

Subject: Bruce Kochis (BK)

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Interviewer: Anne Greenleaf (AG)

Transcribed & Edited by: Mackenzie Powell

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AG: This is November 5, 2010. My name is Anne Greenleaf, I'm the interviewer. This title of this interviewer is Bruce Kochis: Brand Responsibility Oral History Project. If you wouldn't mind stating your name and your title.

BK: My name is Bruce Kochis, Senior Lecturer, University of Washington -Bothell.

AG: Can you just tell us a little bit more about your position as a lecturer, what your topic is?

BK: This is my second stint on this committee [University of Washington's Advisory Committee on Trademarks and Licensing]. I joined the committee early, I think, in 2000, and served for two or three years and then moved off of it because of other responsibilities, but I was selected because I was former Director of the Human Rights Education and Research Network and now I'm on the steering committee for the UW Center for Human Rights. So I think in that capacity, that's also what I research and teach so it fits into my professional daily work.

AG: Okay, so basically we're covering today the recent negotiations between UW and Nike regarding the closure of the Visiontex and other factories in Honduras. Essentially we'd like for you to walk us through in your own words the process from beginning to end. Maybe you can start with how the matter initially came to your attention.

BK: I was appointed to the committee in April of 2009, but we didn't really start engaging in any major issues until September of that year. The issue had already surfaced with the previous version of the advisory committee of trademarks and licensing and had come to their attention. I'm not exactly sure how, but I do know there was a letter from SLAP [Student Labor Action Project] that commanded something be done about this. We started engaging in it in September, looking at the issues, checking what we saw as Nike's response, what our code required, and working WRC and FLA plus a lot of communication by Kathy Hoggan and Margaret Levi, with those groups, and also with the labor activists in the south, in Honduras, particularly I think it was CGT. We were mostly in a gathering phase. The students on our committee and visitors were pushing us to act quickly. We wanted to make sure we acted responsibly, so there was a tug back and forth between those two positions. Essentially in the case at hand, the way I saw it there were two issues that needed to be addressed. One was how much product was being produced at these factories under Nike's supervision or some kind of knowledge and that was a tricky one because Nike was avoiding or seemed to be delaying telling us or being forthright about exactly how much; there was much controversy over how much was actually being produced. In the final analysis, we wanted our facts straight and that took some sorting out from different players. The second issue was whether or not Nike had a responsibility to pay that back-pay. It claimed it didn't; people on the committee thought it did, reading our code in a particular way, especially the part that demands that anyone licensing U.W. product obey the laws of the country that they're in and that is definitely the law in Honduras, that there is a mandatory severance package, severance pay, for workers in factories that close down. We had several intense meetings over that particular issue and we were pushing toward a vote on that issue. I'm trying to remember in 2009 and we were pushing through the winter into the spring. We were trying to get clarity on these issues. We were, especially Margaret Levi, in contact with President Emmert. The controversy over Phyllis Wise erupted, her joining the board of Nike and being the Provost that had now really complicated the issue, and raised a lot of flags and a lot of attention. There were articles in the local press and iconic press had followed interest over this issue, and so we were

particularly concerned that we still act responsibly in that regard, I think most of us were worried about that. We didn't want to pile on and get sidetracked by peripheral issues, but it was hard because there was a lot of attention on it. In the final analysis we wrote again and approved the WRC, I think it was; we contacted Nike and wanted a definitive statement on how much product was made, and they couldn't come up with that to our satisfaction, and for me, that was a critical issue. They definitely had a responsibility to let us know where their supply chain really was. However, let's say at the same time we had brought in a speaker Richard Locke, to talk about supply chains, who is an academic scholar on supply chain issues. His essential point was, it's far more complex than we probably realize in terms of contracting and subcontracting. These things are not always clear, orders are not always clear, they're working on strange deadlines sometimes, and so I gained a little bit more appreciation for the complexity of the situation and because of that remained somewhat reluctant to censure Nike over the payment over exactly how much they knew about the supply. I was one of the kind of hold-outs in terms of voting. Essentially what we were going to do was write a letter to President Emmert saying we advise you to censure Nike. At one point he did that, not completely. He contacted them demanding a meeting and some information, etc. so he got involved. We were wading back and forth with letters and thirty-day waiting period, etc. etc. and wading through a lot of details. Finally, I'm probably leaving out a lot of busy details, but finally it came to an initial vote, and I voted to hold Nike accountable for what it knew about its supply chain, but I abstained on the vote to demand that they pay the back pay. My reasoning and argument was that I see potential moral hazard involved in this situation whereby, if corporations develop rules that take over the function of law in developing countries, then those countries never build the capacity and interest up to enforce their own laws. The Ministry of Labor, which is already weak in Honduras, isn't going to get any stronger; small subcontractors will dissolve and walk away from their responsibility potentially; and leave larger corporations in the bag, which in our final analysis, may encourage larger corporations to go to countries where there is no severance pay demanded by law, or to pressure the Honduran government to eliminate that particular law, putting economic pressure on these developing country governments to make their markets and their labor supply more accessible to international corporations, which in the long run is what I think would be really, really disastrous. Of course, we were really moved by the condition of the Honduran workers especially in this economy, their jobs have been drying up in the apparel industry in Central America, so it really was a tug of war for me on how to go. I didn't vote against it, but I did abstain on that particular vote. I think actually I might be getting my meetings a little mixed up by going so fast and furious but there was at some point a final vote and I voted definitely to censure and then the abstention. So the vote to send the letter of censure passed, and in winter Emmert declared that by the end of 2010, if the situation had not been resolved, he would end one of our two contracts with Nike, specifically the licensing contract. Of course, not the athletic one, which is the big one. The licensing contract is a few hundred thousand dollars and the other one is a thirty five million dollar contract. But it would be a real hit in their reputation. Cornell joined us, though it doesn't have a powerful, major contract. Minnesota, I think their president had censured; Wisconsin had censured, and again, they didn't have a big contract. So we were actually the big players. Then it was announced late spring, early summer that Nike had capitulated and would be giving \$1.5 million. Prior to that, we had also asked for various ameliorations and they had promised that they would become active in retraining Honduran workers and finding other jobs for them, setting up programs through the union. We didn't see any headway in that either, so we were worried that we were just being shown smokescreens. We haven't really taken it up, we've moved off onto other issues now. We're re-looking at our code and one of the questions we will ask is "Do we want to put severance pay into our codes?" and we're comparing our code with others and seeing if there are places where we need to strengthen it, to write better language that's clear, so that's the process we're in. Our job now will be to make sure as we monitor the agreement by Nike, to give the money, and we'll be able to contact with WRC and FLA and with folks there. Another sort of spin off of this case and the other case is that we realized again that this is a really big, complex process. I know and knew very little about the bookstore and how it sources stuff, and orders, and why, and when it has to place the order, and can the bookstore do anything legally? Those are some of the questions we don't know. The same is true, we need better knowledge of what the

university is doing with other companies. I suggested a teach-in of these issues on campus, that's now expanded itself to a big conference on April 1, 2011 in which we'll bring in a whole bunch of these players; but also, other players in the university who are engaged in purchasing at some time because we want to see if we can get a handle on what is the responsibility of the university in a broader sense, not just picking on a company or one company at a time, but rather saying, "What can we build into our ethos of the very campus?"

AG: Great. I do have a couple follow up questions. One of the things you mentioned was the visiting professor who talked about supply chain issues, and that sounded like it was important to you in your decision making. What were the other primary sources of information that were coming to you, and which of those sources were vital to your own view on the situation?

BK: Well, the way I approach this is realizing that all of the people in this have some kind of angle, which isn't necessarily bad, but they have things to work with. I try and do what they call triangulation. I look at what the WRC is saying, I look at what Nike is responding, I look at what some of the academics are saying, I listen to my colleagues who know probably a lot more than I do about this, but I put it all together myself by looking at a variety of those sources. I listen to what students have to say; they often have critical information that comes through their chains. I [hear] through students who know of sweatshops from SLAP. They often get information through other schools. We pay attention to what other schools are doing to attract news. I would just say I put together a lot of that documentation. Kathy Hoggan has a lot of documentation, and she has been really terrific at providing these letters. We ask her, "Kathy, can you talk to Nike and ask them this question?" and she will get us that information in record time. So that's generally how I operate in this regard. I'm also starting some academic work, studying codes of conduct and how they operate and what they're good for.

AG: You mention also that some of the initial attention that came to the matter came from the SLAP, which is the UW USAS group. Do you want to say anything more about this student group and their involvement in the process?

BK: Well, their role is actually crucial, and they push us I think in very healthy ways. I think sometimes a little too fast, not necessarily in any wrong direction, but I think maybe a little too fast. But also one of the issues that is really, really crucial to me is that ACTL remains credible; and if we act [fast] or look like we're just going after people too quickly, then they'll stop dealing with us because they're going to ignore us. Nike will stop answering questions and just walk away. I think the students have a vital role in that they aren't quite as constrained as we are because we're appointed by the President to advise the President and we have to give the best advice as possible and we're really careful of that. I respect them a lot in what they've done and how things forty years ago on this campus have only changed and appreciate that part of it too and I'm really happy that they're here. I would say primarily their role for us is they push us to provide information and arguments and really keep us honest from that point of view.

AG: One of the other questions that we've been asking the committee members is if they could talk a little bit about the internal dynamics of the committee - consensus building and how you all came to the final decision that you made. You talked a little bit about that already, but do you have anymore to talk about?

BK: Right, from my understanding, in the previous version of the committee they had trouble working together. I think Margaret has done an excellent job in a lot of areas for this and she'd done it before too. We've done an absolutely excellent job of keeping arguments on the table, keeping it civil working together, being clear of what we want to ask ourselves, and it's one of the best committees I've been on that deals with controversial and difficult issues like this. We have a balance of people from different parts of the university and that's incredibly helpful, to have undergraduates, graduates, faculty, staff,

administration. The athletic department sits in occasionally, we also have trademarks and licensing, of course, and that broad base keeps us honest because it keeps us informed of how any particular issue is affecting all these different players. I think in the group we're doing a really good job of balancing out those issues. The dynamics of this group have been quite good. Really, my hat goes off to Margaret for her ability to honestly [quote] the kinds of controversies and disagreements that exist, and keep us functioning. I think that makes her a good leader.

AG: One of the things that you mentioned that happened over the course of the recent negotiations was that then-provost Phyllis Wise accepted a position on the corporate board of Nike and there was quite a lot of response to that, and we have interviewed Phyllis also to get her view on that. Do you have anything to add to that conversation?

BK: The timing was just horrid, and I'm not sure she appreciated that timing. Emmert knew about it, and I think he might have matured that conversation, but I think the timing was bad and I wish she had waited. I think it really damaged her and the university in the larger certainly labor community, but also in the progressive community. Stuff on blogs was pretty relatively scathing, though that is personal reason and opinion, so you have to worry about that. But I think it is okay now. This was also dovetailing with a lot of internal university politics over Emmert's and Wise's salaries, franchise corporations, that's another reason why we're doing this conference on April 1st to ask those questions of what should be done. It was just really unfortunate timing. The other thing for me, one of those things, is the controversy that Nike got itself into over this football player Ben Roethlisberger, who has been indicted twice for rape. According to reports he is a really brutal guy and a real bug and Nike refused to pull their contract. Some people thought they should pull their contract with Tiger Woods, but you know, that's private stuff. This is really dealing with domestic violence and violence is such a serious issue in this society, and it gets laughed away as a "boys will be boys" kind of angle. That really just turns my gut against Nike. I was trying to keep my head under control, but I was really, really angry, and I'm sure that swayed me in some way to, you know, sort of after a while to say: "I'm done, no more compromise." I want their head to roll on this one. I really got upset, I'm still upset, actually, by those kinds of things. It really just irks me when that happens and people laugh it off with those "Oh, they're football players" kind of things. I mean, that's why this case is really fascinating, because it opened all that kind of stuff up at the same time it was all coming down. You're kind of swimming in this stuff. I worked with Nike, not with them, but when I was on this committee back in 2000, I debated Nike on the radio. It became clear to me then that they were doing some things that hired an auditor to audit their activity overseas, Price Waterhouse Cooper. I shouldn't be so critical, because they do have opposite corporate responsibility now; Caitlin Morris has been in the past one of people working for them, I think these people do have ethical concerns in mind and that's fine, but I think corporate moors and stockholders bind them. They have to be pushed, they're not going to do it alone, so that's why we're here. I'd rather be doing other things, but you've got to do it sometimes.

AG: Obviously the reason we're doing the project is that the final agreement was pretty unprecedented. Not necessarily that it set a legal precedent, but it certainly set a precedent for Nike and for other apparel companies. What are your thoughts? What do you hope this kind of precedent will be?

BK: To be really honest, I hope it sets a kind of an emergency response. I really don't think this is sustainable in the long run, and I really hope it opens up. I don't know what the next step is going to be or how Honduras is going to react, or how Nike's going to react in the long run, or Adidas, or Reebok, or any of the others. I mean Russell now we have on board, sort of, but they have to be monitored as well. We really don't know how the big players are going to act in the face of this. Now to them, I mean, \$1.5 million is chump change to them in Nike's billions and billions, so it's not a huge amount. But I think they got out of bad PR, especially with the connection to Phyllis. I think they kind of got off on this one, and that worries me a bit in the long run. On the other hand, one has to always remind that you can't hold

up things just because they're not in perfect implementation of principles; sometimes just getting people some money and helping them out is a good thing to do and that the bigger picture is going to have to take longer to work itself out. One thing that has been really helpful for us here is that on the heels of the Estofel case and the heels of the Russell case and now this case, we've really done some good stuff; and we've really pushed this university to take some leadership roles in pushing this responsibility, and to use our code of conduct other than just papering the wall with it, we're actually using it. We've got a lot of work to improve it, it is hard work, but that's also really helpful. As I said and articulated already, I do worry about the long-term building of capacity and infrastructure in developing countries, and handling these cases on their own. We've seen this in a lot of development work where the developed world or global north goes in and helps out the global south and the global south doesn't build the kinds of stuff they need to build in order to do it on their own, and that should be the goal. It's a mixed bag for me on that, one of those few times. I'm glad to see those workers got their money and potentially a new job, but I worry about them.

AG: One of the things we've been asking people is how aware they were of the final settlement before it was publicized. It is sort of our current understanding that most of the final negotiations seem to have taken place between Nike and the union CGT. Were you aware of it before they announced it?

BK: I wasn't, and I didn't see it coming. I'm trying to recall. I don't know if my memory is distorted by the shock of the actual settlement, or it being published; but I don't remember any hint that they were actually going to capitulate and it sounded all along like they were. They said in early letters, "We are not responsible for the severance package and we're not going to pay it." They seemed adamant on that point and I thought they might try some other kind of finagling way. I didn't think they would announce a cash settlement and say, "Here you go." I was shocked.

AG: I think you might have an interesting response to [my last question]. One of the things we ask people typically is, since the committee issued a recommendation to censure Nike and to let the contract expire, or at least one of the contracts with Nike to expire, what were the alternatives to licensing Nike? Were those alternatives really discussed? Or was it sort of just assumed that another brand would be able to take the place of Nike?

BK: That was my assumption. We had been hearing of Knight's apparel, and Alta Gracia and other people coming forward to get into this market. Kathy was working with people on doing a study in bookstores to find out who people shop and buy, responsible clothing. So there was some of that work done, and its early stages, and there wasn't definitive research as I recall, or even some very positive at that point. But it's getting on people's radars. My assumption was that if Nike dropped their contract, big deal. There's no skin off my nose; the sweatshirts are still going to be made by somebody, we'll find somebody to make them. I think that's what's happening now. Moving Alta Gracia into the bookstores, we're not going to get into the business of promoting any one product over another, but we certainly want to inform our student body and the school, along with everybody who buys this stuff that they now have an option; they can buy socially responsible products. We have a responsibility too, to be honest that Nike settled, and I think we have to be honest about that. Again, credibility is an important issue in this regard.

AG: I think those are all the questions I have for you, so can you think of anything else that you might want to add before we close?

BK: It's an interesting and roller-coaster issue as I said before, when you step back and look at the complexity of all the things that go into something like this, in it of itself it's a fascinating story. I hope our conference on April 1st can swing a little bit of coherence, so that we all start to understand better how big institutions like universities actually work and what their ethical responsibilities are. That is my

hope in a hope. I think we're doing a pretty good job and are starting to. We still have work to do in the athletic department, but... (chuckling)

[TAPE ENDS]