

# Public Relations REVIEW

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**Edward L. Bernays**

# Social Responsibility of Business

*The rise of public interest groups and consumer advocates has required private interests to reassess their commitments to the communities in which they operate, and to society at large.*

*In this article Edward L. Bernays argues that "Society demands more of business than goods and services" and traces the development, among the public and in business, of contemporary expectations about the social responsibility of business.*

*Bernays' efforts to perfect the principles, practices and ethics of the public relations profession span more than a half century. He is widely acclaimed as a pioneer in the shaping and communication of opinion.*

Continuing evidence all around us indicates that the social responsibility of business is of increasing concern to business and the public alike. The subject is much discussed. Books cover its theoretical and practical aspects. Newspapers and periodicals discuss consumer activities, behavioral aspects of business, social accounting and social audits, and pronouncements, pro and con, of economists. Activists propose federal and state laws to further social responsibility and some are passed.

Business and the public grapple with the question, but no generally accepted guidelines exist for its solution. Different viewpoints are expressed on what social responsibility should be. One extreme sees profit as the sole function of business; the other says business must give first priority to resolution of societal problems. According to present day polls, the public has a more moderate belief than either extreme: that business must give higher priority to fulfilling its social responsibilities. Expectations of society have outdistanced the performance of business in this regard.

Historically, business has supplied society with the goods and services it needs. Today society places greater emphasis on human values for the individual and community than before. Society worries about the ills modern business technology has brought with it, i.e., water and air pollution. The public is concerned about low quality of many activities formerly not questioned—mass transportation, education, health care, civil rights, equal opportunity, community living, arts and others. Society demands more of business than goods and services.

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In a period of changing values, the move towards the good society, the good life, the quality of life, whatever you call it, makes accelerated demands on all segments of society. The future of business in this country depends on how it reacts to the new hopes and demands of the public.

Business is making efforts to appraise its position on social responsibility through studies like that of the Committee for Economic Development. But many businesses still pursue activities hardly interpretable as socially responsible.

Andrew Hacker's article in *The New York Times* (June 15, 1975) questions some matters of business responsibility, although it does not touch on broader questions of air and water pollution, the environment, civil rights, among others.<sup>1</sup> He mentions corporations' covert contributions to political groups in this country and bribery abroad, (both, he says, regarded as normal behavior), and payoffs which builders force customers to absorb. He discusses truckers' illegally renting parking spaces in New York's garment center and supermarkets meeting sales quotas by shortweighting meats. Washington's high-priced corporation lawyers know where to find amenable administrators, he writes. Airlines make gifts of free tickets to travel agents to match competition.

Publicity given to recent political payoffs, bribes and questionable agents' fees have also focused public opinion on the social irresponsibility of some of our largest corporations which have acted unethically and antisocially. For example, between 1970 and 1975, Lockheed Aircraft paid over \$202 million to officials of foreign governments, political parties and so-called sales agents. Northrop Company gave bribes of \$450,000 to Saudi Arabian generals. United Brands paid more than \$1.3 million to Honduran officials. The Exxon Corporation, Mobil Oil and the Gulf Oil Corporation had foreign slush funds. Ashland Oil, Inc. paid money to foreign officials in Africa and the Dominican Republic, and Phillips Petroleum contributed illegally to the Committee to Reelect the President (Nixon). There were many, many others.

The recession has brought with it new ramifications of the problem. Automobile manufacturers use the recession as an excuse to ask for postponement of the enforcement of emission standard laws. Corporations complain about the high cost of installing antipollution equipment.

Public relations is concerned with bringing about the best adjustment of expectations between business and the public. Social responsibility is one prime area of activity of the public relations adviser, whether company employee or outside consultant. This article summarizes the historical development of social responsibility of business in this country, discusses its present status and offers suggestions for action. An examination of the last 200 years since the birth of the nation discusses changes that have taken place and may be helpful as a guide to the future.

From 1776 to 1865 we moved from basic agriculture to becoming industrialized. The planter and family in the South and the farmer in the North were self-sufficient in our early history. In cities small enterprises provided simple products and services. People were untouched by the complexities of society today.

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New methods of communication and transportation in the first half of the nineteenth century brought people closer together and made for stronger public opinion. The telegraph in 1842, railroads in the 1830s, the development in 1844 of a process to make newsprint from wood, the penny press—all these expanded and intensified the interrelationships among the American people.

The industrial revolution brought with it the steam-powered factory and the vertical industrial complex. New questions arose about relations of business management and people. Burgeoning labor unions in the twenties and thirties demanded curbs on licensed monopolies. But the financial panic of 1837 aborted the labor movement. Between 1840 and 1850 cooperative associations of producers and consumers developed.

In the post-Civil War period, 1865-1900, laissez faire dominated the country. The comment of William Vanderbilt in 1882, "The public be damned," set the pattern. Development of iron, steel, electricity and the internal combustion engine revolutionized life in the United States. Industrial expansion continued at an accelerated rate. Proprietorships and partnerships became corporations, some of them trusts.

#### Industrialization Gives Business Upper Hand

Industrialists sincerely believed that private business was nobody else's business. Exploitation was carried on without government interference. Demand for capital and franchises was mounting and capitalists became aggressive. Often the struggle between capital and labor became violent.

The depression of 1873-1878 decreased the number of national labor unions that had been formed between 1852-1860. Not until 1886 did the American Federation of Labor emerge. The boast of industrialist Andrew Carnegie was typical: "Sixty-five million Americans of today could buy up the 140,000,000 Russians and Spaniards; or after purchasing wealthy Spain, would have pocket money to acquire Denmark, Norway, Switzerland and Greece."<sup>2</sup> Robber barons remained in the saddle, and manipulation by "the interests" was the order of the day. N.S.B. Gras, professor at the Harvard Graduate School of Business Administration, commented, "American business in the nineteenth century went back to the exclusiveness of the medieval guilds in its attitude toward the public."<sup>3</sup>

At the century's end, members of those groups most keenly affected by unregulated business initiated a countermovement against it. Workingmen in increasingly powerful labor unions, farmers in their granges, Greenbackers, Populists, the Socialist Party all participated. Eastern intellectuals, writers and the clergy and many others, including the middle classes, joined them. The Sherman Antitrust Act, passed in 1892, was one indication of the nation's mood.

Agitation continued into the next century. Muckrakers Lincoln Steffens, Ida Tarbell, Thomas W. Lawson, Ray Stannard Baker and others, in articles in *Collier's*, *Everybody's* and *McClure's*, aroused the people to demand reforms in government and business. President Theodore Roosevelt made "trust busting" his business.

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In 1905 railroad presidents started wooing the public with words rather than deeds, as did the street car companies and other utilities. They engaged former newspapermen to write and distribute favorable information about them. "Whitewashing," "shirt stuffing" and "public relations" were names given to these activities. But the latter term, used mainly in industry trade publications, reached the outside world only sparingly.

During a 1902 coal strike, George F. Baer, a coal baron, had issued a troglodyte statement that "God in His Infinite wisdom has given control of the property interest of the country" to the George Baers.<sup>4</sup> In 1906, during another coal strike, the coal mine operators engaged the new firm of Parker and Lee as advisers. Ivy Lee issued a declaration of the firm's principles, among them a new policy of information. His was not a "secret press bureau." "The public was no longer to be ignored in the traditional manner of business, nor fooled in the continuing manner of the press agent." Lee's emphasis during his lifetime appears to have remained on publicity.<sup>5</sup> Other men followed Lee in his policy of public information: James Ellsworth, Theodore Vail, Francis Sisson, Guy Emerson, Frank Fayant and Pendleton Dudley. The climate of public opinion brought about the muckrakers and Theodore Roosevelt's Square Deal played a role in furthering business' acceptance of Lee's declaration of principles.

### Social Responsibility Enforced Through Legislation

The New Freedom, proclaimed by President Woodrow Wilson, brought laws affirming the social responsibility of business: changes in tariffs, a corporation tax, creation of the Federal Reserve system, the Clayton Antitrust Act and the Federal Trade Commission, the latter to prevent unfair competition in interstate commerce.

In 1917 the United States entered World War I. Soon after, President Wilson created the United States Committee on Public Information, headed by George Creel, a liberal Denver newspaperman. Through its activities the Committee demonstrated to all the importance of public opinion and support in bringing about a successful conclusion to the war. Wilson's famous phrases disseminated by the Committee, "Make the World Safe for Democracy," "The War to End Wars," "Open Covenants Openly Arrived At," brought favorable response from the people of the world. Democratic ideas had been advanced all over the world, and the public in this country had also become more articulate as a result of increased literacy and faster communications processes.

Some of us who worked with the United States Committee on Public Information here and in Europe recognized that understanding the public and responding to its hopes and desires were basic to any American institution's attainment of its goals. When I returned from the Peace Conference in 1919, I set up an office in New York to apply to peacetime pursuits what I had learned in the war. In *Crystallising Public Opinion* in 1923, I defined and named a new profession, that of counsel on public relations. The new professional advises his client on policies and practices that meet social goals in accord with changing public desires and demands. He also helps interpret his client to the public. Public relations plays a social role in the society, the book maintained.



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Action of business must be based on the public interest. The coincidence of the public and the private interest is a basic tenet. In the 1920s and 1930s, public relations departments in business and public relations as a profession grew at an accelerating rate.

Up to 1929, the country was in an ecstatic economic upturn, with only slight interruptions. It accepted the precept of Calvin Coolidge that "The business of America is business." A small fringe of the public—*The New Republic*, the *Nation* and fellow thinkers questioned business and how it behaved. Social responsibility was no great issue, even after a Congressional investigation of the National Electric Light Association disclosed its bribes of public leaders and other antisocial activities.

Under President Hoover's administration business continued to ride high. Frederick Allen commented, "The Lords of Creation walked haughtily in the land, confident of their virtue and leadership." In 1929 came the stock market crash, followed by the Depression, induced by overexpansion and overspeculation. Business was consigned to the doghouse. During the New Deal, President Franklin Delano Roosevelt blamed "malefactors of wealth" for the Depression.

The Securities and Exchange Commission was created to insure responsible conduct by the financial community. President Roosevelt responded to public demand for stringent legislation to monitor social responsibility by business in other fields: foods, drugs, cosmetics and public utilities. The public adored him. Business hated him.

### Business Tries to Adapt to Changing Social Conditions

In the first years of the Depression, business remained quiet. Later it recovered its voice and attempted to regain its lost prestige. Unproductive informational campaigns were started by the National Association of Manufacturers and the Liberty League. It was World War II which helped reestablish business' reputation. The contribution of American business in providing the armaments of war turned negative attitudes to affirmative ones. The public was grateful to business. It was also so preoccupied with winning the war, that there was little discussion of the social responsibility of business.

During this period, radio, sound film and the airplane improved transportation and communication. Roosevelt gained support for his cause over the new medium of radio and other channels of communication. He demonstrated to business how important public understanding and support were. The Depression had given the public better understanding of its strength, of the power of its opinion to shape national policy, programs and laws. The war again demonstrated this power.

As the war ended in 1945, business and other institutions wanted to adjust to the "brave new world". We participated in many surveys conducted by business to adjust to the public in the postwar world. This desire for adjustment is reflected in a page announcement we (Edward L. Bernays, Inc.) inserted in *The New York Times* of December 3, 1946, which pointed up the need for public responsibility. The United States, it stated, had lost 120,000,000

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man-days in production since Nov. 11 of the year before. "Industry necessarily has many other difficulties in human relationships; with workers, stockholders, retailers, distributors, government and consumers. It must maintain goodwill for its reputation and products with all its publics. Industry could run much more smoothly if it used the powerful tools of the science of human relations to minimize friction and improve its group relations."<sup>6</sup>

In the post-World War II period, the number of public relations practitioners and their associations increased, as did university courses and the field's literature. Even the *Encyclopedia Britannica* gave extended notice to the subject. Public relations developed as a form of social statesmanship.

Dr. James B. Conant, president of Harvard University, said in his introduction to the *Responsibilities of Business Leadership*: "As never before, business needs men who appreciate the responsibilities of business to itself and to that unique society of free men which has developed on this continent. Such men must understand not only the practical workings of business organizations, but also the social climate in which business operates. They must be as well trained as our professional men in law and medicine."<sup>7</sup>

Russell Davenport wrote in *USA: The Permanent Revolution*: "The corporation's awareness of its responsibilities is indicated by the growth of public relations activities. Good business public relations is good performance, publicly appreciated because adequately communicated."<sup>8</sup>

### "Bigness" and "Power" Still Worry Public

How well business responded to the needs of the times was still in question. The May 1948 issue of *Fortune* contained an article titled, "Business is Still in Trouble: Only good public relations—i.e., good performance that is understood and appreciated—will ensure its future." Yet a contemporary Elmo Roper poll found less than five percent of the public against private ownership. Sixty-six percent thought well of "bigness" in business.

In the 1950s and 1960s corporation mergers and the formation of conglomerates dominated the scene. The public worried that social responsibilities might not be served by this business and power. The growth of multinationals strengthened this doubt.

Public opinion polling had made great headway in these years. It became both a tool of market research and a measuring rod of public reputation. It provided quantitative indicators of the effects of corporate behavior. Graduates of schools of business administration were replacing self-made men in high executive positions in business and providing a broader intellectual base for decisions by business about corporate responsibility. Through radio and TV, the public was increasingly aware of its relationships with institutions, including business. Reaction to events took place almost instantaneously. This immediate awareness brought recognition of the need for better adjustment, voluntarily or by law, between groups that make up our society.

The Vietnam war and civil rights protests in the South brought into citizens' homes examples of how public participation can affect social change. Pressure groups arose and attacked the status quo. Ralph Nader started his consumer

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movements. Other societal ills such as air and water pollution spurred environmental activism. President Lyndon Johnson's emphasis on the Great Society encouraged the public's demands for greater social responsibility on the part of business.

In the late sixties and seventies public acceptance of business and other institutions slumped from confidence to mistrust. Watergate, the Vietnam war and the problems of crime, drugs and inflation undoubtedly played a role in this slump.

In a full-page advertisement in *The New York Times* in December 1971, Daniel Yankelovitch, Inc., a polling organization, stated that customers, stockholders and the public were growing dissatisfied with business for reasons nonexistent in the same degree a few years ago. From 1967 through 1969, a 58 percent majority gave business high marks for "achieving a good balance between profits and service to the public." In 1970, public approval of business was abruptly cut in half, from 58 percent to 29 percent in a single year. In 1971, Yankelovitch stated, seven out of ten adults supported the consumer protection movement, increased government regulation of business and severe penalties if business failed to meet new pollution standards. There was also a growing dissatisfaction with work conditions.

Yankelovitch named several causes for the public's change in attitude. Most companies, he stated, reflect the fifties and sixties, rather than the changed environment of the seventies. Other causes were: new values with respect to work and money, new priorities on pollution, a new militancy in consumer "rights," new public demands for economic security, retirement, medical care and education, new mechanisms of government control, and new economic conditions that create a changed social political environment for business.

### Press, Consumers Urge Business to Assume Social Responsibility

Other pressures besides those noted by Yankelovitch are being put upon business to practice greater social responsibility.

Investigative reporters who follow in the footsteps of Lincoln Steffens and Ida Tarbell publicize in print and broadcast media business' antisocial or illegal actions and intensify public interest in the problem. Activist groups have learned how to gain better support from the public and have proliferated. *Newsweek* (May 24, 1971) suggested the diversity of public interest groups in this sampling: Project on Corporate Responsibility; Environmental Defense Fund; Grassroots, Inc.; National Affiliation of Concerned Business Students; and the Chicago Campaign Against Pollution.<sup>9</sup> Class action suits and picketing at stockholders' meetings have produced action from corporations. Fear of prospective laws to regulate action of business has stimulated social responsibility. Public opinion demands often bring about laws more stringent than the situation. Once a law is on the books it usually is not repealed.

Recession has accelerated the movement for social responsibility by the public. The individual's frustrations in a recession lead to aggression and business is a ready target. The consumer wants his money's worth and is more aware of how he may be hurt.



Growing numbers of Americans now feel that *more* is not necessarily *better* for the whole society. Accepted routines of the belching smoke stacks, hard-nosed hiring and firing policies and hard-sell advertising, according to *Newsweek* (May 24, 1971), are thought to show arrogance, negligence or just plain lack of conscience. Also, the very size of corporations, the "curse of bigness," makes them vulnerable to attack. They are so easily identifiable. In 1968, 500 of the largest U.S. corporations had 64 percent of all industrial sales and 74 percent of the net profit. Given the climate of public opinion today, business men are rightly concerned about social responsibility. Their actions, however, vary widely. One might divide business into four categories, according to the way they carry out social responsibility.

The first group is dominated by money making. They give little or no attention to other aspects of the business function. To them business is a self-sufficient, monolithic structure. Charles Wilson of General Motors Corporation summed up this viewpoint some years ago when he said, "What is good for General Motors is good for the United States." Air pollution, for instance, should not be tackled. It eats up the money the stockholders should get.

The second group embraces those who consciously evade laws that validate social responsibility. One writer calls them the "ugly corporations." They bribe, corrupt, shortweight, adulterate. When the law catches up with them the business pays the fines and they carry on. Rarely do they go to jail.

The third category acts on the belief that the public interest and private interest coincide. They attach primary importance to policies and programs that serve the public interest. They function on a basis of enlightened self-interest. They plan their activities with consideration of their multifold relationships. They recognize that their viability depends on the principle of survival of the fittest, which includes adjustment to changing demands on business for social awareness and action.

### "Cosmetic" Activity vs. Social Responsibility

A fourth group takes an opportunistic viewpoint towards social responsibility. This group deserves extended treatment because it includes large, well-known corporations. These may well set a pattern for the United States. They practice social responsibility in response to irresistible public pressure, pressure which might otherwise result in law. These opportunists treat social responsibility cosmetically. They carry out socially responsible action visible to the public to generate good will and sales for them, but they do not act in remote places where the public is less likely to see and discuss them. They clean up a polluted river in a big city where their factory is located, but ignore equally essential cleanup somewhere in the Maine woods. They act only when the pressure is too great to resist.

Many such corporations boastfully proclaim their cosmetic actions as social responsibility over radio and TV and in the print media.

The apparent success of a business service, "Corporate Priorities," indicates the prevalence of the expedient, opportunistic approach. This service is a continuing poll instituted by Yankelovitch, Scully and White, Inc. in 1970.<sup>10</sup> A blue list of American corporations subscribes to this service, among them

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American Telephone and Telegraph, Bank of America, Bethlehem Steel, Celanese, Dow Chemical, DuPont, Exxon, General Electric, General Foods, General Motors, IBM, Owens Illinois, Shell Oil, Kline, French, Sun Oil, TRW Inc., Toyota of America, 3M Company, Union Carbide and Upjohn. The polling data is not made public and remains the property of the subscriber. The service's entrepreneurs make no bones about why a prospective subscriber should buy the service. It is to "ward off" a new class of pressure, which "scarcely existed 20 years ago."

"These new pressures," the printed announcement states, "are now weighing heavily on business. Insistent demands from government, consumerists, environmentalists, social critics and the public at large must be confronted and dealt with by corporations—a far cry from the time when the firm could concentrate its attention and resources solely on the development and marketing of its products and services." The sales pitch has no moral or socially-oriented point of view. The public interest is not mentioned. The service is provided to enable the prospective subscriber to cope realistically with pressures on his business.

"Corporate Priorities" offers to indicate which demands should receive priority attention when legislative or other action is imminent; offers guidelines for the corporation on how to meet these demands and, if possible, when to capitalize on them; indicates which demands, despite heavy press and a generally high noise level, are not urgent and need not be dealt with immediately; and provides yearly measurements of the importance of the new demands, including newly emerging ones.

The impact of more than 30 demands is continually measured. Personal interviews are held with members of leadership groups, including educators, financiers, community leaders, and legislators, and with a sampling of the general public. Written reports are given to subscribers, with summaries prepared for management. Presentations are also made to individual subscribers. Periodic bulletins on special analyses of unusually interesting topics are issued.

The announcement states that the studies enable the subscriber to know the kind of support a public policy demand receives and its percentage of support by groups within the public. The surveys define the demands, their causes, their impact, and how vague or clearly defined they are. They show the corporation what the public thinks the costs, if any, are to business, and how willing the public is to make sacrifices or tradeoffs, should its demand be granted.

### Public Demands Tracked

The 36 "demands" tracked by Corporate Priorities fall into five broad categories. ("Demand" is in quotation marks in the service's announcement.) They give a fair picture of the principal concerns in the public's mind today, although they do not refer to bribery, corruption, illegal contributions and other antisocial practices.

- *Business-Government Relations* includes curbing multinational operations, controlling size, dominance of companies, fuller disclosure of company operations, increase of business' share of the tax load.

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- *Consumer Relations* includes truth in advertising, control of manipulative advertising, more product/service information, making products safe, improvement of product quality, follow through, avoiding violation of individual privacy.

- *Personnel Policy/Work Arrangements* includes making work more meaningful, insuring fair employee treatment, offering more flexible work schedules, improving productivity of U.S. industry, providing more fringe benefits eliminating health and safety hazards.

- *Environment* includes control of air pollution, water pollution, noise pollution, solid waste, energy resources, control/improvement of land use, restricting of strip mining.

- *Special Project* subjects are improvement of minority conditions, reducing unemployment, responding to changing roles of women and needs of the elderly, help in improving health care, improving transportation, reducing drug traffic, controlling inflation, improving adequacy/availability of housing, managing food shortages and curbing spending on national defense.

The announcement stresses that the survey goes beyond measurement of public support for a public policy issue. It establishes the degree to which the issue has been crystallized, types of solution under consideration and the recognition and acceptability of the "tradeoffs" involved.

All this represents, in my judgment, an unsound application of the computer to a problem of social consideration. Letting the polling index of public pressure be the substitute for moral and ethical decisions of the corporation is not in the public interest or the interest of business.

There are however, thoughtful studies going on, conducted by business in this field. A recent study of the Committee for Economic Development urged businessmen to act on the coincidence of the public and the private interest. It stated that the pursuit of profits and social objectives must be complementary. It lists 10 major fields of ongoing business activity to improve society; economic growth and efficiency, education, employment and training, civil rights and equal opportunity, urban renewal and development, pollution abatement, conservation and recreation, culture and the arts, medical care and government.<sup>11</sup>

### Study Urges "Enlightened Self-Interest" for Corporations

*The New York Times* of July 1, 1971, published an abstract of the study and its recommendations.<sup>12</sup> It stated that a group of the country's top business leaders urged American corporations voluntarily to channel more of their resources and income into a wide range of social programs. Otherwise business would face a loss of public support and increased pressure and regulation from consumer groups and government.

*The New York Times* characterized the 74-page study, prepared over a five-year period as "one of the most powerful collective statements on the subject to come from the business community." The rapidly changing conditions under which business operated between 1966 and 1971 prolonged the time it took for the study.



The study emphasized "enlightened self-interest" of corporations to "promote the public welfare in a positive way," saying "It is in the interests of business to help reduce the mounting costs of welfare, crime, disease and waste of human potential—a good part of which business pays for." Corporations can substantially increase their contributions to charitable and educational institutions. A new kind of partnership between government and business can be created. Incentives to business from government can further social goals of the society.

Fourteen of the 59 members of the Committee had comment, reservation or dissent. Three voted disapproval of the recommendations. One dissenter said "Business cannot for long allow social involvement to dilute essential profit performance."

Some members of the committee thought the report should have been stronger in its criticism of business; others thought it showed businessmen as "too moral and ethical," and that the report was self-serving. Two members commented, "The inference that this [report] conveys of a business world that is the best of all possible worlds is simply not borne out by the facts of life . . . It is not borne out by the poisoning wastes released by many of our chemical plants, by the polluting discharges of our pulp and paper mills, by the emissions of our power plants, by the smog from emissions of millions of our badly-engineered motor cars." *The New York Times* story ended by wondering what impact the report would have on business.

This discussion of past and present may be helpful to an understanding of the problem as background for practitioners of public relations. It should indicate to them the onward march of social responsibility over the years.

Some 37 years ago, I gave a talk on "Private Interest and Public Responsibility" before the 1938-1939 Cooper Union Forum in New York City. Conditions have changed since then. But the public and business alike now are even more aware than then of the need for a solution.

### Private and Public Interests Must Be Integrated

I pointed out that the interdependence of groups in our society and the converging of private interests and public responsibility are integral parts of our democratic society. New demands are made of all groups in our society to conform to democratization of all our institutions. They reflect a world-wide movement towards "equalitarianism." This prevails in those countries where might, coercion, censorship and removal of civil liberties have not suppressed the desires of the people. Equalitarianism finds expression in the secret ballot, general suffrage and representative parliaments. There is a lessening of insistence on so-called private rights and greater insistence on the rights of the common man within the framework of a free competitive system, civil liberties and a democratic government. Certainly the logical sequence of events would indicate the continuance of this trend.

Unfortunately, no simple, generally-accepted formula is available today with which to appraise the social responsibility of corporations, as there is to evaluate their financial condition. However, social scientists and account-

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ants are working diligently to find an acceptable formula for social accounting and social audits. Social accounting of business covers generation of the information regarding social action. Social audits attest to the truth of the statements made. So far a number of different methods for social accounting have been suggested. In various ways, they rate the corporation on its social performance and measure dimensions and quality of the effort in terms of impact and other dimensions.

Research continues on both conceptual and practical evaluations of social responsibility. Some corporations have tried out one or another of the types of accounting suggested. An extensive literature deserving of attention is available to the public relations practitioner.<sup>13</sup>

An annual social accounting may be used for internal decision-making and for public reporting. Public accounting reports will crystallize public opinion in support of present and future practice of social responsibility by business. As forward-looking corporations, trade associations and practitioners in public relations further research in this field, corporations and public alike will be better able to appraise true social action.

In the meantime the enlightened self-interest of business, an increasingly-aware public and a socially-conscious public relations profession will do the best they can to assure the continuity of our democratic system.

### Footnotes

<sup>1</sup>Andrew Hacker, "In Business, Ethics Is Not A Big Seller. . ." *The New York Times*, June 15, 1975, "The Week in Review," p. 3.

<sup>2</sup>Edward L. Bernays, *Public Relations*, (Norman: University of Oklahoma Press, 1951), p. 51.

<sup>3</sup>N.S.B. Gras, "Shifts in Public Relations," *Bulletin of the Business Historical Society*, 19 Oct. 1945, pp. 197-9, 111-18.

<sup>4</sup>Eric F. Goldman, *Two-Way Street: The Emergence of the Public Relations Counsel* (Boston: Bellman Publishing Co. Inc., 1948), pp. 7-8.

<sup>5</sup>*Ibid.*, p. 8.

<sup>6</sup>*The New York Times*, December 3, 1946, p. 64.

<sup>7</sup>H. F. Merrill (ed.), *The Responsibility of Business Leadership*, (Cambridge: Harvard University Press), as quoted in Bernays, op. cit., p. 123.

<sup>8</sup>Russell W. Davenport, *U.S.A.: The Permanent Revolution* (New York: Prentice-Hall, Inc., 1951), as quoted in Bernays, op. cit., p. 123-4.

<sup>9</sup>"The American Corporation Under Fire," *Newsweek*, Vol. 77, No. 21 (May 27, 1971), pp. 74-85.

<sup>10</sup>See the Yankelovitch, Skelly and White, Inc. 20-page brochure "Corporate Priorities," printed in 1974.

<sup>11</sup>*Social Responsibilities of Business Corporations: A Statement on National Policy by the Research and Policy Committee of the Committee for Economic Development*, June 1971. (New York: Committee for Economic Development, 1971).

<sup>12</sup>Michael C. Jensen, "More Social Concern Is Urged By Business," *The New York Times*, July 1, 1971, p. 71.

<sup>13</sup>See, for example, the bibliographies appended to each article in *Corporate Social Accounting*, Meinolf Dierkes and Raymond Bauer (ed.) (New York: Praeger Publishers, 1973), passim.

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## News Notes

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An annual scholarship of \$1000, available to an outstanding college sophomore or junior preparing for a career in public relations, has been established by the American Telephone and Telegraph Company in memory of Paul M. Lund, former vice president of public relations.

Funds sufficient to sustain the program for five years have been provided. The first award will be made for the academic year 1976-77 by the Foundation for Public Relations Research and Education.

Dr. Edward L. Bernays, counselor to business and government for more than 50 years, received the 1975 Distinguished Service Award of the National Public Relations Council of Health and Welfare Services. Bernays is the author of eight books on public relations, including *Crystallizing Public Opinion*, published in 1923, which helped formulate the practice of public relations.

Proceeds from a banquet honoring the thirtieth anniversary of the *Public Relations News* and its publisher, Denny Griswold, will be donated to the Foundation for Public Relations Research and Education. The banquet will be held in New York at the Waldorf Astoria and more than 120 public relations practitioners are expected to attend.

The University of Tennessee student chapter of PRSSA was awarded the first prize of \$150 and an engraved plaque in the annual case study competition held in New York in conjunction with PRSA's national convention during November. Second prize (\$50) was awarded to the PRSA chapter from Central Michigan University.

The first general meeting of the Foundation for Public Relations Research and Education, which will become an annual event, was held in New York during November. More than 63 members attended. The next meeting will be held in Boston during the seventh Public Relations Work Congress.

The Foundation for Public Relations Research and Education has appointed three new members: Allan Berckmann, IBM Corporation, New York; William W. Marsh, Lockey/Marsh Public Relations, Inc., Portland, Ore.; and Edward J. Menninger, Sears and Roebuck, New York. All the new appointees are PRSA accredited public relations professionals.

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