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WORKING ASSETS MONEY FUND: WORKING IN LABOR'S INTERESTS

by Marlene Kim

Unions often keep health and welfare, pension, and other accounts in banks or savings and loans that reinvest the money in anti-union corporations or in transactions that in effect undermine labor. Now there is an alternative: Labor can keep money in Working Assets Money Fund. Started in September 1983, with \$100,000, half of which came from the Federated Firefighters Insurance Trust of California, it now holds assets of \$19 million, pays high rates of interest, and invests in corporations and institutions which meet social and political guidelines consistent with labor's philosophy of worker rights, full employment, and equal opportunity for women and minorities. All employees of Working Assets are union members. The following report is based on an interview with John Harrington, a former SEIU employee, one of the founding members of Working Assets, and now President of the organization.

LCR: What is Working Assets?

JH: It is a money market fund that has social and economic goals. Money market funds are similar to those offered by savings and loans and banks.

LCR: What are your goals, and what distinguishes you from other money market funds?

JH: First, we seek a high level of current income, while maintaining both safety of capital and the ability of depositors to withdraw money any time. To ensure safety, we invest at least 50% of our assets in obligations issued or insured by the U.S. government.

Second, we are unique in that we make investments that we feel have a positive social or economic impact; for instance, those that create jobs in the U.S. Unlike other money market funds, we do not invest in Eurodollar certificate of deposits, which are used by U.S. banks to fund overseas operations, nor do we invest in foreign companies, foreign currency, banker's acceptances that are for imports, or companies in which the majority of workers are overseas, unless most of the U.S. workers are covered by collective bargaining agreements.

LCR: What other goals do you help to serve with your investments?

JH: We invest in federal agency securities that promote housing, such as the Federal Home Loan Bank and the Federal National Mortgage Association; those that promote higher education, like the Student Loan Marketing Association; and those that assist small businesses and family farms, such as the Small Business Administration and the Federal Farm Credit System. We seek to invest in companies that promote the welfare of workers and the advancement of women and minorities, and bargain fairly with their employees. Thus we will not invest in institutions that are on the AFL-CIO "Do Not Patronize" list; those that have records, according to the AFL-CIO, of hiring "union busting" consultants; those that violate statutes of the Environmental Protection Agency, National Labor Relations Board, or Equal Employment Opportunity Commission; or those which we believe discriminate on the basis of sexual preference. We don't avoid non-union firms, only those that are anti-union.

LCR: What position do you take on military investments?

JH: We believe current U.S. defense expenditures are excessive and wasteful, so we will not invest in U.S. Treasury Bills, since these are used to finance the huge federal deficit caused significantly by the defense budget. We do not invest in corporations that manufacture weapons as a principal business activity (those that receive 1% or more of their gross sales from weapons systems), those that generate nuclear power, or those that have a substantial presence in a foreign national controlled by a repressive regime; i.e., a right-wing dictatorship such as in the Republic of South Africa.

LCR: You must have to do a lot of research to carry out these guidelines.

JH: We compile a list of companies that qualify under these criteria by looking at a variety of data on company policy from the Data Center in Oakland. Council on Economic Priorities - Corporate Data

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Exchange, Interfaith Center for Corporate Responsibility, Women's Foundation, Investor's Responsibility Research Center, AFL-CIO, and other sources as well.

LCR: What unions have accounts with you?

LH: Some locals and joint councils of UTU, Teamsters, AFSCME, CWA, SEIU, Firefighters, Typos, ILWU, Plumbers, OPEIU, and UFCW.

LCR: How much pressure do you think you have on corporate policy?

JH: Right now, since we're small, we don't have much. But as we grow, we will have more impact. We gain strength from other organizations, since we're really only part of a national campaign for social responsibility. Our impact comes from educating people that financial responsibility cannot be separated from the political, social, and economic impact of investments. For instance, we know that labor has money invested in institutions that try to bust unions, lobby for right to work laws, or seek to weaken labor laws. Until working people understand how their money can be used for these purposes, we will never have as much impact as we should.

LCR: How can unions have more control over investment policy?

JH: Unions should look into the operations of all the companies that handle their money, including premium payments for health care, life, disability, and auto insurance. They can use the power of finance to determine social outcomes. For instance, when SIEU was organizing Equitable Life Insurance Company, many union trustees that had workers' savings invested in this company could have told Equitable Life that they would invest in another provider unless the company bargained with SEIU.

Finally, they should hire their own financial analysts and look at the company's books, as did the IAM with Eastern Airlines. Why should their members pay for management's mistakes with givebacks and often with the loss of jobs? The collective bargaining agreement isn't enough to fall back on, because it's always renegotiated. Unions should get a share of the company and a voice in its management in exchange for concessions. It means taking a lot more responsibility.

LCR: How can Working Assets help to carry out this kind of labor agenda?

JH: Our priority is to influence capital movement, and to educate working people on how financial markets work and how they can handle capital in ways that are consistent with their social and economic philosophy, and thus have an impact on company policies. We are talking about money, which is the bottom line, because most companies don't care about NLRB, EEOC, or South Africa. They care about their own self-interest, not your interests. Generally, they will tell you anything to get your money. But if we look at what this money is funding, and take positions on which investments we will support and which we won't, then it will begin to cost more for some companies to find investors, their competitors with better policies will outperform them, and then their policies will change.

LCR: Is that kind of change one of the goals of Working Assets?

JH: Working Assets had the guts to say that there is a direct connection between financing investments and the social and economic quality of our lives. Others ignore this connection. We wanted to act on it. Starting a money market fund was the easiest way we could see to take this step. Working Assets is safe and competitive, and we are building a base of unions, progressives, and organizations which are concerned about where our economy is going.

LCR: How does one open an account with Working Assets?

JH: You need to deposit \$1000.00 or more to open an account. There is no minimum balance required, and you can write an unlimited number of checks of \$250 or more, up to your balance. Our yields vary with market interest rates; as of May 1984, it was 9 to 9½%, or 10% compounded. We consistently outperform the average money market fund, and the average of the 50 largest savings and loan companies and banks.

--Marlene Kim

(For further information about Working Assets, readers should contact Mr. Harrington at 415/ 989-3200.)

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