

TALK GIVEN BY ARTHUR W. PAGE AT ANNUAL MEETING OF
ASSOCIATION OF LIFE INSURANCE PRESIDENTS
DECEMBER 2, 1943

LOOKING FORWARD IN PUBLIC RELATIONS

The life insurance business has a long perfected and generally accepted article to sell. Its practises in investment are so well established by law and experience that there has been no failure or even serious difficulty among the larger companies in recent times. Life insurance provided the only investment field I can think of that did not lose money for the public in the depression. The almost infinitesimal losses dug up by the T.N.E.C. constitute barely enough exception to prove this statement. Life insurance has not turned to making uniforms or shells in the war and it will not have to reconvert for peace. Its business by common consent should and does continue in war and in peace.

To an outsider like me, life insurance would seem to be in an almost perfect state.

However, I know it does not flourish in a vacuum. It lives and has its being in a democracy and like all other business it lives only by the approval of the public it serves. Now that public has the habit of changing its mind quite rapidly and erratically - you might say whimsically - so that keeping in step with its desires and holding its approval is quite a feat.

The public which took insurance companies into its service by granting charters later set up machinery for expressing approval or disapproval in the form of state insurance departments for regulation. Regulation is not such a very old governmental device. Regulatory bodies are servants of the same public that insurance companies are. A good deal of study and investigation have been devoted to the regulated industries, but not a great deal has been devoted to the processes and practises of regulation. It is interesting to speculate upon how closely these public servants, which affect regulated industries so intimately, serve the public welfare. It would seem that state regulation of life insurance was one of the outstanding successes. Under its jurisdiction the companies have developed a tremendous service to the public providing insurance for some sixty million people and providing financing for all manner of enterprise from developing a farm to winning the war. It has been successful regulation by the simple standard that the business under its jurisdiction has had freedom enough to be successful itself and therefore successfully serve the public. The state regulation of the telephone business has been likewise. But all regulation has not met this test. Our banking system is the most thoroughly examined and regulated industry we have and yet many banks closed in the late depression.

Under federal regulation our railroads have not prospered. I do not mean to imply by that statement that the regulation prevented their prospering, but merely to point out that regulation does not bring with it assurance of successful business providing maximum public service. In the power field there has recently been drastic federal regulation. The test of that will be whether the power industry increases its services and lowers its rates to the public as fast in the future as it has in the past. Most discussions of regulation by regulators have been devoted to ways and means of preventing any errors whatever by the companies under their jurisdiction, rather than ways and means of insuring the maximum successful service to the public.

The familiar phrase "no hits, no runs, no errors" may mean a perfect record, but in industry it means no jobs, no service, no progress. It is a council of perfection that never built up a country. A centralized uniform slide rule method won't successfully take the place of judgment in regulation or industry and to get enough judgment to go round there is much to be said for decentralization. With decentralized regulation a business is regulated by the average of many minds. In centralized regulation a whole industry might be wrecked if it so happened that as many as four unwise men should be on one commission at any one time.

Anyway, the regulatory method of expressing the public will is an interesting subject of study and speculation, for the public can change its mind about regulatory bodies just as fast as it can about regulated industries, and this in turn will affect the industries.

Regulation, however, is not the only means the public has of expressing its ideas about a business. It can set up competition or pass any kind of law it pleases to encourage, discourage, subsidize or abolish any enterprise.

The real hazard of most service businesses such as life insurance is not that they can't perform the service well by past standards, but that they do not satisfy the public in the way they do it. The public's dissatisfaction may arise from ignorance of its own interests. It may insist on reforms damaging to itself. As a matter of fact, all change is not improvement. The fact that to "re-form" a thing is usually taken to mean to improve it, is perhaps as much an indication of optimism as of judgment. The public may ask for things which don't make sense. But the public does not have to make sense. Whether it is wise or foolish it is still the boss.

However, if it has the facts on which to judge, the public is generally pretty wise in the long run, and in any case business will be wise to go along with the public - in the long run. If the public won't go our way, we'll have to go theirs.

Accordingly it would seem that the wise thing for industry to do is to give the public the facts not on the basis of getting religion when we begin to feel public displeasure, but every day and all the time from now on.

There is nothing new about this suggestion. I suppose everyone in this room has made it at some time or another and that every company is telling the public about its business. The question is whether industry in general and life insurance in particular is satisfied with the results on the public mind of the telling of the facts which we have been doing. Even if we have told the public everything it ought to know and even if we can prove that any bad results from here on are the public's fault entirely, the bad results may be unpleasant to us. I have not a sufficiently intimate knowledge of life insurance to know what the industry does in detail. But from my vantage point of ignorance I am going to urge more emphasis on information to the public because I do not believe any industry in the United States is in danger of doing too much.

Years ago I was at a Harvard-Yale football game. Prior to that day we hadn't won a game from Yale in a coon's age. But that was a Crimson day and when the first half was over we had some thirty points rolled up. A stout, ruddy, and well-fortified gentleman got up in one of the bottom rows, faced the stadium and solemnly remarked: "Gentlemen, I don't want to be a hog, but I can't get too much of this."

From that platform I'd like to suggest that we do more than we do and do a lot of it the hard way. The easy way is through the printed word. The hard way is by the original walkie-talkie. That is the company employee.

The insurance business has as direct employees hundreds of thousands of people and as agents some hundreds of thousands more. They are a fair section of the public to begin with. They are scattered in every part of the United States and in every walk of life. Somebody in the insurance business knows everyone in the United States. Now if everyone in the insurance business knows what his business is about and really believes in it and knows how to tell other people about it and wants to tell them, it would seem to me that the public could hardly escape being informed on this subject.

But you will notice that there is a large "if" in that sentence. How are we going to get all the people in the insurance business into a condition where they are effective walking-talking expositors? We get them that way by the age-old processes of preaching and teaching. Preaching and teaching are the dynamic parts of management. It's a tough job to create the energy to put ideas through a mass of human beings, not all of whom are good conductors of ideas, to keep preaching

and teaching until the stream flows freely. And the stream fails as soon as the springs that feed it run dry. The preaching and teaching have to be persistent, imaginative and perpetual. But if they worked 100% everyone in the United States would have at least heard a convincing story of insurance. If they work 50%, enough will have heard it to provide all the reasonable political insurance that life insurance needs.

And the easy side of telling the public by the printed word takes on new effectiveness when the hard way is in effect. The steamfitter believes his next-door neighbor who is in the insurance business and who talks to him in his own language and from his own point of view in life, more than he does an advertisement. But if they both agree, they supplement each other and keep the idea alive. I am not now talking about selling policies. I am talking about making understanding friends for the business, for I think we need friends at least as much as we do business - and I think we have worked a whole lot harder to get business than we have to get friends.

Now, if the teaching and preaching to employees and agents are done often enough and to small enough groups to make it effective it costs money and effort. It is a hard administrative job. The question is, is it worth the price? The price in money is dependent on how much brains are mixed with the money. The results in the long run will depend on how consistently the top-side of the business keeps its intentions strong. If the top-side wants it done and will reward the doers the good teachers and preachers will appear and they will find the methods of doing the job. Moreover, if this channel of thought works going out from the center freely and well it ought to bring back from the grass roots and street corners a lot of information. It ought to give management a fair picture of public trends, of what the public thinks about the life insurance business, and why.

There may be an apparent objection to having the people engaged in every business trying to tell everyone else about it. That might seem to be a cruel and unusual punishment for the public. I don't believe it would be either. Certainly it would not be unusual for everyone talks shop now. The difference would be that the shop talk would be more informed, on a higher plane, and more apt to produce confidence in the mind of the average citizen concerning what goes on in business, than the uninformed shop talk he hears now.

If the average citizen doesn't have much idea what goes on in the ivory towers of business, it is human nature to suspect that they are inhabited by stuffed shirts and brass hats chiefly engaged in drawing high pay, or even making

profits on the side. If the brass hats take time to convince everyone in their employ personally that they are human and competent and that what they do is important, no one else will have to do it. The only way to get the picture of responsibility of management and the fundamentals of a business reasonably understood by employees is to organize to do it.

The employees and agents are walkie-talkies all the time and they talk about the business they are in. If they know a lot about it and believe in it, they talk one way. If they know little and have little faith, they talk another way. If they don't know much about the management and its policies, they think one way. If they do know about the management and its policies they think another. What the employee and agent think and know and say are the bases of what the public thinks and knows about the business, for to 99% of the public they are the medium that depicts the insurance company. In a sense they are the company - if they think they are. But often they are not the company, for their neighbors can and often do think well of them and ill of the company that employs them.

The direct route to the public is through our own people. If our story is good they will have faith in it, if they know it. If it isn't, they will tell us if we encourage them to do so. If it is good and they have faith in it, they will get it to the public and the public will believe them and us. But it will take a powerful lot of teaching and preaching and a long time to make such a program work.

I think, however, this is the kind of eternal vigilance and hard work that will preserve our liberty to render an increasingly successful service to the public.

For the immediate present it seems that no one can be in style unless he appears with a post-war plan in his hand. Some post-war plans are based upon an expectation of mass unemployment and general distress. To these planners there is no opportunity except a rescue job in a calamity, and no agency but the federal government capable of meeting the emergency. Others assume that business must find a way to guarantee full employment. And these folk have a hard time with the last paragraph of their plan, for no one has yet figured out how business can guarantee everyone a job - not to mention everyone a job of the exact kind and at the place desired.

But it seems to me that the life insurance business has a pretty good post-war plan already made for it. It has been successfully busy before the war, during the war and it has every indication of being busy after the war. In being busy it provides the security for dependents which is the function it is chiefly associated with in most people's minds.

But it does two other things which are particularly important for a vigorous and growing society. The security that insurance provides for dependents, increases the courage for taking risks, and the enterprise of producers. A man can bet on himself with more abandon if there is a back-log of security for his family. And men betting on themselves and working to make the bet good is what makes a country and a rising standard of living.

And life insurance helps in another way. In wartime it collects vast funds of savings that go to finance war. In peacetime those savings go to finance work. If the average worker on the farm and in the factory uses \$15,000 worth of investment in land, or plant, or tools, the annual investment of life insurance will provide a lot of jobs and opportunity.

To provide security, add to men's confidence and finance jobs isn't a bad post-war plan.

If everyone realized that life insurance provided these services to their nation and felt that the services were well done, the public ought to have so friendly an attitude toward the business that it would have ample freedom to do its tasks well.

There isn't any reason why the public shouldn't know these things if the business will take the trouble to tell them. But I doubt if the telling can be done effectively except by making the maximum use of everyone in the business. That means creating in them a faith, a confidence and pride in their profession, constantly renewing it and providing them with ideas, an imagination and help in their task of transmitting their knowledge to the public.

As man does not live by bread alone, the more the employees and agents know of the wider aspects of the business and the more pride they have in it, the more satisfied they will be.

I think the process goes further than that. If the business is good enough intrinsically to give men pride in it and they are given the insight that will arouse that pride, they will not only like their business but business in general and the society of which it is a part. They will want to improve it rather than destroy it. If we could achieve a situation in which most people were satisfied with the way they made a living we should have a prosperous and contented country. The most likely way it seems to me to get there is for those with responsibility each to plow and cultivate his own fields to the maximum. In the homely phrase of the country - a man can get a lot done by minding his own business.

In the early days of the discoveries a ship after a long passage of the Atlantic ran out of water. The crew was sea-worn and suffering the torments of thirst. Finally to their immense relief they sighted a vessel crossing their bow. As the vessel drew near the thirsty crew signaled asking for water. The other vessel kept on her way merely signaling back, "Let down your buckets where you are."

As the distance grew between the two ships, so grew the curses of the thirsty mariners. But one sailor who was in extremes let down a bucket and drew up some water. It was fresh. They were in the wide mouth of the Amazon. I think we are in the mouth of the Amazon too and there is fresh water where we are if we will let down the buckets.