Tracing the American Roots of The Political Consumerism Movement (1)

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Introduction

This essay traces the historical roots of the contemporary political consumption movement. It specifically explores the emergence of political consumerism in the United States during the 1960s and 70s. During this period, activists targeted corporations around three broad sets of issues: civil rights, American participation in the war in Vietnam, and business investment in white dominated Africa. The three cases represent milestones in the history of political consumerism in the U.S. Not only were they politically visible, but the techniques they employed and in some cases pioneered, namely consumer boycotts, shareholder resolutions, demonstrations, and selective investments and disinvestment, have since become an important component of political consumerism in both the United States and Europe. The final section critically examines the scope and impact of the politicization of consumer and investor roles.

Market-based Activism in the Civil Rights Movement

The origins of contemporary political consumerism in the U.S. are linked to the civil rights movement Both of the two critical events that sparked the American civil rights movement involved the efforts of black consumers to pressure businesses—one public and one privately owned—to end their policy of providing separate facilities for black and white consumers. On December 1, 1955, Rosa Parks was arrested for refusing to give up her seat on a Montgomery City Line bus to a white passenger. Following her arrest a friend casually suggested, that “every Negro in town should stay off the buses for one day in protest” (Brisbane 1974: 21, Meier & Rudwick 1975: 101-24). The subsequent boycott lasted a year, costing the bus company more than $7,000 a day in lost revenue and severely undermining the economy of the downtown business district. It also mobilized the black community of Alabama’s capital city, and within six months “had become the most popular cause in the United States” (Brisbane 1974: 38). More importantly, it marked the national debut of the civil rights movement’s most influential national leader, the Reverend Martin Luther King, Jr., and his strategy of nonviolent resistance.

Five years later, an investor-owned corporation provided the setting for a political activity that ignited a second major wave of protest throughout the South. The spontaneous decision of four black college students to sit in the “whites only” section of a Woolworth lunch counter in Greensboro, North Carolina, sparked a nationwide protest movement. Within two months, sit-ins had taken place in seventy-eight southern communities, resulting in 2,000 arrests. Within twenty months, approximately 70,000 people in both the North and the South had either marched, sat-in, or picketed various business establishments. As a result, public accommodations in 110 cities and towns in southern and border-states were desegregated. “The movement managed to shake the foundations of Southern white society as it had not been shaken since Reconstruction..." (Brisbane 1974: 43).

When executives of two chains of drugstores, namely Woolworth's and Kress, after meeting with Congress of Racial Equality (CORE) officials in New York, refused to desegregate their southern lunch counters, the recently revived civil rights group called for a nationwide boycott of both firms. Support rallies and picketing took place in a number of northern cities, including Chicago, San Francisco, Philadelphia, and New York. In New York City picket lines were established at thirty-five stores; three Saturdays later, sixty-nine stores were picketed. The picketing had an economic impact: Woolworth's officially reported an 8.9 percent decline in sales during March of 1960 from that of the previous year, for which CORE claimed credit.

In spite of the vulnerability of national retail enterprises to the consumer boycott and widespread public pressure generated in the North, the stores' central management refused to interfere with the policies of their regional managers. In time, public support in the North began to wane without the drama of the Southern sit-ins to sustain them. As a CORE official acknowledged, "After all, it is difficult to expect the same people to picket week in and week out for a very long period of time" (Meir & Rudwick 1975, 122). The actual degree of integration of lunch counters was largely a function of local political pressures and social conditions. Accordingly, nearly all of the 140 cities in which dime store lunch counters were desegregated were located on the periphery of the South. In the Deep South, on the other hand, where white attitudes were more intransigent, most public accommodations remained firmly segregated until the passage of the Civil Rights Act of 1964. Even the Freedom Rides were unable to desegregate railway and bus terminals, although the Supreme Court had earlier held segregation of these facilities to be illegal. *De facto* segregation did not end until 1962, after three years of persistent direct pressures.

As the setting of civil rights conflicts moved north in the early sixties, attention shifted to the increasing employment opportunities of blacks. Between 1960 and 1964, hundreds of businesses in the North were pressured to increase their number of black employees. In addition to picketing, demonstrations, and selective boycotts, more disruptive tactics were also used. These included "shop-ins," many individuals filling their shopping carts with groceries then leaving the groceries at the cash register without paying; "cross filing," taking products from one part of a store and placing them on other shelves; and "phone-ins," tying up telephone lines by frequent calls.

Because of their vulnerability to boycotts, activists decided to concentrate on consumer goods manufacturers and retail establishments. In St. Louis, a successful attempt was made to mobilize the enthusiasm generated by the dime store sympathy boycotts to pressure the same stores' local employment policies. In Detroit, 300 ministers asked their congregations to refuse to buy Tip Top bread and Borden's milk; pamphlets were distributed that read, "Lock the Gate. Elsie Won't Cooperate." In Seattle, a boycott of the Bon Marche department stores resulted in the hiring of forty blacks. In Berkeley, fourteen local retail businesses signed employment agreements with CORE; under pressure from Berkeley CORE, Montgomery Ward agreed to hire a total of eighty-five minority members.

In New York, National CORE, along with support from local chapters of NAACP, CORE, and Puerto Rican groups, won a preferential agreement from A&P: the supermarket chain agreed to employ 400 blacks and Puerto Ricans within two years without even forcing civil rights activists to resort to direct action. After a "TV Image Campaign" threatened several major companies with a consumer boycott unless they sponsored integrated commercials, more than a dozen companies began to use blacks in their commercials. In San Francisco, following a very bitter campaign, the Bank of America agreed to hire more minority employees, but the number was considerably less than that demanded by CORE.

In July of 1964, race riots occurred in Rochester, NY., a city whose economy was dominated by high technology corporations with relatively liberal and enlightened positions in race relations (Sethi 1970a). Following the riots, a group of local black and white church organizations decided that the city's minorities needed a political organization capable of articulating and representing the needs of the black poor. They invited Saul Alinsky, the "middle-aged *deus ex machina* of American slum agitation" (Sheridan 1973: 2), to come to Rochester to organize the city's black community. In the spring of 1965, 134 local black organizations joined together to form FIGHT (Freedom-Integration-God-Honor-Today).

At its June 1966 convention, FIGHT resolved that "Eastman Kodak be singled out for special investigation this year" (Sethi 1970a: 113). Kodak's economic importance made it an ideal example for Alinsky to use in expanding the boundaries of a corporation's responsibility for the welfare of the community in which it was located. One of Alinsky's major objectives, in the words of Ed Chambers, his chief organizer, was "to force corporate America to live up to its previous statements about corporate social responsibilities. The idea was to create a domino effect: "We knew that if we could get Kodak in line every other business would follow" (Sethi 1970a: 21). At a meeting of FIGHT officials with Kodak's top executives, the organization demanded that Kodak hire and train 600 minority group members—to be selected and referred by FIGHT—over an eighteen-month period. After extended negotiations, an agreement was signed between Reverend Florence and a company assistant vice-president.

However, Louis Eilers, the company's president, was outraged when he learned of the agreement, and the next day the company's executive committee repudiated it. Kodak apologized for the misunderstanding, but stated that it could not "discriminate by having an exclusive recruiting arrangement with any organization" (Sheridan 1973: 9). Kodak's decision totally transformed the nature of the conflict: its arena shifted from the local to the national level, and its debate shifted from the nature of Kodak's social responsibilities to a discussion of its integrity. Alinsky decided to confront Kodak at its annual shareholders' meeting, which was to be held in April in Flemington, New Jersey.

FIGHT bought ten shares of Kodak stock and sent 700 letters to clergymen and civil rights groups asking them to encourage their members who owned Kodak stock to attend.

FIGHT asked its supporters to withhold their proxies from management—an act that was unprecedented in the absence of a contest for financial control. In response, various church organizations and a score of investors announced that the power to vote a total of approximately 40,000 shares would not be surrendered to management, but would instead be used to protest symbolically Kodak's treatment of FIGHT. This marked the origin of a tactic that would subsequently evolve into one of the most important nongovernmental mechanisms to protest corporate policies, namely the filing of shareholder resolutions to challenge various corporate policies and practices. Two months later, the dispute was settled through the mediation efforts of Daniel P. Moynihan. Both sides claimed victory: Kodak recognized that FIGHT "speaks Kristina, ingen ändring i citatet on behalf of the basic needs and aspirations of the Black poor in the Rochester area" (as quoted in Sheridan 1973: 11) and agreed to send interviewers into the city's slums, accompanied by representatives of FIGHT.

Shareholder Activism and Consumer Boycotts Challenge Business Investments in Southern Africa

The same year that FIGHT began organizing, market-based pressures on business emerged from another direction. Earlier, in 1960, a massacre of unarmed blacks by the South African police at Sharpsville focused world attention on that nation's apartheid system. An international conference was held in London to organize a worldwide boycott of South African products, but it was not until the mid-sixties that the issue began to generate momentum in the United States. It would emerge as a central focus of political consumerism over the next decade, as activists employed a wide array of tactics to pressure firms to withdraw from southern Africa, on the grounds that their investments supported racial and colonial oppression.

In 1966, public attention focused on the ten American banks that had, six years earlier, arranged a revolving loan to the South African government. The purpose of the loan was to provide a cushion for the government's foreign exchange reserves, which had become sharply reduced by international reaction to the massacre at Sharpsville. Citizen pressures centered on the two banks with the largest loan commitments: Chase Manhattan and the First National City Bank. A broad cross section of the civil rights movement was mobilized, inspired by the parallels between the treatment of blacks in South Africa and in the United States. The controversy over the loan decisions of the two New York banks also marked the debut of the New Left as a pressure group on business. One of Students for Democratic Society's (SDS) first major demonstrations took place at Chase Manhattan Plaza in the spring of 1966. Recruiters on several college campuses were confronted, and Princeton and Cornell were successfully pressured into selling their stocks in the two companies.

In 1968, the United Methodist Church Board of Missions withdrew its $10 million investment portfolio from the First National City Bank. In addition, representatives of the American Committee Church groups attended the annual meetings of Morgan Guaranty Trust, Chase Manhattan Bank, and First National City Bank in 1967 and 1968, in order to publicize their disagreements with the decisions of the banks' management; the meetings were also picketed. All told, a total of $23 million was withdrawn from Chase, First National City Bank, and other banks by more than 200 groups and individuals, to protest their financial support for the South African government—considerably more than the banks' exposure in the loan itself.

In 1969, a subsidiary of the Gulf Oil Corporation began producing oil in the Cabinda province of the Portuguese colony of Angola. By 1974, Gulf had invested approximately $215 million in Angola, accounting for more than two-thirds of all American investment in Portuguese Africa. Between 1970 and 1974, Gulf's Cabinda operation was the focus of more intensive citizen pressure than any other aspect of the overseas operations of an American-owned corporation. A wide variety of political organizations, including new Left and radical black student groups, civil rights organizations, and several Protestant denominations, attempted to pressure Gulf to withdraw from Angola, on the grounds that the royalties it provided to the government of Portugal helped finance its continued occupation of the colony. Their tactics spanned virtually the entire repertoire of citizen pressures, involving participation and disruption of Gulf's shareholders meetings, shareholder resolutions, pressure on institutional investors, and an attempted boycott.

In the spring of 1972, the setting for the debate over Gulf's overseas investments switched to the campuses. Black students at Columbia, Cornell, Harvard, Princeton, and Oberlin demanded that these universities sell their shares of stock in Gulf. Both Columbia and Cornell agreed—Cornell after the occupation of campus halls. The most important confrontation took place at Harvard. A year before, a group of black students—members of the Pan-African Liberation Committee (PALC) had requested Harvard to sell its 683,000 shares of Gulf Oil. Shortly before Gulf's annual meeting, PALC took over Massachusetts Hall and the office of the president for one week.

After their demonstration at Harvard, PALC attempted to organize a boycott of Gulf products in the black community. They reasoned that "Gulf is very vulnerable to attack by the masses of black people, because Gulf presents their major products directly to the public as consumer items, and adequate substitutes can be found" (Righter & Roach no date: 48). Based upon their analysis of the geographic distribution of blacks and the percentages of black car ownership, they picked ten target states. A full-page ad was placed in *Ebony* listing fifty-six prominent black Americans who supported the boycott. PALC's effort supplemented that of the church-based Gulf Boycott Coalition, which, headquartered in Dayton, Ohio, had been undertaking a similar effort in the white community since 1971. A Gulf Boycott Committee was also established in London.

Although the extensive distribution of posters, bumper stickers, and leaflets that accompanied the boycott campaign marginally increased the public's awareness of Gulf's presence in Angola, the economic impact of the two boycott efforts was minimal. A handful of cities agreed to stop purchasing Gulf products, but within the black community the boycott was almost totally ineffectual. Not only did the high point of PALC's effort coincide with the gasoline shortage, but those most immediately injured by the boycott turned out to be the black owners of Gulf service stations.

In 1976, several days of riots and demonstrations by black students in Soweto reduced the rate of foreign and domestic investment, again causing the South African government to substantially increase its foreign borrowing. In the spring of 1977, resolutions were submitted to the shareholders of First National City Bank, one of the principal organizers of the new loans, as well as to Continental Illinois, First Chicago, Manufacturers Hanover, and Morgan Guaranty Trust, asking them to establish a policy prohibiting further loans to the South African government. Several other banks, including the Central National Bank of Chicago and the First Pennsylvania Bank of Philadelphia, stated that they would no longer participate in any loans to the South African Republic. The First National City Bank also announced that it would no longer make loans to the South African government or to government-owned enterprises.

In 1997, faced with increasing racial unrest and reduced prospects for economic growth in South Africa, a number of corporations began to reconsider their financial involvement. General Motors, Control Data, and Ford announced that their future investment plans would be heavily influenced by prospects for the resolution of South Africa's racial tensions. Chrysler sold two-thirds of its South African subsidiary, and Weyerhauser withdrew completely. In addition, ITT sold its subsidiary to a local company, but retained a financial interest in it. These decisions were primarily motivated by an economic self-interest, but were nonetheless welcomed by the church groups. On the other hand, Union Carbide, Caltex (jointly owned by Texaco and Standard Oil of California), and Phelps Dodge announced major expansions of their South Africa operations.

The Antiwar Movement's Challenge to Business Defense Contracting

From its inception, the New Left was explicitly critical of business and the corporate system. Not surprisingly, during the 1960s and 70s anti-corporate campaigns became a major focus of the anti-war movement, as activists employed the techniques of political consumerism as a vehicle of anti-war activism. A disproportionate amount of these protects were directed against the Dow Chemical Corporation, which enjoys the distinction of being directly challenged by more people using a greater variety of tactics than any other firm in the postwar period (Sethi 1970b, Lasser 1968, Friedman 1972: 128-53, Brandt 1968: 12-15). Between October 1966 and October 1969, a period that encompasses all but the last two years of popular antiwar pressures, the degree of visibility and attention that Dow experienced not only overshadowed that of any other nongovernmental institution; on many dimensions it rivaled that of any public one.

Between 1966 and 1968, the chemical manufacturer was the object of 183 major campus demonstrations; in the fall of 1967, over one-third of all campus demonstrations protested Dow's presence on campus.

In addition, a consumer boycott of two of Dow's better-known products, Saran Wrap and Handi Wrap, was organized. In New York City leaflets were distributed listing Dow's consumer products and informing shoppers: "If you buy Dow products, you help kill. Do not buy Dow products—buy substitutes as long as Dow makes napalm" (Sethi 1970b: 18). In some parts of the country, physicians ceased using drugs produced by Dow Chemical, and an effort was also made to encourage investors to sell their stock in the company.

The boycott does not appear to have been successful. According to a representative of the corporation's consumer marketing division, sales of Saran Wrap, the product most frequently singled out for attempted boycott, in 1967 ran 6.5 percent ahead of plan. Indeed, there is some evidence that it might have proved counterproductive, as some individuals showed their disapproval of the protests and their support of the war and Dow's contribution to it by increasing their purchases of Saran Wrap. While the napalm issue had no observable effect on Dow's stock price, in the first half of 1968, the number of shareholders did decline from 95,000 to 90,000—a development "the company feels...may in part be ascribed to the napalm situation" (Brandt 1968: 15). The Union Theological Seminary of New York, for example, sold its 6,000 shares of Dow Chemical stock as a "symbolic act" to protest the company's involvement in the war" (Sethi 1970b: 20).

However, Dow's executives were more troubled by the long-range impact on the company's image from the publicity it received. The company's treasurer noted, "Whether our stock will develop a defense image or a defense stock orientation as a result of our close association with napalm is definitely a problem" (Sethi 1970b: 20). Dow's chairman, Doan, described the whole controversy as "a stinking, lousy, goddam mess. None of us likes war. None of us likes to be called murderer" (Sethi 1970b: 25, "The Garbage Burner 1969). The company's board of directors, which included both "hawks" and "doves," spent two full days discussing the issue of napalm production. After a reportedly troubled night's sleep, they unanimously concluded that the company should continue its current policy. Doan's successor, Carl Gerstacker, later admitted, "We've been hurt by these demonstrations and there's no question that we've been hurt. The only question is how badly" (Brandt 1970: 14). The company's concerned management was less upset by the immediate day-to-day difficulties of running a corporation practically under siege than by the long-range impact of the controversy on Dow's corporate image.

In 1970, Dow's contract to produce napalm was awarded to another, much less visible, firm. An official from Dow remarked: "To deny that the protests had any impact on our bid would be to deny the facts. We were getting awfully tired of the protests and the people who prepared the bid were hoping that we wouldn't get it." He added, however, that the corporation "did make an honest effort to continue our business of producing napalm" and did not intentionally seek to submit an uncompetitive bid. This version is disputed by some of Dow's critics, who believe their role was more influential (quoted in Vogel 1978: 48).

Dow, however, was not the only target of the anti-war movement. In 1970, angry confrontations or disruptions occurred at the meetings of approximately one dozen corporations; over seven firms were the objects of assorted acts of violence.

The most disruptive and bitter confrontation between antiwar activists and business occurred at Honeywell's annual meeting, held on April 28 in Minneapolis. The previous evening, 3,000 people had attended a rally at Macalester College to protest the company's manufacture of anti-personnel weapons. The next day 2,000 demonstrators met at a Minneapolis city park and conducted an orderly march to the site of the stockholders' meeting. Approximately 1,000 were legally entitled to attend the meeting by virtue of their ownership of shares or control of proxies. However, once the meeting began, the tension both inside and outside the hall made its continuation impossible. Binger declared that he possessed enough proxies (87.7 percent of the outstanding shares) to be reelected by the corporation's directors, and amid shouts of "Sieg Heil," he immediately adjourned the meeting—only fourteen minutes after it began. The meeting represented the most dramatic moment of six years of continuous challenge to the corporation's production of antipersonnel weapons. The campaign against Honeywell was the longest lasting of any counter-corporate effort; its goal was, "to bring world-wide pressure to bear upon Honeywell to stop not only the immoral production of antipersonnel fragmentation bombs, being used in a campaign of genocide in Vietnam, but also to persuade Honeywell to cease all aspects of defense production (Christmas & White no date: 1).

Subsequently, an organization called Clergy and Laity Concerned About the War in Vietnam targeted four corporations for a nationwide campaign: General Electric, Honeywell, Standard Oil of New Jersey (now Exxon), and International Telegraph and Telephone (ITT). For CALC these campaigns represented a way to mobilize its own constituency. It would provide a mechanism through which members of churches and church-related groups all around the nation could oppose the war. A research unit of the National Council of Churches revealed that three of its member churches owned almost 40,000 shares of Honeywell stock worth about $5 million.

Shareholder resolutions were proposed and boycotts organized against each of the four firms. For example, the Women's Strike for Peace picketed ITT's international headquarters in New York City and attempted to encourage supporters of the peace movement to refuse to buy two consumer products made by ITT, Hostess Twinkles and Wonder Bread. The War Resistance League, as well as several other peace groups, also engaged in civil disobedience activities outside ITT's New York offices; they passed out leaflets in the form of antipersonnel weapons. However, CALC's campaign against Honeywell was the most important of the four. Their national steering committee reasoned: “We believe that Honeywell, Inc. symbolizes the heinousness of the entire South East Asia war, because it produces 70 percent of all anti-personnel weapons used in the war”(Usher 1972: 8).

Stocks Without Sin: The Emergence of Ethical Investing

The anti-war movement also witnessed the emergence of socially responsible investing as a political tactic. In late 1969 Alice Tepper Marlin, a financial analyst for a Boston investment firm, was asked by a local synagogue to prepare a list of companies that were not involved in the production of war materials. The resulting “peace portfolio” was advertised in *the New York Times,* and over 600 individuals and organizations requested additional information. The *Wall Street Journal* and the Associated Press picked up the story and, according to Marlin, “the idea just snowballed from there.” Marlin subsequently founded the Council on Economic Priorities, an organization, which sought to politicize the investor role by providing detailed information on corporate social performance.

The amount of information available about the behavior of specific corporations as well as the sudden increase of popular interest in corporate performance raised the possibility that ethical investing could become much more than a symbolic act: it could be generalized into a principle of corporate reform. The expectation underlay the initial conception of the Council on Economic Priorities. In an interview conducted soon after CEP was founded, Marlin remarked:

> *… there can be little doubt that advising and informing these institutions of the opportunities for socially conscious investments can bring financial pressure to bear on corporations…The Council is trying to foment a new market psychology which will provide corporate management with a rationale for their social responsibility…a corporation [should be]…aware that socially responsible behavior will attract the attention of investors* (“Social Dividends 1970: 2).

The existence of socially oriented investors would, in turn, make it in the self-interest of the corporation to behave more responsibly. Investor “social responsibility” would thus inexorably lead to corporate “social responsibility,” even if—or to be more precise, because—managers remained exclusively oriented to the bottom line. The investor, however, like the voter, would not necessarily be maximizing his economic self-interest, as he or she might have to be prepared to sacrifice some financial return. But what if “socially responsible” conduct turned out to be in the firm’s self-interest as well? The steady increases in government regulation, along with growing public scrutiny of corporate decisions, appeared to be narrowing the boundaries of managerial discretion. If the preferences of socially oriented investors were to eventually be enacted into law, and/or if consumers increasingly favored more responsible companies, then the trade-off between profits and responsible behavior on the part of the corporation would be minimized. These investors could then have the best of all possible worlds: they could simultaneously appease their consciences, use their capital to improve society, and earn a high rate of return on their investments.

The stage was now set for the effort to place "corporate social responsibility" on a sound commercial basis (cf. Goodman 1971, Gapay 1973, Shaprio 1974-5, "The Funds" 1971, "Doing Well 1975, "The Dreyfus Fund 1976). The concept of "ethical investing," or "stocks without sin", as one writer termed it, convincingly demonstrated the viability of the American business instinct; even public criticisms of corporate performance could become marketable. In 1971 at least six mutual funds were established with social objectives. Their introduction was widely reported in the financial press and generally greeted with considerable enthusiasm; now individual investors would become part of the effort to transform the behavior of American business. As the prospectus of one fund put it, "Private investment can be a positive force to enhance and encourage further social progress in America" ("The Funds" 1971: 55).

The largest of the funds was established by the Dreyfus Corporation in the spring of 1972 with $26 million in assets—rather modest by Wall Street standards. It planned to invest at least two-thirds of its assets according to criteria quite similar to that of the council's studies. It would pick those firms, which, by comparison with their counterparts, had acceptable records in four areas of social concern: pollution control, occupational health and safety, product purity and safety, and equal employment opportunities. Up to one-third of its assets would be invested in companies "that are doing breakthrough work in ways that will affect the quality of life in this country in the decade ahead" (Gapay 1973, "Mutual Funds" 1973: 42). Of the first 300 companies it studied, 103 made it to the eligible list; investments in those companies were then made according to traditional criteria.

Other mutual funds were more oriented to individual investors. The Pax World Fund was established by two Methodist ministers in order to "contribute to world peace." It restricted its investments to those corporations less than 5 percent of whose sales derived from contracts with the Defense Department. The First Spectrum Fund was organized around the principle of avoiding any investment in corporations that the fund's managers had reason to believe were not in full compliance with existing laws and regulations governing protection of the environment, civil rights, and consumer protection. However, most funds initially attracted relatively few investors.

The Impact and Limitations of Political Consumerism

Over the last forty years, political consumerism has grown considerably in scope and sophistication. Literally hundred of corporations have been subject to consumer boycotts or have been the target of demonstrations or other forms of protest activities, not only in the US but increasingly Europe as well. The issues addressed by these pressures have expanded considerably, ranging from corporate environmental and consumer practices in both the developed and the developing world to the treatment of workers and human rights. Negative political consumerism, namely avoiding a company's products to show disapproval of a firm's policies or practices, has been complimented by positive political consumerism, namely the decision to purchase a company's products as a way of showing approval of its social or environmental practices.

Ethical investment has grown considerably in the United States and expanded to Europe as well; literally billions of dollars are now managed according to various social, ethical, or environmental criteria, and there are now scores of socially or environmentally oriented mutual funds (Johanson 2001). Ethical funds and advisory services employ both positive screens, which promote investments in firms that meet various ethical or social criteria, and negative screens, which preclude investments in categories of firms, such as weapons producers or cigarette companies. Finally, the use of shareholder resolutions as a political tool has become routine: each year approximately one hundred public interest proxy resolutions are submitted by activist shareholders and included in proxy statements.

However, the politicization of consumer and investor roles has had a relatively modest impact on the behavior of firms in the United States. The civil rights, anti-war movements and campaigns against the political systems of Angola and the Republic of South Africa all were successful: American firms can no longer discriminate on racial grounds, American military forces have left Vietnam, Angola is independent, and South Africa is democratic. But while market-based pressures helped place these issues on the public agenda and provided an important vehicle for political activity, they did not play a central role in any of these outcomes. What was decisive were changes in public policy, and these occurred as a result of pressures on government itself. Political consumerism has and can compliment political activity, but it cannot substitute for it.

While there have been numerous organized efforts to boycott a company's products, only a handful of these campaigns have had a measurable effect on either sales or financial performance (Koki, Akhibe & Springer 1997). In the US, it has proven very difficult to mobilize large numbers of consumers to avoid the products of particular companies for social or political reasons. Moreover, companies have often been able to counter threatened boycotts with more effective marketing. In addition, only firms, which make highly visible and easily identified consumer products, which are frequently purchased, are vulnerable to boycotts in the first place. In short, negative political consumerism in America is ad hoc and sporadic; it has proven difficult to sustain as an effective source of long-run pressure on business, though it certainly can embarrass firms in the short-run.

Positive political consumerism has sometimes proven more effective, in part because the costs on informing consumers are often borne by the companies, which hope to benefit from the politicization of the consumer role. But its role has proven far more effective in Europe, where there exists quasi-public labeling schemes, than in the US, where there are fewer institutional supports for positive political consumerism.

However, even in Europe positive political consumerism has been primarily confined to the environmental performance of products, though there have been some efforts to employ labels that certify the working conditions under which a product is made. The most common form of positive political consumerism, namely eco-labels, has been applied to only a limited number of products and typically covers only a few dimensions of corporate environmental impact. Consequently, most corporate environmental practices remain relatively immune to consumer scrutiny. How many consumers, for example, know or care about the environmental practices of the factories in which their automobiles or cell phones are made? In addition, relatively few consumers are willing to pay more for a product due to its green characteristics, which severely limits the incentives of firms to design and market eco-friendly products (Reinhardt 2000: ch. 3).

The consumer marketplace is not, as many of its critics have suggested, either amoral or immoral: it promotes the values of diversity, innovation, liberty, and efficiency. But it is not capable of promoting a wide range of social and ethical values, for the simple reason that relatively few consumers take such values into account when making their purchasing decisions. There will always be some companies and some products, that some consumers will be more or less likely to purchase for reasons unrelated to the value of the product itself. But the portion of consumer decisions, which falls into this category, remains extremely limited—and usually involves products, which also provide some benefit to consumers, such as organic food. Accordingly, the consumer market is neither an effective vehicle for advancing or expressing social goals.

The politicization of the investor role has been far more extensive than that of the consumer role. According to a recent study by the American Social Investment Forum, one of every eight dollars under management in the US is invested in companies considered socially responsible (Sinton 2001). This is clearly orders of a magnitude greater than the portion of consumer spending that is informed by social or ethical criteria. Large numbers of profit-oriented firms have developed products to meet what is clearly a substantial market demand for the social or ethical screening of investment portfolios, and a growing number of organizations provide research on corporate social and environmental policies, that in turn make ethical investment or screening possible. The demand for these ethical investments comes not only from individual investors, but from a number of institutional investors as well.

Much of the appeal of ethical investment is based on the widely publicized claim that investors need not sacrifice their profits for their principles, since more socially responsible firms will also have better financial performance. Whether socially screened investments actually outperform non-screened investments remains the focus of considerable debate. Much depends on how both social and financial performance are measured, and over what time frame: some years social investment funds outperform the market and other years they do not (Margolis & Walsh 2001, Ullman 1985).

But paradoxically, the growth of ethical investment has had even less impact on corporate behavior than the politicization of the consumer role. There are very few cases of firms which have changed their policies or strategy in order to either avoid having its shares proscribed by ethical funds or advisory services, or to become eligible for inclusion by them. Indeed, even advocates of such investment funds and strategies have been hard pressed to come up with specific examples of how the politicization of the investor role has actually changed corporate behavior, The share prices of a typical firm remain far less affected by its social or ethical performance than by conventional criteria of financial performance. However, according to Simon Zadek, a highly respected scholar and consultant, "the financial markets respond in a manner that suggests that they are far less concerned about [the impact of] ethical behavior...on the bottom line" (Zadek 2001: 62).

Nevertheless the impact of both political consumerism and ethical investment should not be only measured by its impact on corporate behavior. For the politicization of both the consumer and shareholder role has provided large numbers of individuals with the opportunity to express their political and social values through their consumption and investment decisions. Providing alternative vehicles for political expression represents an important contribution in itself. Indeed, it shows the market system at its best: it is flexible enough to respond to both those consumers and investors, who are concerned about the social impact of their economic transactions, as well as the far larger number who do not.

Thus those who care about improving the behavior of American corporations should not primarily rely upon consumer and investor pressures to accomplish this objective. Over the last half-century, many American firms have changed their conduct, especially in the developed world. But this change has come about primarily not through consumer or investor pressures on firms to behave more responsibly, but as a result of government regulation. The politicization of the consumer and investor roles has contributed to this process, often by placing issues of corporate behavior on the political agenda, but it has not been central to it. Without changes in public policy, improvements in corporate behavior would have remained uneven and sporadic. Only the government has the legal and financial resources to define and enforce standards of corporate conduct. Political consumerism represents an important compliment to conventional politics, but it should not be seen as a substitute for it.

Fotnoter

(1) The historical material in this essay is drawn from David Vogel, *Lobbying the Corporation.* New York: Basic Books, 1978, especially chapters 2, 4, and 5.

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