

PUBLIC RELATIONS

Issued frequently by IVY L. LEE and Associates

61 BROADWAY, NEW YORK

JANUARY 17, 1923

INDUSTRIAL SYSTEM FACING A VERDICT

Unenlightened Public Opinion Might
Return an Unfavorable Finding,
Says Standard Oil Chairman

The view that American industry is on trial before the American people and that an unfavorable verdict is in prospect unless the people are enlightened concerning the correlation of industry to the welfare of the nation, is held by Colonel Robert W. Stewart, Chairman of the Standard Oil Company of Indiana.

Addressing the recent annual meeting of the American Petroleum Institute, at St. Louis, Colonel Stewart said:

"If industry permits the public mind to set against it, the day will come when some of these industrial activities will lose their scalps.

"We must get down to fundamentals. It is waste effort to fight the formation of federal and state commissions which interfere with and hamper industry. This is merely to delay the inevitable, for these commissions are the symptoms, not the disease. The disease is in the ill-formed public mind, and in the conduct of industry itself. There are two things which industry must do, and the time to begin is now: First, to pursue a definite economic policy which will have the respect and support of the American people; and second, to educate the public to the fact that anything that harms industry harms the people as a whole; to make them understand that the very life of the people is dependent upon the welfare of its industries.

"We have constructive work to do, educational work to do. In doing it, we have to be honest with ourselves, with one another, with our employes and with the American people. If we would survive, justice and equity, not expediency and jealousy, must be our guide.

GETTING THE INSIDE FACTS CONCERNING INDUSTRY TO THE NATION'S WORKERS

*False Opinions of Employes which Lead to Misunderstandings
are Attributable to Lack of Real Information*

The workers' demand for knowledge was the subject of discussion in the last issue of "Public Relations." That scant attention has been given to the proper dissemination of information to employes regarding the actual business done, profits, payroll and achievements of the particular industry in which they are employed is emphasized by C. M. Ripley, of the General Electric Company, in a recent article in "American Industries," a New York magazine published for the National Association of Manufacturers.

The lack of information of that character which workers receive has contributed more towards misunderstanding between employer and worker than perhaps any other single thing, Mr. Ripley contends.

But employers are awakening to the importance of keeping their employes fully enlightened concerning the internal affairs of industry.

Mr. Ripley gives a concrete illustration—the endeavor of the General Electric Company to interpret its business to its employes.

The experience of that company revealed that much fallacious thinking was being done by its employes, particularly with respect to the share which the workers received out of the earnings of the company compared to the dividends paid to the stockholders. The company's financial requirements, the ramifications of its business and the character of its organization also had not been properly visualized or appreciated by the employes.

Quoting Mr. Ripley:

There was a strike some years ago. There stood a picket who evidently was an Italian. In response to the question, "What's it all about, Tony?" the picket replied: "Ah, whata-dah-hell? We no getta our \$4 a day, unless Wall Street first getta their \$24 a day."

The earnest way in which the remark was made showed a profound belief that the profits of industry were six times the payroll, and that Wall Street owned the company.

The Real Facts

Let us compare his contention with the facts—The payroll that year was approximately ten times the dividends, instead of the dividends being six times the payroll. Thus the error was a mere 6,000 percent, as the result of a lack of information plus a generous amount of misinformation. And instead of

"Wall Street" being the owner, 28,000 different stockholders, scattered all over the country, are the owners.

The editor of a Socialist paper was once asked: "Which do you suppose is biggest—payroll or dividends to stockholders?" He replied without hesitancy, "Why, dividends, of course." And as the conversation developed, he made an estimate that the cash paid as dividends to the stockholders was twice the amount of the payroll. Later, he published in his paper an illustrated statement showing the actual relationship.

Another instance was that of a labor leader who was sure that the dividends were bigger than the payroll. When asked why he thought so, he replied, "I have always understood it to be so."

Fundamental Information Lacking

Not long ago an article appeared in the papers regarding the \$40,000,000 cash of the General Electric Company. One office man was asked how long he thought that \$40,000,000 would last in meeting the cash requirements of the company? He replied that it ought to last a year. Last year, several office workers, including engineers and college graduates were asked how much money the company spent every day in 1929. The answer varied from \$10,000 a day to \$200,000 a day. Imagine their amazement when they learned that the company's cash requirements that year were over \$850,000 a day. Thus the \$40,000,000 cash would meet the company's requirements for just 47 days.

In many conversations with presumably intelligent clerks, engineers, draftsmen, and men in minor executive positions, the subject was brought up of the size of the General Electric payroll in 1929. Estimates varied from "about \$1,000,000" to as high as \$100,000,000, the latter estimate being made by a highly traveled man in editorial work. As a matter of fact the payroll for that year was \$128,600,000—thus showing a lack of fundamental information regarding the problems of industry.

Truths Need Telling

Sherman Rogers says, "Actual industrial statistics for the rank and file employees are as scarce as radium. Each worker of hand and brain should be told where the money goes that is earned by the industry in which he works, and the persons to tell him these facts are the leaders of that industry."

So it appears that the "man in the street" has been misinformed regarding the working of big business. And he has likewise been misinformed. In recent years countless millions of people have been told, via both eye and ear, that the workers receive only 17 percent to 20 percent of the value of the products of industry.

Social workers claim that the body, if undernourished, becomes an easy prey to disease. Why is it not equally true that, if the mind is undernourished, it will become an easy prey to the germs of false economic slogans, prejudices, etc.?

NEWS VS. PROPAGANDA

An Editorial from the Boston Evening Transcript

Dividends, in governmental as well as business enterprises, constitute the normal criteria of value. It is therefore reasonable to suppose that the Japanese Government in deciding to curtail materially the work of the Information Bureau of the Foreign Office, as reported in a recent Tokio despatch, was in the main prompted by a belief that propaganda, in the light of its own experience, was hardly worth the investment of money in it.

The discovery of this truth on the part of Tokio officialdom is as happy as it is auspicious. Propaganda is an expensive business, imposing on the Japanese taxpayers a burden of several millions of yen a year. With what result? Obviously with little or no tangible benefit either to the Government or to people.

Information prepared and vended at public expense has been of little help in molding public opinion abroad; in comparison with orthodox news, uncolored by official coloring, it has proved strangely ineffectual. News, in short, has triumphed over propaganda, and the Japanese Government, in limiting the work of the Information Bureau of the Foreign Office, has strikingly heralded its triumph.

Propaganda has been its own undoing. So ambitious have been many of these Government information services that people through the world quite generally have grown tired of "inspired" despatches. The pendulum has swung in the direction of pure, rather than varnished news, with the result that there is a far greater likelihood of influencing public opinion at home and abroad by telling people the truth than by offering them sugar-coated half-truths or untruths. Of the weapons in the statesman's armory, propaganda has been used so often that its edge has become blunted, woefully blunted.

PUBLICITY FOR GRAIN EXCHANGE

The Chicago Board of Trade, the grain exchange, has undertaken a publicity campaign to interpret its functions to farmers, millers and consumers. The Board is inviting public visits and requests for literature descriptive of the Grain Exchange system.

INTERPRETING THE RAILROADS TO THE PUBLIC

Creation of Enlightened Sentiment
One Aim of University of Michigan's New Professorship

Recognition by colleges of the need for the creation of a "broad, intelligent public spirit" toward the railroads has been shown by the University of Michigan in the appointment of John S. Worley, formerly a Kansas City engineer, to the new chair of transportation and railroad engineering established by that university.

In commenting upon the innovation "Railway Age" says:

"Although the new department headed by Mr. Worley is to be identified with the school of engineering, it is not the university's intention that the courses to be given will emphasize the engineering angle alone. They are intended to be open to students in the academic departments as well as those in the engineering school and through the cooperation of the various engineering departments and others, such, for instance, as that of economics, it is expected that the courses will be of value to students interested in public utility and transportation matters generally.

To Create Broad, Intelligent Public Sentiment

"The board of regents of the University of Michigan have in mind the development of work in transportation beyond anything that has been done in the past through an ordinary professorship in railroad engineering.

"While it is expected that work will be given in courses in railway engineering and that a number of the best young men may be induced to enter railway service each year, it is believed that the university has a much more important office in the creation of a broad, intelligent public sentiment toward the railroads.

"Similarly, the prospective worker in public utility work will be led to see its reciprocal character, so that he may be able to formulate a proper understanding of the attitude of the public and to realize the utility's obligations in its community."

PUBLICITY AS AN AID IN DEFEATING IMPRACTICABLE SOCIAL SCHEMES

Secretary of Associated Industries of New York Says Underground Opposition Invites Failure

Mark A. Daly, general secretary of the Associated Industries of New York, in an article in the "New York Journal of Commerce" stresses the importance of full publicity for the steps which industry takes to insure that it is not unjustly burdened through the adoption by state legislatures of well-meant but impracticable reforms and innovations affecting industrial conditions.

Starting with the suggestion that organized effort by employers to safeguard the position of industry is today legitimized and aboveboard, Mr. Daly says:

"The budget of the State of New York requires the raising of \$133,000,000 this year; it was more last year and it will be more hereafter and it is an annual item. Employers directly pay \$42,000,000 as corporate income tax. They pay a large proportion of the \$28,000,000 personal income tax which is collected. They pay a large proportion of the taxes on real property, the assessed value of which is in the neighborhood of \$15,000,000,000.

Toll on Industry

"Since the enactment of the workmen's compensation law, (which became operative in 1914), up to 1920, employers paid \$165,924,076 in premiums for insurance under that law, an average of nearly \$24,000,000 per year. They paid, in the same period, more than \$66,000,000 in losses and

incurred losses of nearly \$100,000,000.

"The enactment of the Labor Law in 1913 put upon employers an initial expense of \$25,000,000 and an annual upkeep expense of approximately \$5,000,000.

"This year a strike amendment was proposed to the workmen's compensation law, which, if it became law, would have cost the employers of the State at least \$10,000,000.

"If the employers in the State did not maintain a 'lobby,' so-called, they would be plundered and robbed right and left; discriminated against unfairly, hampered and annoyed by unreasonable, unnecessary and intemperate legislation proposed by honest and high-minded but theoretical dreamers on the one hand and common crooks on the other hand.

"If the employers of this State were unintelligent enough to maintain a crooked 'lobby' they would deserve everything which I said might happen to them if they had no 'lobby.'

"Years ago 'to influence votes by personal agency' meant a lot more than it does today. But lobbyists of this day have profited by the mistakes of their predecessors and those of them who are regularly so employed court publicity rather than shrink from it, because they have nothing to hide. If they have something to hide, it is assured that their chances for success are practically nil."

"One Big Rail Union" and Publicity

A resolution adopted at a meeting in Chicago, during December, of railway employees' delegates who favor "one big rail union" is significant both of the aim of workers to concentrate their strength and of their purpose to enlist public sentiment so far as possible on their side through a country-wide publicity movement.

The resolution provided among other things for:

1. A campaign to organize all railroad workers.
2. Organization of a Metal Trades Union to further the cause of the Railroad Amalgamation.
3. An educational campaign through the use of literature and through mass meetings to be held throughout the country.

THE DANGER OF THE CATCH-WORD

How Shibboleths May Mislead the Public's Thinking

That "we are bound" as applied to public affairs may be often a misreading of public thinking is the contention of Dr. Vincent, Bishop of Manchester, who recently was discussed the "danger of the catch-word" before the Manchester Division of the Central Committee of Associated Educational Societies on the eve of the recent British elections.

"It is always necessary," said Dr. Temple, "when a catch-word becomes current, to be sure that it is only employed with reference to the meaning that gives it importance and value, otherwise you are at the mercy of catch-traps. We are about to embark upon that kind of habit which accompanies a general election, and there is every reason to suppose that the habits will be peculiarly multitudinous on this occasion. That is to say, there will be quite a number of people seeing quite incompatible things from different angles of approach on the same topic and the state of mental confusion that is likely to result will be extreme."

Widespread Mental Confusion

Let us hope that however extreme the mental confusion some stability will prove. At any rate, we must always know what a word that becomes a catchword means, because at the present stage of our development it is by words that become battle-cries that people's minds are swayed rather than by any quite definite and coherent idea behind the words."

The Bishop went on to argue that concentration upon material things would tend to bring people into conflict. On the other hand, the more people's minds were concentrated upon things which belonged to the mind and spirit the more they would be brought into fellowship, because in these things one man's gain did not mean another's loss, but one man's success meant the progress of others also. Now education was the creation of the power of concentrated attention, and of the power of directing that attention.

On the same subject Dr. Frank Crane, popular editorial writer, says:

People do not argue, they hurl catch phrases.

They do not believe and disbelieve, they yell war cries at each other.

About all that a Republican knows as to his political convictions is that he is not a Democrat.

"When a small mind gets hold of a catch word he crawls into it as a hermit crab into a whelk shell."

"Socialism" seems to be one phrase of terms and single sex another.

"News" and "editorials" and magazines of opinion read the same lack of clear and unbiassed across the page each issue. And the reader thinks he's thinking."

Meeting the Challenge of Distrust

The real task before a governing class that means to govern is not just at present to get the better of an argument, or the best of a bargain, but to lay hold of the imaginations of this drifting, sullen and suspicious multitude, which is the working body of the country. What we prosperous people, who have nearly all the good things of life and most of the opportunity, have to do now is to justify ourselves. We need to show that we are indeed responsible and serviceable, willing to give ourselves, and to give ourselves generously, for what we have and what we have had. We have to meet the challenge of this distrust.

The slack days for rulers and owners are over. If there are still to be rulers and owners and managing and governing people, then in the face of the new masses, sensitive, intelligent, critical, irritable, as no common people have ever been before, these rulers and owners must be prepared to make themselves wise, capable and heroic—beyond any aristocratic precedent. The alternative, if it is an alternative, is resignation to the Social Democracy.

—From "Social Forces in
England and America,"
by H. G. Wells.

PUBLIC RELATIONS

ISSUED FREQUENTLY BY
IVY L. LEE AND ASSOCIATES

ASSOCIATES:

D. F. PEARL	E. N. LEWIS
W. W. HOOKER	W. C. DRAUSER
F. J. BOSS, JR.	LEONIS H. LEE
W. R. MATHIAS (CONS.)	H. W. DRISCOLL, JR.
C. W. TOSCANI	E. A. JAMES
J. E. ORS	J. L. SHERTON

PUBLIC RELATIONS is mailed without charge to those interested.

MAKING WORLD AFFAIRS BETTER UNDERSTOOD

A better public understanding of world affairs and full appreciation by the public of the effect of world situations upon our national life are among the aims of a movement instigated by the National Civic Federation which will be developed at a meeting in Washington this month.

Elihu Root is chairman of a Committee of more than 100 representative men and women who will attend the meeting. The Civic Federation at a recent conference "stressed the need for an organized agency, through which it would be possible not only to furnish original and authoritative material to aid in forming a sound public opinion, but also by an exposition of facts, to counteract the propaganda and special pleading for subversive causes which are not only prevalent but a source of confusion and danger today."

Mr. Root, in accepting the chairmanship of the movement, said:

"I think this is a matter of very great importance. Serious consequences may follow at any time from widespread opinions based upon misunderstanding. It is, moreover, a matter of some difficulty because our people are so busy with their own affairs and so extensively bombarded with communications about what they ought to do and ought not to do that it is difficult to get their attention for anything which appeals to the imagination as fully as a demand that they shall engage in the study of a difficult subject."