J.P. Stevens labor policies prompted campus controversy

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News analysis

J.P. Stevens & Co., the second largest textile manufacturer in the United States, has been found guilty of discriminatory employment practices, wiretapping of union organizers, tax evasion, industrial piracy and price fixing.

Cited repeatedly for unsafe machinery, Stevens maintains plants with noise levels far higher than federal regulations allow. The level of cotton dust causing brown lung disease is three times above federal limits.

The University abstained from voting on March 1 on a Stevens stockholder resolution which called for disclosure of company labor practices and policies.

The abstention was in disregard of a recommendation from the Presidential Committee on Investment Responsibility (C-IR), a petition bearing over 1600 student and staff signatures, and a confrontation with students during a sit-in hours before the vote.

At the stockholders' meeting, both resolutions were overwhelmingly defeated. The second resolution, on which the University abstained, was supported by only six per cent of the stockholders. However, both resolutions received enough support to place them before the share owners at next year's meeting.

The Stevens controversy here raises three questions:

—What interest does the University have in Stevens?

—What determined the final University vote on the Stevens proxy resolutions?

—What was the response of the Stanford community to the University's changing positions?

Interests in J.P. Stevens

The University holds 3000 shares, 0.025 per cent of the total of voting securities (11.6 million shares). The University holds the stock in a beneficiary trust, with the donors of the stock currently receiving any dividends. Only after the donors die do dividends revert to Stanford. The University does retain voting privileges, however.

Factors behind the vote

To understand what determined the University's final vote, it is necessary to examine the two positions the University assumed. Initially, the University declared that its holdings of Stevens stock were insignificant, and that the financial benefits of voting were directly proportional. Thus it planned to abstain on the two resolutions and not refer the matter to the C-IR.

The University then reconsidered, and after referring the matter to the C-IR, said it would vote yes on the first resolution, which would require Stevens to release affirmative action and equal opportunity figures. The University chose to abstain on the second, which would require release of detailed labor policy and practices information.

The administration justified its positions in several different ways.

Rodney Adams, director of finance, stated that support of the first resolution is in keeping with past University action. Previously, Robert Augsburger, vice president for business and finance, had stated "we have to channel our energies ... to those issues more under the policy guidelines of the University."

Augsburger, in a Feb. 24 letter to Stevens, attempted to clarify this discrepancy by pointing out that the information requested by the first resolution "is little different from that required by law," and that failure to reveal that information might lead to "exposure to significant damages resulting from class action suits."

In addition, the second resolution might be detrimental to stockholders' interest, and since the resolution provides an "out" [according to Augsburger] for Stevens, it wouldn't be effective anyway. Stevens could avoid supplying the requested information by claiming it would be detrimental to the company's business.

Finally, pressured to further justify its decision, the University maintained that the case made against Stevens is one-sided and inconclusive, as the company has not chosen to defend itself.

Critics of the University's position, however, suggested other motives were decisive in the determination of the University decision. Douglas Gamble, a lecturer in history, pointed out that by overriding the C-IR's recommendations, the University put the bulk of its defense on asserting that the economic cost of voting yes on the second resolution was too high.

Yet profit losses from a national boycott of Stevens goods and the concurrent decline of the value of Stevens stock from \$37 to \$19½ per share on Wall Street contradict this position, Gamble noted.

Merrill Lynch has warned prospective stock purchasers about further losses, according to Peter Niemansulmer of the ad hoc J.P. Stevens Committee.

The real reason for the University's abstention, Gamble alleged, is that it fears the repercussions of going on record in favor of the release of detailed labor and wage information, which United Stanford Employees (USE) could use against the University in USE organizing efforts.

Members of the group who participated in the Feb. 28 sit-in further alleged that persons making the decision came from a corporate background, and were insensitive, if not hostile, to organized labor and humanitarian concerns in business.

These critics allege the University abstained on the second resolution because a yes vote would have set a precedent of social concerns overriding the profit criterion.

This would introduce further dilemmas for the University's investments in corporations involved in questionable business practices or with repressive governments abroad.

Response on campus

The response of the Stanford community was an important contributory factor toward the change in the University's position. The Stevens Committee ultimately collected signatures of about 15 per cent of the student body, starting with 500 signatures in a single day.

This, in combination with support of the ASSU Council of Presidents, the Daily, and the C-IR, put considerable pressure on the University to reconsider its initial position.

The University did not anticipate the immediate and extensive response that took place. "You ... have raised the level of consciousness ... higher than expected," Augsburger told the student protesters prior to the sit-in.

This response can be attributed to a variety of factors.

Boyd Leedom, a former National Labor Relations Board chairman, has declared, "J.P. Stevens is so out of touch with a humane, civilized approach to industrial relations that it would shock even those least sensitive to honor, justice and decent treatment." The clarity of the issues involved facilitated the involvement of students into actively supporting the two resolutions.

The resolutions themselves left a loophole through which Stevens could avoid making damaging disclosures.

The fluctuating position of the University, its overriding of the C-IR, and disregard of popular opinion on campus aroused indignation and led some to question whether the University was disregarding its own stated policy and avoiding the central question of what moral obligations the University has as a progressive institution.

The response of the community here indicated the principles involved in the Stevens case, regardless of the significance of economic considerations, may succeed in influencing University investment policies.

More extensive student and faculty involvement is likely in forthcoming battles over Stanford's business relationships.

The next case on the horizon is the Republic of South Africa, according to students.

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—Daily photo by Randy Keith

Stevens today, Pretoria next?

About 60 students marched last month on the offices of Robert Augsburger, vice president for business and finance, to protest the University's abstention on one of two "corporate responsibility" resolutions at a J.P. Stevens shareholders' meeting. The University's interests in South African companies will be the subject of future protests, students predict.