

A TALK BY ARTHUR W. PAGE
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If you don't mind I should like to begin this talk with a little history.

When it took 70 or 80 or 90 percent of the people to grow enough food to feed the population, there was obviously not a great number who could go into industry.

So probably the most vital inventions for human well-being were such things as the McCormack reaper, for they released people from the farms for other production. The industrial revolution was limited by the number of nonfarmers and when the farmers had to be a large proportion, there could not be much big business except land owning and trading.

Now that it takes less than 15 percent of the people to grow a surplus of food, other industry has plenty of man-power.

Big production units and big service units as we know them today are the result. They are comparatively recent affairs. There is no long history behind them and consequently we are still groping for the best method of handling them for the public welfare.

The history of our efforts is not too good.

The industrial revolution in England resulted in that country having more prosperity, more wealth and more strength than any other country in Europe.

But that revolution as conducted in England and on the Continent was conducted in such manner as to stir up Karl Marx and his friend Engel to write "Das Kapital," an almost unreadable book. But nevertheless it crystallized thinking so that all Western Europe, including England, is still largely socialistic.

This is not true in this country. We have a number of socialists of varying degrees, but our fundamental conceptions and practices are individualistic which is the same as capitalistic.

I think that it is important that you who have a hand in the great experiment of conducting big business so that it will be acceptable to our civilization should understand why this is true.

The people who landed at Jamestown and Plymouth and later elsewhere, were as full of feudal conceptions as those that stayed in Europe. They believed that some people were born to be on top and others to stay at the bottom. That was the European system. But the Government which administered this system was 3,000 miles away across the Atlantic.

In the century and a half between the landings and the revolution the population of the Colonies had grown to some 3,000,000 people and they had evolved a degree of freedom, opportunity and reward for success that was different than any whole people had ever had in the history of mankind.

We call it capitalism. This sounds to people elsewhere as a description of a civilization devoted to money. Actually it is quite the reverse. It is a civilization devoted to human opportunity and well-being. The opportunity is the opportunity to serve your neighbors well enough to gain from them a reward of well-being for yourself and your family. Money is the medium of exchange. But generally speaking, in this country you can't get well-being for yourself and your family without rendering commensurate service to the community.

A belief in freedom and equal opportunity became a part of the people and they instinctively protect these things. That is why the American conception of public education extends through high school and to college for pretty much everyone who really desires it, while in Europe higher education is still very much limited. That is why this is the only country in the world with a law to compel competition - in other words, a law to give everyone a chance. There is Homeric justice in the fact that freedom has given to those who believe in it most of the strength to defend it around the world.

Freedom and opportunity almost certainly create change. Capitalism incites men to do things differently and better. Our social and business life are not static and our political machinery which is the umpire of an ever changing game, must adapt its policies to change. And big business to get along in this moving stream acceptably must gauge its force and direction and adapt itself to serve the public needs and wants. If by conservative you mean a resistance to change, conservatism is a highly dangerous creed. If by being progressive you mean departing from the deep dyed instincts of the American people, that too is dangerous. The political parties operate trial and error maneuvers from side to side for temporary advantage in the changing scene. But institutions which desire to live a less hazardous life must endeavor to serve the public acceptably by keeping in step with the main current but avoiding temporary excesses in one direction or the other.

The people in these industries have a further duty as citizens and that is by precept and example to do their part in

making this whole moving, changing thing we call our democracy, work.

So I urge you who have, from your positions a hand in this, the greatest experiment in human history to study something of its origin and its history and work out your own philosophy concerning the future.* Many of you are now and will be even more in the future in positions where your knowledge and judgment of these matters is of great importance.

I hope you will forgive me for bringing this matter into the subject of public relations which I was asked to talk about. Public relations is usually accepted as a much more limited field than I have been discussing, and I shall now revert to that field.

I am glad to be at a public relations conference of operating people. The public relations people generally confer together and convert each other on public relations and the operating people confer together on operations and convert each other and everybody stays more or less within the party line.

But actually, if the operating people did all their job, there would be little or no place for public relations people - and if they did their business perfectly, they would work themselves out of a job. However, I have never heard of this happening so we might as well discuss things more or less as they are and not speculate on the aspects of perfection.

The President or Chief Executive Officer of a company is responsible for its reputation - in other words for its public relations. He is responsible for what it does and what it says and what the public thinks of it. He is also responsible for his and its impact on the thinking of the American people generally. This last may be very important.

Let's stop a minute on this point.

All business in this country - and every other - is authorized by and responsible to government. In this country all business begins with a charter or a license to serve the public. The governmental body that gives the charter or license gives it for the public benefit and if the public doesn't get what it expects, its governmental agent can render the charter or license useless by law or regulation. There is practically no inherent right to do business for the sake of the business only.

In this country the Democrats under Jackson passed a death sentence on the United States Bank. Mr. Biddle, who ran

reading material suggested by Mr. Page is attached

the bank, did not read the public mind aright and he paid the price. In more recent times the electric holding companies made a misjudgment, and they too were rewarded with a death sentence. The Bell System acquired the Western Union, as it thought to give better service, but it found also that its judgment was wrong and it had to give it up.

Just to make the record clear, the public penalties are not meted out just to the utilities. The liquor business is one of the oldest in the world - historically a public necessity, but it was temporarily abolished in this country. The Standard Oil and The American Tobacco Company were split up. The Alumininum Company was harassed by endless suits and finally confronted with government aided competition.

The chain stores, in concentrating on reducing costs to the public, overlooked certain local citizenship responsibilities and exposed themselves to the threat of punitive State laws.

There are any number of examples of this major kind and myriad of lesser evidences of public dissatisfaction.

If you look back over the record you will probably come to the conclusion that in many cases the threats and punishments of public disapproval were justified. In other cases they will appear to have been unreasonable.

But it will be clear that whether the public was wise or not, no business can serve the public well that does not constantly study the public desires not only in the quality of goods and services, but also in general behavior.

The public relations job of the president, therefore, is first of all to have the company intend to do the right thing by the public. Then he has to find out what that is.

Then he has to get everyone in the company to do his part in carrying out the policy effectively, reasonably and politely. This is a real test of management.

Thirdly, the president has to set the pace for the talking and writing the company does.

As you think these things over you can see that a president could well use some help in his public relations job.

He particularly needs someone to stand on the bridge with him and watch the weather of public and political opinion, a man who knows the business and knows, as well as anyone can, the currents of mass thinking in the United States.

That isn't so easy, for as General Carty once remarked

about technical telephony, "If it is an exact science it is one about which very little is known."

The president also needs help in making his public relations policies operative amongst all employees. This is the function of the operating line of command. It won't work if they do not have the faith. The public relations man can help in this.

The public relations man can also have a hand in stimulating and directing the talking and writing of the company at all levels.

Of course, as I said before, if you had a perfect president and perfect line organization, you wouldn't need any public relations man.

If you accept this idea of public relations, what kind of man should a company have heading that activity?

In the first place, he should know his own company and what it does and can do intimately. There are several reasons for this.

This knowledge is necessary if he is to be a useful counsellor to the president and it is necessary to command the respect and get the cooperation of the line organization. It is also necessary in helping set company policy for without it, no one can determine what is the best the company can do for the public or in what manner it can be done.

On the other side, the man must have a knowledge of public and political behavior.

If he is a political student first he will have to make himself really understand the business and its possibilities.

If he is a line operator and knows these things, he will have to develop his public appreciation.

He must be an understanding advocate of his company but never in such a way as to let him forget the desires and expectations of the public. He must be the public's representative in the company councils and the company's advocate to the public. And this assumes, which I believe to be true in this country, that the fundamental welfare of business and the fundamental welfare of the public are identical. Ignorance, and short-sightedness on either side may make their interests seem in conflict. It is the business of public relations to increase the wisdom of management so that in fact they coincide and to reduce the ignorance of the public so that they appear to coincide.

The problem of organized public relations is to help big business serve the American democracy well and deserve its respect and approbation.

So much for the public relations man. If he is good he can be of great help to you. But he cannot make the company well and favorably known, for its acts are those of the line organization and its policies are those of the president. His important role is as a staff officer. Generally he has also a line responsibility for getting out news and advertisements and kindred matters but these are expressions of presidential policy.

I am not belittling the influence or the importance of the public relations officer but the major part of public relations is, and must be, conducted by the line organization. A company's reputation is chiefly dependent upon what it does and in a lesser degree on what it says and this lesser degree becomes very small indeed if what it says and what it does do not jibe.

So you operating people who have come here to discuss public relations have come to talk about your own business - and a very important part of it.

There are many, many angles to the process of acquiring a good reputation.

Let's take a look at the function of the line organization in relation to two of them.

The first is good manners. Charity, the Bible says, shall cover the multitude of sins. Good manners are a close second to charity. Now as most of us are likely to commit a considerable collection of sins of omission and commission, one of the most useful things in the world is to have enough good manners to cover them over. What are a company's manners? They are the manners of every employee that comes in contact with the public on the job - and often off the job.

How do you get all these people to be polite, thoughtful and helpful? The public relations man can't achieve that by writing a powerful piece on the value of manners. If he can persuade you of the importance of it, it will get done, especially if you are convinced that top management is in earnest in the matter by seeing someone promoted for doing it successfully.

It can be achieved, but in spite of the fact that most employees are by nature courteous and helpful, the task isn't easy. Really good manners are not a routine. They take judgment as well as good will. A man who lives and acts by routines and orders, tends to abandon judgment. Good manners come with some latitude to think and act and I do not have to tell you that training large numbers of people so that you can trust them to think and act is quite a job. Yet it can be done and it has been done. It takes constant and unrelenting teaching, preaching and example. It takes a good line organization to do it day in and day out, year after year.

The other aspect of public relations I want to talk about is called communications which, I take it, means getting information from the top levels to the bottom levels, and vice versa.

A company may have the best policies and intentions in the world, but if they are not translated into acts by those who have contact with the public, they will be largely discounted.

Consequently whatever the policies are the employees must know them and believe in them. The more an employee knows, the better he is likely to do his job and the more likely he is to grow available for a better job. And the more he knows about the reasons for what he does, the more likely he is to present the company in a reasonable light to the public. A man can't explain something he doesn't understand himself or give confidence to someone else in something he has not faith in himself.

To have knowledge and reason spread through the ranks of an organization means that from the foreman up to top management all supervisors must look upon the process as one vital to the success of the business.

There is, at this time, a particular reason for greater attention to informing the employees and increasing their understanding. Under the Wagner and Taft-Hartley acts - which incidentally were passed because the public thought industry abused its power over labor - the union leaders have become so powerful that they can marshal their members behind arbitrary and unreasonable demands and things which are against the public interest.

It is of the utmost importance that the workers understand the possibilities and impossibilities and what, in the long run, is to their advantage so that they are less easily herded into reckless adventures.

The more the employees know, the more likely they are to have a wise union leadership by which I mean one that gets the full share that labor can be paid without unfairness to the public in prices which results in less sales and fewer jobs, or unfairness to capital which results in less expenditures for tools and equipment which means less earnings for the workers in the long run.

If the employees are continually informed

- 1) they will do their jobs better;
- 2) better lower supervision will come up from the ranks;
- 3) their contacts with the public will be better informed;
- 4) they will have the wherewithal of sweet reasonableness to bolster their politeness;
- 5) they will engender a better union leadership.

This is all to the end of running a business so that the more the employees know about it, the better they feel about it,

running it with people who know what they are doing and why, and people who have a pride in their business and who want it held in high esteem by other people because it deserves to be.

You remember what Mark Twain said about the weather. Everybody talks about it, nobody does anything about it.

Well, the communication subject is somewhat in the same fix. And I suspect that a good many people feel as hopeless about getting an effective relationship with labor under present conditions as they do about talking Diane and Cora into good behavior.

But on this point I want to tell you a story.

In 1947 the General Electric had a strike - a big one and a bad one. They had not had anything like it before. They were distressed to find that not only was their reputation undermined with their labor, but that it was undermined in the communities where they operated.

It was such a shock that they decided to do something about it. That decision was the main thing for communications, if you want to call it that, at that moment became as important as production, sales, or anything else. It had all the money it could effectively spend. It had manpower and precedence. At the end of six years the General Electric had sufficient credence with its employees and in its communities to settle with its people on the local union level, in spite of the opposition of the head of its biggest union. The agreement went into effect without his signature. This year General Electric negotiated a five year contract and that same union leader, Mr. Cary of the I.U.E., C.I.O., signed it under compulsion, for his locals would not go on strike.

This was in a year of the so-called guaranteed annual wage and all manner of union success. True, General Electric gave their men a good contract, but it was not excessive and it was not done under a strike threat. It was done by understanding - seven years of communications.

General Electric isn't alone in this. There is evidence enough to show that these results could be achieved by successful business practically anywhere, that the importance of getting these results are accepted, and time, money and effort are given to the task.

Union leader domination and bad labor relations are not an act of God like the hurricanes. They can be largely controlled by management when it seriously chooses to do so.

And to my mind this is a good time to get serious about it, for the situation is bad and moreover, the union leaders are likely to help management by over playing their hands. They are relatively new to great arbitrary power and few people who get

great power suddenly get with it the tolerance and wisdom to prevent its abuse. Maybe the instincts of the majority of Americans are on the side of more individual liberty and less arbitrary power in union affairs as elsewhere.

So much for communications.

A company that has this philosophy will just naturally have good public relations, especially if the line of organization doesn't let the very real necessity of doing the daily job up to the best standards then in practice, prevent their imagination from roaming in all directions to see what more can be done for the public. If they read with this in mind and listen with this in mind, they will be attuned to the infinite number of hints and suggestions that daily flow from the minds of men.

One of the most interesting recent speculations of this kind was in a speech by Secretary Weeks. Perhaps some of you have read it. But at the risk of repetition I want to read a few paragraphs, for they bring out clearly two points.

He wants the utilities to make more money, why? Just for their sakes, no. But because if they do he thinks they might serve the country better.

He says, "In the competitive field the company that moves fast can make extra profits. These extra profits give it money with which to move fast again. ***This kind of progress is not so easy in the regulated industries, for unfortunately, we have come to regulate the price they charge by limiting the profit they can make. ***The question that arises at this time and in the light of conditions which we shall face in the future is whether a rate is reasonable if it does not stimulate research to the fullest possible extent, does not recognize obsolescence and does not encourage the rapid development and use of equipment which can increase efficiency and cut costs.

"In the competitive world we should never think of assuming that a company that made a low profit was for that reason the best place to buy.

"Our instinct and experience is rather the opposite of that philosophy. Yet in the regulated field we do assume that it is something of proof that the rates to the consumer are right if the return to the company is relatively low - very far below the return of a successful company in the competitive field.

"In my judgment, it is not only possible but almost surely probable that, in the regulated industries, the rates to the public would be lower and the service better if the return on investment were higher and the stimulation to progress were thereby greater. It seems to me this possibility deserves study and experimentation."

And now I am going to commit one of the great errors which is to set down what sounds like a series of rules without reasons - but I do it only because you know enough to apply them with discrimination.

Don't be afraid of ideas that are contrary to present practice. Most everyone who gets to the top gets there for doing something different.

Don't concentrate so much on the things you work with as to forget the public you work for.

Keep your mind open and stir your imagination to speculate on what more the company can do for the public.

Keep the stream of knowledge flowing freely to the boys below you so that they too can reason and be reasonable and grow in stature.

By preaching, teaching and example and any other way you can figure out, keep good manners prevalent throughout the force.

In the words of the Negro preacher - "The acting of religion" is yours. You can get a lot of help from the public relations man if he is good, for he is studying these matters all the time without other obligations, but most of what is actually done you are going to have to do.

But do not confine your thinking, reading and listening to the immediate matters of your own job or your own company. You work for the American people and they will appraise your work and judge its value by their judgments. It is highly important to understand as much as one can of why they think and act as they do.