

Promoting Business Values

Business, free enterprise, is the economic manifestation of the free society, the principal reason for America's pre-eminence.

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... in so far as the countries of advanced capitalism are 'business civilisations', permeated by a business culture and a business ethos, business itself has played a crucial role in making them so. RALPH MILIBAND²

In the early 1930s, the heads of some of the largest US corporations – ‘the men who manage America's industry, trade and finance’³ – started meeting regularly for dinner in New York. It was during the Great Depression, when public confidence in capitalism was at an all-time low and President Franklin Roosevelt was threatening to regulate corporations and curb their power. One of the diners was Robert B. Henderson, president of Pacific Portland Cement and vice-president of the National Association of Manufacturers (NAM). He described how the dinner meetings had been initiated at a conference where ‘a few advanced thinking souls... realized that only top leadership would serve the purposes of business salvation’. He tells how, as a result of these meetings, ‘gradually the gospel spread and the real leadership of American industry commenced to get into the front-line trench’. Members of the group called themselves the ‘Brass Hats’.⁴

*The entire project was original. Business men had sold goods and services; they had 'sold' individual companies, or industries, or even specific ideas (like the idea that the private ownership of utilities is best); but they had never undertaken to sell business-as-a-whole. Never before had they tried to sell that general philosophy which animates business, and which serves as a guide to social, political, and economic action.*⁵

Companies that were supposed to be competitors colluded in a united effort to spread the free market message to the public using every available public relations avenue. To sell ‘business-as-a-whole’ they combined free market ideology, public relations techniques and business networks.

Franklin D. Roosevelt had been elected president of the US in 1932 with promises of a New Deal between government and the people, a deal that meant that government would intervene to help the people in times of crisis, such as the Depression. As part of the New Deal, Roosevelt's government instituted major legislative and institutional reforms, including regulations aimed at stabilizing and restoring confidence in the banks; a programme of public works projects that gave work to millions of the unemployed and modernized American infrastructure; and measures to reduce poverty.

These measures involved high levels of government spending, high taxes and increased government intervention in business affairs, all of which were abhorrent to leading business people. The president of the US Chamber of Commerce claimed that the government was in the hands of an 'organized mob'. Yet the government had so much popular support that business could not attack the New Deal directly without seeming to attack the public; 'and for business men to attack the public is for them to confess their inability to "serve" the public'.⁶ The answer, business leaders realized, was to change public opinion and undermine the support for New Deal measures. To do this they sought to associate the New Deal with 'creeping socialism' and to promote the benefits of unregulated capitalism.⁷

In response to the decline in business confidence that accompanied the Depression and the New Deal programmes of the Roosevelt government, many US corporations had already made public relations a permanent part of their management structures. But business leaders realised that a more wholesale, coordinated effort was required if public opinion was to be turned around. They embarked on a full-scale battle that Alfred Sloan Jr of General Motors called 'a struggle between "political management" [government control] and "private enterprise" [corporate control]'. Sloan urged business leaders to 'fight to protect the very foundation of the American system'.⁸

NATIONAL ASSOCIATION OF MANUFACTURERS (NAM)

The Brass Hats chose NAM as their vehicle of battle, and in 1932 big business took over the association and restructured it, under the presidency of 'Brass Hat' Robert Lund of Lambert Pharmacal Co., to ensure that large corporations were well represented on the directorate. NAM claimed the right to call itself 'the voice of American industry' because it represented 35,000 manufacturers, employing around 5 million people.⁹

When Lund took over he established a public relations department and a director of public relations within NAM. Membership of NAM doubled over the following four years and the contributions of large corporations increased dramatically, so that 262 nationally known companies were contributing half of NAM's income. These included AT&T, Colgate-Palmolive-Peet, DuPont (the largest contributor), General Motors (the second largest contributor), Eastman