

Chapter 16

Corporations, New Style

FEW things are harder than to observe clearly the life and institutions of one's own day. Newspapers do not help much, for they record the unusual, not the usual. Magazines help from time to time, but they too are under a compulsion to concentrate on the surprising; and the same, by and large, is true of the radio and TV. Photographers tend to seek out either the exceptional or the picturesque; as a producer of books of pictures-and-text on recent history I have often been struck by the scarcity of pictures which show the ordinary, everyday aspect of things, or the generally accepted way of doing things, at any given period. And even when we look about us with our own eyes, we tend to be conditioned by the ideas which we picked up when young, either from our parents or at school or college, as to the supposed nature of the things we see. It is still worse when, after looking, we begin to generalize about our observations, for as often as not we have no vocabulary to describe them which is not loaded with terms which have outdated historical connotations.

Such as the word "capitalism," for instance. We customarily say that our economic system is capitalistic; yet the word connoted half a century ago, and connotes today in Europe, a way of doing business quite different from the current American way. Or the contrasting terms "free enterprise" and "socialism," each of which carries an overload of traditional meaning which is not very helpful in defining

what we may intend to convey about the exact state of economic and political affairs today.

And take the corporation. Most American business is done by corporations, ranging in size from virtually one-man affairs to massive enterprises like General Motors, which today spends more money annually than the United States Government used to spend in the nineteen-twenties (even including the expenses of the Army and Navy). Nearly half of all gainfully employed Americans are on the payroll of a corporation; if we exclude farmers and other self-employed people from our reckoning, the proportion is much larger. Yet the very nature of American corporations, especially the big ones, has so changed since the days when most of us first heard the term—or since the textbooks were written that first introduced us to the corporate concept—that we have difficulty in grasping the reality of what we actually see when we look at them.

The change has been very important to all of us. Let us therefore try to see the corporate institution of today with fresh eyes.

To begin with some generally familiar facts: A corporation is traditionally supposed to be controlled by the people who put up the money to launch and develop it; they take shares of stock in it, and as stockholders they elect directors to look after the running of it for them, and the directors select and supervise the managers who do the actual running. Thus, in theory, and in the letter of the law, the stockholders are the ultimate authority. This is still true in most young companies, which need capital to get going, and in many small ones anyhow. But in most successful American concerns which have grown to maturity, and especially in the very big ones which between them do a very large proportion of American business, the stockholders are no longer in control in any real sense: they are subordinate in authority and importance to the management.

It is the management which determines policies and makes decisions. Important decisions must be ratified by the directors, to be sure; many if not most directors feel a heavy sense of responsibility, and there is some evidence that this sense of responsibility has been

growing in recent years; yet their contribution to the actual running of the corporation tends to be somewhat negative, if only because few of them are living from day to day with the problems laid before them. As for the stockholders, the law still says that they must ratify some sorts of major decisions, so a legal rigmarole has to be gone through by which the stockholders will say OK at their annual meeting. But this annual meeting is ordinarily a farce.

The officers of the company, exuding a synthetic affability, may be faced with a few embarrassing questions and a few adverse speeches, but the great majority of stockholders have sent in proxies favorable to the management, and the protesters are therefore annihilated by a gentleman who rises to cast several million votes against them. I myself have attended an annual meeting in which, in the absence of any opposition, the proceedings were even more cut-and-dried: the minutes of the meeting had been prepared in advance, they were read aloud slowly, and at the appropriate moments various directors responded to their various cues and offered the appropriate resolutions and passed them, fortified by the knowledge that the bundles of proxies which lay on the table between them gave them full legal authority to act on the stockholders' behalf.

Suppose a stockholder doesn't like the way the corporation is being run? Only if he is eccentric, or a special sort of crusader, or a politician (union or otherwise) trying to make a stir, does he try to oppose the management of a really big company. What he does, instead, is to sell his stock and get out.

His General Motors stock, or Goodyear stock, or United Airlines stock does not in the great majority of cases represent to him a part ownership and control of the mighty enterprise; it represents a way of getting some income (or profit), his right to which is attested by a prettily decorated sheet of paper which he keeps in his safe-deposit box; and his interest in the corporation's fate is likely to take principally the form of looking at the stock-market page from time to time to see how the price is doing. If he doesn't like what he sees, he sells.

The management regards him with far more respect than it

regarded its minority stockholders at the turn of the century, when it might tell them nothing at all about the company's progress, or at the most produce for them a batch of bloodless statistics. Now he is given full and lively reports, full of photographs of the company's more picturesque operations, and graphs in which the amount of money spent in this and that way is represented by pretty piles of coins. I haven't yet seen an annual report with a picture of a smiling bathing-suit girl in it, but I am sure there must have been such: it is hardly possible that any concentrated effort of salesmanship at the mid-century could long do without this standard symbol of delight. But just there is the nub of the situation. The stockholder is viewed very much as the customer is viewed: not as an owner but as someone who had better be wooed lest he take his patronage elsewhere.

With potential opposition melting away through the sales exit, the management is very much in the saddle—and in most of these larger companies it is virtually self-perpetuating. How else could things be run in, let us say, the American Telephone Company, which has over a million shareholders, no one of whom owns more than one-tenth of one per cent of the stock?

Looking at this segment of American business, we would almost find it appropriate to call our present economic system "managementism" rather than "capitalism."

All this has been familiar to a great many observers for a great many years. But there is another change which is not quite so widely recognized, though it too has been known to the knowledgeable for a considerable time.

This is that the corporation of today, and especially the big one, is not only not run by the stockholders but is in most cases not nearly so dependent upon the purveyors of money—in short, the bankers—as it used to be. In the old days the managers of companies went hat in hand to Wall Street—or State Street, or Chestnut Street, or LaSalle Street—when they needed funds for the salvation or reorganization or expansion of their businesses, and the bankers

proffered money on terms which usually involved their having a say in the future management of those companies. As a result, a great banker to whom other bankers kowtowed and of whom big investors stood in awe could become, as did Morgan the Elder, something very close to a supreme boss of much of American business. Today bankers are indeed needed for help in the rescue or reorganization or new financing of many businesses, and their aid may be very valuable indeed, and their influence strong; but their chance to throw their weight around is limited. In the first place, the terms on which they may deal with their clients are now closely restricted by law. In the second place, rival candidates for the role of rescuer have appeared on the scene, such as the government's Reconstruction Finance Corporation (some of whose officials in recent years have been discovered to have taken a highly personalized view of their function). When a corporation needs money for expansion, it may go to Madison Square rather than to Wall Street—in other words, to a big insurance company—or may be able to enlist the interest of one of those rising aggregations of capital, the investment trusts. Or it may use its own money.

For to a very large extent successful corporations today are self-financing. They roll their own capital, by paying out only part of their earnings in dividends and using the rest to buy new machinery, build new plants, acquire new subsidiaries. This method of superseding the banker was rare among big corporations at the turn of the century, but it became very popular in the nineteen-twenties, and it is standard among them today. The head of a large and successful corporation with ample funds is therefore likely to regard Wall Street somewhat as he does his doctor: better be polite to him because the awful day might come when he could give one orders, and anyhow his occasional services and check-ups are useful; but in the meantime the doctor is not one's master. Similarly, nobody in Wall Street is the successful corporation head's master, Mr. Vishinsky and his like to the contrary notwithstanding.

In this as in many other matters, the Soviet propagandists—and many foreign observers of America who are far less unsympathetic—

not only distort the truth about America but distort a truth more than twenty years out of date.

Is the big and successful corporation its own master, then? Not quite.

To begin with, it is severely circumscribed by the government. As Professor Sumner H. Slichter has said, one of the basic changes which have taken place in America during the past fifty years is "the transformation of the economy from one of free enterprise to one of government guided enterprise. . . . The new economy," says Dr. Slichter, "operates on the principle that fundamental decisions on who has what incomes, what is produced, and at what prices it is sold are determined by public policies." The government interferes with the course of prices by putting a floor under some, a ceiling over others; it regulates in numerous ways how goods may be advertised and sold, what businesses a corporation may be allowed to buy into, and how employees may be paid; in some states with Fair Employment laws it even has a say about who may be hired. "When a piece of business comes up," writes Ed Tyng, "the first question is not likely to be 'Should we do it?' but 'Can we do it, under existing rules and regulations?'" He is writing about banking, but what he says holds good for many another business. Furthermore, in the collection of corporate income taxes, withholding taxes, social security taxes, and other levies the government imposes upon the corporation an intricate series of bookkeeping tasks which in some cases may be as onerous as those it must undertake on its own behalf. Thus the choices of enterprise are both hedged in and complicated by government.

Management is severely limited, too, by the power of labor unions. This is almost wholly a negative power: the union can tie the corporation up, but cannot run it, or even administer the provisions of a contract arrived at between it and the company: this it has to leave to the management. But the obstructive power of union leaders may be very great; the people who say that the man who in recent years has come closest to Pierpont Morgan in the exercise of personal

power in the national economy is John L. Lewis are not very far off the beam. In unionized plants a series of contracts have served, in effect, to enact what has been well described by Peter F. Drucker as "the new common law of the industrial plant and office" as to hiring and firing, seniority rights, the handling of grievances, overtime work, vacations, and a lot of other things. In many cases this body of common law may be beneficial in the long run to the corporation as well as to its employees, but it certainly reduces the independence of the management.

Finally, the management must always steer its course with an eye to how its actions will look, not only to its employees, its stockholders, its customers, and the government, but also to the general public. The heads of little businesses may engage in deals which will not stand public scrutiny, and sometimes get away with grand larceny; the heads of big businesses are aware that this is exceedingly risky. For they know they are under close critical observation. Detailed reports to the Securities and Exchange Commission, detailed reports to the tax gatherers, and the possibility at any moment of being investigated by the Federal Trade Commission or by a congressional committee, leave them with about as much sense of privacy as a goldfish. A goldfish has got to be good. These men have acquired, too, for the most part, a healthy respect for the commercial value of general popularity, and feel that it is incumbent upon them to win friends and influence people. And this obligation, too, diminishes their opportunities to do as they personally please.

So while the managers of our corporations continue, within limits, to hire, fire, pay, buy, manufacture, and sell as they choose to do, and after they reach a successful maturity are in large degree free from interference by stockholders and financiers, and are thus very differently placed from the managers of nationalized industries or businesses, nevertheless the limitations are so numerous and severe that to speak of these men as engaged in "free enterprise" is more picturesque than accurate. They are managing private institutions operating under a series of severe disciplines, and committed to doing so with an eye to the general welfare.

But that isn't the quarter of it.

II

For the very nature of corporate business has been undergoing a change.

To pick out one word that comes as near as any other to describing the change, one might say that business is becoming professionalized, in the sense that more and more men in business are engaged in doing the sort of thing that we associate with the professional man (lawyer, doctor, engineer, professor) and doing it more and more in a spirit resembling that of the professional man.

When at the end of the first decade of this century the president of Harvard University, composing the citation for the degree given by the new Harvard Graduate School of Business Administration, called business "the oldest of the arts and youngest of the professions," there was considerable levity among the hard-shelled—and not simply because the language he used reminded people of the identity of the oldest of the professions. They thought the whole idea preposterous. Business, a profession! What an innocent notion! Business was a rough-and-tumble battle between men whose first concern was to look out for number one, and the very idea of professors being able to prepare men for it was nonsense. As a matter of fact, many a tough-fibered tycoon of those days was dubious even about employing college graduates, whom he regarded as toplofty, impractical fellows who had to unlearn a lot before they were fit for the business arena. One rough measure of the change that has taken place since then is to be found in the fact that this very professional school of business at Harvard has won widespread respect, and financial backing as well, from among big corporations; and that many of these corporations, at their own expense, send some of their most promising officials, at the age of forty or thereabouts, to fit themselves for enlarged responsibilities by taking the school's thirteen-week course in Advanced Management. This does not mean that a great university has departed from its scholarly traditions to shelter a trade school; it means rather that an important part of American business, as now operated, requires of its leading men what are essentially professional skills and abilities.

Heaven knows there are large areas of trade where a shrewd eye for a quick buck is dominant. There are businessmen aplenty to whom money-making is the sole criterion of performance—money-making at anybody's expense. Yet today the officers of most corporations of consequence have to cope with so many intricate technical problems of various sorts, have to bear in mind so constantly their interlocking relations with their employees, the government, their consumers, and the general public, and have to concentrate so hard upon keeping a complex of operations in effective balance, that there is a growing demand for men with highly trained and flexible minds.

Business is absorbing into itself a host of functions of a professional or semi-professional nature. It employs engineers in profusion; as the authors of a volume on *Executive Action* have put it, "There is no longer such a person as 'the engineer,' but there are a multitude of specialized engineers, many of whose skills are not interchangeable." It employs statisticians, cost accountants, auditors, economists, quality-control experts, motion-study experts, safety engineers, medical directors, personnel men, labor-relations specialists, training executives, public-relations men, advertising men, market analysts, research consultants, foreign-trade consultants, lawyers, tax experts—the list could be continued at length.

Take a single element in the modern corporate picture: that of research. In the early years of the century it was a rare company which had its own research laboratory; and even after such laboratories began to multiply fast during the nineteen-twenties, one old-line executive, asked if his company had a research department, said, "Yes, but we just sort of subsidize it as a publicity front." Even during the Great Depression, however, the multiplication continued; and by 1947 the "Steelman report" issued by the President's Scientific Resources Board estimated that of the 137,000 scientists and research engineers in the country, 30,000 were working for the government, 50,000 were working in colleges and universities, and 57,000—a group larger than either of the other two—were working in industrial research laboratories.

Take another element in the picture: the wide variety of responsi-

bilities, quite apart from traditional business ones, that a corporation may find itself saddled with. Tharon Perkins, writing about the American oil companies operating in Venezuela, has noted that each one has had to build a whole new town near each oil field before it could begin to do business—and that this has meant “having to provide a house for each employee, an education for the children, hospitals and medical care for the entire family, paved streets, garbage collection and a sewerage system, stores where food can be bought (much of it below cost), power plants to supply electricity, water systems with pure water, laundries and ice plants—and even amusement centers with baseball diamonds, movies, and club houses for dancing and billiards”; and that “an oil company district manager or area superintendent has to *run* this civilization after he has built it.” That sort of town building and town managing requires a bevy of experts with highly diversified professional talents.

The various specialists who are drawn into the employ of a big corporation are not, in most cases, by any means shut away from others of their kind who work for other employers. No, they go to meetings of the National Society of Sales Training Executives, or the National Association of Cost Accountants, or the American Society of Corporate Secretaries, or what not, there to swap notes on progress in their particular fields and to pick up ideas. And when some of these groups assemble—when, for instance, the industrial chemists meet with government chemists and university chemists at sessions of the American Chemical Society—they find common ground in devotion to the broadening of their particular area of learning. I have before me a report of a recent conference on aviation health problems. It was conducted by the Harvard School of Public Health (a private institution of learning and teaching), and it brought together professors from Harvard and other institutions, representatives of the Navy, Air Force, and U. S. Public Health Service, and representatives of airlines, aircraft manufacturing companies, and insurance companies. That sort of collaboration goes on every day the country over. Said Dr. J. Robert Oppenheimer before a congressional committee in 1945. “The gossip of scientists who

get together is the lifeblood of physics, and I think it must be in all other branches of science. . . ." And so it is with personnel men, market analysts, and cost accountants too, he might have added, and with all those other corporation employees who take a truly professional interest in their specialties.

This swapping of ideas brings us to one of the most significant facts about American business today—a fact which never ceases to amaze European and even British businessmen when they confront it: that there are few secrets in American business. Rather there is a continual cross-fertilization through the pooling of facts and ideas.

This takes place in a number of ways. Take one upper-level way. When the directors of the Manufacturing Chemists' Association, representing scores of chemical concerns, meet monthly, there is laid before them a tabulation of the safety record of the whole industry—not only as a whole, but firm by firm, so that the man from du Pont or Monsanto learns the exact safety figures of Merck or American Cyanamid. Why do they do this? Obviously because safety is a matter of such common concern to them that the necessity for sharing whatever knowledge can be accumulated takes precedence over the competitive impulse.

Similarly the magazine publishers set up many years ago the Audit Bureau of Circulations, to make periodically a thorough and unbiased inspection of the circulation records of each magazine, and to publish the figures in detail. In some other countries these figures would be jealously guarded secrets; here the assumption is that it is to the advantage of all that the advertiser who buys space shall know exactly what he is buying, even if this means that the competing concerns in the industry shall each know just how the others are faring.

The pooling of information takes place through trade journals too. Their number is legion, and each one is full of ideas on how to do more effective business. I have been told, not unreasonably, that one reason why Italian military aviation was so backward during World War II was that Mussolini's Fascist government had banned the importation into Italy of aeronautical trade journals from the United

States and Britain, thus depriving the Italian engineers of a vast deal of information which we here make available to all.

But the most characteristic of all American institutions for the pooling of information are trade conventions. In 1930, according to the *Wall Street Journal*, there were 4,000 trade associations in the United States; now, believe it or not, there are no less than 12,000—1,500 national ones and 10,500 state or local ones. And so many of these organizations have salaried managers that the logical, climactic development has taken place: two hundred of the managers gathered in Chicago in 1951 to consult together as a trade association of managers of trade associations!

When one of these organizations holds its annual or semi-annual convention—whether at the Waldorf or Commodore in New York, or the Stevens or Edgewater Beach in Chicago, or the Chase in St. Louis, or in Atlantic City or French Lick or White Sulphur—the ritual is well-nigh standard: the green-baize-covered registration desk for new arrivals, where they are handed a lapel badge and a schedule of meetings and festivities; the formal meetings in the Palm Room or Ballroom (sometimes ill-attended in the mornings); the formal dinner at which some grand panjandrum of the industry makes a speech concocted by his ghost-writer on the glories of free enterprise and the insidious menace of socialism; the back-slapping, highball drinking, poker playing, and general skylarking that makes the members feel like boys again; the bridge or canasta tournaments for wives—if these are invited; and, if they are not, the tendency of executives to return home in such a depleted condition as to confirm the local legend that New York, or Chicago, or Atlantic City, or whatever the convention place happens to be, is a sink of iniquity. Yet though the serious purpose of these gatherings sometimes seems submerged in a tide of alcohol, it nevertheless is vital. Information is pooled—about buying conditions, selling conditions, the nature of the market, the latest technical advances. The conferees may not tell each other quite everything; nevertheless the characteristic answer to the question, "How's your paper supply holding up in quality?" is emphatically not, "None of your business." These men have learned that it

is to the long-range interest of all to pass information around, very much as the members of the American Historical Association have learned that it is to the long-range interest of the science and art of history to pass information around.

III

Surveying the current business scene and the complex of problems pressing upon the modern large-scale executive, the editors of the magazine *Fortune* recently declared in their book, *U.S.A., the Permanent Revolution*, that "management is becoming a profession"; and in an advertisement they put it even more flatly: "THE TYCOON IS DEAD. . . . The mid-century business man has had to go to school—in labor, in politics, in social welfare. The engineer's a business man, the salesman's an economist, the research man knows advertising, the finance man knows law."

The tycoon dead? The report may be exaggerated. Nevertheless there is a striking difference between the type of men now rising to the top in big business and those of an earlier day.

Take, for example, the eight men whom I mentioned in Chapter 4 as among the most influential in American economic affairs at the turn of the century: J. Pierpont Morgan, John D. Rockefeller, Andrew Carnegie, Edward H. Harriman, James Stillman, George F. Baker, William Rockefeller, and H. H. Rogers. I noted that of all these men, none had been to college except Morgan, who had spent two years at the University of Göttingen in Germany. Nowadays it seems quite natural to us that the great majority of big business executives should be college graduates and that many should have been trained in engineering or law.

For example, in the automobile industry—regarded by many as a pretty tough one—the chief executive officer of General Motors, Charles Erwin Wilson, a graduate of the Carnegie Institute of Technology, began his career as an electrical engineer. The president of Chrysler, Lester Lum Colbert, went to the University of Texas and the Harvard Law School, after which he became a specialist in labor law. And though Henry Ford II, head of the Ford company, con-

stitutes a somewhat special case, being one of the few leading executives who may be said to have inherited his job (an increasingly unusual thing today, when there is a marked trend away from the family-run firm), he at least spent some years at Yale.

Frank Whittemore Abrams, chairman of the board of Standard Oil (New Jersey), the biggest of all American concerns in terms of total assets, is a Syracuse man, class of 1912, and was trained as an engineer; the president of the same company, Eugene Holman, holds a master's degree from the University of Texas and began his career as a geologist.

Among the recent top executives of General Electric, the other Charles E. Wilson (Charles Edward), who was president until he took over the national mobilization assignment in 1950, is an exception in not having gone to college, but the chairman of the board, Philip Dunham Reed, got an engineering degree at Wisconsin and a law degree at Fordham; Wilson was succeeded in the presidency by Ralph J. Cordiner, Whitman College '22. At U. S. Steel the recent chairman of the board, Irving S. Olds, Yale '07, Harvard Law School '10, is a lawyer. And at American Telephone & Telegraph, upon the retirement of Walter S. Gifford, Harvard '05, a statistician (who later became the American Ambassador to Great Britain), he was succeeded in the top position by Leroy Wilson, Rose Polytechnic Institute '22, an engineer, and on the latter's death the place went to Cleo F. Craig, University of Missouri '13, an electrical engineer.

The mention of Gifford's ambassadorial service suggests another interesting thing about such men as these: that many of them have at one time or another held government jobs. Among those I have just listed, for instance, Charles Edward Wilson was not only the chief officer of the national mobilization effort in 1950-1952, but in World War II was executive vice-chairman of the War Production Board, where Cordiner also was for a time vice-chairman. Reed worked for the government from 1941 to 1945 in a variety of assignments, one of which carried the rank of Minister. Holman put in a number of years with the U. S. Geological Survey before he went into the oil business. One might add parenthetically that when Gifford went to

the Court of St. James's, he succeeded Ambassador Lewis W. Douglas, who had been at various times a congressman, the U. S. Director of the Budget, chancellor of McGill University, and president (later chairman) of the Mutual Life Insurance Company.

If in our list of automobile companies we had included Studebaker, we might have noted that it was the head of Studebaker, Paul Hoffman, who took over one of the biggest political tasks of our time, the administration of the Marshall Plan—and then became head of the Ford Foundation. And speaking of foundations, it should be noted that in 1948 Devereux C. Josephs, who was head of the Carnegie Corporation, a foundation which deals extensively with professors, moved over to become president of the New York Life Insurance Company, where the chairman of the board, George Leslie Harrison, had been trained as a lawyer and had been governor of the Federal Reserve Bank of New York, a semigovernmental organization.

These men are characteristic of a shift even more pronounced among many of their juniors: a shift toward the rise, in big business, of men to whom government service and public service of other sorts come naturally, complementing their professional and business training to prepare them for the wide range of techniques and public responsibilities which present-day business confronts. New style corporations are getting new-style leaders.

We need not pause here more than a moment to note another aspect of American life that most of us so take for granted that we are astonished when Europeans express surprise at it: the fact that America is crammed from end to end with private organizations and associations—national, state, and local—designed to look out for one aspect or another of the common good; and that in most of these, businessmen play active and often leading roles.

In their book, *U.S.A., the Permanent Revolution*, the editors of *Fortune* have hammered hard at the significance of this fact, driving home their argument by showing how these organizations are run in a specific city—Cedar Rapids, Iowa: how Keith Dunn, executive vice-president of the Century Engineering Company, presides at a luncheon

meeting of the Cedar Rapids Chamber of Commerce, of which he is president, and then moves on immediately afterward to a meeting of the Community Chest; and how Van Vechten Shaffer, president of the Guaranty Bank & Trust Company, is not only head of the Chamber's Co-ordinating Committee, but is a trustee and secretary of Coe College, president of the Cedar Rapids Community Foundation, chairman of the local Health Council, a member of the Iowa Health Council, and a money raiser for St. Luke's Hospital, the local symphony, and the amateur theater—and in all gives a third of his time, and often more, to the local community. There is nothing new about businessmen being on hospital boards, school and college boards, or charitable boards, or about their wives being active in the women's clubs and federations thereof and the Parent-Teacher Associations. But some of the organizations that have developed in recent years with active business support do strike a somewhat new note in this picture of what Erwin D. Canham of the *Christian Science Monitor* has called "voluntary collective action . . . a kind of collectivism which has a potency incomparably more dynamic than Marxist collectivism could ever be."

Let me mention only two out of a great many. There is the Committee for Economic Development, an organization for economic study and political recommendations based upon this study, which does not simply try to promote the interest of business management but takes a much broader view of economic affairs, and brings together on its committees and research groups a mixture of company heads and academic economists which would astonish an old-time tycoon. And there is also the Advertising Council, described by Lewis Galantière as "a voluntary organization of professional men who donate to the nation the copy, the designs, and the technical skill that go into our public campaigns for better schools, road safety, fire prevention, government bond sales, the war against tuberculosis and other diseases." Listening to a radio commercial on the importance of adequate support of our schools, and realizing that it was written and distributed for free by the Advertising Council, and is incorporated in an expensive radio show because the sponsors of Bob Hope,

let us say, feel that its inclusion adds to the public appeal of their show, one feels as one does when listening to a Metropolitan Life Insurance Company commercial on the treatment of arthritis: "Yes, I suppose this is just good business in a way—but where does one draw the line between good business and the promotion of the common weal?" These days they seem to overlap considerably.

And not only do they overlap, but there is a constant effort to build bridges over whatever gaps remain between them. At the mid-century the desire for synthesis and reconciliation—between various sciences, between science and industry, between sociology and business, between this element in our society and that—is widespread and contagious. It has become the fashion to hold conferences at which representatives of supposedly contrasting interests in American society put their heads together and try to arrive at common counsel. One of these conferences, recently, was organized by the Advertising Council, with the idea of throwing light on what aspects of American life were least understood abroad. It was held at the Hotel Waldorf-Astoria in New York on April 16, 1951; the panel of talkers included an author, a magazine editor and author, a foreign radio consultant and author, a newspaper editor, a professor, a college president, a foundation head, a manufacturer, and a manufacturer turned statesman and foundation head. What these men said was interesting, but not half so interesting as that at the mid-century it seemed to be important to get them together to discuss the meaning of America. That is a sample of the way in which men engaged in business and in other kinds of effort are constantly drawn together to arrive at mutuality of ideas in the common interest.

Another trend in American business is toward the supplanting of one-man management by team management. The tycoon may not be dead, but such autocrats as the late table-pounding George Washington Hill of American Tobacco and the rambunctious Sewell Avery of Montgomery Ward are in increasingly short supply. One corporation head summed it up to me this way:

the governance of the regular political officials. The boss—whether president, or department head, or supervisor, or foreman—is an executive authority closer to them than any governor or mayor; and the code of practices of the firm—that body of common law of which we have spoken—seems to them to condition their lives and fortunes more urgently than the ordinances of the city or the laws of the state and nation. For it defines the extent of their property rights in their jobs, which may mean more to them than any of their tangible possessions, and it also determines in large degree the amount of satisfaction that these jobs give them from day to day. Whether this code of practices has been built up by management alone, or by contract between management and union, it regulates not only them but, indirectly, their families too, so that when Mr. Jones or Miss Miller shifts from a job in one company to a job in another, the wrench to their daily mode of life and their view of the world about them may be as sharp as if they had moved from town to town.

And the corporation is a social unit too, a community. The girl who comes from an Ohio town to Philadelphia to take a job is acutely aware that among her new fellow employees and their friends she may find the man she will marry; as she begins to go out to lunch with other girls in her department she is being introduced by degrees into a new society. The young man who is transferred from the Cleveland plant to the Kansas City plant knows that his social life in Kansas City will be built in large part about the friendships he makes within the plant there.

The extent to which the corporation constitutes a community depends of course upon many factors—the social homogeneity of the employees as a group; whether the company dominates the town in which it is located or is a small unit among many; whether or not most of the employees separate at night to go to different dormitory suburbs; and whether there is felt to be official pressure for or against a concentrated association with other members of the corporation's staff. (One recalls the remark attributed to Ben Sonnenberg, the New York public relations man, a believer in the importance of outside contacts, that lunching with colleagues is "career suicide.")

But on the whole the social life within the corporation is a more important element in the American scene, I believe, than one would gather from most of our fiction—which is likely to be produced either by self-employed people who do not know this life at first hand or by people who have experienced it but are such natural-born individualists that they look upon it with a bilious eye. General awareness of its importance may account, at least in part, for the steady movement toward the cities, where people obscurely feel that they will be guaranteed some social opportunities through office contacts—many more than a small community would offer—but will not be as wholly dependent upon these, as imprisoned within the corporate community, as they might be in a one-company town.

In some corporations the social pattern takes curious forms. *Fortune* published late in 1951 two articles dealing with the pressures upon wives of executives in some concerns to conform to a rigid code of executive-wifely conduct. These articles—later summarized in a single article in *Life*—revealed that in some corporations executives are not chosen, or promoted, until their wives have been approved as suitable members of the company community; these wives are expected to have social ease, to refrain from injudicious talk or alcoholic indiscretion, to guide other wives toward seemly behavior, and to help their husbands put the company's interest before any other. Indirectly the articles also revealed how delicate a pattern of conformity, echelon-mindedness, and snobbery such a custom may impose upon the community, turning the concept of teamwork among executives and the concept of the corporation as a community into caricatures.

From the comment which these articles occasioned it was clear that there are corporations in which no such gentle conspiracy to erase individuality takes shape. Yet in one way or another both the management and the union, if any, are likely to tend, for their own reasons, at least to encourage the employees' sense of belonging.

Thus in the urbanized society of the mid-century the company or union paper serves as the equivalent of the old-time country weekly. "Angela Filson in Accounts Payable is sporting a new ring these days. The lucky man is Jerry Cassidy of the Des Moines office. Con-

gratulations, Angela and Jerry!" . . . "Agent Win Winget won enough in two football pools to keep his twins in new shoes for the next three years." . . . "Our deep sympathy goes to Lillian Gerchar, Helen Debrececi, and Pearl Anthony in the recent loss of loved ones." . . . "Eleanor Rich, twelve-year-old daughter of Howard Rich, employed in the pipe mill at Gadsden, recently won the Alabama State Spelling Championship. In cinching the crown she correctly spelled 'baccalaureate' and 'eleemosynary.' In the photo Eleanor is shown with her proud dad." What are these but the sort of personals that have been the traditional seasoning of small-town community life? And does not the office party serve the corporate society as the sort of saturnalia that other communities have needed and have not always been able to devise—as occasions where the salesmen kiss the secretaries, and the office boy tells the department head that his routing system is all wrong, and the community code tells them that none of this is to count on the official record?

In this corporate community the labor union plays today an anomalous part. By its very nature it is divisive, required to be anti-management, anti-company, anti-industry, a sort of His Majesty's Opposition that will never, like an opposition political party, be required—or be able—to take office and show that it can do better. The union leader is in a curious spot. Unable, himself, to put into practice any of the changes for which he campaigns, he is compelled by his very position to make the most of grievances, to whip up mistrust, and in some cases to keep alive the threat of a strike which may paralyze not only the company or industry against which he is campaigning but many another which has had no part in the dispute. When inflation threatens, the position he occupies almost forces him to keep on pushing for increases which will add to the inflationary pressure; if he doesn't, he may lose his job to someone who shouts more loudly and consecutively than he. For he is cast in the role of a crusader, and if the time comes when the need is not for rebellion but for reconciliation and reconstruction, he is in danger of losing status. Furthermore, his search for able subordinates is complicated by the tendency of man-

agement to promote some of the ablest potential candidates into ineligibility. He is required almost inevitably to be an underminer of that loyalty to the company which offers one of the deepest satisfactions of corporate work. And the one really strong weapon in his arsenal, the strike, is an exceedingly blunt one, which hits a great many people at whom it is not aimed.

That the right to strike remains one of the fundamental liberties in an industrial society one may agree. One may agree, too, that unions and their leaders have played and are playing a vital part in the raising of the general standard of living; and that, by and large, the codes of practice which they have written into the statute books of industry (always excepting the featherbedding codes imposed on certain industries) have done and are doing much to make for decent conditions of life which would not otherwise be attained. It seems undeniable, furthermore, that some method of providing an uncringing representation of the rank and file of corporate employees in the contest over the disposition of corporate funds is essential to our general well-being. Yet it remains an anomaly of our industrial life that this deep division of loyalties is built into it in a day when the trend toward a general American standard of living is otherwise such a unifying force.

Under these circumstances it is noteworthy that we have so many ably managed and responsible unions as we have today, and that patience and good will are so often to be found on both sides of the table in management-labor relations. Strikes, like airline accidents, make news; reasonable agreements, like the hundreds of thousands of airline flights that arrive safely, do not. In the reports of the British productivity teams there has been frequent mention of the extent to which managements and unions have been found to be working together toward the improvement of manufacturing and administrative methods. One reason would seem to be that common-sense people recognize that they work better, and are happier, when their loyalties are not in head-on conflict, but overlap.

That already the strike itself is tending to change its character in response to this recognition has been manifest in recent years. Though

some strikes have been bitter and violent, these have been the exception; and the contrast of the rest with the strikes of earlier years has been very sharp. Mary Heaton Vorse, who as a reporter deeply sympathetic with labor observed the steel strikes of 1919 and 1937 and then that of 1949 at close range, visiting some of the same mill towns and attending strikers' meetings, was astonished at what she saw in 1949: the absence of violent goon squads; the sympathy of the townspeople generally with the strikers, who seemed to them not a mob of red revolutionaries, as they had seemed in 1919, and even in 1937, but a collection of respectable fellow citizens to whom it was reasonable to extend financial credit in the emergency; the action of some company officials in serving coffee to the pickets; the manifest interest of almost everybody in maintaining order. The contrast with the old days has been even cleaner-cut in some other recent strikes, during which there has been noted in the local community an air of friendly excitement something like that at the close of a lively political campaign, or at the time of a big football match; in such communities the strike has been regarded not as class warfare but as a sort of game played between two teams, one of which has numbers on its side while the other has authority and money.

Meanwhile there are further signs, here and there, of a further evolution toward a lessening of the anomaly, toward a conceivable new order of things. Recent contracts tying wages to productivity are one sign. Such innovations as the Scanlon system of rewards, which again emphasizes productivity, are another. The widening group of companies which have introduced profit-sharing—some of them, like Lincoln Electric, with astonishing results—constitute still another. The intense preoccupation of many company officials with the art of communicating with employees and the public, and the studies which are constantly being made of the satisfactions and dissatisfactions of the workers' lot, are likewise encouraging. It may be that one of the changes we shall see during the next generation will be a transformation of the very nature of the union from an instrument of counter-loyalty and coercion into a less emotionally divisive though equally

effective part of the organizational machinery of American business. For as it exists today it is becoming something of an anachronism in the more enlightened industries.

The corporation has come a long way, but there is still much unfinished business ahead of it.