

How to Restore PUBLIC CONFIDENCE in Business and Finance

EDWARD L. BERNAYS

Business heretofore has paid attention mainly to the comparatively unimportant elements of its relations with the public. Business has neglected the principal part of its public relations—that of solidifying its main position, of selling the whole idea of business to the public.

There is plain and sufficient evidence of the truth of these statements everywhere about us. Punitive legislative action is passed by the representatives of the people against banking and business. The organs of public opinion which report facts and events—the newspapers—report daily news of this distrust and hatred. *Fear*

Statistical researches recently made into the attitude of the public towards financial institutions and business also show it. The lack of desire of the public to invest proves it. The nonparticipation of the public in the purchase of securities on our exchanges is another index. The increase of U.S. Postal Savings is yet another.

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Even the jokes of the people, not an insignificant factor in appraising public opinion, are aimed at the bankers and business. In the six long years of the depression, these powerful symbols—business and finance—have indeed been deflated.

BUSINESS MUST RATIONALIZE ITSELF

Business never did realize that its relationship to its public must be made clear. Business has been content to satisfy the definite needs and wants of the public. It has supplied materials, manufactured products, and services. But merely to provide the public with what it needs or wants is not sufficient. The public takes this function of business for granted.

But business must go further than that if our system is to continue. It must continuously, cumulatively, explain its function to the public. If we do not, our institutions may suffer consequences of the gravest kind.

Let me explain. There is already in the United States, as in many other parts of the world, a drift towards state capitalism. A democracy with all of its checks and balances cannot cope with the modern industrial system and the speed of action this system demands. That means that unless the public responds to business again, unless it expresses a confidence in private enterprise, there must be a definite drift, an inevitable drift, towards greater concentration of power on the part of government, towards fascism. That, in turn, may mean the breaking down of all of those safeguards of democracy—freedom of speech, of the press, of assembly—which we cherish.

That is one of the reasons why it is so vital to the maintenance of our present system that our financial and business institutions regain and maintain the goodwill of the public. This is the reason why (apart from any private profit motive that business or finance may

have) it is important that public antagonism against them be removed.

Business must tell just what its service to the public is, how its product is manufactured and distributed, the labor and expense involved in manufacturing or servicing; it must make clear how prices are determined, and why a certain price is just.

For example, the New York Telephone Company recently in an advertising campaign explained exactly what five cents buys, when a telephone connection is made between a person in Wall Street and a person on Park Avenue in New York. This had an excellent effect on the public, because it reminded people that a great deal of effort and expense were involved when one man lifted up a receiver, asked for a number, and another man, miles away, heard a bell ring and lifted up his receiver in answer.

THE VALUE OF SYMBOLS

Business has failed, among other things, to realize the importance of symbols in its life today. The illiterate and the intelligent alike use symbols and depend on symbols to explain and to understand ideas and actions. Most of the property today is owned only symbolically. The banker who transacts the business of the world with pieces of paper undoubtedly understands this. The business man who studies his charts and graphs realizes this.

But business in the past has failed to make clear to its public the full meaning of the symbols which the public now owns in lieu of property—symbols such as stocks, bonds, certificates, warrants, and the like. Formerly, an individual who owned property could see, feel, touch that property—when it was in the form of a plot of land or other tangible wealth. Today, the stock he owns may be only a piece of paper to him, when

actually it represents assets as real as the acres that were owned and esteemed by his ancestor.

OLD PUBLIC RELATIONS METHODS OBSOLETE

In business or banking, as in other fields of human activity, the old methods of public relations must be counted as obsolete. When business first appreciated the importance of the precept "the public be pleased," it swung like a pendulum from its former "the public be damned" attitude. This swing, however, was an almost unconscious process, and was not based on a sound understanding of both mass and individual psychology.

Leadership today, says an eminent sociologist, rests on an ability to understand, to interpret, and to utilize symbols. The inability to do so results in a dearth of leadership. This is true of business as it is of any other field.

Symbols are short cuts to thinking, to understanding—the words, the pictures, the ideas, the actions that are used as simplifications, that form the currency of propaganda. The acceptance of the symbol is emotional, and is due to a previous familiarity with it.

As it is important and vital for our leaders to understand symbols in order that they may be successful themselves in interpreting these symbols and in projecting them to the public which will understand them, it is equally vital that the use of this mechanism be recognized in anything that business may want to accomplish for its point of view.

POLITICS USES SYMBOLS EFFECTIVELY

Political strategists understand these realities. Some of the national leaders of today—Hitler in Germany, Mussolini in Italy, Stalin in Russia—know the value of symbols. Not one of these men—men who have fired the imagination of their publics—would have reached

the point they have in the estimation of their countrymen, if their concept of public relations had been that of kissing babies, or giving cigars to desirable prospects. Their public relations with their constituencies have depended on a much more fundamental approach to the problem than that. These men recognize that their struggle for the public interest and the public attention is in essence a struggle for a response to symbols. Whether those symbols be of the ancient German gods, or of *Italia irredenta*, or of the fight against Czaristic tyranny and oppression—the swastika of Hitler, the Italian fasces, the Bolshevik hammer and sickle—they are more than mere insignia. They are symbols that evoke an immediate response in the hearts and minds of millions.

The able politician and statesman recognizes the use of symbols in political life. Business has not as yet recognized the very fundamental importance of these symbols in business life. It recognizes, of course, the value of the word or slogan or of the picturesque trade-mark. But when it comes to applying the same principles that govern trade-marks and trade names to other actions and activities, business does not act. In the last analysis an intelligent understanding of symbols, their meanings and their proper utilization, is vital to the continued success of business with the public or of a particular business with its particular public.

Symbols as a short cut to understanding and to action take up the time-lag of acceptance for an idea or an attitude. If there were no such short cuts, the human mind would be in a continual maze, overwhelmed by the complexities in modern life. When a breakfast food manufacturer, for example, emphasizes vitamins in his advertising, he is selling health symbolically instead of just a breakfast food. When a bank, in its literature, stresses its age, that becomes a symbol of its reliability.

spud change

*Stately
Remembering*

Symbols effectively utilized become as important as the actual facts for which they stand. Symbols work by reflexes instead of by long and complicated processes of logic and reasoning. In order to be valid, symbols must accurately represent or interpret concrete realities. Symbols must be up to date, for in the rapidly shifting currents of today, symbols and their meanings are constantly changing. To be effective, symbols must be as clear to the public as they are to the leader or group that utilizes them.

The reputation of many great business firms today is based upon the public acceptance of the human symbols which stand for these corporations. Certain words, certain men, certain ideas, certain acts stand for a specific reality to certain groups. The anti-prohibitionists in their day made "prohibition" stand for intemperance and lawlessness. The dries associated drink, saloons, and vice until they became interchangeable terms.

"Soak the Rich," "Soak the Thrifty," "Every Man a King," "The EPIC Plan"—all these catch phrases evoke definite responses, though they may be different responses in different circles.

The same technique which governs the use of such slogans can be applied, not only to word symbols and pictorial symbols, but also to action symbols.

RELATIONS WITH PUBLIC BASIC

Public relations for a business, a bank or other financial institution to many people appears simple—an imposing edifice on the main corner, a marble exterior, a courteous telephone girl, a smile from a paying teller, a hand-shaking vice-president in charge of new accounts, the remembering of a customer's first name.

These outward evidences of sound public relations are valid. They do their part, but they are trivial when compared to a real approach, based on the realities.

Until banks and business institutions generally get a clear concept of the use and value of symbols, it seems to me that they cannot really have a true understanding of sound public relations.

It is a truism that every profit-making institution is competing with other institutions. To be successful, a bank or any other business must use symbols that will evoke favorable responses, and that will drown out other groups vying for the public's attention or business with other symbols.

WHITE INTO BLACK SYMBOLS

During the last six years, banking and financial institutions, and some other groups too, have turned, in the public mind, from pure white to black. This has been in part the result of a conscious process on the part of those who were "agin" them. It has been also an unconscious process, in that the American public has needed a scapegoat on which to vent its economic unhappiness.

One of the difficulties in the present situation is that during the last six years the currency of symbols has been so debased that it is difficult today to find ideas that still stand for leadership and that are not utterly valueless. It is difficult, but not impossible. Leaders will have to make new pictures of themselves and their activities and functions if they are to regain the faith of the public. A new symbol-maker will be the new leader if his symbols are valid.

Business and financial institutions today cannot and may not for their own self-interest consider that their public relations problem is simply one of hand-shaking or of window-dressing, of white-washing or of politeness. Their job is the serious job of studying the entire situation from a broad viewpoint in order to find out, first, exactly what the public thinks of them; second, to

Technique

find out if a deliberate attempt is being made to blacken them and to undermine the public's confidence; and then to devise a definite campaign of activities, words and pictures, to modify the current public's attitude.

This is not a problem of getting pieces into the papers—of making speeches or talking on the radio. It is a question of selling the idea that business and finance are essential parts of our system, of stressing the value of bankers and businessmen in our economic system. Every possible method of getting this idea to the public will need to be employed.

SYMBOL SPECIALISTS NECESSARY

A professor who has made a study of the subject has recently termed the propagandists, the special pleaders of one sort and another, "specialists in symbols." I think that that is not a misnomer. Our problem is to find the ideas, the concepts, the words, the pictures, that will bring back the faith in business and finance which they intrinsically merit.

There is one law of human nature and human motives that is unassailable. That is, that human beings identify themselves with their own interests. Now, it is undoubtedly true that banking and finance are at the very basis, the very foundation of our present-day civilization, that ours is a business civilization. Without banks, the capitalistic system as we know it could not proceed. Banks are the reservoirs of money and credit on which our entire commercial and economic life depends. Banks and other financial institutions are the heart of the monetary circulatory system which regulates the functioning of our economic life. The public must be made to realize these things.

The banks now have the tremendous task of breaking down the unfortunate notion of the public that banks take their money, keep their money, and confis-

cate their money; and of building up a new and sounder idea that banks borrow their money, guard their money, and in addition enrich them and everyone else by the wise use of their money, and that it is the banks that provide the funds for the nation's constructive projects.

When general conditions shall have improved, banks will still carry the load of financial skepticism that has been piled up during the period of financial depression. The people who lost their money in the bank crashes form, as it were, a lost generation. They can be saved for the banks, however, by an intelligent and forceful effort to correct the widespread and dire misapprehensions about banking responsibility, banking procedure, and the validity of banks.

The problem of the banks today is to formulate and carry through a campaign to regain the confidence and the regard of the public.

The idea underlying such a campaign, and the symbols used to express it, must have reality, must have a basis in fact. They must have more than that—they must be endowed with public interest. They must spring from a broad social viewpoint, and they must be easily understandable and acceptable to the public.

A FOUR-POINT PROGRAM OF ACTION

An intelligent handling of business and financial situations and activities will make it possible for the public to appreciate the true functions and value of business and banking institutions. The principles of business and financial procedure will have to be expressed effectively through the various media of communication to which the public is accustomed to look for information on matters that concern it vitally.

May I suggest a four-point program of broad action to teach the public that it needs modern business and fi-

nancial institutions, and cannot get along without them, in whatever set-up there is.

They will accept the truth, first, if men they believe in, symbols they believe in, become spokesmen for business and finance.

To give these symbols the greatest validity, we must look to those who have no personal axe to grind, who have no private profit to gain, who are interested in attempting to solve the problems that confront our American system. These men and women must be veritable symbols of authority, who will call forth a favorable response from the public. There are such people today. Publicists, economists, leaders in research, the heads of great educational institutions can and should be made the human symbols to bring new faith and new strength to business and finance. These men and women and their opinions must be marshalled so as to reorient the public mind on the great importance of business and finance as integral parts of our present economic system. They must revitalize public thought and public action so that from now on business and finance will receive the credit due to them as the central forces that make the wheels of our present civilization revolve.

The second approach is one of public education. Those words and concepts and actions which have become blurred in the public mind—in the business world, such words as profit, depreciation, good will, overhead, mark-up—in the financial world, such words as credit, surplus, balance, reservoir, liability—in short, words expressing the entire function and nature of business and financial institutions must be re-defined and re-clarified so that every member of the public will have a clear idea of the value of the word symbols that go to make up business and finance; otherwise, obviously, there will be no true understanding of either. Every medium that reaches the public must carry these

ideas to the public. Such public education cannot be accused of self-interest, for the public interest and an intelligent knowledge and understanding of business and finance, and their place in our society, are one.

The third approach to the problem is to re-establish business men and financiers in the public mind, by the very activities in which they engage. This can be done by letting them, through their deeds, again assume the position in the community which they used to occupy. The business man and the banker must again become the public-spirited citizen, symbol of *pro bono publico*. The fear and apprehension that have held him back in the last six years must be cast aside if what he does—business and banking—are again to assume their due in the public mind.

Fourth, of course, financial institutions and business generally must offer a fair and honest service to the public. They must recognize that their most vital relationship is with the public, and that the service or product which they offer to the public must continuously be able to meet the scrutiny of public opinion.

These activities, proceeding along all fronts to make the public understand, must have a vital effect in re-establishing business and finance in their place of leadership in the community.

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