

Thirteen

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Transcripts: Bill Moyers' Journal, Box 900, New York, N.Y. 10019

Press contact: Sara Reitz (212) 560-2039

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Bill Moyers' Journal

“Big Business: Doing Well or Doing Good?”

Executive Producer JOAN KONNER
Executive Editor BILL MOYERS
Producers RANDY BEAN, BETSY MCCARTHY

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Big Business: Doing Well or Doing Good?

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[Tease — Exterior, U.S. Capitol]

BILL MOYERS: Something called Big Business Day took place in over 100 American cities today, including Washington, D.C. Organized by people from the environmental and consumer movements and from labor, religious and civil rights groups, Big Business Day was one more happening in the debate that ran through the '70s over the role of the corporation in American life. Big Business Day was a media event; the debate is not. Here in Washington I'll visit one of the Big Business Day conventions. We'll hear from two economists on the issue of corporate accountability. Later in the hour, we'll watch Tom Hayden and Jane Fonda campaign for economic democracy. And Malcolm Forbes will answer for the capitalists. I'm Bill Moyers.

[Bill Moyers' Journal opening]

[Interior, studio]

MOYERS: Americans have long had mixed feelings about big corporations and even about capitalism itself. On the whole we like money and the things it buys. But toward the giant corporations that generate the money and goods, we feel ambivalent. Should they just do well? Make money. Or should they also do good? Be held responsible for social goals other than profit. And just how compatible with democratic values is commerce anyway? All men may be treated equal in the eyes of Thomas Jefferson and Jefferson's god, but in the organization of economic enterprise today it's efficiency and not equality that is the goal. The organizers of Big Business Day said their purpose was to dramatize corporate abuses, but at the heart of their cause are more profound questions. Can the drive of big corporations for maximum profit be squared with the political principles of democracy? And should it?

[Exterior, U.S. Capitol, then Interior, Cannon Caucus room, Cannon Office Building]

MOYERS [voice-over]: Because so many of these issues finally come to a head in Washington, the organizers of Big Business Day chose Capital Hill as the stage for their centerpiece event. Here in the halls of Congress, where lobbyists for and against business daily contend for access and influence, delegates from 66 coalitions in ten states gathered for what they called "the Founding Convention" of a giant corporation. It was a day of impassioned speeches, quiet testimony, and some concrete proposals for alternatives to business as usual.

SPEAKER [at the podium]: In our modern world of smokestacks and skyscrapers, we ask for thy special blessing and redemption on today's victims of injustice. Textile workers slowly dying of brown lung. Coal miners cut down by black lung. Chemical workers poisoned by toxic wastes. In our continuing struggle for justice and peace, we ask that thou would touch the hearts of those who wield power in the corporate boardrooms of our world. Keep them from worshipping the golden calf of profits at the expense of the welfare of the human race. And show them new ways to conduct commerce and industry with a growing awareness of public responsibility.

MOYERS [voice-over]: Civil rights leader and the founder of the Congress of Racial Equality, James Farmer.

JAMES FARMER [at the podium]: Three weeks ago I was on a plane shortly after my accident, and a businessman came back to talk to me. And he said, 'Farmer, I see your name listed as one of the sponsors of this so-called Big Business Day. What do you have against big business? Why are you anti-business? Especially after all business has done for your people?' [laughter] I told him that I was no more anti-business than in the '60s I was anti-public transportation because of the freedom rallies. Or anti-restaurants because of the sit-ins. Or anti the democratic process because of the battle for the right to vote in the deep south. As all before have said, what we seek is to make big business accountable to the people and to wipe out the abuses. It is clear now that big business does not know what is best for American people. What is good for General Motors is not necessarily good for the nation. The same self-appointed sages that have brought us the Ford Pinto, the Firestone 500 and the Love Canal cannot be allowed to plan our nation's future growth. Big Business Day is the start of a long process by which we must reclaim our future from the faceless managers and boards of directors of the nation's largest corporations and return that decision-

making process to the people. We must make corporations accountable to the communities they affect. Through legislation like the Corporate Democracy Act, we can begin this task. In the '60s, we fought to give minorities and the poor a voice in making decisions on those policies and programs which affected their communities. It was then called maximum feasible participation. This is the same fight. It's a fight to extend the boundaries of democracy. To extend the decisionmaking process to include those who heretofore have been excluded. [applause]

MOYERS [voice-over]: Consumer activist Ralph Nader.

RALPH NADER [at the podium]: The challenge to giant business crime is a challenge to transgressions against the most established values in our society. These values are as follows: opportunity for people to express themselves in economic and civil rights pursuits. Another value is to provide voice under our First Amendment for all the peoples in this country with reasonable access to modern communications technologies. And yet we have another grotesque spectacle, where 200 million Americans who own the public airways, under license now to private corporations, have less opportunity to communicate to themselves over television and these public airways than Morris the cat selling catfood. A third basic value in our society is the respect for law and government at least to the point of not corrupting and undermining its integrity systematically. Corporations have done this systematically. They have corrupted it by bribes admitted and acknowledged by top corporate executives. When we hear the Ford Motor Company is shutting down a plant in New Jersey and laying off 15,500 workers permanently, it's time to ask what level of mismanagement at Ford Motor Company in the past ten or fifteen years led to that closedown. The level of mismanagement which until two years ago arrogantly paraded large vehicles with poor fuel efficiency while they knew that the imports were increasing their share of the market because they were responding more to consumer needs.

MOYERS [voice-over]: The keynote speakers were followed by a panel identified as victims of corporate abuse.

JOYCE SPICKLER [at the podium]: I am Joyce Spickler. I'm here today because the Eli Lilly Company has given me cancer. When I was eighteen years old, I had to have a complete hysterectomy. They had to remove my uterus, an ovary, my lymph glands, two-thirds of my vagina. I can never have children, and I have to live everyday with the fear of the cancer recurring. All this happened to me because the Eli Lilly Company promoted an estrogen drug, DES — di ethyl stilbestrol — that was given to my mother when she became pregnant with me. It was given to her to prevent a possible miscarriage. Even at the time that DES was given to my mother, the Eli Lilly Company knew that it was totally ineffective in preventing miscarriages. And even though there was evidence at the time that estrogens were linked to cancer, the Eli Lilly Company didn't even bother to test this drug on pregnant animals. Instead, the Eli Lilly Company and other drug companies used the women of America as guinea pigs. At the age of 25, I fought back. I took the Eli Lilly Company to court. I wanted them to be accountable and responsible for the tragedy that happened to me. The Eli Lilly Company would rather spend large sums of money fighting me in court, bringing this case to court than use that money to compensate those of us who have suffered because of DES and those of us who will continue to suffer and will be suffering for the rest of our lives. I am proud to tell you, though, today that I fought back against Eli Lilly and I won. [applause]

MOYERS [voice-over]: Joanne Hale told of her experience as a resident of Love Canal, New York, where toxic chemical waste has created serious health hazards.

JOANNE HALE [at the podium]: I've very nervous. This is very emotional. Because my life in Love Canal was a hardship. Lois Gibbs was supposed to be here today but she didn't make it. Her daughter is very sick. She has potential critical list. She's like my own daughter. Every mother in Love Canal feels the same way so I'm speaking for 540 damn mad mothers. And we don't want to see it anymore. We don't want any more chemicals in our backyards. We don't want to see any more corporate abuse. We don't want to see any more corporate pressure put on. We don't want to see Hooker get away with any more. We don't want to see Occi[dental Petroleum] make their billions dollars of profits while we walk away with no interest on our — No low interest on our old homes that aren't any good, that they want to sell to other people so they can move into our homes. Our contaminated homes. But yet Hooker goes scott free. I conceived a child there. I was fortunate. She only had a slight birth defect. But there's fifteen other mothers — fourteen other mothers besides myself. Out of the fourteen, there were two still births, five miscarries, two normal pregnancies, and the rest birth defected. We don't want to see Hooker closed totally down. We want them to clean up their act. Not only for us but for the workers. What about the future of our children?

MOYERS [*voice-over*]: The climax of the Washington event came from Congressman Benjamin Rosenthal of New York. He and eighteen colleagues had introduced the Corporate Democracy Act of 1980, which would require independent outsiders on corporate boards, end interlocking directorships and open corporate data to greater public scrutiny.

BENJAMIN ROSENTHAL [*at the podium*]: The Corporate Democracy Act represents a departure from the traditional regulatory approach to concentration. Until now through a complex and often confusing regulatory system we have attempted to deal with the misdeeds of corporate decisionmaking rather than with the decision-making processes itself. At a time when economic theory and practice are so clearly in disarray, structural reform is the answer and structural reform is necessary.

[*Exterior, U.S. Capitol — Moyers with Rosenthal*]

MOYERS: Congressman, is this an attack on the system?

ROSENTHAL: By no means at all. We want to reform the system and make it work better for everybody.

MOYERS: Well, specifically, what would the Corporate Democracy Act do?

ROSENTHAL: Well, it provides an independent board of directors, it would limit the number of boards that a director could serve on, it would prevent the incestuous relationships of being on a lot of boards. It would make the boards more responsible to the stockholders and to the community. And I think they'd do a far better job that way.

MOYERS: You think the boards of directors now are not doing a very good job?

ROSENTHAL: They're not doing anything at all, for the most part. Half the members of the boards serve on all other boards. They don't pay a lot of attention. We need—I think the corporations themselves need a board of directors that's so independent that they could fire management when management doesn't exercise responsibility.

MOYERS: What about the argument that this will hamstring the corporations and reduce economic growth and eliminate jobs?

ROSENTHAL: I think that exactly the opposite is correct. If you have a working independent board with responsible community attributes, these corporations will be more responsive, more profitable and make a far more significant contribution to America.

MOYERS: So, in effect you're saying, the board's ought to do their work which they're not doing now?

ROSENTHAL: Exactly right.

MOYERS: Is this an attack on big business? Do you have anything good to say about corporations?

ROSENTHAL: Well, I think the free enterprise system and big business and corporations have done a lot for America. The problem comes when they grow too large and too indifferent to society and the common good. And as a matter of fact, they don't even do their own work. Ninety percent of these boards simply don't perform in the way they're mandated to under their charter. We want to make corporations more efficient, more profitmaking and more responsive.

[*Interior, studio — Moyers with Herbert Stein and Alice Tepper-Marlin*]

MOYERS: Two people with me in Washington have been watching the activities of Big Business Day with keen interest but from different perspectives. Dr. Herbert Stein, a Senior Fellow at the American Enterprise Institute, was a member of the Council of Economic Advisers in the Nixon and Ford Administrations. He is a contributing editor of the *Wall Street Journal*. Alice Tepper-Marlin, who also trained as an economist, is Executive Director and founder of the Council on Economic Priorities which analyses the social performance of corporations. She's an organizer of Big Business Day and helped write the Corporate Democracy Act. Dr. Stein, you're sitting here with one of the organizers of Big Business Day. What do you think of her handiwork?

HERBERT STEIN: Well, I don't know how much of all this Mrs. Tepper-Marlin is responsible for, so I don't want to discuss it in personal terms. But I must say that I have rarely seen fifteen minutes of so much confusion,

sentimentality and misinformation. I think that the basic problem was really contained in a question you asked at the outset — corporations doing well or doing good — as if this was a conflict or an inconsistency. Whereas the first thing you have to recognize about the system is that the urge on the part of corporations to do well — by which you meant, to do well for themselves and make profits — is the main motivating force which causes them to do good for the society as a whole. The basic proposition you have to start with is that we do live in the most effective economic system the world has ever known. We all enjoy the highest living standard of all time, which we earn with less work, less burdensome work, in which we enjoy more freedom in our lifestyle and styles of work than ever before. And this is the result of a system in which the large corporation is a major factor. Now to point out to some cases in which there were evil consequences or misfortunes is not the basis for an attack on the system. And I believe that Mr.— Congressman Rosenthal is quite disingenuous in saying that what's going here is not an attack on the system. Because it is an attack on the basic preconceptions of the system, which is that we have a market system. We have a system in which institutions and economic operators in the system serve a market, are judged by the market and succeed or fail by the way in which they meet the needs of the market and he wants to substitute for that, either a group of vigilantes riding herd on the activity of corporations or more government regulation. Either of them is inconsistent with the system and we're all going to pay for it if we go down that road. We are going to pay for it in less output, less income, less productivity and a miserable quality of life.

MOYERS: Alice Tepper-Marlin, how do you measure with your organization the social performance of a corporation? Dr. Stein says that if they do well they will do good. Is that your— Are you in agreement with that?

ALICE TEPPER-MARLIN: We find that it's true for some issues in some industries. We measure them by looking at their performance on a comparative basis. For instance, for the steel, electric utilities, oil and paper companies, we've ranked their performance on pollution control by examining their effluence and emissions from every single mill. And we find an astonishing variation, as much variation in their social performance as we find in their financial performance. J.C. Penney, for instance, has done an excellent job at employing and promoting minorities and women, and at product safety. Kresge has done a terrible one. In the paper industry, Weyerhaeuser and Owens-Illinois did a good job controlling pollution. Diamond International and Westvaco have done a very poor one. We've found that introducing social factors into the marketplace as a new competitive factor will help make companies compete to be more responsible citizens and that good performance in these areas often reflect the same kind of good management that you see in a profitable company. The differences can be very, very large. For instance, in the steel industry, Armco did the best job at pollution control and the worst were National and Republic. In controlling pollutants, the emissions of the poorer companies were five times as high adjusted for capacity as they were for Armco. That's a very large difference and we'd like to see companies competing for better social performance. We think the provisions in the Corporate Democracy Act will enable them to do so more effectively.

MOYERS: Dr. Stein says that companies don't need outside directors in order to accomplish those purposes, and I gather you're saying you think those that are not performing well do need outside directors?

STEIN: No, well I haven't said that. I am an outside director of a corporation which has many outside directors and they serve a very useful function.

MOYERS: But you're not required. There's no law that—

STEIN: But there's no— And I don't think there should be. A corporation is a voluntary association of its shareholders who organize themselves in accordance with certain bylaws which they adopt and I see no more reason why the government should prescribe the form of their organization and the character of their directorship than that they should do it for the Catholic Church or the Council on National Priorities.

TEPPER-MARLIN: Well, if the corporate— Oh, I'm sorry.

MOYERS: No, go ahead.

TEPPER-MARLIN: If the corporate community is sincere about not wanting government intervention, I suggest they roll back their lobbying for special tax breaks that make the corporations pay a small fraction of what ordinary individuals pay — 5 percent, 10 percent, 15 percent taxes when your average worker will pay 25 percent in taxes. I've been in a number of discussions with corporate executives over the past few months in the Roundtable and the Chamber of Commerce, and many business leaders are making an aggressive stance against any kind of regulation.

They're not sincere because they are for regulations that help business. They're only against trying to roll back regulations that protect our most basic health and safety needs.

STEIN: Well, that's a point on which I will not defend the corporation. I hope you don't think I appear here as a defender of the corporation. Many of economists have noted— many economists who are, in my way of thinking—that the corporation and the corporation executive is not always the best defender of the free enterprise system. And he does seek regulations when it's in his interest. And it should be the responsibility of more objective people to resist such regulations and such departures from the free enterprise system. I do think that we have gone too far in many respects in regulating the industry. I think—

MOYERS: Give me an example, Dr. Stein, if you don't mind?

STEIN: Well, I think we have imposed pollution standards which, in many cases, are not worth the cost that they impose on business. There seems to be a notion that if you impose pollution standards on an enterprise, that is going to be paid by the chairman of the board — that the costs of doing that are going to be paid by the chairman of the board. Of course, it isn't. It is going to be paid by the customers. And we have made American products more expensive than they need to be and we are depressing the rates of growth. There are many studies to show that the rate of growth of productivity in the United States has slowed down for a number of reasons, one of which is the big burden of expenditures for the environmental measures.

TEPPER-MARLIN: Dr. Stein, do you think that the purchasers of the products of Hooker Chemical would not be willing to pay a little bit more to save the lives of those children we heard about a little bit earlier?

STEIN: Well, I'd like to say something about Hooker Chemical. I think that was a most misleading and disingenuous performance that was put on there because, as you know, the question of Hooker's responsibility in any moral or legal sense for what happened there at Love Canal is still very much in doubt, is still being adjudicated by the courts, and to present this as a fact which is established and to which we're all supposed to respond in a very emotional way. I think, is very misleading.

MOYERS: Dr. Stein, I've read some of your addresses and essays in which you raise questions about the side effects of some corporate endeavors. Now, how do you propose we deal with that as a society?

STEIN: Well, I think there is— That government has the responsibility and the function of checking, preventing private activities which are seriously adverse to the general welfare and to the welfare of other people. And we do that. Of course, that's what all laws are about and the corporation officers, directors are subject to the law. All I am saying is that you have to be very careful and responsible in not pushing this to the point where you undermine the efficiency of the whole system. After all, a lot of people do things which interfere with other people. I might say that the plaid on Mrs. Tepper-Marlin's dress is offensive to me, which it doesn't happen to be, but it might be in some case. But I would not think of seeking legislation to require her to wear a mao jacket so that I would not be offended by the garishness of her outfit. Now— So I think there is a problem of trying to confine regulation and interference to very serious cases. And also to make sure that this is done in a constitutionally legislated process with judicial review. That's one thing that worries me a great deal about the idea that all we want is disclosure. Well, of course, the disclosure is only to provide a platform for a demagogic attack upon the corporation.

MOYERS: Dr. Stein said he thought that the burden of trying to control pollution — which is passed along to the consumer — is too great in many instances. Now, your group has studied steel, oil refining, pulp, mining, chemicals, the auto industry. Have you found occasions when the cost of meeting pollution control regulations caused many plant closings and job losses?

TEPPER-MARLIN: No, that's been a false threat by industry over and over again. Of course, there are occasionally some plants which are closed a little bit earlier. But in almost every case, we've gone back and seen what the plant closings were later in a study. And they've amounted to far less than 1 percent of the operating capacity, much of which is adjusted for by new plants elsewhere.

MOYERS: But I've had corporate executives invite me to come and look — to the extent that a layman can as a journalist — at the cost of regulation on their corporations and it convinced me that the cost of much government regulation does, in fact, increase the costs of doing business and diminishes, in some respects, productivity. What

does your group respond to that with?

TEPPER-MARLIN: Well, I'm sure it does increase the cost of doing business. It's not free. But, you know, business threatened that it would be destroyed by the burden of having to recognize labor unions and child labor laws and bathrooms for employees many years ago. And the business system has proved remarkably effective at being able to incorporate into the cost of doing business a great many of the costs that are imposed. And I think all of us looking back now would think that that was worthwhile legislation and that the benefits exceeded the costs. Business has done a great deal of research over the last year or two on the cost of regulations. Very little effective research has been done about the benefits and, in the few cases where we have looked at it, the benefits tend to far outweigh the costs.

STEIN: Well, I think that that is a good point. That we need to measure the benefits and I think that the benefits have not been adequately measured in the kind of legislation that has been adopted. The legislation has been adopted on essentially sentimental grounds; that is, that nobody must get the black lung disease, nobody must get the brown lung disease, nobody must drink a glass of polluted water. And we have imposed standards on the corporate system that, of course, none of us would follow in our own lives because who can stand up in the vote in favor of somebody getting the brown lung disease or the black lung disease. And— But I think that the benefits of many of these pollutions systems have been found to be quite insignificant; that is, there's very little evidence of reduction in mortality in the United States as a result of the reduction in automobile emissions for which we pay so much in this country. But I— But that isn't really my point. The point is that these decisions should be made in a process in which the costs and benefits are measured. But if we have Mr. Nader and his people marching up and down the street with banners as a way of putting pressure on corporations to do this or that about pollution, that is not a process— That is not a rational process in which costs and benefits are measured. That is just a measurement of pressure.

MOYERS: Let me ask you this, Dr. Stein. The message of Big Business Day, as it seems to me listening there today, is that corporations do have a powerful effect on people's lives and that citizens ought to have a say in those decisions that affect their lives. Now how can one argue with that?

STEIN: Well, I think you can if you make any distinction at all between private and public. There is a distinction between the kinds of things that are controlled by the government and the kinds of things that are not. But of course citizens do have an effect. If citizens don't buy the cars, then the cars don't get produced. And if the citizens don't buy the drugs, then the drugs don't get produced. And that is the way in which the customer determines what gets produced. And if the workers don't work in a factory, then that factory doesn't operate.

TEPPER-MARLIN: The problem is that that assumes that the customers have the kind of information that you opposed providing for them and that the Corporate Democracy Act would be— would make available. So that all the stakeholders in the corporation, the consumers, the employees, the neighbors of the plants who are affected by the dramatic and powerful decisions that companies make every day, and the externalities that they impose on others and don't reflect in their cost system must be conveyed to them with the kind of disclosure that we've proposed in the Act, the kind of disclosure that Mr. Nader and others of us in the public interest and the union movement have been working for many years to make available. And which some companies, for instance, The Bank of America, have done a good job at disclosing, and others have fought tooth and nail just like those companies that put all of their resources into fighting regulation when complying would be cheaper, easier and save a great deal of suffering and lives — the sentimental factors you like to ignore.

STEIN: Well, maybe they're defending the system even in cases where it may not be in their self-interest. And I admire them for that.

MOYERS: We have thirty seconds.

STEIN: Well, I think that the real thing I would like to return to is what I said at the beginning, that this system has had an enormous payoff for the American people. And that they should be very careful about tampering with it. It has not existed through most of human history and it is not given by God.

MOYERS: Thank you, very much, Dr. Stein. Alice Tepper-Martin, for being with us and I appreciate your coming.

MOYERS: I said earlier that Big Business Day is just one more happening in a sustained challenge to business. There's a movement in California which was started three years ago by activist Tom Hayden, a founder of the old SDS. It's called the Campaign for Economic Democracy and aims at asserting the control of consumers, workers and community groups over the economy. CED has won a number of local elections in California, and its success gave Hayden and his wife, the actress Jane Fonda, the impetus to take their crusade nationwide. Here's a glimpse of part of their 50-city tour.

[Exterior, Chicago]

JANE FONDA [at the podium: applause]: We have been traveling the cities of this nation in the last week and we have heard the anguished voices of Americans who are having to choose between buying their families a decent meal or driving cars to work. And we feel a mounting rage across this country. Politicians and candidates, beware! You have taken us for granted too long! [applause] We can vote and we can organize and there are rallies like this in over a hundred cities across this nation. And we are telling you you'd better get the guts to stand up to the black shadow of oil before it spills across your desk and oozes into your campaign coffers and seals your ears and blackens your hearts because if you do not hear our cries now you will harvest the grapes of wrath. [applause]

TOM HAYDEN [at the podium]: Ten years ago, people like myself on trial here in Chicago were considered to be a subversive threat to the national interest. The Chicago Seven were never a threat to the national interest. Now we have to realize that the real threat to the national interest, the people who are selling out this country, destroying our economy, raising prices, polluting the air, driving people out of work, are not the Chicago Seven, they're the seven sisters of big oil. [applause]

[Interior, labor meeting — Pittsburgh]

MOYERS [voice-over]: At this labor union gathering in Pittsburgh, Tom Hayden and Jane Fonda explained the goals of their movement, which are to open the door to economic democracy in middle America.

HAYDEN [at the podium]: What Jane and I are trying to do is exert all the energy that we can to start to create a constituency of people — of labor, of students, of consumers, senior citizens, people that we meet with all across the country — to begin to address some of the basic issues that we think ought to be addressed in the 1980 election and we are pretty convinced, on the basis of past experience, will not be addressed unless citizens get out there and create the climate. All through American history, there have been citizens' movements that preceded candidates, whether it was the anti-slavery movement that preceded Abraham Lincoln and the Emancipation Proclamation, or the labor movement that preceded the New Deal and FDR. [applause]

FONDA [at the podium]: What is the difference between economic democracy and socialism? Very briefly: idealism, ideals, values, the need for equality for all people aside, we don't think that the problem of unresponsive, undemocratic corporate bureaucracy would be solved by superimposing on top of it an unresponsive, undemocratic government state bureaucracy. Our solution is quite different. Our solution talks about restructuring the corporations from within: through federal chartering, through public members on boards of directors, through divestitures, through tax reform, through a total revision of our judicial system so that crime in the suites is dealt with the same as crime in the streets. I will tell you very frankly. I have had it. I am sick of people questioning my patriotism. Of people calling me a traitor when, [applause] when some of the loudest cries, some of the sharpest attacks come from people that I think, if we really examine their corporate behavior — and I'm talking about the big corporations, the multinationals in this country — there is no question that we are being betrayed. We have to talk about economic treason and economic patriots and we have to start getting together and focusing our anger, on the people that are really betraying this country. Selling us out to the Arabs, selling us out to foreign interests, and selling us out to ourselves. Thank you very much.

[applause]

MOYERS [voice-over]: Their message was applauded by both the rank and file and their leaders. Several prominent union officials responded to the speeches after the meeting.

UNION MEMBER: We agree with them that this country is not being run in the interest of the majority of the

people. That the employment policies, the economic policies, the energy policies are being run for the interest of the corporations and a class of rich people and not for the interests for the majority of people, among whom are our members. And the concept of economic democracy is a useful concept for talking to people about how we need to have clout in the economic realm as well as in the political realm.

2nd UNION LEADER: I think that there's a certain amount of political naivete in the concept of opening up the corporations. I mean, let's face it. These corporations— Political power is synonymous with economic strength.

[Exterior, Pittsburgh street]

MOYERS *[voice-over]*: While most audiences inside were receptive, the Fonda/Hayden tour was often met outside by pickets, protesters and doubters.

FONDA *[circulating questionnaires]*: Is she an office worker?

REPORTER: Yes.

FONDA: Here. Tell her to pass them out in her office and to have people fill them out and mail them back in. *[to woman office worker]* This is being passed out by Pittsburgh working women in an attempt to find out what women office workers feel about their jobs. what are the problems that you're facing.

WOMAN OFFICE WORKER: Okay, good.

CROWD MEMBER: On your speech on economic democracy, what kind of qualifications do you have when you go out and speak?

FONDA: An activist, an organizer who has seen very directly the problems that people are facing because of—

CROWD MEMBER: But you get paid three to five thousand dollars for doing this. And the money goes. And you say you want economic democracy. And you make so much money. Don't you feel like you're kind of contradicting your point?

FONDA: The money that we earn on our speeches and the money that I earn as an actress goes to the Campaign for Economic Democracy.

CROWD MEMBER: Is that the reason you live in a 120 dollar-acre estate?

FONDA: It is a small drop in the bucket compared to what oil companies, large utilities, Exxon and these kind of corporations—

CROWD MEMBER: 120-acre estate, man?

FONDA: —have tried to convince people in this country that there's no solution to our problems. We believe that there is a solution.

CROWD MEMBER: Communism? Socialism?

FONDA: No. We have won 17 elections in the last year in California on these issues in very conservative parts of the state. We have reason to believe that large numbers of people in this country are interested in these issues and we believe that there's a basis for a citizens' movement as a countervailing force to corporate pressure which is now—
[heckling]

CROWD MEMBER: I was sent here by the National Christian Activist Coalition. We represent thousands of Christians throughout America who believe that America should have the moral majority to step forward and speak against such anti-American legislation that's going through, that people are promoting, and that the federal government is funding her speeches, that we should stop this type of work and start sticking up for what America really believes in and that's a free enterprise capitalist state. And that's what we believe we should have.

[Interior, Fonda and Hayden]

HAYDEN: We're going to the constitutional constituencies that formed the backbone of all progressive movements from the New Deal to today. Working people and their unions, consumer groups, senior citizens, the Jewish

community, the minorities, the veterans. And the reason for it is quite simple. These people are the backbone of America. They represent the largest single block of votes and the recession and inflation are being visited on them while the very people they put in office come away unscathed.

FONDA: Economic democracy is a departure from the liberal approach to problems and the conservative approach to problems. I think it is slippery now because it's new to us. It'll take a period of time to debate it and discuss it and see it from different points of view and then it'll be the household notion.

[Interior, Temple University assembly hall]

MOYERS: *[voiceover]* Fonda and Hayden got a rousing reception from students at Temple University in Philadelphia.

MOYERS *[voice-over]:* For a moment, we were reminded of the '60s.

[Applause, music and cheering]

FONDA *[at the podium]:* There is an absolute life-and-death need now because we are running out of time and water and air and energy and human energy and human spirit and hope. We're running out of them. We have to create a new citizens movement. *[applause]*

FONDA *[at the podium]:* We live in a country where we have a right that was fought for by our ancestors to vote people into office. And we have elected officials and we know their names. And for better or worse, we put them there. But the fact is that our country more and more is being run by people that we never elected to office, whose names we don't know, whose faces we would never recognize. It is they— *[applause and cheering]* It is they who determine whether you will work when you graduate, whether you will be able to work at safe jobs or whether you will be killed on the job. It is they who determine whether women and minorities will be frozen into low pay and low status jobs. It is they who determine which countries will become our allies, and which countries we will ignore. That is the central problem that is facing us in the 1980s. Right now the only pressure that is being felt on our elected officials is from the corporate special interest group and lobbyists. We have to change that. We have to overcome our differences. We have to unify. We have to organize where we go to school, where we work, where we live, in the communities that we come from, to create a body of pressure that can at least be a balance to the corporate pressure that is now overwhelming. We believe it's possible. *[applause]*

[Interior, Fonda and Hayden]

HAYDEN: We're trying to start a crusade that will expand people's consciousness of their rights as citizens in the political sphere to the economic sphere. It's a very subtle change, but when it happens psychologically it is totally liberating. It means that people look at their employers differently, their landlords differently, the tax collector differently, the supermarket owner differently. It's a very subtle and visible change which then will explode into new laws, new candidates. It'll come to the surface within the not so distant future.

[Interior, Moyers' office — Moyers with Malcolm Forbes]

MOYERS *[voice-over]:* If economic democracy is about to explode on the American scene, as Tom Hayden predicts, the signs are not evident to his critics in the business community. One leading capitalist who disagrees with Hayden and Fonda is Malcolm Forbes, the president and editor-in-chief of *Forbes Magazine*. He's a staunch advocate and defender of corporate enterprise. I spoke with him recently in New York.

MOYERS: Mr. Forbes, one of the priorities of the Big Business Day organizers and of Hayden and Fonda, and you've just seen that film, is to find new ways to make businessmen make their economic structure compatible with democracy. How will business respond?

MALCOLM FORBES: Well, I think that the phrase that they kept using — corporate democracy — the worst— The cardinal crime, in my opinion, of any business, is running one that goes broke. Corporate democracy is one of those cliché things, has wide appeal, everybody cheers. They don't know quite what it means. Nobody wants to be working for a company that's going broke. And everybody enjoys working for a company that's growing.

MOYERS: One of the particular points that Hayden and Fonda talk about is what they call 'stakeholders' — people

who have a stake, for example, in how a plant is run and in its consequences. They even make the point that ordinary citizens living within the jurisdiction of a chemical plant should be able to elect someone to represent them on the board of that plant. That consumers who do a certain amount of business with that company should have representation in that company. Is there anything wrong with that?

FORBES: Well, it's just irrelevant.

MOYERS: But if you're living near that plant and it is polluting? Then you have a stake?

FORBES: Of course, you, you— There are fifty different government agencies that are supposed to be regulating that. You shouldn't be on the board. Imagine, trying to be on the board of all the companies in an industrial city of Pittsburgh. That everybody living in Pittsburgh should be on the board of Alcoa and U.S. Steel and Westinghouse and so forth. That's an absurdity. It isn't proximity that creates the stake. The stake is in the ecology. And that is being well handled. You'd have people on the board that know nothing about the business. When people know nothing about a business, business ceases to exist.

MOYERS: But what— It seems to me they're saying that, if there were public representatives on the boards of directors, then some of the mistakes that corporations are making would not be made because the corporation would be acting with an eye toward something other than simply the bottom line.

FORBES: Okay, the bottom line— We know, we all tend to forget it. So long as a company's making money, you can ignore the bottom line. The biggest criminal and the biggest— The biggest criminal is a businessman who runs an unprofitable public corporation. He wipes out jobs, he wipes out the stock, the investment that you make and I make and everybody makes in that company. He's a criminal. The— Who owns these corporations? I mean, this idea that the president of Exxon, that Mr. Garvin makes billions out of the current oil crisis is absurd. His salary is published— It's not bad. You and I would like it— That's fine. But the stock of Exxon— You probably are in either a profit-sharing system, a pension system. If you're in Social Security, it comes from the revenues of these corporations. What do you think— An insurance company doesn't put its money in a bank. An insurance company lends money to Exxon to dig an oil well. All the equity in these companies is held. Jane Fonda, all the money she has, if it's not in real estate it's in one form of security or another.

MOYERS: Therefore?

FORBES: Therefore, her public interest is in that company being well and profitably run. The seven sisters! What a joke!

MOYERS: The oil companies?

FORBES: The oil companies. That was the thrust of her day, her remarks. They have lost more in this oil crisis than any other single group of people. I'm not talking about their current quarterly profits. They have lost their ability to control markets.

MOYERS: Are you telling me the oil companies are hurting?

FORBES: They— If you look ahead, which is a major flaw in a lot of our companies, the oil companies' future lies in deriving, developing other sources of energy within the confines of the American borders.

MOYERS: Well, why is Jane Fonda a threat to their doing that?

FORBES: Oh, she— Listen, Jane—

MOYERS: Or the idea?

FORBES: Fonda is not— She's a— She's the most beautiful anachronism and talk about lobbyists? God, she's a, you know, a knockout. What a lobbyist! But she happens to be all wrapped up — I happen to think — in a misunderstanding of the system. She thinks this a boardroom villainy. The villainy in management is mismanagement, not excess profit. There's no such thing as excess profit.

MOYERS: All right, if I agreed with that, then couldn't one also agree with Hayden and Fonda that better public representation on the boards might diminish some of the mismanagement?

FORBES: Public? What's public representation?

MOYERS: Public representation. Economic democracy.

FORBES: What's public? Who's the public?

MOYERS: Well, I think Hayden and Fonda—

FORBES: You mean you should be a minister? Jane Fonda should be a— Jane Fonda would be good on the board because she might learn something about how the economy works.

MOYERS: How about the workers? How about representatives of the union?

FORBES: The workers? For heavens sakes, they don't like being on the board because they don't want to understand all the problems. They only understand that they should have more take-home pay and they're right.

MOYERS: There were some workers in the Hayden/Fonda film talking about the need for, well . . . for more economic democracy.

FORBES: Oh, come on. Do you actually think— Tell me this, can you think of anyone of your neighbors or anybody's neighbors, anybody at this audience that would want to go to the office tomorrow and vote: One, on whether or not the company should launch a new product line? Whether or not the company should open operations overseas? Should they borrow money at the bank in order to modernize the plant in Xenia, Ohio?

MOYERS: Well, in fairness, let me answer your question.

FORBES: Sure. Sure.

MOYERS: If I were a worker, I would think that I would want to vote on whether or not the company opened up a plant in Mexico or in the Philippines, which ultimately would mean a threat to my job.

FORBES: No, without opening up the plant in the Philippines or without opening the plant in Mexico, the company's out of the television business.

MOYERS: But if it does, I'm out of a job.

FORBES: Of course, you're not out of a job. You're busy in making new satellites. You're busy in whole new directions in RCA while somebody that can do the assembly job of the television set in Mexico— We are trading that set and we're paying for it with products of ours that we make better. This is a give and take kind of thing.

MOYERS: So you're not unhappy? You're not unhappy with this situation?

FORBES: Now where democracy should work, and where it does work, a board of directors' principal function isn't voting on everything. It's keeping track of management and when you got a boob in there, discovering it before he's got the company broke and firing him.

MOYERS: Okay.

FORBES: A board of directors' responsibility is judgment and knowing when to change the captain of the ship. That's like saying democracy on the *Titanic*, for crying out loud. Nobody'd have voted to hit the iceberg. In fact, if that guy hadn't seen the iceberg and hit it head on, the *Titanic* wouldn't have sunk.

MOYERS: Time and time again, boards aren't doing that. And that seems to me at the heart of the Hayden—

FORBES: Boards aren't doing what? Firing bad management?

MOYERS: Yes.

FORBES: Of course they are. Because bad managements are fired by bankruptcies and/or going broke.

MOYERS: But that's sort of like taking the *Titanic* after it's sunk, isn't it?

FORBES: No. Well, yes, when they're broke. But the point is today board of manage— Board of directors are watching closer. But the biggest pain in the neck— for instance, would you like a board of directors on this program

in which the seven people that are the directors of *Bill Moyers' Journal* had to meet and agree on each program you decided on. What they meet and decide is, is anybody listening? If not, axe the program. Now that's the decision of a board of directors.

MOYERS: Are you saying that corporate democracy should stop with quasipublic institutions and not extend into the private sector?

FORBES: Oh no. Listen, we have to have democracy and do have it in the corporation. The board of directors—

MOYERS: Where?

FORBES: On the board of directors. Because they do represent— Stockholders are theoretically the owners. The employees have an enormous stake. Every community that has a plant has a stake. Everybody who's a supplier has a stake. Management has come to be much more aware of a far broader segment of public if it is to survive.

MOYERS: But boards are self-perpetuating, Mr. Forbes. There aren't any—

FORBES: I can't—

MOYERS: Can you name me one board of directors that is democratically elected?

FORBES: Democratically? God hope there isn't, or I can name you a company that's bankrupt. We have a democratically elected board of directors in Washington, D.C. in the United States. And we have problems. What I'm trying to say is there's a function of democracy and it's to hold to account its leaders.

MOYERS: Hayden and Fonda seem to me to be asking for is this recognition: that beyond the question of profitability, corporations are such a concentration of power that they have consequences that effect people's wellbeing, how neighborhoods survive or fail, the health of workers, inflation, that large concentrations of economic power create political consequences which have to be addressed by democracy itself and not by a savvy board of directors.

FORBES: What they have done— They're very late in engaging in an overkill. In the way that free enterprise— It's not a popularity contest. It's a profitability contest.

MOYERS: All right.

FORBES: And profitability, without it, is irresponsibility. There'd be no freedom in the United States today if there were no profitable free enterprise.

MOYERS: Last question. What would you say is capitalism's worst excess right now? And you have one minute.

FORBES: I think currently capitalism's worst excess is a guilty conscience. A sense of being on the defensive. Capitalism has more going for it. Granted that its abusers should be policed and in jail. Capitalism should stop apologizing and for heavens sakes start pointing out the only reason this country is the strongest still, in certain relative ways, is because there's a motive, there's something in it for everybody who puts their ingenuity to work, their ambition to work. They have a chance to get a piece of the action.

MOYERS: So what is your impression of Big Business Day?

FORBES: Well, if it calls attention as Jane Fonda does to the extremes, it'll serve a function. Because it'll make people conscious of the fact that today big business has more going for it than against it. Despite her beauty, her charm and her lack of vision.

[Interior, studio]

MOYERS: What a movie that'd be starring Jane Fonda and Malcolm Forbes. It seems to me we all live today with the presence of corporations as our medieval ancestors lived with the pervasive church that shaped their world even if they themselves were unbelievers. That's the reality for individuals no matter how much we might pine for the good old days of the corner store run by Mom and Pop Gillery. The reality for corporations is that the democratic temper of the times, whether they like it or not, won't allow them to touch our lives so thoroughly without being held to a measure of accountability unheard of two generations ago. How much accountability and on whose terms will be the

debate of the 80s. Two basic objectives seem in conflict, although Herb Stein might well disagree with me — increasing profits according to corporate priorities and protecting the quality of life according to democratic pressures. As Congressman Rosenthal said in his speech today, automakers were not motivated by criminal intent to ignore safety and energy considerations, but by a desire to maximize profits. Food manufacturers didn't fail to provide comparative information on their products because they were criminals but because they were trying to minimize competition. Maybe so, reply the critics, but from now on, they say, the social performance of corporations is every bit as important as their financial reports. An hour of television can scarcely touch the arguments, but some very provocative books have been written on the subject by corporate friends and corporate foes alike. And we'll attach our own bibliography to the transcript to this report for you to pursue further. I'm Bill Moyers. Good night.

[Credits, over exterior, U.S. Capitol]

Other transcripts available at press time: #M-27, "Our Times" (commentary on the end of the '70s and arrival of the '80s); #M-28, "The World of David Rockefeller"; #M-29, "What's A Party For" (about Maine politics); #M-30, "A Reporter's Notebook" (about John Anderson and political advertising); #Spec 2/24/80, "The Politics of Regulation" (about the Federal Trade Commission); #M-31, "Barry Commoner: Politics of Energy"; #M-32, "A Conversation with George Bush"; #M-33, "Vietnam Remembered"; #M-34, "The Black Agenda"; #M-35, "The Detroit Model"; and #M-36, "A Texas Notebook" (about politics Texas-style, and an interview with economics professor Clifton Grubbs, University of Texas). For a transcript of any of these shows, send \$2 and the number of the show to: Bill Moyers' Journal, Box 900, New York, N.Y. 10019.

APPENDIX

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