

# CONTACT

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## Preventable Disaster

A NEW YORK bank was suddenly forced to sell out because the directors did not know how to stop a panic. A public relations counsel would have understood the danger that was involved in the arrest of three of its officers for theft, and knowing the suggestibility of the public would have taken adequate measures to prevent just such a catastrophe as occurred. He should have been able to reassure the depositors and convince them of the bank's solvency. We are assuming that conditions are actually as they have been reported. Whatever the conditions were, the bank should have understood the public need for fuller information.

We might even go back further than this and say that every bank should have a consistent policy of public relations and keep the public constantly reminded of the strength of its resources so that public confidence cannot be shaken at the first rumor of danger.

*The New York Times* tells the story:

"The Central Mercantile Bank and Trust Company, with resources above \$50,000,000, bought yesterday the assets and took over the liabilities of the Broadway Central Bank, Broadway and Ninety-seventh Street, where the run which started Saturday, following the arrest Friday night of three of its officers accused of the theft of 'more than \$100,000,' still continued.

"Although the new owners rushed \$1,000,000 in cash from the Federal Reserve Bank and stacked it on a table in the Broadway Central's window, the throng of small depositors continued to press forward. So great was the crush that a plate-glass window on the Ninety-seventh Street side was smashed and the police reserves from three stations were called.

"The packages of banknotes on the table and a sign displayed over the door announcing the new ownership appeared slowly to restore confidence. At 6:15 P.M., when the doors were closed, all who had been waiting were inside, and Robert Adamson, Vice President of the Central Mercantile institution, said he believed the run was over. 'We have ten dollars to pay every dollar on deposit here,' he said.

"Depositors began arriving as early as 6 o'clock. One woman parked a Ford sedan at the curb and breakfasted on coffee and sandwiches sent from a near-by drug store. Captain Archibald McNeill of the West 100th Street station arrived with ten patrolmen at 7:30, but the crowd increased so rapidly that he called out the reserves. Later additional men were sent from the Wadsworth Avenue and the West 152d Street stations.

"An hour before the bank opened at least 400 persons were in line. Most of them were women, several carried infants in their arms or wheeled baby carriages. The

police formed the line along Ninety-seventh Street and the crowd, four abreast, extended from Broadway to Amsterdam Avenue. Between 600 and 700 were in line most of the forenoon.

"Announcement of the sale of the bank was made at noon when the run was at its height. 'Even the Federal Reserve Bank couldn't stand this sort of thing,' said Mr. Heydt at that time. 'We could keep on paying out like this for two or three days and then our liquid assets would be exhausted and we would have to close our doors. We don't want to do that, and in order to protect our depositors, we have sold out to one of the strongest banks in the city.'

"Almost immediately formal statements were issued confirming the transaction.

"'The Central Mercantile Bank and Trust Company,' said Mr. Mitchell, 'has purchased the assets of the Broadway Central Bank and assumed all of its obligations and liabilities. Before buying the bank we, of course, assured ourselves not only by our own personal investigations, but by examination of McArdle & McArdle, the well known bank auditors, that the institution was absolutely sound and solvent.' . . ."

## Living America

THE importance of the public relations counsel in a society as suggestible as America is stressed by I. A. Richards, Fellow of Magdalene College, Cambridge University, in a profound article "The Changing American Mind" in *Harper's Monthly Magazine*. He contrasts the traditional point of view of the Englishman with the questioning and varying point of view of the American.

To his mind, the power of the "publicity expert" is a hopeful sign. We quote a few extracts:

"All through contemporary Western civilization a change is occurring, slowly in Europe, more rapidly in America, which may be described as the substitution of suggestion for tradition. Tradition, what some would call the instinct for law and order, never more clearly shown than in the General Strike, protects the bank messenger in England. The bandit has no hope of escaping, for public opinion is too solidly and effectively against him. Over here, suggestion, if it does not indeed help the bandit in some respects, has not yet stepped in to take the place of tradition. But tradition is also breaking down in England, as it must in all communities much exposed to diverse influences. . . .

"The living art of America, its vaudeville, its skyscrapers, and its poetry, reveal, as we should expect, a