

**Citizens in the Marketplace:
How far can multiple subjectivity take us?**

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Comments and suggestions welcome.

Abstract:

There has been a lot of discussion of the ways in which citizens have been reconfigured as consumers as public services have been privatized or corporatized. In this paper I will be discussing a parallel but converse trend whereby consumers and investors are increasingly trying to enact their citizenship in the marketplace. Ethical consumption and socially responsible investing are two of these trends. In an attempt to reconcile their values as citizens (be it for environmental protection, cultural diversity, etc.) with their roles in the marketplace, consumers and investors are developing (or driving) new mechanisms for addressing multiple subjectivity in the marketplace. The question I want to address in this paper is: how far can this multiple subjectivity take us? In other words, how good a proxy is marketplace citizenship for state intervention?

Citizens in the Marketplace: How far can multiple subjectivity take us?

I want to start this talk by disputing the editors of the Economist magazine – hardly a novel thing for a geographer to do, I know. A few years ago the editors at the Economist wrote a Pro Logo editorial claiming that “it is consumers that dictate to companies and ultimately decide their fate, rather than the other way round,” that “[a]rrogance, greed and hypocrisy are swiftly punished” (Economist 2001: 11). They go on to quote a brand consultant who suggests “Brands are the ultimate accountable institution. If people fall out of love with your brand, you go out of business.” (Ibid). The editors surmise that “[f]ar from being evil, brands are becoming an effective weapon for holding even the largest global corporations to account,” and “[i]f we do not use them for that purpose, as Mr Olins [another brand consultant] puts it, ‘we are lazy and indifferent and we deserve what we get’” (Ibid).

This logic follows the one dollar, one vote rhetoric of the market populists who argue that “[m]arkets [express] the popular will more articulately and more meaningfully than ... mere elections” (Frank 2000: xiv). Taken to the extreme, this perspective seems to suggest that political activity can be reduced to economic transactions, that we can realize our citizen priorities (environmental conservation, cultural preservation, human rights protection, etc.) simply by sending market signals out into the ether that we call the market, simply by refusing to buy products that are made unsustainably or divesting from corporations whose operations contradict our values. A graduate student at the Media Lab at MIT has even developed a Corporate Fallout Detector to help us enact our citizenship in the marketplace.¹ It “scans barcodes off of consumer products, and makes a clicking noise in the manner of a Geiger counter based on the environmental or ethical record ... of the manufacturer.”² Of course this is more of a performance art project than a serious tool for ethical consumption, but it does reflect one of the recurring themes of market populism, that a lack of information is the only thing limiting the realization of our values through our consumption choices.

It’s fairly easy to counter this idealized conflation of citizenship with economic activity. First of all, despite the creative vision of the Corporate Fallout Detector, the information problem is not easily overcome. The complex global production chains, including subcontracting and subsidiary relationships, behind each purchase or investment decision are not easily reconstructed. Moreover, as geographers we are well aware that the one dollar, one vote model overlooks (or dismisses) the problem of having consumers and investors in one place determining the social and environmental priorities of producers and communities in other places. Finally, it has been argued that the types of responses that these market signals elicit are more greenwash or window-dressing than action, that there may not be a significant relationship between codes of conduct and actual corporate conduct. Corporations may in fact create a whole host of new products and branding strategies in response to consumer pressure, but the process of corporate decision-making itself is not necessarily politicized. I want to express extreme wariness, then, about the reduction of citizenship, in particular citizen concerns about corporate activities, to acts of consumption and investment.

On the other hand, I think it is worth exploring a broader conception of marketplace politics, one that I believe is actually opening up new spaces and creating new mechanisms for active citizenship, for participation in the informal (i.e. non-state) regulation of corporate activities. Moreover, I want to counter the notion that all marketplace politics is necessarily

¹ Project details available at: <http://www.jamespatten.com/cfd/>

² Ibid.

reductive, that it constricts political imaginations and detracts from traditional political action by buying into, or at least legitimizing, market populism. I want to share a few examples from my research on the informal regulation of multinational corporations. Specifically, I studied corporate campaigns targeted at publicly-traded, U.S.-based multinationals. Corporate campaigns target individual transnational corporations on social and environmental issues such as climate change, ecosystem protection, labor rights, and community compensation. These campaigns are generally organized by transnational coalitions of shareholders, consumers, unions, non-governmental organizations (NGOs), and local communities, and they employ a wide range of tactics, from demonstrations outside of retail outlets and corporate headquarters to shareholder resolutions to negotiations with corporate managers. Out of this research I identified some interesting examples of strategies that can invigorate both market politics as well as the formal political sphere.

My first example takes us to New Mexico where the Southwest Organizing Project (SWOP), a grassroots community organization based in Albuquerque, began a campaign in 1993 targeting the Intel corporation.

In 1993 SWOP prepared a report, *Intel Inside New Mexico*, raising questions about Intel's expansion of their chip manufacturing facilities in New Mexico. ... Among the problems detailed in the report were excessive water usage in the manufacturing process (recall New Mexico is a desert state); excessive emissions into the air; questions about jobs for New Mexicans; and the true cost of the state's subsidies. SWOP tried to engage Intel to discuss their report, but to no avail.³

The Jesse Smith Noyes Foundation, a mid-size charitable foundation based in New York, and both a shareholder in Intel and donor to SWOP, decided to try to use their shareholding power to facilitate a dialogue between the two. According to Stephen Viederman, then president of the Noyes Foundation, Intel executives were much more willing to fly to New York to meet with him to assuage his concerns than to deal with the community stakeholders themselves. From Viederman's perspective:

I had indicated to them that not only did I not have the information [about the community's concerns] but it was in our culture not to get in the way of SWOP's dealings with them. And I didn't say it as such, but I think it's the issue that they probably felt a bit more comfortable in dealing with me as a white male than they did dealing with a bunch of Hispanics. But, they got the point and the process began, they paid for a facilitator that was jointly acceptable to both sides and that facilitation went along reasonably well.⁴

According to Viederman, the Noyes Foundation eventually decided to give SWOP some of their Intel shares in order to provide them with more leverage and an on-going seat at the negotiating table:

Halfway through the process we realized one thing we hadn't done but could do was to provide some shares to SWOP so that they had both role as stakeholder and shareholder.⁵

³ From Stephen Viederman's President's Essay to the Jesse Smith Noyes Foundation in 1998. Available at: <http://www.noyes.org/97pres.html>

⁴ From a phone interview with Stephen Viederman, May 17, 2004.

⁵ Ibid.

According to one of the current directors of SWOP, Intel has now developed a community advisory panel that surveys residents' concerns, and they have responded to some of the community's concerns by, for instance, reducing the use of certain chemicals. It is important to note, however, that the concerns raised in the community dialogues still need to make their way up the decision-making hierarchy in order to have an impact on corporate practice. In the words of the co-director of SWOP:

they had their site manager at the meetings, and we still interface with them, but the folks here at the local level, they don't have the power to change stuff, it comes from corporate headquarters. They can make recommendations and I think we bug them enough to really go back and say "Look, you guys have got to give us some tools to deal with these folks because the pressure and the scrutiny is intense."⁶

Moreover, now that they are shareholders themselves, they can also express their concerns to executives directly at annual meetings and other spaces beyond the local community.

My second example, a campaign against the office products retailer Staples, represents another means of increasing the number of voices and perspectives in the corporate decision-making process. The campaign consisted of a coalition of environmental NGOs and socially responsible investors whose goal was to get the company to adopt an environmental paper procurement policy in order to ultimately transform logging practices further down the commodity chain. The campaign consisted of letters to corporate executives, protests at retail outlets and annual meetings, advertisements in national newspapers, and a shareholder resolution. Staples did adopt an Environmental Paper Procurement Policy, which includes a commitment "to phasing out paper products sourced from endangered forests,"⁷ but what became clear from my interviews with both campaign proponents and Staples' Vice President of Environmental Affairs, is that the more interesting results of the campaign were the new networks of communication that were created. The willingness of Staples' VP for Environmental Affairs to meet with environmental activists at Staples' headquarters even though others within the industry were mistrustful and unwilling to engage, lent a certain legitimacy to stakeholders, such as environmental NGOs, in the eyes of suppliers. NGO representatives were given the chance to make a presentation to Staples' suppliers, and they have engaged in on-going dialogues on the ground, in the forests of the Carolinas and the Canadian Boreal, to develop common definitions of endangered forests and other language in the policy.

Staples' VP for Environmental Affairs now also engages socially responsible investors in regular conference calls and face-to-face meetings that have yielded additional environmental initiatives beyond endangered forests. He explained that he was looking to develop a solar energy initiative but could not come up with a plan that met the company's internal return on capital investment requirements. When he mentioned the problem during a conversation with a socially responsible investment manager, however, they connected him with SunEdison, a company that installs and maintains solar energy systems in return for a long-term electricity purchasing contract.⁸ This connection led to a partnership based on a solar services model whereby SunEdison has begun putting solar panels on Staples

⁶ From a phone interview with Robby Rodriguez, July 7, 2004.

⁷ Staples' policy is available at:

http://investor.staples.com/ireye/ir_site.zhtml?ticker=SPLS&script=11930&item_id='environ.htm'

⁸ <http://www.sunedison.com/aboutus.html>

store rooftops in California and selling the green energy back to the company.⁹ This example shows that new social networks have been created through stakeholder dialogue that have facilitated what would have otherwise been missed opportunities for environmental innovation.

The third issue that I want to discuss is reporting. Although more and more corporations are producing social and environmental reports, many have simply become additional avenues for public relations rather than platforms for serious dialogue. In the words of one of my interviewees, they get an "A for cleverness and F for transparency."¹⁰ There are some alternative models, however. For instance, Gap Inc. recently released a report based on

a collaboration with several 'social investment' and corporate responsibility organizations, such as the Calvert Group and the Interfaith Center on Corporate Responsibility (ICCR), ... [that] provides data on conditions in 3,010 factories in over 50 countries where the company's garments are made. "Few factories, if any, are in full compliance all of the time" with Gap's code of conduct, the report states.¹¹

According to media reports,

[t]he report has earned Gap genuine, if measured, praise from a variety of leading anti-sweatshop organizations. "We've had our differences with Gap in the past, and we may in the future," says Bruce Raynor, President of UNITE, the textiles and needletrades union. But he cites the report as a move to "create positive change for workers."

Nikki Bas, executive director of Sweatshop Watch, explains that "it's pretty remarkable that they are showing not just what they are doing in terms of monitoring, but also what they are finding." Many of these discoveries corroborate activists' portrait of an industry that often fails to respect basic rights.¹²

The key breakthrough is that although Gap's report does not specify its data by individual factory,¹³ it does provide geographic specification by country. This specificity provides labor rights advocates with the information necessary to create new transnational networks that target those spaces with the most egregious violations rather than simply relying on existing organizational contacts. Moreover, it provides the information necessary to correlate factory conditions with national regulations and union activity in order to be able to make the case for state involvement in addition to market compliance mechanisms.

Finally, I want to refer to a new twist on the discourse of shareholder risk that is being promoted in a series of new shareholder resolutions.¹⁴ Corporations' own

⁹ Information from an in-person interview with Mark Buckley, Staples' Vice President of Environmental Affairs, September 7, 2004.

¹⁰ From a phone interview with Stephen Viederman, May 17, 2004 referring to Intel's early environmental reports.

¹¹ <http://www.globalenvision.org/library/8/639/>

¹² Ibid.

¹³ Gap claims that such information remains proprietary.

¹⁴ Any shareholder owning over \$2000 of stock for a period of one year has the right to introduce a shareholder resolution for a vote at the annual general meeting as long as it is not dismissed by the Securities and Exchange Commission for violating the ordinary business rule (i.e. it is a significant corporate policy matter, not a day-to-day

interventions into state policy-making have become a source of considerable contention over the acceptable boundaries of corporate citizenship. Some shareholder activists have begun to frame corporate forays into the political arena, such as the conspicuous degree of corporate involvement in drafting the Bush administration's energy policy, as an unsustainable business strategy. This year a series of shareholder resolutions argued that a corporation "should be using its resources to win in the marketplace through superior products and services to its customers, not because it has superior access to political leaders. Political power can change, leaving companies relying on this strategy vulnerable. In addition public backlash can harm a company's reputation and, as a result, its longer term business prospects."¹⁵ The resolutions requested that "the Board of Directors adopt a policy to report annually to shareholders in a separate report on corporate resources devoted to supporting political entities or candidates on both state and federal levels. We suggest that the requested comprehensive report set forth and quantify, specifically and not in aggregate, company resources devoted to supporting political entities and candidates, to supporting third-party organizations which engage in political activity including section 527 organizations, and related expenditures of money and other resources."¹⁶ Although this is a new strategy, the resolution did garner over a 10% vote at Merck and Pfizer, a significant step for a new social or environmental resolution, and enough to allow the resolution to be resubmitted again the following year. The goal of this reframing of shareholder risk is obviously to encourage a dialogue about the appropriate division of labor between corporations and government, and it represents another means of using market mechanisms to invigorate traditional political action, that is politics aimed at transforming the state.

The goal of all of these examples is to show that marketplace politics can provide a means of expanding the the politics of corporate responsibilities rather than necessarily constricting the political imagination to voluntary regulation or greenwashed business-as-usual. I think that we need to separate those strategies that enable new voices to be heard and that transform decision-making processes and corporate cultures from those that simply reduce the expression of our citizenship, of our multiple subject positions, to acts of consumption. I hope this separation will encourage a more nuanced understanding of the uses, as well as the limitations, of the marketplace as an arena for citizenship.

business operations matter). These resolutions are not legally binding but often carry significant weight when they achieve a majority, or at least unprecedentedly high, vote.

¹⁵ Resolutions on political contributions were submitted to a number of companies last year. Copies of the resolutions, each of which contained the sections cited, can be viewed at:

http://www.iccr.org/shareholder/proxy_book04/04statuschart.php

¹⁶ Ibid.

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