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FROM COMMUNITY PROTEST TO COMMUNITY PARTNERSHIP:
The New Social Responsibility and What Business
Can and Should Do about It
(Especially in a Presidential Election Year)

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Poor naked wretches, wheresoe'er you are,
That bide the pelting of this pitiless storm,
How shall your houseless heads and unfed sides,
Your looped and windowed raggedness, defend you
From seasons such as these? O, I have ta'en
Too little care of this!

--King Lear

My main purpose is to discuss the current anti-corporate protests in the Mon Valley and try to answer the question whether or what business should do about them. Our local situation can be viewed as a case study of a new type of social responsibility that is being demanded of business throughout the United States and, to some extent, throughout the industrial world generally. Corporate America finds itself once more on trial before the bar of public opinion. The way business responds will be eagerly watched by many observers, friend and foe alike. The outcome could have important effects for many years to come and could influence the vitality of the American style of free enterprise.

The Protest

What is one to think of a protest movement that puts fish in safety

deposit boxes, disrupts church services, targets the homes of corporate executives, blocks access to banks and grocery stores, makes harrassing telephone calls, charges corporate executives with making decisions based on greed and evil intentions, and even manages to spark a confrontation between a church minister and his bishop? What is the meaning of all this bizarre activity? Should it be dismissed as the desperate reaction of a fringe element who have lost their minds as well as their jobs? Or do the protesters represent the antibusiness thoughts and feelings of a larger group of unemployed?

The protesters are a symptom, not a cause of social unrest -- a symbol of despair and anger -- a harbinger of social change, not simply a group of malcontents looking for jobs. They stand for the new déclassé, the blue collar and white collar families who in postwar America moved from the underclass into the great American middle and who now gaze down with terror as they slide back into the abyss of lower class life. After a generation of toil, they see themselves and their children no better off than earlier generations. Few tragedies in the popular mind outstrip this kind of reversal of the American Dream. For many it has become the American Nightmare.

There is also an anger, a hostility, and a bitterness rarely expressed so openly and so blatantly. It is partly the bitter fruit of the longstanding adversarial "We-They" relation that has been typical of business and labor interactions. To understand this protest, one needs to rely more on social and psychological factors than on labor market analysis. The protesters themselves are profoundly unrealistic in their assessment of the economic, financial, and industrial components that have led to massive layoffs and plant closures, as well as what might be done to restrain, re-

verse, and redirect these forces into other channels less disruptive of community life.

The current protest movement does not appear to have very close parallels with the anticorporate protests of the 1960s. At that time, blacks, women, environmentalists, consumer activists, and antiwar protesters drew widespread public support for their causes. In those days, liberal leaders in both political parties spearheaded legislative reform efforts, and liberals in general rallied around and helped justify and articulate the demands. Those movements were national in scope. None of these conditions is present now. Liberals have not come forward in large numbers, universities have not been drawn in, no grassroots groundswell has occurred, Sunbelt regions basking in the glow of economic growth are not involved, and the unemployed themselves are divided over the tactics used and programs advocated.

But however uncoordinated, ill-informed, and misdirected they are, today's protests should be given close attention by business leaders for two reasons. One reason is ethical, the other pragmatic. Ethically, the human costs of industrial relocation decisions are high. Lifetime careers are interrupted and sometimes terminated prematurely, "starting over" is often difficult or impossible, family tensions increase, parental pride diminishes, personal dignity suffers, children find their educational pathways blocked, medical care is less affordable, and the minorities, aged, and women who head households slide toward poverty more rapidly. These psychological and social consequences of economic decision making cannot be denied.

But the protesters err in charging business executives with reckless disregard for the lives of people and communities. They (the protesters) confuse feelings with motives. Most business managers display the same

range of human feelings and values as people in other walks of life. They do not deliberately or casually (or even "wickedly") choose "profits before people." If this were the case, our task would be relatively simple: find the rascals and throw them out.

But the problem is more complex. Business managers, while at work, are guided by the needs and goals of their organizations. Their motives are less their own than the company's. Economizing and profit making are inherent in business. No one who plays the business game can easily escape this imperative, nor would a rational society want to do so.

The ethical test of any business decision (such as closing a plant) is not found in either the feelings or the motives of the decision maker but rather in whether the decision is just, respects the rights of others, and produces more benefits than costs. Although the dissidents have missed the mark by putting the blame on corporate executives, they have been correct in suggesting that business has an ethical problem on its hands.

The pragmatic reason why business should heed the protesters is the potential political power that may eventually grow from their present rather puny albeit pesky activities. In this regard, it would be worth remembering the lesson of Ralph Nader and General Motors. From an obscure and unknown young lawyer with no following at all, Nader was elevated to the status of culture hero leading a massive social movement. This occurred thanks to the heavy-handed behavior of a company that believed Nader was little more than an ambulance-chasing lawyer who could be "handled" by its own legal staff. Rarely has corporate misjudgment had such striking social consequences. Business would not be very smart to allow the Mon Valley protest to blow up into another Nader-like movement.

The Forces at Work

Before outlining what I believe would be a reasonable, attainable, ethical, and socially responsive program to cope with the Mon Valley's woes, I want to identify three crucial elements that need to be thoroughly understood if any progress is to be made. First are the driving forces that are the root cause of industrial America's current anguish. Second are the human problems created by these dynamic forces. Third are the obstacles to effective policies, strategies, and actions which prevail in our community. A grasp of these three components at least puts the discussion on a plane of economic and social reality.

Using the Mon Valley and the entire Pittsburgh metropolitan-industrial complex as an example of industrial America, one can see four major forces shaping nearly all of the important economic events of recent times.

* Global shifts in production and relative competitive strengths.

Affected most are metals manufacturing, automobile manufacturing, machinery and equipment, shipbuilding, electronic appliances and tools, textiles, shoes, apparel, and several others. Asian, African, Latin American, and European nations produce a growing percentage of basic metals, consumer goods, and industrial equipment. One result is excess world capacity in some industries, including steel manufacturing. United States markets--the biggest in the world--have become prime targets for emerging Third World producers.

* The transition to a postindustrial, knowledge-based service economy.

As technology and markets mature in some lines of production, a whole host of new services is demanded by affluent societies--health care, recreation, insurance, government services, and others. Computers, robotics, biotechnology symbolize this shift, and as John Naisbitt

says in Megatrends, gene-splitting becomes more important than atom-splitting.

- * The recession of 1980-83. The severe economic slowdown accelerated and exacerbated the effects of the above two trends. Frostbelt jobs and plants that might have survived longer were made more vulnerable. Weeding out of overblown white collar staffs was speeded up. The combination of excess global production capacity and this deepest of postwar recessions hit the steel and auto industries especially hard. Although the recession was not the most fundamental factor at work, its effects were the most keenly felt. In fact, I am inclined to believe that it alone has been largely responsible for those dislocations that have been the most painful and disruptive.
- * The corporate merger movement. How could we in Pittsburgh miss the importance of this force? We have had a ringside seat to some of the largest and most dramatic corporate mergers in history--US Steel's merger with Marathon Oil, J&L's marriage to Republic Steel, US Steel's rejected bid to merge with National Steel, and the gobbling up of Gulf Oil by Socal, which holds the current record for the largest takeover in corporate history. This battle of titans is no mere struggle for power. It is a blend of economic rationalization, attempts to strengthen domestic companies to meet foreign competition, the working of global capital markets, and various trends inherent in a system of private capital where investment capital seeks placement. The sudden disappearance of Gulf Oil from our midst, with its thousands of headquarters jobs, is a sobering experience for this community.

In combination, these four factors are the root cause of industrial

America's woes. They are interwoven with one another in a baffling complexity that obscures and confuses their separate roles. They also provide a cafeteria line of causes and complaints, allowing different groups to select their favorite dish of poison that, to them, has given industrial America its case of indigestion.

Some say that our problems stem from corporate greed or the uncaring, selfish attitudes of business leaders. But surely this charge misses the mark by oversimplifying. In fact, one could even argue that many of their decisions are intended to strengthen, not weaken, the economic and social fabric of our communities. By rationalizing industrial systems of production, they compete more effectively. By thinning labor and managerial ranks, a leaner enterprise has a better chance of surviving. By diversifying, a corporation makes itself less vulnerable to the fate of a single-product market. By improving its financial performance, it more readily attracts capital for future expansion. By seeking out foreign investments and markets, a company undergirds its domestic strengths and becomes more firmly entrenched as a total enterprise.

The Impacts

However, the problems that accompany these massive shifts in economic resources are real ones, often tragic in the impact they have on the lives of dislocated people and their decimated communities. Here is the breeding ground for discontent, despair, hostility, confusion, hopelessness, and a disquietingly passive acceptance by many of a bleak and meaningless future.

The overall job losses in the Pittsburgh region provide insight into these kinds of problems. In 1983 Pittsburgh manufacturers employed 99,000 fewer workers than ten years earlier, and many of these losses--perhaps

50,000 or more--are believed to be permanent. With a current jobless rate of 11.4 percent, Pittsburgh counts over 121,000 seeking work but unable to find it. Many others have simply stopped looking. In early 1983 the unemployment rate was nearly 16 percent, so the effects of the recession have abated somewhat.

In steel employment, the losses have been even more striking. Nationally, steel jobs plummeted from 400,000 in 1974 to 200,000 in 1983, with some 100,000 steelworkers on indefinite layoff.

The No. 1 steel company--United States Steel--cut its national labor force by 42.5 percent in just the last five years. But US Steel's Mon Valley workforce was reduced by about 66 percent from 1979 to 1983--two-thirds of steelworkers simply vanished from the mills and offices. Emphasizing my earlier point that the recession was a major factor in these reductions, it is notable that the deepest cuts both nationally and in the Mon Valley occurred in 1982 and 1983.

Beyond job losses are other manifestations of the giant nutcracker squeezing people and communities in the industrial Frostbelt. The satellite companies that circle and depend for their business on the core industrial firms suffer a decline. Electrical contractors, for example, finding less business from steel manufacturers compete more furiously for the shrinking market outside. The turmoil of plant closings, the demands for labor givebacks, the middle-class anguish of management and professional layoffs, the municipal burdens of a declining and aging population, and the scramble of corporations to protect themselves against unwanted takeovers--all of this potent brew bubbles and boils, giving off vapors that poison the trusting relations among all. We live in a time

of back-biting and vicious accusations, of confrontations, strident demands, posturing, bullying tactics, and menacing threats, where violence simmers and frequently explodes in a senseless paroxysm of rage and frustration.

If responsible business leadership means anything at all, it surely must embrace an attempt to set this situation aright, to staunch the flow of jobs and economic resources, to heed the pleas of those caught in the jaws of this mammoth economic vise that is squeezing the life from them, and to work cooperatively with others in ways that can restore a sense of balance, of justice, and of hope within the community of neighbors that we necessarily are. At the same time, business cannot reasonably be expected to act outside the bounds of economic reality. It cannot ignore markets, competition, costs, profit performance, beckoning economic opportunities elsewhere, or long-term diversification or merger strategies that toughen their competitive muscle.

The Obstacles

What then can we expect of business in the present crisis? The answer depends very much on some truly formidable obstacles embedded in the fabric of our community. If these obstacles could be removed--an unlikely event--or modified--perhaps a possibility--then the prospects for effective and responsive business actions would be improved.

Obstacle #1: A lack of community vision and shared concern. All major groups--corporations, unions, and unemployed groups--exhibit inward-looking attitudes and perspectives. Each organization is busily cultivating its own garden, oblivious and seemingly uncaring about the consequences to others of its actions and policies. Each has seemed somewhat startled by the thought of communicating directly and positively

with "the other side." Under these circumstances, each party sees the other as if in a dreamworld fantasy, possessed of wildly unrealistic traits of character, and impelled by a demonology. The jobless say that corporations and their managers are "evil." Corporate executives believe dissidents are "mad," "insane," and "Gestapo-like." Even more frightening than these distorted images themselves is the impression I formed that most organizations are actually comfortable within their respective world views. Neither side wants to see any good in its adversary.

Obstacle #2: Ignorance all around. The economic naiveté of the unemployed is well matched by the social and psychological naiveté of business executives. The jobless see nothing but an unfeeling, profit-mad juggernaut grinding them up and spitting them out onto the slagheap of discarded wastes--whereas a corporate strategist sees nothing but a perfectly rational, computer-assisted decision to close down an uneconomic plant. Or the unemployed can somehow believe that banks can force steel companies to borrow money and invest in operations they know are bound to fail--whereas a corporate official can actually believe that a job at MacDonald's or Wendy's is the answer to a steelworker cut off from a skilled job, a middle-class income, and a secure pension. The social view from a lofty executive suite is as distorted and unrealistic as the economic view from a storefront operation in the Mon Valley.

Obstacle #3: The worldwide focus of large corporations. Few, if any, of Pittsburgh's truly large companies have a compelling need to link their major decisions to the region's economic fate. Most operate in world markets, compete against other global giants, operate facilities in several nations simultaneously, and care more about the government policies of a Middle Eastern or South American regime than the political squabbles

in Allegheny or Butler or Beaver County. Their managers are professionals whose lives and careers are bound up in the company's success. They move easily from community to community, from nation to nation, without putting down roots in any one place. Their allegiance is to their job and their company more than to the homes or the communities they occupy for a few years before moving on. Although not generally callous or even uncaring, they tend to be uninvolved in the fate of the region that may be the administrative center of their company. Their view is global, not regional.

Obstacle #4: Ad hoc thinking about the future. One finds an astonishing and dismaying lack of overall strategic thinking about regional development and about the large-scale economic transition that now grips the Pittsburgh metropolis. Building industrial parks and luring new businesses to the area are laudable activities but generally are done opportunistically and at a pace slower than overall job losses. Others put much faith in a "high tech" future, although one searches in vain for a focus, a plan, a strategy, a philosophy, a consensus that can make such a worthy goal attainable. With one or two exceptions, the universities stand silently amidst all the confused babble that surrounds them, offering little in the way of intellectual leadership and guidance. City and county governments flit from crisis to crisis, trying to help--now urging firms to keep their noncompetitive plants open, now dashing off to Washington to support import quotas or to Harrisburg to favor funding for mortgage assistance programs. Praiseworthy all--but typically crisis-oriented, short-term, band-aid "fixes," not the needed strategic planning that would carry the Pittsburgh metropolis through this difficult period of

economic and social transition. Some faint voices are heard from time to time from the milltowns about the need to establish a regionwide authority --a steel valley TVA--to reinvigorate the steel-coal-transportation network that was the past glory of Pittsburgh, but one wonders whether such a plan could find the necessary funding, the political will, or the public support that it implies and requires.

Obstacle #5: The absence of a comprehensive and representative community planning and development mechanism. Obviously, we live in a free enterprise system where decisions are decentralized through the market. In theory, there should be no overall coordinating structure. In fact, a good deal of planning does occur but in the main it is carried out by more or less autonomous corporations whose planning horizons may or may not coincide with the needs of any given region. The much-talked-about national industrial policy is a political will-o'-the-wisp, with an uncertain future. Smaller business firms tend to be too busy, too weak, too strapped, and too focused on immediate survival to participate in regional planning efforts. Our metropolis is balkanized into more than 200 local governmental units which defend their fiefdoms with a ferocity reminiscent of Attila the Hun. In short, there exists no widely representative community mechanism to bring all affected parties into a focused effort to plan and develop the region's future. It makes one pine for the days of such political titans as David Lawrence and corporate barons such as Richard King Mellon who between them found ways to make the political and industrial systems work for the overall betterment of Pittsburgh. But those days and that kind of society are gone forever.

These obstacles, though formidable, should not be a cause of despair. They simply describe the economic, political, and social reality of our times and our community--a reality that too many want to sweep under the rug. These difficulties should not be allowed to paralyze our will or our imagination. Indeed, they provide a target of opportunity, a challenge, a benchmark against which progress can be measured.

The Possibilities

Hopeful signs can be found. In the Fall the Allegheny Conference on Community Development will report on its three-year study of the economic development prospects for the Pittsburgh region. Nine task forces have taken a comprehensive look at the quantitative and qualitative aspects of life in Pittsburgh. The study is strategically oriented and should constitute a first step in thinking through the problems and possibilities for the metropolitan region.

Beyond the work of Penn Southwest and RIDC in attracting new business to the area is the potential contribution of the newly established Western Pennsylvania Advanced Technology Center, state-funded by the Ben Franklin Partnership and jointly administered by Pitt and Carnegie Mellon University. Its aim is to create jobs by sponsoring research and development on advanced technology, to give entrepreneurial assistance in getting new ideas from the laboratories to the marketplace, and to provide training and retraining to support these new ventures. When combined with the separate but related efforts of CMU's internationally renowned Robotics Institute, it is obvious that Pittsburgh can indeed become a part of the giant shift to a high-tech, service-oriented economy.

Another well-hidden optimistic sign is the increasing diversification of Pittsburgh's economy that has been quietly occurring for the past 20 years. In 1960 38 percent of the region's work force was employed in manufacturing; in 1980 only 25 percent depended on manufacturing jobs; today the figure is down to 19 percent. Service and trade jobs jumped from 56 percent of the 1960 total to 69 percent in 1980 and 75 percent today. Only 9 percent were employed in the primary metals sector by 1980, and only 6 percent now. Although metropolitan Pittsburgh's overall population declined by 200,000 from 1960 to 1980, total employment went up by about 130,000. These changes mean that Pittsburgh is becoming far less vulnerable to business cycle fluctuations than when steel was king. They also demonstrate that Pittsburgh is already well into the massive shift from an industrial to a service-based society.

The Challenge

It will take time for these possibilities and new departures to mature and for their full effects to be felt. In the meantime, the problems remain, the human stresses grow daily, and the despair and frustration fester, creating the potential for social unrest of much larger proportions than we have so far witnessed. Under these circumstances, it is important--in fact, vital--for business to respond in ways that will be seen to be caring. Business needs to go beyond its own immediate needs to address the broader community's concerns and problems. That is what social responsibility is all about.

The steps that I would recommend embrace both public policy and private actions.

* There should be general community support for import restraints on steel shipments from foreign sources. Whether legislated quotas, restrictions attained through decisions of the International Trade Commission, a series of one-nation private agreements, or an informal voluntary plan similar to that reached in the automobile industry, some such relief is important in easing the shock of dislocation. Its virtue is the pragmatic effect it would have on steel manufacturers, their employees, and the communities in which they operate and live.

One of the functions of government is to act as a buffer against rapid social changes induced by new technology and shifting competitive forces. Throughout American history, a whole host of industries has been aided through crises. Lockheed and Chrysler were bailed out at no cost to the taxpayers and much gain to their employees and their host communities. The thrift industry was helped through hard times, the international banks have benefited from governments here and abroad in facing the crisis of shaky foreign loans, farmers for half a century have been sustained by one form of government aid or another, the housing and construction industries, the travel industry, the oil companies, and a long list of other businesses have sheltered under government's protection. It is time now for Big Steel to draw upon that protective umbrella. The stakes for national defense, for community life, for an entire generation of steelworker children are simply too high to consider any other alternative. If you want to slow down job losses and to give people some breathing room to adjust to a new economy, this kind of market protection is a partial answer.

* Expand job training and retraining programs. The recently established plan announced by United States Steel and the United Steel Workers is a model for others. It involves joint planning, administration, and financing by business, labor, and government, under the Job Training Partnership Act. It is far from the massive effort needed but is a hopeful beginning. It and other similar efforts could profit from input by those groups on the front line of unemployment and community despair, such as the practical-minded Mon Valley Unemployed Committee that operates in McKeesport. As a start to financing further efforts in training and retraining, all Pittsburgh-area companies should impose on themselves (the company, not their employees) a voluntary "tax" equal to the amount of their United Way contributions. Doing so would send a message of meaningful involvement and concern to those in the unemployment trenches.

* Create a system of training and education vouchers for the children of dislocated workers. It is this younger generation that will suffer the most damage, being denied a traditional pathway to a work career in the mills and unable to get parental financing. The vouchers could be used for tuition, fees, books, and materials at trade schools, colleges and universities of the student's own choice. It would constitute some compensation to the families of dislocated workers and would be a tangible demonstration of business's concern for the longterm impacts of painful but necessary economic decisions. In addition, it would help create a skilled and trained regional workforce and slow down the rate of outmigration of our younger people.

Corporate-based foundations in the Pittsburgh region should finance this voucher system by working out a voluntary "tax" on themselves according to a formula that includes the parent corporation's earnings, its impact decisions, and its relation to the affected communities.

* Create a special-purpose task force of mid-sized business firms to address the stresses placed upon them by the regionwide economic transition. These firms face shifting markets, disappearing customers, labor force problems, and have needs for better market intelligence, retraining, more stable financing, and centralized computer services. These firms are an untapped and largely ignored community resource of the first importance. Besides creating jobs, some of them, especially the new high-tech firms, compete in foreign markets and have a fund of knowledge, experience, and business techniques useful for regional development. Often satellites of larger companies, they frequently feel the pressures of economic change sooner than others, and they tend to have far fewer resources to adapt to these changes.

* Create a center for business-labor-community dialogue. Its purpose would be to sponsor discussions, an open exchange of views, an analysis and consideration of new economic development alternatives, and to allow traditional adversaries opportunities to become better acquainted with one another in a non-confrontational setting. By bringing together, on neutral ground, officials of labor unions, top-level corporate executives, church leaders, university experts, community activists, small and mid-sized business leaders, government officials, and other interested parties, perhaps some progress could

be made in overcoming the ostrich-like attitudes so widely prevalent today. A consortium of regional colleges, universities, and trade schools could coordinate this activity.

The media might play a central role by taping these dialogues for rebroadcast, thus helping the general public to understand what is going on behind the scenes and in the minds of major actors. If WQED can devote an hour each week to a commentary on the arts scene, why can it not do the same concerning these vital public issues that affect such a large proportion of the public? Radio talk shows also could play a part by encouraging a serious discussion of the various issues. We have the electronic means for vastly improving public understanding. Why not do it?

* A truly comprehensive approach by business would also include support of legislation and administrative actions for mortgage assistance; aid to the needy in paying utility bills; affirmative action programs for minorities, women, and the handicapped who are especially hard hit by the transition; and an expansion of medical care, transportation, and social services for the elderly whose family support base may have been weakened by layoffs of younger family members. The list could be extended.

* Think strategically about Pittsburgh's future. Ways must be found to plan realistically for the region's economic and social future. It will not happen automatically. It has to be made to happen. Too many divisive, centrifugal forces exist presently. They inhibit an orderly, humane growth pattern. All of the major actors in the metropolitan region share a common fate. By intelligent planning and a genuinely motivated exchange of the best ideas

from all quarters, the future could be made more secure, the region's economic strengths could be brought out, and social justice could prevail.

There you have the challenge. Who will take it up? Will it be left to "the other fellow?" Do you suppose business will allow itself to be pilloried unfairly and inaccurately as a selfish, profit-centered, greedy, uncaring part of the community--or does it have the will to demonstrate its concern for the human costs of economic readjustment?

As you ponder this challenge, let me leave you with a passage from Shakespeare's Hamlet who speaks to us in an especially meaningful way, burdened as he was with his own indecision about the challenge he faced:

What is a man,
If his chief good and market of his time
Be but to sleep and feed? A beast, no more.
Sure he that made us with such large discourse,
Looking before and after, gave us not
That capability and godlike reason
To fust in us unused. Now, whether it be
Bestial oblivion, or some craven scruple
Of thinking too precisely on the event
. . . I do not know
Why yet I live to say, "This thing's to do,"
Sith I have cause, and will, and strength, and means
to do 't.

--Hamlet