

A STUDY OF THE BEGINNINGS OF  
INDUSTRIAL PUBLIC RELATIONS 1880-1915

A Thesis

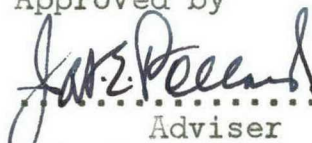
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CHAPTER I  
RISE OF THE INDUSTRIAL UNITED STATES

By the middle of the nineteenth century the United States was a prospering nation and growing mightily. From 1850 to 1860 the amount of capital invested in manufacturing doubled and totaled more than a billion dollars on the eve of the Civil War. The year before the mid-century mark patents granted for new inventions exceeded 1,000 for the first time. In 1860 they totaled nearly 6,000 annually.<sup>1</sup>

Other inventions speeded the United States on its way to becoming an industrial nation. The sewing machine, invented in 1846, brought about an increase in the annual output of clothing factories from \$48,000,000 in 1850 to \$80,000,000 in 1860.<sup>2</sup>

The reaper, invented in 1834 by Cyrus H. McCormick, mechanized agriculture and by 1900 more than 100,000 McCormick and other make reapers were in use. Grain crops leaped from 1,000,000 bushels to 171,000,000 bushels in the ten years from 1850.<sup>3</sup> With half the grain grown in the mid-west farmers were dependent upon the railroads to get their

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<sup>1</sup>Schlesinger, A. M., Political and Social Growth in the United States, II, (1852-1933), revised edition, Macmillan Co., N. Y., 1934, p. 4.

<sup>2</sup>Ibid.

<sup>3</sup>Ibid., p. 7.

product to a market. Schlesinger credits the great improvement in transportation facilities with the East as an important stimulus to Western prosperity:<sup>4</sup>

Until mid-century, except for the turnpikes over the mountain, the only routes for hauling goods were by way of the Great Lakes and the Erie Canal or down the Mississippi and around through the Gulf. The economic attachment of the midwest had been southward rather than eastward. But from 1850 to 1857 the Appalachian barrier was pierced by five railway trunk lines and these, by their connections in the interior, reached the Ohio river at eight points and the Mississippi at ten. Railroad building became a mania, cities and counties vying with one another in subsidizing new routes and a national government assisting by land grants to states for transfer to projected lines.

By 1860, Illinois had more track completed than any other state in the Union. The iron bonds uniting East and West not only gave rise to mutually profitable trade but, by emphasizing the economic interdependence of two regions, tended to create a harmony of political outlook as well. This fact, far more than abolitionist agitation was to account for Northern unity when Southern guns boomed out against Ft. Sumter in 1861.

It should be noted that Schlesinger states that the economic interdependence of East and West tended to create a mutual political viewpoint.

A little earlier it was this mania that brought about the overbuilding and the overexpansion which played

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<sup>4</sup>Ibid., pp. 7-8.



a large part in bringing about the panic of 1857.<sup>5</sup>

The crash came in the summer and autumn of 1857 leaving hungry wage earners to face the winter without work. "Hungry meetings" with the ring of revolutionary bitterness were held in the East.<sup>6</sup>

Four years later the Civil War draft emphasized the fact that the man with the cash had the advantage. A man about to be drafted could provide a substitute or pay \$300 and avoid military service.<sup>7</sup> The laboring classes objected to the draft as favoring the rich. A four-day riot resulted in New York in July, 1863, when it appeared to the city's workers that most of the draftees were laborers. In that riot a thousand were killed or injured.<sup>8</sup>

By the close of the Civil War the industrial North had been strengthened while the agrarian South was devastated of both materials and manpower. The Southern slave-based economy was shattered.

One of the North's most pressing problems was the demilitarization of about a million men. Two factors made this military-to-civilian conversion possible without

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<sup>5</sup>McPherson, L. G., "A Concerted Movement of the Railways," North American Review, Jan., 1913, CXVII, No. 686, p. 40.

<sup>6</sup>Schlesinger, op. cit., p. 37.

<sup>7</sup>Ibid., p. 63.

<sup>8</sup>Ibid., p. 64.

undue confusion. One was the Homestead Act, passed in 1862, which made it possible for any citizen, or person who declared his intention to become a citizen, to obtain 160 acres of public land by paying a \$10 registration fee and working the land for five years. Second, the industrial expansion following the war offered places for those not wanting to become a homesteader.<sup>9</sup>

The corruption of postwar governments in the South is legend. For example, the legislature of North Carolina issued bonds amounting to \$25,000,000 for the construction of a railroad. The money was appropriated by looters and not a foot of track was laid.<sup>10</sup> Such buccaneering could not help but damage the reputation of all railroads, no matter how legitimate their operations.

The United States was growing - undergoing a population expansion that saw the number of inhabitants double from 1850 to 1900. Between 1880 and 1900 the population was increased by 26,000,000 people, more than the entire number in 1850.<sup>11</sup>

"Nearly one-fourth of this increase," Dewey wrote,

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<sup>9</sup>Mead, N. P., Development of the United States Since 1865, Harcourt Brace & Co., N. Y., 1930, p. 5.

<sup>10</sup>Ibid., p. 30.

<sup>11</sup>Dewey, D. R., The American Nation, A History, XXIV, National Problems 1885-1897, Harper & Bros., N. Y., 1907, pp. 4-5.

"was absorbed by four older states on the seaboard - Massachusetts, New York, New Jersey, and Pennsylvania; the other three-quarters were spread with unequal distribution over the remaining area but were especially located on the western lands available for homesteads . . . Population quickly followed the construction of railroads through the Northern tiers of states and territories stretching from Minnesota to Oregon . . ."12

Schlesinger stated that the Civil War phase was but the prologue to the drama. He said that in the quarter century following Appomattox the Economic Revolution reached its full momentum. He said that this energized "man to further and equally amazing triumphs over the years to follow. Everywhere an intensely materialistic spirit reigned-- the urge to exploit new sources of wealth, to make fortunes, to grasp power."13 America's transformation was stimulated by the needs of the rapidly increasing population of the West and those of the postwar South and was based, Schlesinger feels, upon native inventive genius, outstanding industrial leadership, capital furnished from abroad, mass production, tremendous natural wealth, and an abundance of cheap labor.14

His comments regarding the birth of the materialistic

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12 Ibid.

13 Italics the author's.

14 Schlesinger, op. cit. p. 131.



spirit are worthy of note. It was this spirit, combined with the desire for power, wealth, and exploitation, that fostered the pools, trusts, and Big Business.

Schlesinger cited this era as the time that the United States changed from an agrarian country which imported most of its manufactured products from abroad into an industrial nation exporting both farm and factory products. This tremendous change in the economic and social life in the United States put a great and unusual strain upon its citizens. "Industrial monopoly, the money question, tariff protection, political corruption, immigration, labor discontent, agrarian unrest, imperialism, the unequal distribution of wealth," Schlesinger added, "---such questions, new in kind, or new in degree, illustrate the variety and gravity of the problems that beset society."<sup>15</sup>

This period following the Civil War was one of boom. Imports and exports of iron and steel balanced in 1892. From then forward the United States exported more than it imported. Arc lighting was introduced in 1880 followed by the incandescent light bulb. Railway mileage was increased and traffic continued to grow. The telephone, started as a business in 1880, began to make its way. By 1890 it was accepted as a

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<sup>15</sup> Ibid., pp. 131-132; see chart giving a statistical view of certain aspects of the Economic Revolution.

vital tool of trade and commerce.<sup>16</sup>

During the 1870's and 1880's free competition was the principle of American business. Laissez-faire was accepted by almost everyone. "At the beginning of this period," Allen wrote much later, "most businesses were small, few did business on a national scale; and if a competitor became crippled in the game, there were always other fields in the West where he could begin again unhandicapped. The standards of fair play were low---the ideal of free competition was not seriously disputed."<sup>17</sup>

The principle of free competition was abused and became license for unscrupulous business procedures.

Speaking of the railroads in this period, McPherson observed:

Men of grasp who perceived the country's future transformed short local railroads into through lines and coined their foresight into dollars. In many cases the means employed were subordinate to the end attained. There were vast opportunities for not only men of affairs properly so designated, but also for the speculative promoter and the financial manipulator, and therefore this was the heyday of the railway buccaneer.<sup>18</sup>

For the second time in sixteen years, he added, "railroad-mania" brought about a national economic depression.

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<sup>16</sup>Dewey, op. cit., pp. 18-20.

<sup>17</sup>Allen, F. L., The Lords of Creation, Harper & Bros., N. Y., 1935, pp. 4-5.

<sup>18</sup>McPherson, op. cit., pp. 40-41.



"Excessive construction and speculation again helped bring about a panic, that of 1873."<sup>19</sup>

And so the American public, in less than two decades, could blame irresponsible railroad promoters for two depressions. The stigma was more likely to cling to the railroads than to the promoters. Thus the entire railroad industry would be guilty in the eyes of the public.

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<sup>19</sup>Ibid., p. 41.

CHAPTER II  
ADVOCACY OF LEGISLATION TO CONTROL AND  
REVEAL BUSINESS METHODS

America's rapid change from an agrarian society to an industrial one had many ramifications. One of the first was the development of an over supply of goods--or rather there was an under supply of ready consumers. With fewer people manufacturing a hundred fold more goods purchasing power could not keep pace with production. This problem would, of course, be resolved by continued industrial expansion.

As over production forced prices down profits disappeared and weak businesses collapsed, strong ones suffered losses, employment fell off and business was generally unstable. Each industry attempted to correct the instability. The most frequent method used was the pool, a secret industry-wide agreement on rules for production and price setting.<sup>20</sup>

The trusts arose following the collapse of 1873. These large business organizations were able to either partially or completely control their industries.<sup>21</sup> Society, first condoning the machinations of business as proper and

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<sup>20</sup>Tarbell, I. M., A History of American Life, IX, Nationalizing of Business 1878-1898, Macmillan Co., N. Y., 1936, pp. 69-70.

<sup>21</sup>Mead, N. P., Development of the United States Since 1865, Harcourt, Brace & Co., N. Y., 1930, p. 94.

in accord with the "American Way," began to react negatively.

In the 1880's railroad competition became so intense that the passenger fare from New York to Chicago was forced down to one dollar.<sup>22</sup> Unfair railroad competition resulted in the enactment of the Interstate Commerce Act which became law on February 4, 1887. The law provided for establishing an Interstate Commerce Commission to carry out the provision of the law. It made illegal rebates, pools, higher rates for short than long hauls, and all unreasonable charges. While the commission was disappointing in its lack of real authority the law was the first important step in government regulation of business.

Allen, in the Lords of Creation, credits John D. Rockefeller's Standard Oil Company with being the principal awakening agent. He says:

when the truth about the trust leaked out--which of course it did, despite the bland statements of Rockefeller and his associates that they were not connected with any oil concern but the Standard Oil Company of Ohio--there was a great public outcry. The small business man saw with acute dread the possibility that some day he might be forced out of business by such a trust. Consumers realized that trusts might be able to force upward the prices of essential commodities and thus take toll of a helpless population. . . . but the outcry grew to such volume that in 1888 all the political parties denounced the trusts in their platforms, and in 1890 Congress passed, with only slight opposition, an act prohibiting "combination in restraint of trade"--the famous Sherman Act.

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<sup>22</sup>Allen, op. cit., p. 5.



Shortly afterward the Standard Oil Trust was forced to dissolve (or rather, to appear to dissolve).<sup>23</sup>

Standard Oil attorney Samuel C. T. Dodd was the man who devised the complicated agreements that brought forty separate oil companies together operating under a unified management.<sup>24</sup>

As spokesman for the Standard Oil Company, he made the following statement:

To stop co-operation of individuals and aggregation of capital would be to arrest the wheels of progress -to stay the march of civilization- to decree immobility of intellect and degradation of humanity. You might as well endeavor to stay the formation of the clouds, the falling of the rains, or the flowing of the streams, as to attempt by any means or in any manner to prevent organization of industry, association of persons, and the aggregation of capital to any extent that the ever-growing trade of the world may demand.

. . . .

If there is one thing that history teaches plainly it is that abuses are soonest reduced to a minimum by permitting, not by restricting, industrial liberty. Give all equal opportunities and business will regulate itself on honorable lines. I do not prophesy an era of perfection. The golden age of the future is a mirage as the golden age of the past is a myth. . . . But men whose integrity is such as to permit them to be entrusted with the management of large capital, whose intellectual grasp of principles and details is such as to command with their products the markets of the world, are those who will soonest realize that the policy which succeeds is that which accords fair treatment to all,

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<sup>23</sup>Ibid., p. 7.

<sup>24</sup>Ibid., p. 7.

be they competitors, consumers, or employees, that there is nothing so sharp or so shrewd as honor; that nothing wins like justice; that the well-being of one depends on the well being of all.<sup>25</sup>

This statement was obviously meant to influence opinion and not to inform. It was an attempt at public relations by the company through the voice of its attorney.

Averell Broughton credits the legal fraternity with the beginning of conscious American public relations as they guided early big business through this period.<sup>26</sup>

Under the fire of public opinion and both political parties big business wanted to avoid further governmental interference by legislation. Like the Interstate Commerce Act the Sherman Act lacked teeth enough to be really effective. But, again like the Interstate Commerce law, it was a step in the right direction.

Big business continued to get bigger and in 1901 America's first billion dollar corporation, the United States Steel Corporation, was formed.<sup>27</sup>

In 1904 John Moody reported in existence "over 440 large industrial, franchise and transportation trusts of an

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<sup>25</sup>Moody, J., Truth About the Trusts, Moody Publishing Co., N. Y., 1904, p. v.

<sup>26</sup>Broughton, A., Careers in Public Relations, E. P. Dutton & Co., Inc., 1943, p. 37.

<sup>27</sup>Mead, op. cit., p. 109.



important and active character, with a total floating capital of \$20,379,162,511."<sup>28</sup>

The character of some of these franchise trusts may be best understood after reference to a magazine editorial that appeared in 1902. The editorial reported that the city of Pittsburgh for the first time in its history was receiving compensation for a street railway franchise. The city had hundreds of miles of tracks, all built without a cent of payment going into municipal coffers. The election of a reform mayor caused cancellation of a free grant from the city council permitting extension of existing lines. The privilege was then sold for \$2000. This payment, the editorial said, "is a small sum in comparison with the \$2,000,000 said to have been paid two or three weeks earlier by the railway company for a franchise procured by two or three prominent politicians..."<sup>29</sup> The author of the editorial looked upon this payment as a step forward and hoped it would cause an inquiry into the situation.

Of the street railway company he said, "The record of many of these public service corporations has in it so much of bribery. . .and greed that our municipalities are in no way bound to treat them with distinguished consideration."<sup>30</sup>

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<sup>28</sup>Moody, op. cit., p. xi.

<sup>29</sup>Independent, April 3, 1902, LIV, No. 2783, p. 823.

<sup>30</sup>Ibid., p. 824.

Additional regulatory legislation was wanted by the public and was soon to be forthcoming. Breakdown of the secrecy surrounding the activities of big business was wanted by many thinking people.

Thomas L. Greene, vice president of the Audit Company of New York and author of articles on corporation finance, was credited by The Independent in 1902 as making valuable suggestions as to examinations needed of corporate finances. The article, "Publicity for Industrial Corporations," urged "frequent publication of complete and trustworthy (financial) reports by each corporation . . . by independent and competent examiners."<sup>31</sup>

Another respected advocate of publicity as a control of trusts was Henry C. Adams, professor of political economy in the University of Michigan. In an article, "What Is Publicity?", published in 1902 he said:

It is commonly acknowledged that publicity is an essential agency for the control of trusts. . . . The Industrial Commission, to whose investigation we are indebted for what little is known of trusts in this country, submitted three independent and, in some respects, conflicting sets of recommendations, but all of them acknowledged the significance of publicity. Most important treatises on this phase of the monopoly problem, such as those of Von Halle, Ely, Jenks, and Clarke, while presenting different analyses of the situation, are united in their demand for publicity. The utterances of President Roosevelt upon this point are strong and emphatic; and even Mr. Dill, the avowed advocate of industrial combination, uses the phrase. . . .

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<sup>31</sup>Ibid., June 5, 1902, LIV, No. 2792, p. 1388.

when discussing remedial measures. Indeed, from whatever point of view the trust problem is considered, publicity stands as the first step in its solution and there is reason to believe that the further the government is willing to go in its statutory definition of publicity the greater the likelihood is there that it may be excused from the necessity of exercising direct administrative control.<sup>32</sup>

His thoughts expressed in the last paragraph are significant. He believed that the threat of publicity required by legislation would cause American big business to speak out.

It should be noted that the term "publicity" as used by Greene and Adams meant complete revelation of all financial operations of business and should not be confused with business's definition of the word. Business recognized a definite threat to the privacy and freedom from public inspection under which it had been operating. To combat this threat business was soon to develop and promote its own brand of publicity. A brand that could be controlled at the source and be directed to -or away from- any particular facet of the business. This threat of publicity by legislation, combined with general dissatisfaction of the public with current business methods, was to give impetus to the rise of public relations in the guise of the press agent and then the publicity man.

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<sup>32</sup>North American Review, Dec., 1902, CLXXV, No. 553, pp. 895-904.



CHAPTER III  
EMERGENCE OF THE PUBLICITY MAN

Big business did begin to speak out but some businesses chose methods of speaking that were soon found to be as unsavory as their methods of conducting business. The first spokesmen were the attorneys. Their attempts to communicate were aimed primarily at legislative bodies and at persons seeking claims for damages.

The number of persons injured annually by the railroads was considerable. In 1898 the Railroad Gazette, in an article entitled "The Care of the Public," said rather disdainfully:

. . . .But now every American citizen thinks he has a vested interest in every foot of railroad right of way, and there are few so intelligent or judicious that they would not resent any attempt on the part of the railroad company to cause the arrest and fine of persons trespassing on the right of way. One result is the death of over 3,000 people killed every year because they are on railroad property, when they have no business to be.<sup>33</sup>

Eight years later McClure's Magazine claimed 80,000 citizens killed and injured annually by the railroads.<sup>34</sup>

The railroad attorneys, like those of other businesses, spent a considerable portion of their time in "influence

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<sup>33</sup>Railroad Gazette, June 3, 1898, XXX, No. 22, pp. 392-393.

<sup>34</sup>Baker, R. S., "Railroads on Trial," McClure's Magazine, March, 1906, XXVI, No. 5, p. 545.

buying," talking to legislators and disbursing largesse. In the case of the railroads the latter took the form of free passes.

One A. Hermany, auditor of passenger traffic for the Chicago, Rock Island & Pacific, was disenchanted with the procedures practiced by railroad lawyers. He felt they were missing the mark, that efforts should be centered on disseminating accurate information to the public and that the quasi-legal political maneuvering should be abandoned. In a letter to the editor of Railroad Age Gazette dated Aug. 12, 1908, he said:

until railroad legal departments are organized for legitimate legal purposes rather than for political wire pulling the sentiment will not change in favor of the railroads. . . (the railroad's) political activities should be directed toward enlightening the public mind and the voter instead of swaying the legislator.<sup>35</sup>

Further resentment against the railroads' attorneys was seen in another letter to the editor that appeared six months later signed "A Small Shipper." It read; in part, "these unstatesmanlike railway managers sent out a diplomatic corps composed of lawyers without practice and incapable of getting any except as pass-distributors."

"Small Shipper" also called the railroads to task for having arrogant and insulting personnel as well as unjust

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<sup>35</sup>Railroad Age Gazette, Aug. 28, 1908, XLV, No. 13, pp. 796-798.



management.<sup>36</sup>

In an attempt to keep business interests from influencing state elections Colorado, in 1909, made it a felony for any corporation to contribute money or property to a candidate. John F. Shafroth, then governor of the state said:

One of the most pronounced evils under the present system of elections has been the undue influence created by corporations financing the campaigns of political parties...Such contributions are often, in moral effect, indirect bribes.<sup>37</sup>

In attempting to influence public opinion some businesses inevitably brought down more public wrath upon their heads by methods that at best were termed unethical. Businesses used private detectives, articles and pamphlets with either misleading accreditation or none at all. They tempted editors by dangling large advertising budgets and free passes in front of them. They bought, sometimes at fantastic rates, space in the newspapers' editorial and news columns and, when a publisher would not sell space, they bought the entire newspaper.<sup>38</sup>

In February, 1906, McClure's Magazine accused "great corporations" in general and the Mutual Life Insurance Co. and the Standard Oil Co. in particular of maintaining "secret

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<sup>36</sup>Ibid., Feb. 26, 1909, XLVI, No. 9, p. 396.

<sup>37</sup>Independent, July 8, 1909, LXVI, No. 3162, pp. 83-84.

<sup>38</sup>Baker, op. cit., p. 548.

departments for manufacturing public opinions." The accusation was well documented and even gave the going rates for the editorial space sold under the table by the newspapers.

The article, entitled "Manufacturing Public Opinion," revealed:

In the employ of the Mutual for the past eighteen years has been a certain Mr. Charles J. Smith. His business has been that of managing a species of literary bureau. . . . last September, when the investigation began, he turned all his strength to preparing articles calculated to counteract the reports of the investigations sent out through the regular news channels. He did not send these . . . from Mutual. He turned them over to an institution hand led by a Mr. Allan Forman, called the Telegraphic News Bureau. The Mutual paid Mr. Forman \$1 a line for every issue of Mr. Smith's articles which he secured in a reputable newspaper. For one item supplied to about 100 different papers in October, the Mutual Life paid between \$5,000 and \$6,000. On October 25th they had paid out for six articles which Mr. Forman had handled in that month something like \$11,000, and many of the bills had not yet come in. . . . What the newspapers received for publishing did not appear. Mr. Smith said that some of the newspapers charged \$5, some \$1.50, and some \$2 a line. Now, this large sum was paid because the matter was published as regular telegraphic news or reading articles, that is because the newspapers gave no indication that they were really publishing advertising matter for which they were receiving pay. Mr. Smith mentioned several reputable papers in which his articles had appeared as reading matter.<sup>39</sup>

McClure's accused the Standard Oil Co. of buying editorial space, using pamphlets and books of anonymous or misleading sources, and of having its own subsidized press. The article also chastised the railroads which, at the time

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<sup>39</sup>McClure's Magazine, Feb., 1906, XXVI, No. 4, pp. 450-452.

were developing an industry-wide campaign.<sup>40</sup>

Earlier, in 1898, Ohio Attorney General Frank S. Monnett conducted an examination in which it was determined that the Jennings Advertising Agency was paid by Standard Oil to get articles printed in newspapers as either news or editorials.

Jennings' agency contract read in part:

The publisher agrees to reprint on news or editorial pages of said newspaper such notices, set in the body type of said paper and bearing no mark to indicate advertising, as are furnished from time to time by said Jennings Agency at the rate of \_\_\_ per line, and to furnish such agency extra copies of paper containing such notes at four cents per copy.<sup>41</sup>

Another maneuver by Standard which had unexpected repercussions was the publication and distribution of a book, The Rise and Progress of the Standard Oil Company. Distributed with the "compliments of Harper & Bros." the book provoked numerous complaints from those who knew or suspected its true origin.<sup>42</sup>

Ray Stannard Baker in the March, 1906, issue of McClure's credited the railroads with undertaking "what is undoubtedly the most sweeping campaign for reaching and

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<sup>40</sup>Ibid., pp. 450-451.

<sup>41</sup>Ibid., p. 451.

<sup>42</sup>Ibid., pp. 451-452.



changing public thought ever undertaken in this country."<sup>43</sup>

Frightened by the threatened passage of the Esch-Townsend bill the presidents of the Southern, Erie, and Delaware & Hudson Railways formed a committee to inform the public and to try to change the public attitude.<sup>44</sup> The committee hired a firm of publicity agents with headquarters in Boston. Baker said in the article:

Does it get results? Indeed it does. One of the members of the firm told me with pride of the record in Nebraska. In the week ended June 5th, last, the newspapers of the state published exactly 212 columns of matter unfavorable to the railroads, and only two columns favorable. Eleven weeks later, after a careful campaign, a week's record showed that the papers of Nebraska had published 202 columns favorable to the railroads and four unfavorable.<sup>45</sup>

Another writer in 1906 blamed big business because of its silence heretofore. An article, "An Awakening in Wall Street," by Sherman Morse, general manager of the Associated Press, in The American Magazine related the following facts:

The time is easily recalled when men at the head of great combinations of capital were indifferent to blame. Because of the ineffectual criticisms aimed at them, their indifference was perhaps natural. But that was before the day of specific information, well

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<sup>43</sup>Baker, op. cit., p. 535.

<sup>44</sup>Ibid., p. 536.

<sup>45</sup>Ibid., pp. 537-538.

circulated. In place of abuse and inaccuracies the public began to get facts. Instances of violations of law were presented, and explanations were generally demanded.

Masters of finance whose ears were close to the ground began to realize that a new force had to be reckoned with. Still they remained silent. They were not yet driven into the open. Such men as H. Rogers remained unknown, even by sight, to most newspapermen. Evidence piled higher and higher, and for years remained unchallenged save by general denials sent out at rare intervals. Even when editors of careful newspapers . . . offered to publish explanations or denials from men under fire, advantage of the opportunity was seldom taken.

It was inevitable that the corporation would take measures to stop the growth of public indignation to which their policy of silence had in considerable measure contributed, but the means they first took were disastrous. Newspaper men were induced here and there to color their "stories" and to influence other reporters to be friendly to powerful financial interests, but most reporters and editors treated with contempt these chances at petty graft. It was the day of the "anonymous statement. . . official source," etc.

. . .but it was becoming more and more evident to "big men" that this system of trying to direct public sentiment was a shameful failure.

. . . .This attempt to gain unrighteous publicity defeated its own purpose.<sup>46</sup>

Morse cited the coal industry strike of 1902 when the miners received the sympathy of the public. The reason, according to Morse, was that labor leader John Mitchell talked to the press and the coal industry did not.<sup>47</sup> He noted the complete reversal of the industry's tactics when

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<sup>46</sup>Morse, S., "An Awakening in Wall Street," American Magazine, Sept., 1906, LXII, No. 5, pp. 457-458.

<sup>47</sup>Ibid., p. 458.



another coal strike was threatened in the spring of 1906.

He said:

How different things were last spring when another great strike was impending. The sphinx became talkative. News of importance was easily obtainable from operators as well as from miners. Ivy L. Lee, formerly a reporter on the New York Times, was openly employed as spokesman for the Trust. For weeks he carried on a campaign of education on behalf of the operators.

. . . .It would be interesting to know the real weight of the pressure that moved Mr. Baer and his associates to depart from their long established policy of silence. The first indication that there was to be a change came in an "authorized statement" to the city editors of newspapers throughout the country by the Coal Operators Committee of Seven, consisting of George F. Baer, W. H. Truesdale, J. B. Kerr, David Willcox, Morris Williams, E. B. Thomas and J. L. Cake.<sup>48</sup>

It is interesting to note Baer's new desire for publicity. He was the man who earned the nick name "Divine Right" from a foot-in-mouth statement attributed to him during the 1902 strike.

He was credited with sending the following to a critic:

The rights and interests of the laboring man will be protected and cared for - not by the labor agitators, but by the Christian men to whom God in his infinite wisdom has given the control of the property interests of this country.<sup>49</sup>

Baer's change of attitude from his feudal position

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<sup>48</sup>Ibid., pp. 458-459.

<sup>49</sup>Allen, op. cit., p. 91.

in 1902 to that taken in 1906 is interesting. Even more interesting is the fact that by 1912 he was trying to explain that it was all a misunderstanding.

The Nation magazine reported:

the explanation he (Mr. Baer) now presents of the alleged declaration at the time of the coal strike of 1902 that in his guardianship of the coal trade he was the representative of the Divine Providence. For the explanation itself is simple to the last degree. He was replying, he says, to a minister who wished him to let Divine Providence settle the labor trouble, and was simply passing back to the well-intentioned clergyman the language he himself had used.<sup>50</sup>

Author Morse commended several other industries for beginning to use publicity and cites the failure of semi-secret maneuverings as reason for openly organizing publicity bureaus or departments. He related that in the winter of 1905-1906 the interests controlling all of the gas and electrical lighting in New York used underhand methods of influencing public opinion.

Morse wrote:

the gas interests, while under investigation, employed a semi-secret agent who was paid for a few week's work as much as a first-class reporter would earn in a year, on the theory that he could influence the reports of the hearing and obtain the publication of "statements" from day to day in contradiction of the evidence wrung from unwilling witnesses. . . . Few of these "statements", however, were published, and the employment of (Robert E.) Livingstone to act as the acknowledged publicity

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<sup>50</sup>Nation, Oct. 3, 1912, XCV, No. 2466, p. 298.

agent of the lighting companies was a direct result of the utter failure of the dark lantern method of procedure.<sup>51</sup>

Morse cited several other companies which hired men to do publicity for them. In all cases they were experienced newspaper men. Livingstone had been a staff member of the New York Herald for 20 years. Morse went on:

J. I. C. Clarke, for forty years one of the most prominent newspaper men in New York, is the man retained by Standard. . . .

H. I. Smith is another reporter who was recently a publicity agent. He was employed on a Cincinnati newspaper, then the Washington bureau of the New York World. There he gained the esteem of Paul Morton to such an extent that when Morton became president of the Equitable Life Assurance Society Smith accompanied him to New York.<sup>52</sup>

For all of Morse's seeming enthusiasm he still held some reservations, maintaining a wait-and-see attitude. He wondered rather naively if the new trend would result "in disclosing all the facts in which the public has a right to be concerned, or whether it results merely in obtaining for the corporations greater publicity for such facts as are directly favorable to them."<sup>53</sup>

It was noted earlier that there had been public

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<sup>51</sup>Morse, op. cit., p. 463.

<sup>52</sup>Ibid.

<sup>53</sup>Ibid.



agitation for legislation to force business to open their books to public inspections. This threat, combined with other impending reform legislation, was a primary factor in the development of big business publicity departments. The success of the publicity movement may be judged in part from the fact that legislation for public inspection of financial structures and activities was never passed and the clamor died down.

A somewhat cynical and definitely critical editorial in The Nation magazine, July 4, 1912, emphasized the fallacy of expecting business to "tell all." It said, in part:

The theory was sound and there were enlightened corporations which hastened to adept the practice of justification by words. But unfortunately the corporations, as a rule, have adopted a very superficial interpretation of publicity. They have used the advertising columns for pleasant little chats with their customers. They have assured the public that the corporations are really the public's corporations, and they have tried to show in many ways the companies have been trying to minister to the general welfare and comfort. We have amiable, insinuating little confidences which are really no confidences at all. The public's memory is not always short. In New York, for instance, people remember very well how every improvement on the city railways has been fought by the managers on the ground that the financial condition would not permit it. But no attempt was made to throw open the corporation books in order to prove the point.

. . . .We have these improvements now, and the Interborough is not threatened with insolvency. What could publicity have done for the Interborough when the public was demanding the improvements? Real publicity would have shown that the company could afford to make the changes and that it refused to do so only in a spirit of greed.

One other point must not be overlooked. When we speak of public hostility to the corporations, it should be remembered that it is against the great nation-wide aggregates of capital that this hostility is chiefly directed. When we speak of the evil influence of the corporations on our civic and economic life we think of the Standard Oil, the Tobacco Trust, and the railways. It is absurd to speak of real publicity in this connection. It is delightful to imagine the Sugar Trust taking the public into its confidence and whispering into its ear all the interesting secrets that the public has recently found out by the roundabout way of the Federal Courts. It is pleasing to think of publicity and the Standard Oil, that garrulous concern, whose officials on the witness stand, during the last forty years, have had a positive mania for blurting out their innermost thoughts. One can imagine how delighted the Tobacco Trust would be to lay before the public the innocent little methods by which it has made its way in the world. And when we come to the Railways, with their interesting little tangles of directors who are also express company directors and rail-mill directors and road-supply directors - why, it is quite plain that any railway would be perfectly happy to expose its inside workings to the public.<sup>54</sup>

The unerring finger of this editorial writer moved on to point to the crux of the public - business - publicity problem. The point was that if business conducted itself properly, gave good service, was consistent in its operations and policies, and acceded to reasonable public demands the situation would not have existed in the first place. The writer said:

When the Review of Reviews speaks of corporation publicity, it does not mean publicity at all, but corporation courtesy. And, as a matter of fact, courtesy, in a broad sense, is what the public demands of its local service corporations. There will be crises, of course, when the public will insist on real publicity, as when

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<sup>54</sup>"Corporations and Publicity," (an editorial), Nation, July 4, 1912, XCV. No. 2453. pp. 5-6.



the battle for the three-cent fare was raging in Cleveland. At that time it was a specific question of earnings, expenditure, and profit, and the statistics were fought out in the newspapers. But what the public wants year in and year out is not publicity, but decent service. When a corporation shows itself willing to meet a reasonable public demand halfway; when it stops making foolish protestations of its inability to do things which a half-year later it does very easily and profits by; when, in other words, it tries to serve as well as to make dividends, there will be no need for confidential little talks with the public.<sup>55</sup>

The business press agent came into being as a result of pressure of public opinion upon business to reveal their financial secrets. The unscrupulous action of many press agents was explained by the publicity man - usually an experienced newspaperman known in his field.

In 1928, the Federal Trade Commission conducted an investigation of public utilities. Attention was focused on the utilities publicity man and this investigation became the first public inquiry into that profession.

The Century Magazine of December, 1928, commented upon the investigation, upon the origins of the public relation counsel, and seemed shocked to observe that Columbia University was offering a new course in the "Organization of Public Opinion." It remarked:

Course description: the presentation of organized social movements, the promotion of public understanding of social organizations and aims, the technique of public addresses, the preparation of news and feature articles

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<sup>55</sup>Ibid.



and materials for editorial comments, methods of organizing special campaigns of public education and the effect of organized publicity on public opinion.<sup>56</sup>

Kent Cooper, author of the Century article, credited the press agent with being a product of early twentieth century corporate businesses, brought into being by public demand. He reported that twenty-five years previously (1903) the public rebelled against the arrogance of public utilities. Corporations were frightening away potential investors by their attitudes and the "Hate Wall Street" philosophy was growing. The insurance investigations helped put business on the defensive and the press agent came into being.

Cooper believed also that the press agents' bag of tricks, fake releases, etc., irritated the press and in order to rehabilitate him he became a publicity or public relations counsel.<sup>57</sup>

Of publicity men he wrote:

Through the acts of his unprivileged brothers, the press is cautious in treating with him. His profession puts him on the suspected list in the office of any newspaper. The honest ones who represent honest institutions know this and do not resent it. The dishonest merely discredit their principals and impede their plans.<sup>58</sup>

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<sup>56</sup>Cooper, K., "The Press Agent and the Associated Press," Century Magazine, Dec., 1928, CXVII, No. 2, p. 178.

<sup>57</sup>Ibid., pp. 179-182.

<sup>58</sup>Ibid., p. 183.

It would be much too easy to say all press agents were unethical drum beaters and that all publicity men were paragons of truth.

The nature of the press agent's activities - to get editorial space for his client - provided a good climate where tricks like the fake release and publicity stunt could take root and grow. The press agent picked up a reputation as a maverick newspaper man whose life was considerably brightened whenever he could "put one over" on a city editor.

The serious publicity men of the early 1900's believed they were more than just space grabbers. Robert E. Livingstone, in charge of the publicity bureau of the Consolidated Gas Co., was one of these. He believed that his job was to educate the public and newspaper editors, to give them information about his company.

In a talk made in 1906 he declared, "The man in charge of a publicity bureau must not be confused with the theatrical press agent." In regard to the integrity of the publicity man he said, "All the information he would have disseminated must be wholly the truth."<sup>59</sup>

John F. Tremaine, assistant general manager of the Publishers' Press Association, credited the publicity man with educating the public.<sup>60</sup>

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<sup>59</sup>Livingstone, R. B., (report of a talk), Progressive Age, Dec. 1, 1906, XXIV, No. 23, p. 733.

<sup>60</sup>Tremaine, J. F., (report of a talk), Progressive Age, Dec. 15, 1906, XXIV, No. 24, pp. 770-771.

The overlapping of the press agent and the publicity man is recognized by Eric Goldman in his book, Two-Way Street. Goldman believes the press agent to be centuries old and a believer in the principle the "public be fooled." He said that the early 1900's produced publicity men who changed that to the "public be informed." These were followed, in the 1920's, by public relations counsel and their credo of the "public be understood."<sup>61</sup>

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<sup>61</sup>Goldman, E. F., Two-Way Street, Bellman Publishing Co., Inc., Boston, 1948, p. 1.



## CHAPTER IV

## EMERGENCE OF SERVICE TO THE PUBLIC

As noted in the preceding chapter the press agent was taken to task for his unethical approach to getting his copy published, i.e., subterfuge, fakery, and buying of editorial space.

In fairness to the press agent it should be noted that some of the criticism that befell him was based perhaps as much on economical bias as ethical grounds. In 1926 Printers' Ink magazine carried two articles condemning the "space grabbers." One story gleefully reported "Press Agency Banished by National Laundry Association."<sup>62</sup>

The article declared that the association had "discarded the conventional method of attempting to secure publicity for nothing." It stated that the association had succumbed to the dislike and resentment of publishers for press agents. Another contributing factor, according to the article, was the press agent's failure to live up to the spirit of his contract. The contract was based on so many millions of circulation. The association, reportedly, interpreted this to mean nationwide publicity; but the press agent fulfilled the contract by brief insertions in several large metropolitan dailies. Another reason given was simply

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<sup>62</sup>"Press Agency Banished by National Laundry Association," Printers' Ink, April 8, 1926, CXXXV, No. 2, p. 116.

"the proposition did not pay."

It is suspected that the real objection to the press agent by Printers' Ink was revealed in a subsequent article entitled "Business End of Newspapers Raps Press Agents." The article quoted the annual report of the Bureau of Advertising of the American Newspaper Publishers Association. It said, in part:

Committees having in charge associational campaigns are constantly urged to spend the bulk of their appropriations in mediums that compete with newspapers and to use what is left to pay the salary and expenses of a publicity agent. . . . Cases may be cited where press agents have been willing to "guarantee" a certain amount of free newspaper space in exchange for a stipulated fee.<sup>63</sup>

The article charged that publicity agents collected advertising funds which were spent on magazine advertising and newspaper space was obtained through press releases. The article stated rather vehemently:

The evils of free publicity are too obvious to require emphasis. The remedy is in the hands of the publishers of newspapers who can stop this flood of destructive material. . . .<sup>64</sup>

The primary objection of the newspaper business end seemed to be that the press agents had a larger budget for

<sup>63</sup>"Business End of Newspapers Raps Press Agents," Printers' Ink, April 22, 1926, No. 9, p. 85.

<sup>64</sup>Ibid., p. 86.

magazine advertising than for newspaper advertising. It is interesting to reflect on the possible attitude of the business department people if a larger portion of advertising had been given to newspapers.

It has been observed that The Nation magazine pointed out rather cynically that the idea of any business telling the public all of its secrets was ridiculous, and that when corporation "publicity" was demanded what was really wanted was corporation courtesy.<sup>65</sup>

This thought was the other face of the public relations coin. This accurate insight into public wants was the basis for putting a company's actions and policies under the scrutiny of the public relations expert to insure the actions were compatible with public opinion rather than just publicizing the actions.

This theory of better service and courteous relations with the public developed simultaneously with the theory of publicity as weapons to combat public criticism. It is noted that by the nature of their activities public utilities and transportation industries had more actual contact with the public than did other businesses. It is noted also that the idea of courtesy and service to the public did not evolve any more spontaneously than did the idea of publicity for

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<sup>65</sup>"Corporations and Publicity," Nation, July 4, 1912, op. cit.



business. Rather it was fostered by public opinion and was an attempt, as was publicity, to change the growing hostile attitude of the public and ensuing threats of legislation.

The philosophy of "the public be damned" of the 1880's was reflected in both the policies of big business and its lack of concern for the inconvenience and hardships the policies caused.

William H. Vanderbilt, when interviewed in 1882, showed complete indifference to the public. He was asked if a train were run for "accommodation to the public." His reply, ". . .nonsense." When queried further on the possibility of construction of a much needed Chicago station he replied that he would not build a station that could be used by competitors.

When mention was made of a labor dispute Vanderbilt dismissed it with the statement that "a weeding out of the unsteady fellows" was needed. Vanderbilt was credited with having made "the public be damned" remark in 1883.

The story of the interview was reported in the Railroad Gazette and Vanderbilt's statements were described as "extremely unwise, to say the least of it."<sup>66</sup>

A letter to the editor of the Railroad Gazette in 1898 lashed out at railroad passenger agents for indifference

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<sup>66</sup>"What Mr. Vanderbilt Says," Railroad Gazette, Oct. 13, 1882, XIV, p. 627.

to the traveling public and their failure to provide correct timetables, routes, and other appropriate information.<sup>67</sup>

In a 1907 address by C. A. Swope, the eastern freight agent of the Louisville and Nashville Railroad, he cited service and publicity as methods of cultivating public opinion. He also discussed new amendments to the Interstate Commerce law, calling them "drastic and to some extent revolutionary," and declaring they must be changed.

Even though Swope advocated telling the public why certain actions were taken by the railroad, he did so seemingly in a resigned manner. He said:

The Railroads must take the public more closely into their confidence. There must be a bending backward of every official and every employee to satisfy as nearly as possible an exacting patronage. . . .As public opinion has been outraged by the methods of high finance, care must be taken that the reasons for new capital should be given not only to the stockholders but to the public. . . .If this is an invasion of private rights, or tending to thwart the best results, it must nevertheless, be done, or else there will be the same public distrust in the necessity and suspicion of private benefit at the expense of the public welfare.<sup>68</sup>

Swope's last sentence would indicate he had reservations as to the business efficiency of confiding in the public but would have to do so. This is further evidence

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<sup>67</sup>Ibid., July 15, 1898, XXX, No. 27, p. 505.

<sup>68</sup>Swope, C. A., "Cultivating Public Opinion," Railroad Gazette, Aug. 16, 1907, XLIII, No. 7, p. 184.

that early efforts to improve public relations were caused by the pressure of public opinion on business and its inherent threat of legislation.

In 1907 the Burlington Railroad actively solicited comments and suggestions from its passengers in an attempt to improve its service. The railroad installed suggestion boxes in the observation cars of two trains running between Chicago and St. Paul. Apparently only criticism was expected as the Railroad Gazette headlined the story "Put Knocks in the Box."<sup>69</sup>

Specific instructions regarding treatment of the public were issued to employees of the Lake Shore & Michigan Southern Railroad in 1907. The instructions were published in an internal circular over the name of E. A. Handy, general manager.

The circular read: "The following outlines in a general way the relations which the management desires to see established between its employees and the public." It stressed "uniform courtesy" and "kindly accommodation of patrons."<sup>70</sup>

Two years later an editorial in the Railroad Age Gazette called for a "railroad diplomatic corps" and suggested that railroads appoint a vice president in charge

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<sup>69</sup>"Put Knocks in the Box," Railroad Gazette, July 5, 1907, XLIII, No. 1, p. 23.

<sup>70</sup>Railroad Gazette, Sept. 13, 1907, XLIII, No. 11, p. 305.



of public relations. He would devote his full time to public relations including a study of local conditions in towns serviced by the line. The writer believed he would "earn his pay." The author believed also that an overall attempt at public relations had never been made.

He said, "We are inclined to think that the supposed difficulty of getting public relations on a really friendly and constructive basis is very much exaggerated. We believe that the experiment has never really been tried in a broad and efficient manner."<sup>71</sup>

In the same issue W. J. Harahan, assistant manager of the Illinois Central Railroad, stated that all employees of a railroad should be its deplomats.<sup>72</sup>

The North American Review reported in 1913 that "very nearly all of the principal railway companies entered into a movement somewhat over two years ago that is not likely to meet with condemnation." It credited the Mann-Elkins Bill of 1910 with bringing about consideration of a definite program by the railroad to improve public relations.

A committee of six railway presidents was formed and they engaged in analysis and introspection. They agreed that railroads were known by their reputation with the public

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<sup>71</sup>"Wanted, A Diplomatic Corps," Railroad Age Gazette, Jan. 29, 1909, XLVI, No. 5, p. 196.

<sup>72</sup>Harahan, W. J., (letter to the editor), Railroad Age Gazette, Jan. 29, 1909, XLVI, No. 5, p. 201.

and outlined a program to improve the reputations of all railroads. The program called for the railroads to be "good neighbors." It recommended that the local agent "take an interest in the affairs of the town" and "that all employees be courteous."

One of the committee members, when a vice president, had assigned to a responsible officer the duty of visiting any community where there was a complaint, of investigating it, and applying a remedy or explaining why a remedy could not be applied. <sup>73</sup>

This procedure was also recommended by the committee. It recommended further that officers of the companies, from the president down, mingle with the public at every opportunity, accept public speaking invitations, and cultivate newspaper editors.

The committee established the Bureau of Railway Economics and "selected Washington as its headquarters because of the accessibility to the official reports and statistics of the ICC and other departments and bureaus of the Federal Government."<sup>74</sup> The proximity of the legislative branch of the federal government very likely affected the choice of a location of the bureau's headquarters.

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<sup>73</sup>McPherson, op. cit., p. 42.

<sup>74</sup>Ibid., pp. 43-44.

It was decided that the work of the bureau was to "be performed in the spirit of the economist, that its researchers be impartial, its compilations strictly accurate, and all of its presentations without bias."<sup>75</sup> The article stated that the committee's recommendations stimulated railways to cultivate better relations in a greater degree with both their customers and the general public.

Some western railways initiated get-acquainted trains to take officers on community visits. Railways answered critical attacks in publications. The bureau began sending its more important bulletins to editors for their use, including publication. The railways made factory site surveys and explained better crop production to farmers.<sup>76</sup>

Founding the committee and the bureau were important steps forward for the railroads. It is regrettable that acceptance of the recommendation was not universal. The article concluded:

The programme. . .has not been carried out with equal vigor by all the Railways. . . .The inertia that tends to pervade large organizations has militated against energetic action on the part of other railways, and it must be admitted that there are still a few railway presidents of the old school who will have nothing to do with such innovations.<sup>76</sup>

J. Hampton Baumgartner, publicity representative of

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<sup>75</sup>Ibid.

<sup>76</sup>Ibid., pp. 45-46.

<sup>77</sup>Ibid., p. 49.



the Baltimore & Ohio Railroad recognized the change of attitude to that of the "public be served." In a speech before the Virginia Press Association on June 26, 1913, he conceded that the change was a result of agitation that swept the country "some years ago." A second result of that agitation, he added, was the establishment of departments of public relations "by some of the roads, as well as by many of the industrial and manufacturing concerns and public service corporations." Baumgartner said also that the ethical standard of business had been raised and that publicity departments did not exist to gain cheap publicity but to act as the "mouthpiece of the management."<sup>78</sup>

One of the most vociferous and best remembered public relations men, Ivy Lee, was an early exponent of service to the public. A leader in the field of public relations, Lee is considered by many persons to be a founding father of the profession.

It will be remembered that it was Ivy Lee who was brought in to the 1906 coal mine strike to present the operators' arguments to the public.

Lee was a realist about public relations. He felt that the primary purpose of publicity was to influence the public to believe in "the sincerity and honesty of purpose of the

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<sup>78</sup>Baumgartner, J. H., "Railway Publicity Departments," Railway Age Gazette, July 18, 1913, LV, No. 3, p. 90.

company which is asking for their confidence."

Lee put forth this thesis in an address before the annual convention of the American Electric Railway Association on October 10, 1916.<sup>79</sup>

Lee believed that business, any business, to be successful, must win the confidence of the public. In his speech at the convention he said, "If the men who are in charge of a particular company enjoy the complete confidence of the people of that community, fifty per cent of that company's troubles are over."<sup>80</sup>

In his address Lee also expounded the idea of service to the public.

He realized that a business must provide good service to its customers as a part of proper public relations. In his own words:

Publicity in its ultimate sense means the actual relationship of a company to the public, and that relationship involves far more than saying--it involves doing. An elementary requisite of any sound publicity must be, therefore, the giving of the best possible service.<sup>81</sup>

Lee took his listeners to task for using cost as an excuse for not providing good, courteous service. This is

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<sup>79</sup>Lee, I., *Publicity*, Industries Publishing Co., N. Y., 1925, p. 47.

<sup>80</sup>Ibid., p. 48.

<sup>81</sup>Ibid.

the same subject that was attacked by the article in The Nation in 1912.<sup>82</sup> Albeit Lee did it more gently but no less emphatically. He said:

You may say that the people ask better service than you give with the money at your disposal, and that you can give perfect service if you have the money.

But, gentlemen, good service consists in many things which do not involve money. It does not cost more money to induce your employees to be courteous to the people who ride on the cars. Nothing could be more helpful to the street railways and steam railways of the United States than an active campaign on behalf of "courtesy first"---courtesy on the part of employees toward the public.<sup>83</sup>

This speech of Lee's reflects his concern for adequate and judicious use of both publicity and courteous service to win public approval.

Lee's realism and grasp of the actual aim of public relations are completely revealed in one sentence of the speech. He said, "If you go direct to the people and get the people to agree with you, you can be sure that ultimately legislatures, commissions, and everybody else must give way in your favor."<sup>84</sup>

Thus, through all the talk of winning public confidence, of convincing the public of a business's honesty and sincerity, the true underlying purpose shines through like a

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<sup>82</sup>"Corporations and Publicity," op. cit.

<sup>83</sup>Lee, op. cit., pp. 48-49.

<sup>84</sup>Ibid., p. 60.



lantern on a dark night. The reason a business should influence the public is so that it may eventually influence, or perhaps anesthetize, regulatory, law making, and presumably law enforcing, agencies.

## CHAPTER V

## OTHER OPINIONS ON THE BEGINNINGS OF PUBLIC RELATIONS

Some chroniclers of public relations and writers about the profession tend to gloss over its early period. Bronson Batchelor in his book Profitable Public Relations seemingly would have us believe that early practitioners were so adroit that they persuaded business to embark on a publicity-public relations course as an experiment in social welfare.

Of Ivy Lee, he said he "persuaded the Pennsylvania Railroad that the public is entitled to accurate and authoritative information."<sup>85</sup>

Batchelor didn't mention Lee's philosophy that to influence public opinion is to eventually influence the legislature. This philosophy of Lee's is certainly acceptable and most enlightening. Possibly it should have been mentioned by Batchelor.

He also credited public relation pioneers and business men with sharing a "vision." This would seem to be rather an idealized view. Batchelor said:

Its pioneers were less than a dozen men, mostly young and just out of college, who began at different places, more or less simultaneously, the experiment of attempting to build closer relationships between business and the public. But this new undertaking could never have succeeded except that the same vision was shared

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<sup>85</sup>Batchelor, B., Profitable Public Relations, Harper & Bros., N. Y., 1938, pp. 31-32.

by the business leaders with whom they worked.<sup>86</sup>

Batchelor lauded several other "trail-blazers," as he calls them, for establishing public relations programs for various businesses. These included the Pullman Co. and Meat Packers Institute. He made no mention of the strife and scandal previously experienced by these businesses that made it necessary for them to take active steps to gain public approval.

Charles S. Steinberg, whose book The Mass Communicator, was published in 1958, called public relations a byproduct of twentieth century business and industrial growth and a direct result of the development of mass media. He listed five major factors that contributed to the emergence of public relations:

The first was the increasingly complex structure of industry and its growing remoteness from direct contact with the people. The second was the development of a vast and intricate network of mass communication media. The third was the rise of large business interests and the vitriolic criticism of the muckracker and reformer. The fourth was the rise of increasingly keen competition which forced a regard for the public opinion and a need for public support. And the fifth, a result of the development of literacy and education, was the demand for more facts and more information on the part of the public.<sup>87</sup>

In his history Steinberg ignored the general dissatisfaction of the public with big business and the movement toward

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<sup>86</sup>Ibid.

<sup>87</sup>Steinberg, C. S., The Mass Communicators, Harper & Bros., N. Y., 1958, pp. 15-18.



control of legislation. Granted, he does speak of "criticism of the muckrackers and reformers" but the sentiments of the public exceed mere criticism. It brought action in the form of regulatory legislation and threatened more.

Another public relations professional, Rex F. Harlow, former associate professor of Public Relations, Stanford University, and former president of the American Council on Public Relations, also glossed over the circumstances surrounding the beginnings of public relations. In his book, Public Relations in War and Peace, he claimed that the public's lack of confidence in business in the 1900's was the result of the treatment business was receiving at the hands of the daily press.<sup>88</sup>

Harlow, perhaps, did not realize that all the criticism aimed at business after the turn of the century was not in the daily press. Earlier in this study it was seen that certain practices of business were decried in industrial publications by persons associated with the industry.

A better conception of the situation was achieved by Theodore R. Sills and Phillip Lesley. Their book, Public Relations, Principles and Procedures, explains it as follows:

Monopoly and public utilities were the sore spots that first gave rise, late in the last century, to public distrust of business. At that time the fear was of con-

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<sup>88</sup>Harlow, R. F., Public Relations in War and Peace, Harper & Bros., N. Y., 1942, pp. x-xi.

scienceless power that came with control of an essential activity. The octopus nature of Rockefeller's Standard Oil threatened to put the petroleum users of the nation at the mercy of a few men who had demonstrated nothing but ruthlessness and avarice in their public attitude. The Goulds and the Vanderbilts were bidding to make the country pay tribute to use the railroads. In metals and other fields, the threat of autocracy alarmed the country.<sup>89</sup>

Averell Broughton, another professional public relations man, in writing of this period referred to the "trust-busting antics of Theodore Roosevelt" as the force that made business explain itself through publicity.<sup>90</sup>

It has been shown that there was considerably more pressure on business than could be termed merely "trust-busting antics."

Broughton declared also that it was the failure of the business men to adequately express themselves at the bar of public opinion that resulted in bringing in a spokesman for that purpose. He stated that these first spokesmen were attorneys.

Perhaps a bit of bias crept into Broughton's writing. He referred to the business man who stood before the bar of public judgement as "practical but naive." To consider Rockefeller, Gould, and their ilk practical, yes, but naive never.<sup>91</sup>

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<sup>89</sup>Sills, T. R., and Lesley, P., Public Relations, Principles and Procedures, Richard D. Irwin, Inc., 1946, p. 223.

<sup>90</sup>Broughton, op. cit., p. 37.

<sup>91</sup>Ibid.

The depression years of the 1930's and Franklin Roosevelt's New Deal are credited with starting a movement "to sell business to the public."<sup>92</sup>

The authors of Business Finds Its Voice made much of this period in the development of public relations and of the steps taken by business to try to change the opinion the public had of it.

It is noted that the biggest factor in removing the onus from business was the nation's economic recovery. This writer contends that business found its voice in the early 1900's; by 1930 it was just clearing its throat.

From the evidence developed forthwith it is a logical conclusion that the use of publicity by business was the result of legislation either enacted or threatened. Agitations for a law requiring business to open their books to public scrutiny caused business to adopt its own publicity program to still the agitators.

The primary reason business embraced the publicity man was to attempt to influence public opinion. And, in the words of Ivy Lee, "If the people . . . agree with you, you can be sure that ultimately legislatures, commissions, and everybody else must give way in your favor."<sup>93</sup>

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<sup>92</sup>Walker, S. H., & Sklar, P., Business Finds Its Voice, Harper & Bros., N. Y., 1938, p. 1.

<sup>93</sup>Lee, op. cit.



CHAPTER VI  
SUMMARY AND CONCLUSIONS

Between 1850 and 1900 the United States changed from an agrarian nation to an industrial one. By 1900 the population was increased by 26,000,000 people, more than the entire number in 1850. These people were moving West, pushing back the frontier.

A new, materialistic spirit pervaded the atmosphere. The man who was financially successful was widely respected, almost revered. How he gained his success was not often questioned. Businessmen were guided by their own moral values and the mores of the times. The government had no regulatory power nor did it seek such power. It was the day of laissez-faire.

As the country developed business expanded and, in some cases, overexpanded. These overexpansions caused several economic depressions.

Competition became keen, then tough, then unscrupulous. Business formed pools, trusts, and monopolies in an attempt to remove or minimize competitors.

The actions of business, earlier condoned by society as part of the "American Way" began to stimulate a negative reaction in the public. Small business men saw the birth and growth of the uncontrolled industrial giants as a threat to their own existence. Economists realized that the monopolies

would be able to control the prices of all commodities - artificially suspending the law of supply and demand.

Business now came under fire from vocal segments of the aroused population. Reformers led the way and politicians soon joined in. It must be remembered, however, that these groups were not the only critics of business. Persons within offending industries were likewise critical of business policies and actions.

These criticisms took definite form in 1887 when the first regulatory legislation was passed by Congress - the Interstate Commerce Act. While it was not a stringent law in view of modern regulation of business it was an important milestone in legislation.

Next the public wanted the truth. It wanted to know what the secretive big businesses were actually doing. Agitation was begun to legally force business to open their books and ledgers to public scrutiny, to let the public see exactly what was going on. Those who supported this plan used the term "publicity" to mean unlimited public knowledge.

Business, which heretofore had maintained disdainful silence, began to speak to the public. Its first spokesmen were its legal representatives.

Seeking a wider audience business resorted to obtaining mention in newspapers and periodicals through the efforts of

press agents. Many press agents resorted to underhanded tricks and subterfuge to get editorial space. Some even resorted to bribery. Soon the business press agent fell into ill repute and was generally shunned by the press.

Following the press agent was the publicity man. Usually an experienced journalist, the publicity man had a different objective from that of the press agent. Most of them realized that their's was the task of educating the public to accept business views - of actually influencing public opinion - rather than merely getting the name of a company into print.

The idea of winning approval of the public by giving better service and by being courteous to the customer began to emerge about 1905. Leaders in this were utilities and transportation industries who, by nature of their business, had more contact with the public.

A combination of railroads, in an effort to placate their customers and gain their approval, offered free economic bulletins, made surveys of possible factory sites, and advised farmers how to increase crop production.

Some companies attempted to humanize their officials, requiring them to take part in civic affairs and accept speaking engagements. Following the 1914 Ludlow massacre industrialist John D. Rockefeller, Jr., tramped around in his Colorado mines wearing miners' clothes. He mingled with the



miners and listened to their complaints.

It was seen earlier that some authors tend to minimize the effect the opinion of the public had on the emergence of industrial public relations. They tend to credit the emergence either as an answer to reform critics or to business's innate desire to do good. In view of the facts cited these views would seem to be untenable.

The evidence put forth shows that business chose to answer the increasingly critical voices of public opinion through spokesmen. These spokesmen were first company attorneys, then press agents, and later publicity men.

Business heard the call for legislation to allow public inspection of business procedures and methods. Business chose to offer, instead, publicity that could be controlled by business, i.e., that of its own publicity men.

Improvement of service was also an attempt to placate the public and was a result of the loud criticism of business. It must be concluded, then, that industrial public relations emerged as a result of direct threats to business by a volatile and angry public. Business was threatened with enactment of strict legislation regulating its operations. Only when such action was threatened did business abandon its philosophy of "public be damned." Industrial public relations did not come about as a philanthropic gesture of business but because business was on the defensive.

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