

Shareholder activism really does work

Mike Sweitzer-Beckman | Apr. 30, 2009

As reported in *The Wall Street Journal* in March, [Fr. Michael Crosby has been fighting the tobacco industry](#) [1] since about 1980. Fr. Crosby, a Capuchin Franciscan based in Milwaukee, filed a shareholder resolution against tobacco giant Phillip Morris in late 2008, the goal being to help the company realize that it should not be building its profits on the backs of the most marginalized workers in the tobacco fields.

I've been able to get to know Fr. Crosby a bit since moving back to Wisconsin last year. He coordinates meetings between religious orders in Wisconsin, Minnesota and Iowa to pool their resources together, buy stocks in companies, and then attempts to file shareholder resolutions to encourage these companies to do business with Catholic Social Teaching values in mind. Fr. Crosby helps coordinate the funds of about 22 religious orders, but has less than \$20,000 to work with. Usually, the group's resolutions get less than 1% of a shareholder vote, and it's hard to do a lot. When he filed the same resolution addressing green tobacco sickness with Reynolds American, Inc., it got about 10% of the shareholder vote. GTS, as it is called in the industry, is a typically non-fatal disease that causes nausea for the workers in the fields who are directly touching the tobacco plants.

As reported in the same *Wall Street Journal* article, Fr. Crosby received a letter from Phillip Morris saying it "has agreed to include in its contracts with leaf suppliers a specific provision requiring them to implement certain procedures to reduce the risk of green tobacco sickness." The company asked him to withdraw his resolution in hopes that the issue could be addressed without a shareholder vote.

Fr. Crosby agreed to withdraw the resolution when the company agreed to utilize an external monitoring group through the Interfaith Center on Corporate Responsibility. He remains hopeful that the company will do the right thing.

Fr. Crosby has caught a lot of flack for this around the country, being called a "sell-out." The Farm Labor Organizing Committee called his resolution a "feel-good solution." But Fr. Crosby, who has been doing this sort of activism since 1973, said he has never seen this type of progress with a large tobacco company.

He recently traveled to Mumbai, India, for an international conference on tobacco. More than 120 countries were represented, with many countries trying to organize workers and promote legislation that changes the standards tobacco companies work under. Fr. Crosby indicated that he was one of the few at the conference who has a direct relationship with the big companies through shareholder activism.

Fr. Crosby's interest in the tobacco industry began after traveling to Nicaragua in 1980, and seeing the struggles that farmworkers were going through in the fields. He encouraged his order to buy stock in Phillip Morris so that he could better address these issues as a shareholder.

In some ways, the ability of Catholic religious orders to do effective shareholder activism and encourage companies and industries to fulfill Gospel values is becoming more difficult. Catholic women religious orders are aging and merging. Contemplative nuns have held their own in terms of recruiting new members, but don't

have enough money to engage in shareholder activism. In order to file shareholder resolutions, either a shareholder or group of shareholders need to hold a minimum of \$2,000 of stock in a company for at least one year, and will hold that amount at the time of the next annual meeting. With stock prices tumbling in recent months, it becomes more difficult for a single religious order to own this much stock in order to have a voice in a company.

One hopes that Fr. Crosby's gamble with the tobacco companies will work out, not just for his own credibility in the tobacco activist community around the world. Tobacco companies employ about 21,000 farmworkers in the United States, and estimates are that only 6,000 of these have documents to live and work here. If the companies do the right things to address the needs of the farmworkers to reduce their risk to GTS, then the most marginalized workers in our country stand to have their dignity and rights as workers respected and embraced. This becomes a true way to live out the 2000 pastoral document approved unanimously by the United States Conference of Catholic Bishops, [?Welcoming the Stranger Among Us: Unity in Diversity](#) [2].?

Mike Sweitzer-Beckman recently earned his Master of Divinity degree from the Jesuit School of Theology. He works at Forward Community Investments, a statewide loan fund for nonprofits that serve low-income people in Wisconsin. His hobbies include tennis, bicycling, spectator sports, and cooking.

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