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“After the Fall -- Opportunity, 1918-1945”

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If this adventure were a sermon, my text would come from the *Book of Proverbs*, chapter 11:

When pride comes, then comes disgrace;
but with the humble is wisdom.

...

Riches do not profit in the day of wrath,
but righteousness delivers from death.

...

With his mouth the godless man would destroy his neighbor,
but by knowledge the righteous are delivered.

...

Where there is no guidance, a people falls;
but in an abundance of counselors there is safety.

Now if the Bible is not your meat, seeing as how most of its heroes never met a payroll, let me turn to an eminently successful businessman, one John D. Wanamaker, who claimed to have thought first of every business innovation, including modern advertising, that Andrew Carnegie didn't arrogate. Wrote Wanamaker in something less than eternal prose: "One may walk over the highest mountain -- one step at a time."

What follows then is as timeless as *Proverbs*, and as earthly, as crass and commercial as the mental machinations of a Philadelphia merchant.

The economy of the United States, wrote M. A. Traylor of the American Bankers Association in 1922, "is fundamentally so sound that there is no need of despairing of the future." Andrew Mellon, a week after Harding's inauguration, was quoted in *The New York Times* in nearly identical words: "The fundamentals," said the pundit from Pittsburgh, "are sound." And more than a half decade later, the leading candidate for President of the United States, Herbert Clark

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Hoover, who had seen the commerce of the nation from its epicenter, reassured his prospective electorate with this statement: "We have demonstrated that our system is responsive enough to meet any new and intricate development in our economic and business life. We have demonstrated that we can meet any economic problem."

These threads are a bit tattered now, but they are required to remind us of the exhilarating euphoria into which we have lapsed, a people who knew the answers or who knew the tipsters who knew the answers, or who knew that the answers did not really matter anyhow. Judgment Day with a myth. The Hereafter was here and now. To die to get that bigger mansion on a golden street was anachronistic. Heaven need not wait; Heaven was here, eternal and certain.

And so we paid a coarse, convivial crone named Texas Guinan too much for bad food and worse hooch just so she could dub us suckers. And we turned out by the thousands to hear debates between Clarence Darrow and whatever priest, preacher, or rabbi was so foolish as to take him on. And we took the Sunshine Limited down to a swamp called Miami and bought lots out in the water, turning them for outsize profits before the first grains of fill had been dumped. We laughed at Calvin Coolidge looking serious and uncomfortable as he gathered Indian chiefdoms like modern politicians gather unearned doctorates. And we doubled up when Will Rogers twitted Congress, even when he marveled at having met one unfit Congressman -- he could read and write! No profound dissatisfactions, no disorderly demonstrations. Coolidge might be vetoing more bills than any previous President had, but who wanted political action? National politics was a big, expensive show for our entertainment, worth every penny of it. Oh, there were a few soreheads who talked about tariffs and farm mortgages and government encouragement of unsound speculation through low taxes. If the matter of governing even became serious, we all knew that Henry Ford would step *down* into the Presidency to give us the business administration we sometimes sighed for. Meanwhile, we could laugh as a wizened man from another era gave out shiny dime tips to newsboys and taxi drivers, and we just downright guffawed on hearing about the first time Will Rogers met John D. Rockefeller -- ol' Will gave Rockefeller a dime!

Life was a circus, a ball, a brawl, in which John Held's younger generation was heading happily for Hell, though the oldsters would get there first if they possibly could. But what was Hell? Just another big speakeasy where you had to know Lucifer instead of Joe to get in. "I'm looking at the world through rose-colored glasses," we all sang; "everything is rosy now." And the saxophones all played tenor and ticky, and Paul Whiteman, one of the few serious violinists with four chins, was hailed as the King of Jazz, while the real jazz men sulked and sucked on gin at Harlem rent parties.

In the midst of all this, something was forming on the Avenue known as Madison, not then accepted as a generic term covering the profession of public relations. Some serious men like Ivy Lee, Edward Bernays, and latterly, Paul Garrett were groping for the handle that would open the door to an intelligent approach to the problems of the businessmen which they could see forming. For there were problems. Not just seeds of problems, but problems, real and present.

For like any vigorous organism, business was evolving, had been evolving for generations and even centuries, ever since silky Jacob had smooth-talked lovable Esau out of his birthright and had been favored by the Lord's good pleasure in the process. More recently the age of giantism -- the term "robber barons" did not come into general use until Matthew Josephson wrote his book in the middle 1930s -- had led to those excesses which had in turn promoted the progressivism and regulation of that other Roosevelt, Taft and Wilson. If the public could seek -- and get -- restrictions on the railroad, food and drug, banking and timber industries and on corporations in general, then someone should give sage thought to that powerful public. It might not be in a punitive mood right now, but if something went wrong...

Meanwhile, the idea of public relations was evolving alongside business. First, like all policy and most details, the responsibility for good public relations had lain with the owner-operator. As his organization grew beyond his immediate control, he tended to turn public relations responsibility over to lawyers, who by instinct and training prefer to deal with problems by delay or by saying nothing. Anything you don't say, in legal argot, can't be held against you. When the obfuscating maneuverings of the attorneys lost force, an equally opaque, less prolix person was entrusted with explaining public policy. He, of course, was the treasurer, the comptroller, the business manager, the man who could tell how the balance sheet had come to balance -- and little else. Where the lawyer obscured, the treasurer simply had nothing to say beyond the minimum that regulatory laws required. He saw public relations neither as a positive challenge nor as a profession. He was there to reveal some necessary figures; he revealed them.

But in the spirit of the 1920s, some sense of the value of a sound public relations approach had begun to simmer. Although its potential for good was seldom envisioned, much less realized, a handful of men were beginning to sense the efficacy of generally full disclosure to a wide public of consumers, stockholders, employees and associates. Unfortunately, such efflorescence was generally stopped at the budding stage, either by the unseeing public relations practitioner or by the central administration.

Instead, reacting from the tedious trepidations of the treasurers just as surely as painted flappers were flouting the double standards of Victorian days, many administrators, like many actresses, began to equate publicity with public relations. Call us anything you like, boy, but be sure that name is in the paper and that it is spelled right. That's right -- C-o-s-t-e-r, not M-u-s-i-c-a! (A house joke, gentlemen, a drug house; for the outsiders, Coster and Musica were the same man, except one name headed a giant pharmaceutical combine and the other was a several-times convicted confidence man.)

So the tipsy titillation of the Twenties passed along. And the private utility companies spent \$30 million to train their employees to answer affirmatively and cogently questions as to the benefits of private ownership over public, to pay college professors to write tracts extolling the industry's public policy ideas and to influence public school curricula. Expensive, yes, but, as one authority said, it could all be "treated as operating expenses and financed out of charges to the public." And the managing director of the National Electric Light Association charged his associates: "don't be afraid of expense. The public pays the expense." A "policy of jolly," one critic called it, though the campaign progressed beyond jollity when Congressmen received lists of utility

stockholders within their district, along with the implication that these people had better not be faced with any legislation that might endanger their stock prices -- that might, in another observer's words, plow up the plateau of plenty.

So what if little and large warning signs appeared, if the chairman of the board of the Frisco should opine that the "farmer's situation presents the greatest, most far-reaching and most perilous economic problem with which the American people are faced"? The farmer is a hick, or he'd be in town making money. Forget him. He probably doesn't even own a crystal set, much less get Havana on a Saturday night. But out in Iowa, a farmer-editor destined to be a future farmer-politician did not agree. Henry A. Wallace, whose father had been Secretary of Agriculture, doubted whether this nation could last unless the move from the farm to the city was halted. Meanwhile, realized income from agriculture had dropped from nearly \$13 billion in 1919 to \$8 1/2 billion eight years later. Could paper profits in the securities markets absorb such a drop in real income indefinitely? Why, of course; to think otherwise was to oppose Arthur Brisbane and sell America short! To argue with Brisbane in anything, except maybe to suggest that Dempsey and Tunney together just might whip that gorilla, was tantamount to proclaiming that Mellon might not be the greatest Secretary of the Treasury in history, or that the AEF did not win the World War virtually single-handedly, or that George Gershwin was not the greatest composer the world had ever heard!

So Herbert Hoover told the audience at Palo Alto that "the poorhouse is vanishing from among us ... we shall soon with the help of God be within sight of the day when poverty will be banished from this nation." While another writer observed that "only utter stupidity and folly can rob us of what is so clearly the reward of a people that devotes itself wholeheartedly to health, education, industry, thrift, temperance and the understanding of economics." If you doubt that, then you must be, in the words of one executive, a "blatant demagogue and socialistic ranter." Or a Bolshevik perhaps?

Then with writers like W. L. Stoddard telling *Outlook* readers on July 13, 1927, that "in this present period of prosperity a new element ... makes for safety," what could the ordinary man do but mutter, "I believe, I believe." Stoddard and others were not boosters, not emotionally inclined. They dealt in hard facts. "Business has become increasingly self-analytical... Business is employing statistics and science to chart and direct its course... Business does not allow itself to be misled by the profits of today. American business ... is erecting defenses against depression" that will undoubtedly "ward off the possibility of disaster."

No sooner said. *Disaster!* Incredible, unbelievable, unrecognizable at first. Every day another broker dead at his tape, another smalltime operator bloated in a bay, another unexplained fall from a window, another vacation to Europe canceled. On October 15, 1929, Banker Charles E. Mitchell, one of the most successful and therefore most respected financiers in the nation, sent home word from London that Americans must not panic. "The markets," he reassured, "are now in a healthy condition." Less than ten days later occurred the second worst day of the crash, but, said a *New York Times* headline: "LEADERS CONFER, FIND CONDITIONS SOUND." And the next day, from Mitchell: "fundamentals remained unimpaired." The Federal Reserve Board agreed. So did President Hoover.

But with the untarnished brilliance of hindsight we know better. We must agree with that fearless forecast from the *Times'* financial page of October 28 that "last week's crash in stocks will certainly bring a change in some not unimportant directions." What profundity! What courage!

The broad statistics of the depression are well known -- the idle factories, the unemployed, the soup kitchens, the breadlines, the freight cars loaded with hollow-eyed drifters; the Okies (themselves and everything they owned under a carpet of dust, heading for a California that didn't want them); the strapping son, educated through sacrifice, trying to trade his college degree for any kind of work ("I'll do *anything*"); the individual misery, the stark human tragedy, the movement into ever-cheaper houses, the landlords with houses rotting and empty, or with tenants months behind in rent, carrying the tenant because his family had no place else to go; the fancy weddings canceled, the greatest day in a girl's life postponed; the silent banks with empty vaults; the children, wondering why Daddy now stayed home so much and why he was no longer playful with them or with Mama; the shop windows full of enticements that no one was going to buy, that no one was going to pay for; the decision to sell the old car and ride the streetcar and then to walk.

Now few -- very few -- of us are self-critical and honest enough to believe that the cause of disaster lies within us. Unless, of course, we are seeking the kind of sympathy that argues the whole thing was not our fault at all. Thus, he cheated me; not, I am not very bright. Thus, the enemy attacked; not, we provoked him till he hardly had an alternative. Thus, Koufax is a lucky stiff; not, I couldn't hit his fast ball in a lifetime of swinging. Thus, Johnny got me drunk; not, I never learned my capacity.

For Johnny had got me drunk. For a decade after World War I, I had been intoxicated, high and heady on the wine of success, in the belief that there were no directions but up (with an occasional brief readjustment) and in perfect confidence that the "loss" column had been eliminated from the profit and loss sheets. Business and the businessman knew the answers and only the timid could lose. How could I be so sure? Because in Sunday School parlance, "the Bible tells me so." The Bible could be the *Literary Digest*, Johnny, whose cousin was a clerk in Kuhn Loeb, or the bulls -- there were no bears -- in the market place.

Still being spiritual, I had been led up to the mountain top by one of these types -- some Devil -- who had shown me the vast world at my feet and had told me that all this could be mine if I would only follow. And I had bowed and I had followed and I had walked right off a precipice into a pit of ashes far below. I was angry. I was undone. I had been taken. It didn't matter that men had logical explanations for what had happened; it didn't matter that a few scapegoats like Samuel Insull were hounded off to trial or were in a few cases jailed or killed themselves. They had done me in, they were false prophets, the whole thing was wrong.

In other parts of the world men were finding answers. The Germans, who had fallen as much from confusion as from giddiness, found their scapegoats and found their salvation. The Italians already had a solution, as did the Russians. The French had many answers, like the old

cat who knew nine ways to save himself but couldn't decide which to follow when danger threatened.

So who was at fault, besides the obvious target, the politician? The businessman, that was who! The businessman and his whole stinking system. All that talk of supply and demand, of a self-adjusting market, of the blessing of free private enterprise, of the sanctity of the board of director's room -- these were shibboleths and the time had arrived to throw out the whole gagging congregation.

Nor could all of these voices be dismissed as those of extremists. Considered people with considered calm assayed the scene and agreed that surgery on the American business system was necessary, not to make the patient live but to keep its associates breathing the material air. James Truslow Adams placed "a large share of the responsibility... upon the bankers." From out in Wisconsin, Governor Philip F. Lafollette charged that "throughout the nation, business as a whole has failed to put its house in order, either with reference to the immediate depression or with reference to the adoption of safeguards against a recurrence." Business should be penalized, he suggested. Anna Rochester blamed the "special privileges and advantages" which go with industrial and financial concentration of units. Business was a "poverty-breeding corpse" that refused to face the problems it had created. Norman Thomas, more strident and less of a somewhat sentimentalized period piece than now, naturally added his oracular verbiage: "American businessmen are ... the spoiled children of fortune" who "have no genuine intellectual interests" and pursue a commercial pathway that could best be characterized as "solemn nonsense."

Academic voices, dismissed during the rapture of the past decade as either liberal (a synonym for red, foreign, and dangerous) or as quaint like the fuming farmers, left the shadows to speak right out, to declaim in fact, in the sunny arenas. As far back as 1925, now remembered barely as one of the vintage years, Rexford Guy Tugwell had warned of the "short-sightedness of business" which led "directly to social loss and inefficiency." But who was *his* broker? Nine years later, Tugwell, now supplied with a political forum from which his voice could be heard, if not always understood, by millions, was saying business must be controlled because it was "so huge and so interdependent that every action it takes is fraught with deep social implications" and because the profit motive drives it "into non-useful or anti-social activities." "The world was not made for bankers," he thundered the next year, while charging that the only way they would ever believe it was to teach them by legislation.

Attacking the businessman, the recent but now fallen god, became almost a way of life, something to work off worry until the doctor could be located. Books and articles broke out all over, with titles like "Partners in Plunder, The Cost of Business Dictatorship"; or in the *Christian Century*, "Messiahs of Feudalism," with special focus on the chief messiah, the National Association of Manufacturers; "Can Business Be Civilized?" and "Can Business Manage Itself?", both from such a forum for *canaille* as *Harper's* and neither answering its question with a strong affirmative, more of a tentative "maybe"; or "Big Business, What Now?" in *The Saturday Evening Post* by a poor boy named Joseph P. Kennedy.

And even though Josephson wrote "The Robber Barons" about nineteenth-century malefactors, Allan Nevins, reviewing it, opined that it bore "a direct relationship to our time.... It shows how evil the worst side of the Old Deal, the Raw Deal, actually was. To that phase of *laissez-faire* we should never go back." (Parenthetically, I should add that no one has ever considered Nevins a Bolshevik, though to some professionals any man who voluntarily surrenders a post as editor of a New York daily newspaper to turn academic must be suspect.)

No need to belabor. The businessman and his prostitute, the publicity man, had fallen all the way from the pinnacle to the pit. Plenty of people were around to analyze why he collapsed, and to suggest ways to keep him wallowing in the mire. And many a solid citizen, hopeless and huddled and hungry, not reading or thinking but *feeling*, applauded with a whispered but not less fervent "Amen!" To add to the business danger, businessmen themselves had lost their confidence, did identify with the Insulls, the Mitchells and the Wigginses, and did tuck their tails between their legs and go slinking down to their punishment and cure in Washington with all the aplomb of a sheep-eating dog. And there, I might add, sitting sage among the rapid reformers, such an unhurried character as Harold L. Ickes was confiding to his secret diary that John Nance Garner was advising him to take a strong position vis-à-vis his business adversaries, that, in Ickes' account of Garner's words, "we couldn't appeal to [their] consciences ... because they didn't have any consciences and he advised me to go after them with a club." That from John Nance Garner, the conservative darling within the New Deal family!

So Herbert Hoover at the end of one year of the New Deal could write that the "application of Regimentation to business has made great strides" and that the New Deal of co-operation among the various facets of American life were for the businessman "coercive co-operation" in which "Free will and consent ... have often not been present," but the mood of the people was that Business had had its chance, had flubbed it, and now could sit on the bench, if indeed it were lucky enough to be admitted to the stadium.

How do you overcome such backlash, be it white backlash, red backlash, or just plain people backlash?

Mainly you look critically around you, tot up the broken pieces, see what you can patch and what you must discard and look for new patterns and new mechanics. You can bluster a defense, as some men did and you can charge betrayal, as others tried. Or you can agree with Bernard Baruch that it was all a "so-called prosperity" and "largely fictitious," and see how to resurrect the prosperity without its adjective, how to make solid reality out of fantasy. You recognize, with Baruch, that "men's greeds and grievances are not necessarily self-correcting;" that "private profit and community interest are ... interdependent in a free society;" and that you do not share the profits of "men's enterprise ... unjustly and even stupidly." You admit that the Soviet Union in 1920 stood in the world's view for Utopianism and idealism, while the United States featured "frank materialism." And then, while the Soviets, through no design of American businessmen, begin to ape their materialism, you try to steer back toward the idealism that has been the intermittent strength of this country since it first stood up to George III.

The economics and politics of the period, while fascinating, are no concern of ours here. It's easy to forget the specter of revolution that hovered over America's vast "ocean of destitution," but it was there, real and foreboding, a frightening, lowering ghost that might at any moment materialize. When a believed-in security is gone, any new road seems considerable in finding fresh havens.

As Bernays points out, campaigns like Dr. Townsend's, Huey Long's Share the Wealth, and Father Coughlin's Social Justice demand countermeasures for psychological security. In this instance, some way had to be devised to bring the businessman, whose public relations had made him the most important man of the 1920s, out of his stunned silence. At first it seemed, speaking generally, that only the malcontents practiced any conscious public relations, but in the middle 1930s this malaise began to change. Partly, a better economic and social climate was responsible.

But a proportionate share of the responsibility and credit for the upsurge of acceptance of the businessman lay with the new, or renewed, public relations practitioner. He had been his own critic. He had seen that he had been selling goods and men when he should have been selling ideas and ideals. He realized, at least sometimes, that his prime responsibility was to the public and not to his employer, that the "public" half of his title set the dominant note, that he should become professional and therefore critical. If he believed in the system, if he believed in the company, if he believed in the product, he must alert the public to the necessity of maintaining system, company and product; he must show business as an important thread of the whole cloth, without which the cloth would be incomplete, but without letting the business thread dominate the fabric. He must discontinue that self-defeating practice, indulged in by all walks -- academics, politicians, and entertainers -- of working only with his own kind and of reassuring himself of his rightness by visiting with other members of his particular trade association. He still had a duty to do what he could to see that his firm maintained the highest possible position within its industry. Ford and Chrysler were still General Motors' chief competition, but they were not the only adversary. Everyone who questioned the social value of the product, who questioned the quarterly financial statements, who questioned the wage structure or the employees' health, wealth, and union relationships, everyone who questioned the utility of any activity of the company had better be given a straight, reasoned answer. If he gets less than that, then the "public" portion of public relations is a myth.

Once, you might have successfully ignored attacks, as John D. Rockefeller did against the critics of the 1880s. His company paid the price a generation later. When someone named Lewis A. Riley, who did not run in business circles, wrote in *The Forum* in the summer of 1934 that "the American Tobacco Company, for instance . . . lavishly reward[s] its executives for expanding profits and reducing operating costs" at the expense of the life blood and livelihood of farmers and workers, his charges demand attention. If he is wrong, a painstaking refutation is in order, but not a blustering one. If he is right, either the policymakers or the operators within the company had better be educated as to the long-range consequences. The American Medical Association cannot afford to dismiss my complaints against the high cost of medical care as a lot of socialistic nonsense carried over from the dastardly Harry Truman. On

the other hand, when doctors inquire of chemical and pharmaceutical companies why certain drugs have adverse effects, they cannot be brushed aside, as a half-dozen physicians within my acquaintance have been, with the curt -- "asinine" is the word they prefer -- comment that "you must not be following directions." Like everyone else, doctors can turn to the government (Food and Drug Administration specifically) for relief as quickly as the most welfare-minded group.

The truth is, the better public relations men of the 1930s moved into a situation in which their public was either apathetic or downright antagonistic. While they could not alter the economics of their companies, they could find out why they were scapegoats for the misery of the times and why the very existence of the private corporation system was threatened. What they found was a situation that cried for understanding, for education, for elucidation. They became doctors trying to lead their patients, who frequently could offer few symptoms beyond the belief that a left-wing, foreign-inspired New Deal was out to get them and who could see few solutions beyond getting THAT MAN out of the White House. How they explained conservatives like Senator Arthur Vandenberg who were willing to label some businessmen "Merchants of Death" need not be gone into, but their mere presence indicates again the seriousness of the situation.

Public relations then had to find a new tack. Its men had to become persevering doctors, convincing their clients, patients and employers to take strong dosage, no matter how expensive or how distasteful. In a time of low profits or no profits, they had to sell hard-eyed, harassed boards on the wisdom of adding the expense of educational programs, wide mailings and continual streams of explanations to stockholders, school children and politicians. They had to be sold on the idea that they represented the whole of business and that they must contribute hard-earned funds in the advocacy of their competitors as well as themselves. Public relations counsel from outside the companies as well as from inside must be heeded and companies which had never seen a need for public relations counsel must be enlisted. And public relations must be somehow separated from the opprobrium of propaganda.

Again, it would be tedious to detail how modern public relations men won first their bosses and then their public. But, paraphrasing Lerner and Loewe, or if you're a purist, Bernard Shaw, "You did it! You did it! By Jove, you really did it!"

Instead, as aware as the Russians are that memories are short, I have wanted to remind you of the fires that forged you into what you are. You helped reverse a trend, a trend of anti-business which your unperceptive predecessors and their employers in large measure set up through unintelligent procedures and false standards. You admitted your faults and you tried to persuade those about you to correct them.

By 1940, you could see real straws in your wind. Thurman W. Arnold, known to some, incorrectly or not, as a demon against business, could write in that year that "What ought to be emphasized is not the evils of size but the evils of industries which are not efficient or do not pass efficiency on to consumers." And a year before, Adolph A. Berle and Gardiner C. Means were saying, "Business practice is increasingly assuming the aspect of economic statesmanship."

As I say, like Herman Wouk's reassurance preceding "The Caine Mutiny" that the fact he does not use all the dirty words known to sailors does not mean that he does not know them. Believe me that when I do not delineate all the efforts at restoring a shattered image does not mean that I am not aware of the countless seminars, searchings, patient assemblings of facts and constant dinning into stubborn executive minds the fact that there is no such thing as private business.

All business is public business and it is up to the businessman to make that public as intelligent and informed as possible. *Fortune* then can run an article in 1939 entitled "The Public Is Not Damned." And public relations men can look back on an era of cooperation between their employers and clients on the one hand and the public and its government on the other, all erected from a beginning foundation of shifting rubble and fractious feelings, that must give them rare satisfaction indeed, though no opportunity to relax.

For it is a fickle situation -- to quote some anonymous person who plagiarized from me generations before I was born. But you've learned how to pick up the pieces, you've seen your business survive and prosper, you've come more than two decades past a major war with no serious war-profiteering charges, and you've learned your place in the total pursuit of happiness which is our traditional right.

Like the great Humpty, you fell and you fragmented all over the place. But yours is a happy ending, for you did find the cement of understanding and visionary analysis to put yourself together again. With the fall ever fresh in your memory, your big task is to display the imagination and the broad humanity to stretch that resurrection into a mortal eternity.