

Nader: No Escape From Corporate Embrace

On May 22 a group of Washington lawyers owning 12 of General Motor's 257 million outstanding shares will challenge the managerial leadership of the world's largest corporation. Calling themselves the Project on Corporate Responsibility, they are attempting to make the GM board of directors assume more responsibility for social problems such as pollution, highway safety, and minority-group employment.

The Washington-based challenge is asking for expansion of the board from 24 to 27 members to make room for representation of the public interest, amendment of the certificate of incorporation to put GM on record as limiting itself to business purposes consistent with the public health and safety, and requiring management to set up a shareholders' committee to watchdog the public impact of GM decisions and determine its proper role in society.

If the corporation agrees to allow them to be voted upon, chances of the shareholder proposal passing with management opposing them are negligible.

The announcement of the coming fight was made by GM foe Ralph Nader at a press conference in early February. The following is an excerpt from that statement:

Ours is a corporate society. Corporations produce, process and market most of the goods and services in the nation. They constitute the most powerful, consistent and coordinated power

corporate embrace. There can only be submission or control in varying degrees. The choice is between increasing predation or increasing accountability of corporate power to the people. As a bureaucratic structure, the corporation is here to stay and whether it comes in private, public, utility of Comsat-type dress is less important than the dynamic relationship with its total constituency. The paramount foci should include, the establishment of enduring access to corporate information, effective voice for affected social and

responsibility at the most. The corporate shield absorbs the rare enforcement of the law, not the official(s) whose decisions or negligence led to the violation. In addition, the ownership and management of the corporation have become separated and the ease of even the largest investors in exciting reduces any remaining incentive for owners to exercise voice and guide or discipline management. Clearly the gap between corporate responsibility is steadily enlarged by these aforementioned patterns. Just as clearly, a new definition of the corporation's constituency and its activation is needed.

With its massive size and pervasiveness, General Motors is a leading candidate for the attention of its assertive constituency—consumers, labor, dealers, suppliers, insurance companies and all citizens who experience the forced consumption of its air pollution and other environmental spillages. Nearly a million and a half of these citizens and institutions are shareholders in the company; in fact they have about the same rights as the owner of company debentures. The procedures, the information, the organization, the manpower and the funds are management's to deploy. But the fiction of shareholder democracy continues to plague the reality. By highlighting the fiction a new reality can be born that will tame the corporate tiger.

And verily, a tiger is General Motors. By virtue of the engines it produces and the plants it operates, the company contributes about 35 per cent of the nation's air pollution by tonnage. Its hourly average gross, around the clock, of \$2.4 million has not discouraged the company from spending last year less than \$15 million on research and development for less polluting engines. Grossing more than any single governmental budget, except that of the USA and USSR, GM, with its 1969 gross of some \$24 billion, still cannot find the will to build the greatly safer automobiles that can be built economically by free engineers. The company continues to lead the way in designs that pile up enormous and avoidable property damage in low speed (under 10 mph) collisions and increase its aftermarket replacement sales as a result. The company is a charter member of the highway lobby that has opposed successfully the development of mass transit systems and pushed highways through cities and suburbs in the most indiscriminate manner of land use planning. The market power that is synonymous with GM has propelled the industry toward attenuated competition or collusion over design and marketing practices. Innovation



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has been creatively stayed to the consumer's harm and economic detriment. GM's huge financing arm, General Motors Acceptance Corporation, according to Congressional testimony, engages in deceptive, usurious and exploitive practices in its service to the parent corporation. Secrecy, obfuscation and contracts of adhesion characterize the techniques used to render consumers impotent in remedy for their complaints. These are only the surface references to GM's imprint but they suggest a ferocity of acquisitiveness which could render an optimist euphoric at the prospect of transforming such motivational velocities for man instead of against man. What is emerging from closer study of companies such as General Motors is that the most intractable obstacles to change for man are not technical at all but are more often associated with rigidities of a bureaucratic and personal nature rather than economic incapacity or loss. The half century of delay in installing a collapsible steering column was quite probably due to the vested interest of an authoritarian psychology than to

the more conventionally adduced reasons. When the decision was made for the 1967 model cars that the collapsible steering column was "in," it was finally decided that in any collision between man and column, prudence dictated that the column should give, not the man's rib cage. The microcosmic episode illustrates the enormous power in the hand of those who decide manufacturing priorities and product designs (the ramrodding steering column is estimated to have fatally injured over 200,000 Americans since 1900). They need assistance in making such decisions along the entire continuum of impacts on people. A few years ago, the company produced many advertisements with the headline "GM IS PEOPLE." It is time to amend the caption to "GM IS FOR PEOPLE." In addition, GM is continually violating laws, including air pollution and safety laws, and it is time for shareholders to voice their concern here. For as has been said, shareholders are harmed as consumers and citizens by the very activities that they own in part.



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grid that shapes the actions of men in private and public sectors. Yet, far less is known about the actual operations of the giant corporations than any other institution in America, including the national security agencies.

The diverse impacts of corporate actions on citizens, however, are being felt and described in their torment. These impacts are not catalogued in company annual reports whose style of aggregate, numerical evaluation of company gains and losses has been mirrored by similarly parochial governmental and scholarly assessments. Instead, corporate imprints are reflecting themselves in growing violence to our air, water and soil environments, in imbalanced consumer and producer technologies that harm their users and dehumanize their operators, in the colossal waste and depreciation of consumer goods and services and in the moloch-like devouring of a society's resources to the detriment of sane and humane allocation of these resources to meet the needs of all the people by superior distribution and innovation. In other negative ways—through the power of avoidance—corporate power centers can condition or determine whether other forces will unjustly prevail over the expression of weaker but more legitimate interests in peace and justice.

For most citizens there can be no rejection of nor escape from the

individual interests, and thorough remedy against unjust treatment.

Throughout the past century, the major forms of curbing the excesses of corporate power have been external pressures and stimuli from government and labor. As confronting organizations, however, government and labor groups did not possess the stamina, motivation and generic nourishment that the corporation displayed to keep its opponents at bay or accommodate their vulnerabilities. While overcoming the regulatory state and adjusting to the narrow goals of organized labor, the modern corporation increased its direct power, and, through an imbalanced use of complex technology, its indirect power over citizens. Now mere inaction, mere forbearance, can wreck havoc on the health, safety and well-being of people.

The corporate quest for control of its operating environment has led industry and commerce to narrow or virtually eliminate the range of quality competition in contrast to non-price and—or trivia-indentured competition. The same quest has led to endemic violations of antitrust and other economic laws and produced greater and greater concentrations of corporate power. The intricate evolution of the legal structure of the corporation permits the increasing exercise of personal power accompanied by institutional, not personal,



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