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# Utility Company Propaganda: The Early Years

by Sharon Beder

During the early twentieth century, private electricity companies and their trade associations developed the arsenal of public relations techniques that enabled them to survive and grow through the 20th century, with very little government interference, despite growing evidence of their extortionist practices and despite popular movements for public control and ownership.

The utilities ran a massive nation-wide propaganda campaign to persuade the public that government ownership of electricity utilities threatened the American Way of Life. The campaign utilized smear tactics and appealed to patriotic feeling rather than reason. Utility representatives were urged “not to argue with the advocates of public ownership but to arouse prejudice against them by pinning on them the bolshevik idea.”

A federal inquiry into the electricity industry ran from 1928 to 1934. It concluded that “no campaign approaching it in magnitude has ever been conducted except possibly by governments in war time.” The activities of the various power companies and utilities were coordinated by the National Electric Light Association (NELA). It had an annual budget of a million dollars and additional special funds for special purposes such as its \$25-30 million per year advertising budget.

Public relations material was sent to every conceivable outlet. Employees were trained in public speaking and public relations and gave thousands of talks to business, schools and other groups, reaching millions of people each year. The campaign was careful in its use of language. Public ownership became “political ownership” and private utilities became “public utilities” or “public service companies”.

Female employees were also used by the utilities to influence the community. The women were trained to promote the utilities with “their friends and neighbours, their associates in business and professional women’s organizations, social clubs and church societies.” They were taught how to casually bring the conversation around to the issue of utility ownership at social gatherings, so as to give the utility point of view. This view was not to be attributed to the utility but rather to some other respected community figure such as “my banker” or “my doctor.” One company entertained 10,000 women in just two days at tea parties organized for this purpose.

NELA also utilized the now common technique of getting other third parties to convey their message so that it would not appear to be self-interested. Third parties employed for this purpose included newspapers, schools, clubs, insurance companies, churches, government officials, political leaders, bankers and industrialists. NELA and individual companies organized and paid for outings

such as deep sea fishing, theatre parties, baseball games, and duck shooting parties for influential politicians, educators, business people and newspaper editors. Through donations and other forms of patronage, it persuaded a number of seemingly independent organizations to promote the utility viewpoint.

The utility information committees spent an estimated \$30 million annually in advertising, which served as a lever to secure editorial loyalty in reporting on utility matters. They consciously used their huge budget to reward newspapers that gave them good coverage and withheld advertising from those that were critical.

Media support was also gained in various other ways. In the mid-1920s the Hearst papers ceased their populist front-page stories supporting public ownership of electricity systems after Hearst received a loan from Herbert Fleishhacker, president of the London and Paris National Bank in San Francisco and a leading advocate of privatization of water and electricity. Hearst instructed his employees to maintain “pleasant relations” with Fleishhacker and not criticise his activities.

The utilities even tried to simply buy many of the most influential newspapers around the nation so as to control press coverage. They tried their hand at radio broadcasting and made good use of press agencies that sent news items, editorials and features to newspapers around the country. Often the information committee would draft an opinion piece and then persuade a prominent person—a governor, judge or attorney—to sign it as author. This ensured that newspapers printed them and provided third party endorsement for utility views.

Local managers were expected “to cultivate personal acquaintance with the school superintendents, teachers, to arrange for [private utility] lectures, offering prizes, making use of school papers.” Universities were offered financial assistance to gain their cooperation in ensuring courses were conducive to private power company interests. NELA also encouraged and subsidized courses on utilities. This was often not done directly but by using people who appeared to be independent.

The utilities influenced many organizations by providing their most influential members, those “with standing and reputation as distinguished members commanding the confidence of their fellows,” with expense accounts in return for getting their organization to endorse the utility viewpoint. A government committee reported in 1923: “Another practice...was that of employing as campaign workers, persons prominent in commercial bodies, farm organizations, labor unions, social literary, and civic clubs, without these hired representatives disclosing their employment.” ■