



Lecture to the New York Telephone Company  
December 1933

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Page, A. W. (1933, December 18). *Our Public Relations Today and the Outlook for the Future*. Speech presented at a Public Relations Course, New York Telephone Company.

**Summary**

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Page gives an overview of public relations in the Bell System and the importance of following and communicating the company’s philosophy to employees and the public. The company’s conservative financial policy is discussed.

Page discusses how the company has successfully navigated public scrutiny during the depression by living up to its corporate philosophy and avoiding financial greed. During hard economic times the Bell System has not made large speculative profits or made anyone rich. Instead, the company has acted responsibly and sought at all times to serve the public. In the absence of competition, federal regulations and commissions are beneficial for a monopoly as they help the company service the public cheaper and more efficiently. Page believes that large enterprises have a greater obligation to serve the public interest and alleviate suspicion. Once again, the Bank of England is mentioned as an example of how the company can effectively and intelligently operate in the public’s interest.

**Key topics**

**Page Principles**

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**Company Philosophy – Dallas Speech**  
**Competition**  
**Corporate Power** – fear/suspicion of big businesses  
**Finances** – financial gain/loss, financial policy  
**Regulations – Industry/Government**  
**Monopoly**  
**Public Opinion** – operating in the public’s interest  
**Public Relations** – value of public relations  
**Research**

**Listen to the customer**  
**Manage for tomorrow**

***Our Public Relations Today and the Outlook for the Future***

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Public Relations Course  
New York Telephone Company

December 18, 1933

## OUR PUBLIC RELATIONS TODAY AND THE OUTLOOK FOR THE FUTURE

I am not going to make a set speech, —I am just going to talk quite informally about some aspects of public relations. Public relations remind me of a description General Carty gave about another part of this business. “Public relations,” to use his phrase, “is an exact science about which very little is known.” It is much less difficult to be precise about engineering, for example, or anything that has to do with physical equipment.

The Bell System can spend several million dollars yearly on research in the material aspects of the business and be sure of returns and physical improvements in equipment, but no one ever found out how to budget a large sum of money in research on public relations. You cannot study public reactions in a research laboratory and devise a chart form for them, which you can send out to the people. The laboratory for research of public relations is in the hands of everybody in the System and the work is done at the point of contact between the telephone employees and the public.

Public relations are just that these words mean—they are our relations with the public. They happen wherever people in the telephone organization come in contact with people outside of it. For example, every time a customer pays a bill in the commercial office, or a girl answers a call at the switchboard, or a repairman sees anybody in a subscriber’s house, these are public relations. The salvation of any large public enterprise depends on public good will. That depends first, last and all the time on the contacts which this enterprise has with the public day-in and day-out.

Obviously one of the judgments the public has of us is whether or not our service is good. Technically, —if they get their calls through, efficiently and promptly, they get what they want. That, however, is not all they want. They want to have the service rendered to them in a manner that pleases them; they want not only efficiency but courtesy and consideration; and they are in a position to get what they want. They are in the driver’s seat; they are paying the bills; and an understanding of that fact is a real and fundamental basis of public relations. In order, therefore, for a great enterprise to satisfactorily serve the public it must have a philosophy and a method of doing business which will allow and insure that its people at the contact point serve the public efficiently and in a pleasing manner.

I think it is fair to say that the Bell System has always fulfilled these requirements very well for two reasons: — in the first place the people in the Bell System are good people and their natural instinct has been to deal fairly and courteously with the public; in the second place the philosophy of the management has been to give to the public the maximum service, efficiency, and courtesy possible. That is what the management has been driving at in these latter years under the title “service from the customer’s viewpoint,” etc. But the lesson from

having done a good job is that the good job paid well, and a better one would pay us still better. It is an incentive to still greater effort and certainly not an incentive to rest on our oars.

The policy, which sets for us a standard of giving the best possible service at the least cost consistent with the determination to give financial safety rests upon the financial policy which was formally announced in 1927. That policy said:

“The fact that the ownership is so widespread and diffused imposes an unusual obligation on the management to see to it that the savings of these hundreds of thousands of people are secure and remain so. The fact that the responsibility for such a large part of the entire telephone service of the country rests solely upon this Company and its Associated Companies also imposes on the management an unusual obligation to the public to see to it that the service shall at all times be adequate, dependable and satisfactory to the user. Obviously, the only sound policy that will meet these obligations is to continue to furnish the best possible telephone service at the lowest cost consistent with financial safety. This policy is bound to succeed in the long run and there is no justification for acting otherwise than for the long run.

“It follows that there is not only no incentive but it would be contrary to sound policy for the management to earn speculative or large profits for distribution as ‘melons’ or extra dividends. On the other hand, payments to stockholders limited to reasonable, regular dividends with their right, as the business requires new money from time to time, to make further investments on favorable terms, are to the interest both of the telephone users and of the stockholders.”

It is of the utmost importance that at this time the public understands that we have this policy and that we have been using it; in other words, that we have not been greedy and that we have not made large and speculative profits. The public is irritated; it has been suffering. It not only refuses to have anybody get rich out of its sufferings but it refuses to let anybody get rich while it is suffering. It is in its present mood much more critical of the profits of a public business, such as ours, and even in good times it scrutinizes these profits with far greater care than those of a competitive industry. It is due to our having this policy, to our having lived up to it, and to the fact that the employees have explained this policy to the public in every way possible, that we have been comparatively immune from the indictment of making too much money in the depression.

It has helped immensely that nobody could point to a single big telephone fortune. The Bell System has developed on the basis of great invention and developed in a time when many fortunes were made on great inventions, at a time when there were fortunes made in the automobile, railroad and oil and many other businesses. Yet no one can point to a single man in the Bell System who ever made a great fortune out of the telephone industry. It has been operated without speculative profits as a public service and it is still operated that way.

Moreover, the absence of speculative profit has been the greatest help to us in the maintenance of our rates. The public has no way of telling what rates ought to be. It cannot know the casts and the problems affecting casts. One of its chief methods of determining whether the rates are reasonable, therefore, is to feel that if profits are reasonable the rates are likely to be also, and if profits are high the rates are likely to be also. Of course, this may not be true but it is a very human way of looking at the matter.

The telephone industry has not decreased rates in recent years, on the whole, but it has rather increased the value of the service it gives. The light and power business, on the other hand, has very markedly decreased rates and yet there are probably more people in the United States who believe that the light and power rates are too high than there are that believe the telephone rates are too high, and I think that that comes in a large measure from the fact that some light and power companies have made large profits where the Bell System has not. In these large profits of the light and power companies might even be profits on speculative financing which would not affect them, but unfortunately, they affected the public feeling about rates. In other words, a conservative financial policy and one in the public interest is the very foundation of public relations.

If we take rate agitations as a test of public relations, and I think it is one good test, the Bell System has come through this depression amazingly well. I do not mean by that that we have not had a number of rate agitations. We have. We have had many in New York but perhaps more in other parts of the country. Perhaps the best test is the states where there is no public service commission where each city and town can institute rate proceedings for itself. Even in those areas the representatives of the Bell System have been able to convince practically every town and city that our rate schedule has been fair and that the rates could not be reduced. It is true that after these years of depression when rate cases will be most expected we have an increase in formal proceedings, above the number we had, for instance, in 1928. We have rate orders in Baltimore, Georgia, Wisconsin and one or two other places, but we still have fewer rate cases than we had in 1925 or the years prior to that.

I think it is fair to say that with the improvement in business and the improvement of the temper of the people there is less "new business" in rate agitations. There are fewer agitations started. Some of those, which were started last year or the year before, may still come to a head in formal proceedings but on the whole in spite of the severe test of these times as judged by the number of rate cases the picture is pretty good.

Recently there appeared in the newspapers an article about a report made to the Secretary of Commerce concerning the communications industry. Some months ago, the Secretary of Commerce appointed a board of men in the government service, some of whom were specialists on communications, to make a general survey of the communications in the United States. The newspapers variously reported what they thought this report contained. The report was made without consultation with us. We furnished no information for it and we have

not been asked for any. We were not in Washington asking for legislation, for a change in regulation, or for anything else and we do not officially know what the report contained.

My own belief is that the report was not made because of anything we had done or had not done. When this administration came in one of its projects was to reorganize the general regulatory processes of the Federal Government affecting light and power, railroads, radio and everything, else. A comprehensive study of the whole Federal regulatory job would naturally include communications. We do not know what the administration's attitude toward the report is nor do we know the opinion of Congress, but if the administration should recommend some action and a bill is presented to congress, it is certain that the Bell System will have a chance to tell it's whole story before the bill becomes a law. Having implicit faith in what the Bell System has done and what it is trying to do, there seems to me no particular cause to be disturbed about the fact that the government is going to survey the field in which we operate or that it may desire to reorganize the regulatory bodies and even change their functions so that we report to a new commission.

Personally, I should hope that if any change is made regulation would not become so centralized as to tend to centralize telephone operation. The degree to which the Bell System has been decentralized, with responsibility in the smaller units, has been a great help in allowing these units to function in a more pleasing manner to the public. The service rendered in New York City and the service rendered in a small town in Missouri, are not the same things. You have two different kinds of public. Decentralized operation has enabled us to meet these conditions. The centralization of regulation would not make our technical operation more difficult but it would make it more difficult for us to render a pleasing service and for that reason I should hope that we would not have such centralization. In this I expect I am speaking ahead of the proper time, for no one as yet has officially suggested more centralization of regulation.

The reason we have regulation is because we are a public business or as the law states from time to time we are affected with the public interest. As a matter of fact that distinction does not seem particularly valid to me. There is as much public interest in what people pay for their bread, for roofs over their heads, for their clothes and for other necessities as there is for their telephone service or their light. All of these necessities are affected with the public interest. The real distinction is that we are a monopoly. Competition won't regulate us and therefore the commissions have been set up to do so. We welcome the commissions. I think that if a study were made you would find that those businesses, which have been regulated by Commissions have furnished service to the public cheaper and more efficiently, — certainly if measured by the profits made, — than private businesses which are regulated by competition.

Nevertheless, these large public enterprises of a monopolistic nature are watched most carefully by the public. It is becoming traditional that people watch us more carefully than they watch private businesses. They are much more concerned about large fortunes made in the light and power industry than about a fortune four times as large made in the automobile

business. Yet they paid for both of them just the same. Ford got his money from the public. It came out of the income of the business. Since there is already established in the public mind the feeling that the monopolistic businesses must be watched more carefully, we are going to have to shape our course in the Bell System accordingly.

As I told you last year, the thing can be done. In the first place, if you sit down and think about it quietly, there isn't any reason you can assign why it cannot be done. In the second place, it has been done. The Bank of England is a private business. It has certain monopolistic features exactly like the telephone industry, but it is a private company. It has stockholders just the same as we have. But the last hundred years or so it has so conducted itself in the public interest that no one thinks of complaining about the earnings of the Bank of England. Its stockholders get dividends just as ours do.

The Bank has accomplished what we are setting out to accomplish. It has conducted its business so obviously and so long in the public interest that the public has ceased to have the suspicion of them, which it has of almost all other monopolies both here and there. There is no reason why the Bell System can't reach that position and when we do reach that position we will have more and more freedom, just as they have.

We will get freedom in exact proportion as we create public trust. In so far as the public believes we are working in their interest; that we are giving them the best telephone service possible at the least cost consistent with financial safety; as soon as they believe that these are facts then they will feel that there is no need to interfere with us. In other words, as soon as this position is reached we will have more freedom to do the operating job still better.

Eternal vigilance is the price of liberty in political affairs; equally eternal vigilance in public service is the price of liberty to do our job well. We must continually train the employees to make their contacts with the public in the most satisfactory manner possible. We must constantly study and watch our philosophy, principles and practices so that at no time will we be out of key with the public interest. This latter is the main job of the public relations function.

It is true that Mr. Cooley and his prototypes in the other companies have, at the same time, operating functions. That is, they do a good many things in preparing copy, in watching the press, in going to see editors when they make misstatements, in discussing rates and practices of the telephone company with civic organizations. This is an operating job, which is constant and unremitting.

The largest function of public relations in our business, however, is to turn the searchlight on ourselves and see that we are actually, in every possible way, doing our job in the public interest. In other words, we should try to see in what direction the public interest will lead and where it is going to take us. Then, we want to get there before the public is even aware of what it is going to ask. To whatever degree we succeed in that we will make the job of

contact in the field easier. If we fail very much we will hear from it from the field forces because they will feel the evidence.

Altogether, I feel we have a better opportunity than any other great organization in this country to demonstrate that a company can have character and ability enough to operate a big business on a sufficiently high plane to make the public satisfied with it and allow that company to continue in its present form. If we in the Bell System can't do that, of course, somebody else will be managing the telephone business and we will be doing something else. I have every confidence, however, that we can do it, and that we can do it better than we have been doing it.

I should like to leave this idea with you: It will be a great contribution to the history of the Bell System if we succeed with this work. It is not only delivering messages; it is not merely staying in business; it is demonstrating that large enterprises can be run so intelligently in the public interest that the public will be satisfied and content with their services. This is one of the great problems before American civilization. Can big business be run sufficiently in the public interest to satisfy the public? If it can't the public cannot have the advantages in costs and service that big business can provide. If it can the public can have these benefits. The Bell System has a great opportunity to demonstrate that this can be done. I congratulate you on being a part of this demonstration of such importance to our country as well as being a part of a great business.