space, the Discourse Unit (www.discourseunit.com). He is a practicing psychoanalyst, author of *Slavoj Žižek: A Critical Introduction* (Pluto Press, 2004), *Revolution in Psychology: Alienation*

to Emancipation (Pluto Press, 2007) and *Japan in Analysis: Cultures of the Unconscious* (Palgrave, 2008).

E-mail: I.A.Parker@mmu.ac.uk



The Parallax Review

Ian Parker

review of:

Slavoj Žižek (2006) *The Parallax View*. Cambridge, MA: MIT Press. (HB: pp. 434, £16.95, ISBN 0-262-24051-3)

The digested read digested first: The long-promised ‘magnum opus’ by Žižek is a delightful rich chocolaty confection at first bite but melts by the end into another warm soup of already circulating off-cuts, this time in which Bartleby comes into view not waving but drowning.

The first thing we should notice about Bartleby, the protagonist of Melville’s grim tale of the man who said ‘I would prefer not to’ in response to organisational demands, is that his refusal led to him being carted away by the police and dying as a vagrant refusing life itself. Perhaps he provides a fitting heroic figure for Deleuze, to whom we owe his second life in the world of social theory, but it beggars belief as to why this deliberately individualistic strategy of non-resistance should be taken up and championed by Žižek in his latest book. The famous psychoanalytic ‘act’ that Žižek has often used as a template for revolutionary disturbance of the symbolic coordinates of a situation has never been sufficiently theorised by him as applicable to collective action, and so perhaps it does make sense for him now to see Bartleby as just the latest in a series of figures – Antigone, Medea, Sethe – who stubbornly hold to their own desire (and not at all, note, the desire of the Other) and pay the price. Even if Bartleby is not a woman, in contrast to the other heroic hysterics Žižek seems to idealise, at least he is suitably feminised by the end of the tale; abject miserable victim of the legal chambers whose very reason for his resistance remains as much a mystery to the reader as to his colleagues.

The paradox is that Žižek does actually bring alive and reenergise theoretical resources for thinking about compliance and resistance at the level of the individual and the social and, crucially, at the intersection of the two. His meditations on dialectics and negation always emphasise that we must move beyond the horizon of contemporary ideological fascination with bourgeois democracy that grips academics as well as ex-leftists in the field of politics. He opens up as much as he closes down, and that is a good deal more

than much complacent ‘critical’ theory does. The paradox is articulated by Žižek in this book through one of his favourite examples from Lévi-Strauss; the Winnebago tribe consist of two sub-groups that describe the ground-plan of the village in quite different ways. In a striking lesson for those working on the spatial distribution of management structures, we find that while one group perceives the village as consisting of an inner circle surrounded by a naturally-occurring second circle, the other group views the village as being split down the middle. For Žižek, this is no mere anthropological fairy tale which is a curiosity of life in the Great Lakes, but spells out the universal ‘fundamental antagonism’ of human relationships that in capitalist society must be spelt out as ‘class struggle’.

The fundamental antagonism elaborated in this book, and signalled in the title, is ‘parallax’, and this is the conceptual core of Žižek’s argument. Against any wholesome knowledge that would pretend to give an overall inclusive account of the functioning of social systems, or any policy of ‘social inclusion’ that would honour the sum of identities of the various communities that comprise a polity, Žižek shows us how and why an individual and the social is riven by contradiction. The contradictory antagonistic nature of reality is such that every commonsensical or theoretical view is structured by the position from which we speak about it. An employer’s imperative to increase productivity and ensure the cohesion of the interrelationships between workers and management is incompatible with the historical materialist view that the ‘common goal’ to which the company is committed must be fractured if worker’s self-management is to slough off the parasitic ruling layers who profit from the labor of others.

The implication of the parallax view – a political vision of the limits of liberal consensus which Žižek has elaborated many times before – is not only that there is a mutually unintelligible clash of perspectives between exploiters and exploited, but that one of the stakes of the disagreement between them is that disagreement between them is necessary and inevitable. Those who rule must believe that it is possible to resolve the differences of perspective or value them equally as a meaningful cluster of opinions to be generously acknowledged and tolerated. Those who are ruled – and this is where Žižek is surely right and where his contribution to organisation studies is so valuable – must insist that there is no common measure between different perspectives and that it is possible to show why the necessary false consciousness that inhabits the worldview of the ruling class must be dispelled.

In the course of the book, as Žižek guides us through domains of philosophy and social theory holding to the red thread of ‘parallax’ to undermine all claims to unity of perspective, we are still left with one key parallax that haunts his own writing. The term ‘parallax’, which Žižek borrows from Kōjin Karatani (a revolutionary Japanese theorist of the specific necessary antinomy between the economic and the political in Kant and Marx), is deployed time and again to account for disparities between different theoretical accounts. The spatial, temporal and erotic modes of parallax (outlined on page 10) are intriguing and productive ways of extrapolating from Karatani’s original conception, but we are very quickly drawn into exorbitant claims that the ‘act’ operates in a ‘parallax gap’ between the aesthetic and the religious and then that Christ occupies the parallax gap between God and man (on page 105).

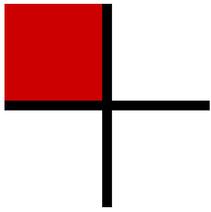
The notion of parallax enables Žižek to rework his account of anamorphosis drawn from Lacan's *Seminar XI*, which was then used to show why it is only possible to 'look awry' at *objet petit a* and, by implication, at social phenomena. Parallax is now both an opening to some theoretical innovations and, at the same time, a cover for theoretical inconsistencies, contradictions in Žižek's work, particularly around the extrapolation of (a version of) Lacanian clinical practice to politics. The question is whether these contradictions can be conceptualised dialectically (as he sometimes promises) or whether the term 'parallax' will simply be used by Žižek and his followers to suture the gaps between academic, clinical and political spheres of elaboration.

The key parallax to be noted here is that Žižek is an individual theorist who privileges the romantic refusal of institutions and who idealises the 'act' of those who are willing to lose everything. And then, collectivity itself, from that perspective, is rendered into something suspect which always threatens to subordinate heroic thought to a single worldview. It may be that Žižek will eventually take a step beyond the position on one side of the divide – a position that is conceptually paralysing his work and which is resulting in repetitive complaint in recent books – but we must hope that when he does so, it is not on the model of Bartleby. For that way disaster will follow, for him and for us.

the author

Ian Parker is Professor of Psychology at Manchester Metropolitan University, located in an illicit organisation space, the Discourse Unit (www.discourseunit.com). He is a practicing psychoanalyst, author of *Slavoj Žižek: A Critical Introduction* (Pluto Press, 2004), *Revolution in Psychology: Alienation to Emancipation* (Pluto Press, 2007) and *Japan in Analysis: Cultures of the Unconscious* (Palgrave, 2008).

E-mail: I.A.Parker@mmu.ac.uk



The Physics and Metaphysics of Struggle

Martin Parker

review of:

Peter Fleming & André Spicer (2007) *Contesting the Corporation: Struggle, Power and Resistance in Organizations*. Cambridge: Cambridge University Press. (HB: pp.236, £45.00, ISBN: 9780521860864)

I am on holiday, sitting on the decking outside a lodge in some woods in Lincolnshire. I have my laptop, and am waiting for the others to get up, so have decided to make a start on this book review. I don't seem to resent sitting here, but am puzzled now, after reading Fleming and Spicer's challenging little book, as to whether I should be doing this at all. I am clearly a certain sort of obsessive subject, but (assuming I don't bother with the search for my original authentic self) I wonder what else I want to do, right now. I could go for a walk, watch TV, read another book. But I like it here, on my veranda, with my laptop and coffee, and the trees sighing all around.

Presumably Peter Fleming and André Spicer, both good academic Stakhanovites, had moments like this too. They have published enthusiastically in many journals with excellently high reject rates, and presumably this has meant burning the midnight oil, or the morning coffee. I can also easily imagine the three of us having a cynical and knowing conversation about the disciplining effects of careers, the RAEification of the CV, and perhaps even the desire to be the sort of person who writes on a veranda, surrounded by trees. And the three of us can have this conversation, and then march back to our desks, carrying our prisons joyfully on our backs. Does that mean that resistance, for subjects like us, must mean switching our laptops off for the final time? Or can we write, or think, our way to a 'theory' that allows us to decide when we are doing resistance and when we are doing power? To borrow Dennis Mumby's terms, to decide what is a bow and what is a fart (p. 49)? And, given our collective claims to be 'critical', can such a 'theory' encourage more resistance and less power?

Fleming and Spicer are smart enough to see the traps in these questions. Their book (only available in hardback) is, I think, a very good summary of contemporary thought concerning the relation between 'resistance' and 'power'. The Newtonian model, of the straight line motion of an object through space being deflected by some other force or object is attractive in its simplicity, but misleading. Consider the following. In *De*

Rerum Natura, some 17 centuries before Newton, Lucretius had suggested an original state of being in which the universe was populated by many objects traveling in parallel straight lines through infinite space (1951: 60 *passim*). Then, and this is the key moment, the trajectory of one of the objects changes, and it collides with another one, which collides with another in turn and so on. The messy universe is born, but where is resistance and power, in Lucretius' model? There are endless collisions, and consequent deviations, but the idea of one particle being 'force' and another being 'resistance' is something which makes no analytic sense. Unless we decide that the biggest deviation from a trajectory is the minor term and hence 'resistance'. And then, I suppose we decide to sympathise with the particles which are bounced around more than the others that continue mostly in straighter lines? But even then, our allegiances might change, as power becomes resistance when it meets an even bigger particle, and is forced to change trajectory itself.

For Fleming and Spicer, for slightly different reasons, power and resistance are better condensed into 'struggle', which I suppose (in my version of Lucretius' terms) we might think of as an endless Brownian motion between particles. Sometimes, for certain ethical-political purposes, we might decide to call one movement 'power' and another one 'resistance', but there is no methodological or theoretical security behind such distinctions. Ask me, now, on the veranda. Which am I doing? What sort of answer or observation would allow you to decide? Another question that Fleming and Spicer want to answer is to decide when to call such moments 'political'. This word might be modified in the minor direction as 'micro-political', but that may itself be a problem if we are interested in encouraging struggles that appear to have effects which endure beyond particular localised claims or resentments. Our authors are often indignant about the vapidness of 'postmodernists' on this score (though their scholarship lets them down in terms of identifying people who do actually claim such things). They are suspicious that micro-politics is really politics at all, and want to see politics as a bigger process of making universal claims for justice, whilst recognising all the attendant problems of contingency and irony that are necessarily involved in such claims.

I think that Fleming and Spicer do a very good job of framing the question of struggle, but are less convincing when it comes to the question of politics. This, in part, is because of a slippage that is potentially very powerful, but happens in the background of this book. The subtitle tells us that it is about action that takes place within organizations, but the last third of the book is really about attacks on corporations from 'outside', such as pressure groups, the movement of movements and so on. (Though why is there so little on alternative organizations?) Now, in principle, there is no reason why we could not collect these "thousand swarming refusals" (p. 3) together, ending up by gathering all sorts of different moments under this generalised ontology of struggle. That would mean that a contested case of sexual harassment, the formation of a worker co-op, and the Genoa protests would get treated as the same sorts of things. This could be a really useful move, but it isn't quite the symmetry that Fleming and Spicer want, because they do seem to be attached to the idea that many people (postmodernists, cultural studies types, certain organization theorists) can no longer distinguish 'big' struggles from 'small' ones. And though they are not definitive or categorical (because this is a clever book) they want the "cult of the subject" (p. 185) to be augmented by a return to a concern with "capitalism, wealth distribution and class relations" (p. 187). In

which case, one might ask the authors, are the smaller collisions ‘politics’ at all? Or, to put that a different way: who gets to decide when something is ‘politics’, and when something is not?

The first three chapters provided an excellent summary and typology of power and resistance which could be very useful indeed (and would easily justify Cambridge putting this out in paperback). Identifying four couplets, the authors suggest that there are struggles over action, activity, interests and identity which are manifested as coercion and refusal, manipulation and voice, domination and escape, and subjectification and creation respectively. This is a neat collection of ideas, and it really begged further application. I suspect that the ghosts of ‘small’ and ‘big’ politics could have been nicely exorcised if this typology had been applied to the detail of particular struggles throughout the rest of the book. However, it largely disappeared as we moved into the discussion of various, and rather uneven, pieces of empirical work. New concepts then begin to appear and disappear, perhaps reflecting the genesis of this book in a variety of different papers published by the two authors: Diogenes’ cynicism, Nancy Fraser on justice, de Certeau on tactics, a little Laclau and Mouffe and a sprinkling of Hardt and Negri. At various points we get emphases on the absorption of resistance by the ‘corporate machine’ (p. 127), or on the potentials of worker solidarity and the paradoxes of gay and shareholder rights. All interesting, and well written, but I felt that the organization of the early parts of the book was being lost in a series of collisions and movements which did not add up to a clear direction.

But perhaps more important than this reviewer’s need for neat organization was the absence of sustained reflection concerning the ethical-political. Fleming and Spicer say:

We *must* side with the subordinated, but also remain sensitized to the overdetermined and contradictory nature of political struggle in contemporary organizations. (p. 107, emphasis in the original)

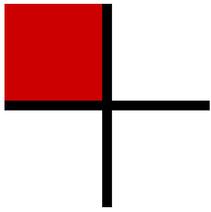
But why *must*? What sort of imperative is this that would have us claim allegiance to some of Lucretius’ atoms rather than others? To prefer the small ones that change direction a lot over the bigger ones that continue in fairly straight lines? I suspect my sympathies are similar to Fleming and Spicer’s, but I think they simply assumed that they were. This is preaching to the choir. It is precisely because they are asking hard and important questions about power and resistance that I expected them to ask parallel questions about their allegiances and the possibility and desirability of certain effects, whether we call this ‘politics’ or not. Why do they want to ‘side with’ certain resistances, but not others? And, when ‘on side’, does this mean that academics become part of the resistance too? Is *Contesting the Corporation* an act of resistance? As this smug reviewer knows only too well, it is easy enough to be a radical on the veranda, as the sunshine dapples down through the trees, and the atoms collide with one another. But my holiday is nearly over now, so back to wage slavery on Monday. Reviewing is leisure, but writing is work.

references

Lucretius (1951) *On the Nature of the Universe*, trans R.E. Latham. Harmondsworth: Penguin.

the author

Martin Parker is Professor of Culture and Organization at the School of Management, University of Leicester. His latest book is *The Dictionary of Alternatives: Utopianism and Organization* (Zed Books, 2007), with Valerie Fournier and Patrick Reedy.
E-mail: m.parker@le.ac.uk



In Defence of ... the Bourgeoisie and Capitalism?

Scott Taylor

review of:

Deirdre McCloskey (2006) *The Bourgeois Virtues: Ethics for an age of commerce*. Chicago: The University of Chicago Press. (HB: pp.634, \$32.50, ISBN 0-226-55663-8)

A Number of Numbers

Numbers are important in this book. For example, the author is a professor four times over: of economics, history, English and communications. A professor times four, maybe, or even to the power of four; perhaps the accumulation of chairs brings an exponential rather than cumulative increase in understanding and erudition. The book is also the first in a series of four, to be completed sometime over the next four years (see <http://deirdremccloskey.org> for updates and drafts). This volume is also an exploration of the number seven, as the author proposes we can find that number of virtues within capitalism. Seven is a lovely number, the first 'happy number' in mathematics after 1, the most likely number between one and ten to be selected when we are given a free choice, the number of sacraments in Roman Catholicism, the number of heavens in Islam, the number of notes in the Western musical scale, and doubtless much more.

Then there is the number of endorsements on the back cover of the book. The edition reviewed carries six, from professors working in economics, economic history, law, theology, psychology, and politics. I'm sure between them they will have published a very large number of papers and books, and been cited many many times, but life is probably too short to find this out or read about it. We also find the number of pages in the book, which is reassuringly high at 634 and incidentally very good value at \$32.50 – just over five cents per page, I think, though it's a while since I did long division.

And finally perhaps the most intriguing number of all, two, for the author might be understood as two people. She notes that the 'oddest personal fact about me is that until 1995 I was Donald' (see McCloskey 1999 for a description and analysis of the process of change s/he went through). This, and the other facts of her journey through life and academic work, prompts her to apply nine labels to describe herself: 'a postmodern

free-market quantitative rhetorical Episcopalian feminist Aristotelian woman who was once a man’.

This review is an attempt to deal with only one book, though, *The Bourgeois Virtues: Ethics for an Age of Commerce*. It is organized into six parts, forty-eight chapters, an apology, an appeal, a postscript, a preface, forty pages of endnotes, and thirty-one pages of works cited. Almost all of the many words are quotable. For example, the text begins with the statement that it is concerned with “the ethical soil in which an economy grows” (xiii), and would like to take economic analysis beyond utilitarianism, towards ‘remoralization’. This volume is only the first quarter of an overarching project, and is mainly taken up with philosophy and theology; *Bourgeois Towns: How a capitalist ethic grew in the Dutch and English lands, 1600-1800* will provide the economic and social history; *The Treason of the Clerisy: How capitalism was demoralized in the age of romance* will look to the intellectual history; and finally *Defending the Defensible: The case for an ethical capitalism* will explore the economics and cultural criticism. All in the service of understanding capitalism, defending it, and suggesting that it/we might follow a virtuous path while making money through commerce.

Dear Reader...

But the narrative is more important than the numbers. The first task of the author is to make clear that this book is different from most academic work. There are some technical aspects to this difference: the directness of the writing, the breadth of intellectual territory covered, the amalgamation of theory and data across disciplines, for example. Most important for me, though, is the engagement with (and construction of?) me, you, the reader of this book. This starts very clearly in the preface and is developed through the 50 page ‘Apology’ that sets up the terrain to be explored and the manner in which it will be approached. The ‘problem’ addressed in this book is to explore how virtues are relevant, if they are, to the bourgeois life that most people lead in developed capitalist societies. McCloskey assumes that readers are unbelievers in the possibility of virtuous bourgeois capitalism and therefore begins with an *apologia*, directed towards those who believe that the phrase ‘bourgeois virtues’ is at best a contradiction in terms, at worst, a damaging lie. She is proposing something relatively simple: that contemporary capitalism and its inhabitants can be virtuous, if they are inspired, moralized, or completed by attending to their souls. Allied to this are the ideas that religion and economics are intertwined, and that commercial society is not inherently bad and only driven by greed (or ‘prudence’, the polite term for economic self-interest and what McCloskey argues is the dominant virtue in contemporary capitalism). Supporting these ideas are the notions that capitalism is a means to civilizing, that virtuous capitalism provides the conditions to escape inequity, injustice, insecurity, and that previous assaults on the bourgeoisie and bourgeois virtues led to the anti-democratic or totalitarian horrors of the 20th and 21st centuries. Exploring the (bourgeois) virtues that should inform capitalism is thus to challenge the neoaristocratic, cryptopeasant, proclerisy, antibourgeois theories implemented to such damaging effect in Russia, Germany, Eastern Europe, parts of Africa, and the Middle East through the 20th century to the present day.

The book is specifically addressed to the ‘clerisy’ (a term borrowed from Samuel Taylor Coleridge), to signify the intelligentsia, the chattering classes, the literati, because:

Most educated people in our time, though enriched by bourgeois virtues in themselves and in others, imagine the virtue of their lives as heroic courage or saintly love uncontaminated by bourgeois concerns. They pose as rejecting bourgeois ethics. (p. 12)

McCloskey suggests that these groups, living south of the Thames, in Montgomery County, or in the blue states, are well-meaning, guilty, and notionally anti-capitalist (most of us?); but she would also like to speak to those on the other side of the clerisy, those living in the red states and the Chicago School economists, who believe that capitalism and virtue have nothing to do with each other and shouldn’t. And then she would also like to convince the ‘middling liberals’ who believe a little of each position, “eyeless in Starbucks, uneasily ruminating on morsels taken from both sides” (p. 8). The common ground of pessimism as to the possibility of leading a virtuous life within capitalism across all wings of the clerisy has, McCloskey argues, been a Western orthodoxy since 1848, and it perhaps this that she wishes to challenge more than anything else. Capitalism can be good, and can be good for all of us.

This book is also remarkable in that it begins from the premise that liberal capitalism makes us richer, enables us to live longer, and improves our ethics. In short the ‘system’ many of us live within allows to have more stuff, better stuff, better quality of life, longer lives, and potentially better lives. And yet, as McCloskey and many others throughout industrial history have noted, capitalism’s ability to nurture souls appears limited. But for McCloskey there is no simple recourse to the cultural critique of capitalism (cf. Boltanski & Chiapello, 2005), which she dismisses as Romantic, nostalgic, condescending, and misleading in its glorification of the ‘old rural’ idyll. That there are bad things and bad people in capitalism is not denied, but that capitalism produces greed or unpleasantness is challenged. In thinking about this wits and wit are said to be of primary importance, and there is plenty of both in the book. The author also appeals directly to readers to forgive the faults of detail, and to listen to the argument as it develops, if only to be able to critique capitalism more effectively through recognising the case for it. And perhaps to rethink a faith that was probably acquired at an early age and has ossified.

Practically, McCloskey sets herself the task of finding out how prudence came to dominate the other six virtues. What of hope, faith, love, justice, courage, temperance? But also, what are ethics and virtues? Ethics she sees as the system, while virtues are defined as habits of the heart, stable dispositions, settled states of character, durable characteristics. The seven virtues examined are drawn from both classical and Christian worlds – gathered and picked over by Greeks, Romans, Stoics, church, Adam Smith, and recent virtue ethicists.

Being Bourgeois

Alongside the ethics, we find out what bourgeois is, or perhaps what being bourgeois is like. Not necessarily middle class, rather to be bourgeois is to be townly, businesslike. The category is split into three parts: *grande / haute*, then the clerisy / *Bildungsbürgertum* / educational bourgeoisie / intelligentsia (the one that talks a lot, manipulates language, and is the very class that condemns the notion of ‘being bourgeois’ most), and finally the *petite bourgeoisie* or lower middle class. As a class or a group then we are thinking about the range from “sweating assistant managers” to “glittering CEOs” (p.74). The common ground, perhaps indicating where Professor⁴ McCloskey’s interest in this group comes from, is that all members of the bourgeoisie honour work – dealing, managing, advising, verbal work, whatever shape it takes, work is good. It brings identity, autonomy, access to power, and adulthood, and is best when you work for yourself. Through work we avoid being either godless or helpless (in Simon Schama’s phrase), which is useful as we negotiate between salvation and damnation, the sacred and the profane. However (and here’s the catch) the bourgeoisie must live with the “moral ambiguities of materialism” (p. 82) in a way that is different from those among us with either no money or a lot of money.

Being Virtuous

Here the book begins, really. Parts one and two are an exploration of the ‘theological virtues’, the Christian and feminine virtues: love, faith and hope. Then part three examines the pagan and masculine virtues: courage and temperance. Part four takes the androgynous virtues, prudence and justice, as its theme. Each of the virtues has “a library of philosophy and fiction associated with it, the truth of reason and the truth of narrative” (p. 345), crucial for understanding and action. As well as setting out her stall of virtues McCloskey also aims to demonstrate two key arguments: first, that neither economics nor capitalism exclude or can afford to exclude any of the virtues, and second that the virtues must all be ‘alloyed’ with each other, as an individual or society governed predominantly by one of the virtues will be bad, dangerous, or barren.

Part five, around half way through the book, presents a systematization of the seven virtues. The author and the printer have produced a splendid diagram with multiple axes: one setting the virtues out along a sacred-profane continuum, another classifying them according to their understanding of the ethical object (from transcendent to self, via other people), and a third that situates according to how the ethical subject is defined (by spirit, gender, politics, society). I found this section difficult to follow and ended up by reading it more as a series of brief excursions into areas such as character or positive psychology. If there is a key point, it seems to be that the system of virtues being advocated was dropped around the end of the 18th century, but not because it was ‘wrong’, rather for the reason that it was thought of as old-fashioned and unrealistic in the rapidly industrialising societies of Western Europe.

I Am Bourgeois. I Understand the Virtues. What Do I Do Now?

One of the puzzling but seductive aspects of this book is the potential it contains to be read as a rather complicated, extended self-help manual. It appears that many of us are struggling with contemporary capitalism; some rebel against it in a very public way through anti-globalization protests, some withdraw from it into relatively isolated communities and eschewing consumption as far as possible, some try to reject it and all its works completely (and some seek escape through analysis and writing about it). Whatever the reaction, however, it seems to be clear that at the very least many are interrogating capitalism (Thrift, 2004), sometimes endlessly and often in a fairly agonised way. If there is an ‘answer’ to ‘the problem of capitalism’ in this book it should be in part six, which explores the uses of the virtues.

At this point the argument underlying much of the book becomes clearer: the contention that capitalism, in submitting to domination by prudence/economic self-interest, has become secularized, to its and its participants’ detriment. The narrative is interrupted as the author returns briefly to her (or perhaps Donald’s) roots in mainstream economics and presents the reader with an econometric exploration of behaviour and an equation:

$$B [\text{behaviour}] = \alpha + \beta P [\text{Profane}] + \gamma S [\text{Sacred}] + \varepsilon$$

...in which the degree to which the profane (the specialism of economists) and the sacred (favoured by anthropologists) condition behaviour can be calculated. I think – I’ve never studied economics. At any event, invoking McCloskey’s earlier work on economics as narrative (McCloskey, 1986), the equation is primarily a figure of speech to emphasise that in thinking about capitalism we should remember both the profane and sacred, especially as the basis of virtue is commonly religious, sacred, and often transcendent. Thus the argument that we cannot live by *P* alone begins to emerge; there is a wide range of illustrations of *P* and *S*, how they intersect, the relationship to the ‘myth’ of modern rationality, the consensual nature of our engagement with capitalism, the possibility of ‘good barons’, and finally the anxieties of bourgeois virtues. The most significant thread of argument however is McCloskey’s challenge in this final section to elitism and elite attribution of causality in the formation of ethics to capitalism, always for the worse. Thus:

A market is better than...violence in the playroom. It is better than the drug dealer’s gun or the aristocrat’s sword. It is better than beauty contests depending on race, class, gender, culture, region, politics. Capitalism routinely transcends such categories. (p. 481)

And then the final chapter rears up, summarising the book as a “libertarian version of Aristotelianism...a capitalist version of Pelagianism...an anti-Tillichian theological humanism with a dose of economics” (p. 497) with its roots in Adam Smith’s work and sharing principles with Rorty, Berlin, Hampshire, Shklar, Niebuhr and Novak, Nozick, or Baier and Gilligan, plotting a path between MacIntyre’s communitarianism and Rand’s individualism. Surely that clarifies the book? Erudition? Yes. Scholarship? Feels like it. Convincing argument? Possibly. But the discussion of religion and soul is surely unusual, perhaps uncomfortable.

Leave My Soul Alone?

At the risk of stating the obvious, Deirdre McCloskey is not the only scholar seeking to re-vision capitalism. However, she is unusual in the social sciences in raising the possibility that resistance and protest to the status quo might come from the soul as well as reason. After all, the founder of the social sciences Auguste Comte in developing the foundational notion of positivism defined it as a 'secular religion' with its own priests but concerned only with reason and logic. The task McCloskey has set herself then becomes doubly interesting: not only to convince the clerisy that capitalism contains the seeds of its own moralization, but also to convince readers that critique can be founded on sacred as well as secular foundations.

It is illuminating to read McCloskey's book and arguments alongside other recent, fiercely secular contributions to developing positive alternatives to the capitalism we currently inhabit (e.g. Callinicos, 2006). The assumption that social life must be secular, that any notion of the sacred must be rationalised out of existence to achieve social justice, surely should be challenged; particularly as the sacred shows little sign of disappearing, despite the confident predictions of secularization theory in the mid 20th century (Davie, 2007). Taking us back to the beginning of the modernist century and reminding us of the roots of McCloskey's critique, Chow's (2002) reading of Weber suggests that his contribution in developing the notion of the Protestant ethic is in the recognition that the soul can be within capitalism and condition its progress. As Chow notes, this is very much in contrast to the mainstream of social science critique, as for example in Lukacs' analysis which locates the soul outside the system of commodified labor. For most social scientists thinking about work or capitalism it seems that the employee / worker / labourer is cast as a captive within a secular framework, as s/he inhabits a nonplace where the subject is simultaneously commodity and non-commodity and the capacity to resist is placed outside the commodified labouring subject. Weber however located resistance and protest within both capitalism and the sacred; as does *The Bourgeois Virtues*. It is perhaps here that McCloskey's most valuable contribution lies in this first volume: to suggest that there is a sacred or soulful alternative to secular rational critiques of capitalism.

references

- Boltanski, L. and E. Chiapello (2005) *The New Spirit of Capitalism*, trans. G. Elliott. London: Verso.
Callinicos, A. (2006) *The Resources of Critique*. Cambridge: Polity.
Chow, R. (2002) *The Protestant Ethic and the Spirit of Capitalism*. New York: Columbia University Press.
Davie, G. (2007) *The Sociology of Religion*. London: Sage.
McCloskey, D. (1986) *The Rhetoric of Economics*. Brighton: Harvester Wheatsheaf.
McCloskey, D. (1999) *Crossing: A memoir*. Chicago: University of Chicago Press.

the author

Scott Taylor is a lecturer in management at the School of Accounting, Finance & Management, University of Essex. He'd like to thank André Spicer for pointing him towards this book.
Address: School of Accounting, Finance & Management, University of Essex, Colchester CO4 3SQ, UK.
E-mail: staylor@essex.ac.uk



www.ephemeraweb.org

editorial collective

Akseli Virtanen
Alessia Contu
Alf Rehn
André Spicer
Anthony O'Shea
Armin Beverungen
Bent Meier Sørensen
Damian O'Doherty
Jussi Vähämäki
Katie Vann
Martyna Sliwa
Michael Pedersen
Peter Svensson
Ruud Kaulingfreks
Samantha Warren
Steffen Böhm
Stephanie Schreven
Stephen Dunne
Stevphen Shukaitis
Sverre Spoelstra