

Keystone Conference
Speech by Max Ways
February 21, 1979

My wife and I so much enjoyed the conference we attended here last year that we were delighted to be invited again. We are Easterners, non-skiers, and resolute indoors-persons; therefore, you can be sure we didn't come to the Rockies in February for the fresh air, but for the pleasure of your company and the contributions we expect this meeting to make to important public questions.

My own contribution tonight will not be directed toward the formation of specific programs or policies. Nearly all of you have experience more relevant than mine to the practical aspects of our topic.

I have never engaged in business, nor in public relations, and served only briefly in government. My observations concerning the public perception of business are drawn from more than fifty years in journalism. No doubt, some of you are thinking that journalism is part of the problem under discussion. You may be relieved to hear that I agree that the media do present a distorted picture of business. But the media are not the only cause of distortion. I go so far as to say that all of us, including businessmen, are part of the problem.

Scores of surveys have shown that the American people do not wish to replace their economic system with one basically different. But this good news is always accompanied by the bad news: survey responses also show a large majority of Americans to have attitudes to business that range from suspicious to outright hostility. Perhaps as dangerous as these negative emotional attitudes are the public's misinformation

or lack of information about business, also disclosed in these surveys. The emotional attitudes and the informational defects are, of course, connected by a two-way street. For instance, Americans have been told often that business profits run about five percent of sales; if Americans continue to believe that profits average more than twenty-five percent, that must be in part because their emotions block out the true information.

This distortion in the public perception is a serious social defect. I stress the word "social" because the whole society is endangered if it perceives any of its essential elements in a way that is substantially false. The theory of democratic government requires certain assumptions. One of these is that the people understand at least the broad outlines of how their society works. If they misunderstand an important element then they will make practical judgments that don't work. Business will not be the only victim of these wrong judgments. The whole society will suffer.

It's not necessary to labor this point further. I want to explore the causes of the distortion. I think the causes are deeper, stronger and wider than most people recognize. And I believe them to be different from those usually suspected. I'm interested mainly in the United States, but the perceptual distortions present here are also worldwide. Perhaps we can throw some light on our own problem by looking at a distant country, one that is in many ways different from our own.

I mean Iran. The turmoil in that nation is one of the most interesting events of my lifetime, one that helps to clarify other trends in other countries, including perhaps our own. The media had a hard time interpreting what was going on in Iran all last year. The facts didn't fit the handy pigeonholes we have constructed for interpreting civil

disorder. Our favorite pigeonhole is Marxism. True, Marxists are present in the Iranian scene, as they are present everywhere, but they do not seem to be playing a leading role. Their turn may come later, but for now the important point to notice is that a tremendous popular revolution occurred that was not fomented by Marxist ideas.

Our second favorite pigeonhole for interpreting such events is the "revolution of rising aspirations." We note that the troubled nation has been making some economic progress; but the pace, we say, has not been fast enough to meet the newly stimulated aspirations of the people. The leaders of the rebellion, we note, promise to quicken the pace of economic progress. However, the revolution in Iran doesn't fit that interpretation, either. There seems to be a wide consensus among reporters on the spot that the Shah and his associates set a pace of change in Iran that was too fast. The leaders of the revolt do not call for more material progress; on the contrary, they seek an Islamic republic. I don't have a clear picture of what that means--and I'm not sure they do, either; but I'd be very surprised if an Islamic republic could accommodate industrial market capitalism at the level of its development in Iran today. In short, we see in Iran most a revolution of rising expectations, but a revulsion against the material changes of the last thirty years and an explicit program of moving back toward some kind of society realized in the past.

I have long believed that this conservative element, this desire to retard, or stop, or reverse change, has been present in most of the upheavals of our time. I believe the desire to escape from the painful freedom of the market is an important, though hidden, element

in socialism. Communism attracts also those who do not want to move toward democracy. In some cases, slogans associated with "the revolution of rising expectations" are in truth masks for a desire to return to a more tranquil, more stable, more familiar kind of society. What makes Iran especially interesting is that the reactionary element is not masked by progressive slogans. It is proclaimed by leaders of the revolt and seemingly accepted by many Iranians who had benefitted most from the economic program of the last thirty years.

Of course, nobody explicitly formulates his grievance in terms of opposition to a rise in his own standard of living. But as those riotous demonstrations flashed across the TV screens, a conspicuous feature of the scene was the number of rebels who were rioting by automobile. Apparently, many Iranians had had some of their expensive expectations fulfilled--and nevertheless turned against the system that had brought this prosperity.

Thanks to oil, Iran had been able to increase very rapidly its purchases of the products of the industrialized countries. But these very products of the West were perceived less as benefits than as destroyers of the Iranian culture and corrupters of traditional Islamic ethical standards. If we recognize the automobile as a prime symbol of Western capitalism, what we saw on TV was riot by automobile against the automobile--a graphic illustration of the ambivalence with which people everywhere are reacting to material progress.

The events in Iran are not as remote as they may seem to the public perception of business in our own country. All the advanced nations today show signs of widespread discontent and even more widespread cynicism and apathy. Recent elections in the United States, including the one last

November, show the percentage of people who even bother to vote has been decreasing. This decline in voting is consistent with many surveys that show widespread public cynicism about politics and government. Some businessmen take comfort from surveys that indicate government, along with business and most other institutions, has declined sharply in popularity. This misery-loves-company reaction is, I think, a mistake. The health of business today requires a strong and respected government. Moreover, there is much reason to believe that the declining reputations of government and business are intertwined, that in the U.S., as in Iran, the reaction against change is a fundamental cause of discontent.

At this point, I had better say plainly that I regard business not as a conservative establishment but as the great transmission belt of change in modern society. And I regard the changes wrought through the business system as, on balance, positive---not only on a materail scale but also on scales of social and ethical values. My convictions on this point are not shaken by my efforts to understand--and to sympathize with--those who feel themselves hurt by a dynamic society that destroys the old as it builds the new. There really cannot be much doubt that the changes in Iran over the last thirty years did disrupt the established relationships of village communities, did weaken the bonds of the family, did thrust millions of individuals into unfamiliar settings where they were no longer sure of their rights, their responsibilities, or their norms of conduct.

Is it so very different with us? The Iranians burn down movie theaters, a symbol alien to their traditional culture. We have had efforts to blow up computers, as symbols of a disturbing change. When I read

about the Ayatollah's disciples who say they will abolish many recent innovations in their country, I remember the Berkeley campus in 1964 where the computer was regarded by many student protesters as one of their main enemies. A frequently repeated slogan read, "I am a human being. Do not bend, fold or spindle."

Those of us who appreciate the benefits of our dynamic system may and should deplore these conservative reactions to the forces of change. But we must not underestimate the depth and breadth of the resistance to change and to the system that most efficiently transmits change. If we underestimate the problem, we will not be able to make much headway toward solving it.

Remember when Governor Brown, the Ayatollah of Sacramento, announced a program for zero growth? (Since I no longer handle fast-breaking news I'm not able to say whether that is Governor Brown's position today). But zero-growth, zero-change is unquestionably a program that appeals to millions of Americans.

Such attitudes hardly ever occur in a pure, unmixed form. Among the people demonstrating in Teheran for an Islamic republic there were reported to be many women office workers. (I'd be surprised if they willingly give up their jobs and embrace harem life). Nor will those automotive demonstrators in Teheran eagerly trade in their cars for mules. Nor will the Iranian oil workers and other workers accept patiently a return to the living standards of thirty years ago.

In the United States labor union members who will fight hard to protect their jobs by retarding the pace of technological change will also demand increases in real wages which will be impossible unless

technological change accelerates. Attitudes that are logically contradictory coexist within each single individual, within each social group and each political party.

The sampling surveys show widespread distrust of business among the American public. But actual life shows that people trust the products of business. They accept jobs in business. They urge their sons and daughters to prepare for business careers. Such ambiguities should not surprise us. They are expectable--perhaps inevitable--features of the great transition that began two hundred years ago and shows no sign of nearing a point of rest.

But at any given time the ambiguities in the public perception of business impose great practical hardships and disappointments without satisfying either that side of us that wishes to move on or that side of us that wishes zero change. In the U.S., voters support a tax structure that inhibits capital growth; they also look forward to an expansion in the number of jobs and an elevation in the quality of jobs. But improvement in the job scene cannot occur without more capital investment than the present tax structure will allow. No wonder our political scene is confused. Now wonder voter apathy is rising. Out of our contradictory attitudes toward change can come social, economic and political paralysis; short of paralysis, it can--and it does--cause bitterness and cynicism and an impairment of social morale.

When I said the contradictions in the public reaction to change were expectable and perhaps inevitable I did not mean to suggest that we should sit back and do nothing about them. Every group can contribute to improvement of the public perception.

Let's start with business. In the past twenty years business has greatly improved its own part in the discussion of public questions. But it has, in my opinion, a long way to go. I don't think businessmen recognize that they are in an uphill struggle against public attitudes that have persisted for centuries. When I was here before I pointed out that capitalist enterprise had a bad reputation going back to early centuries of Christian tradition. Public hostility toward business today is not a recent phenomenon generated by Marxist professor or Marxists journalists. Indeed, the Marxists find their opportunity in anti-business attitudes that are centuries old. If more businessmen understood this, they would take more pains to explain their own particular actions that affect others and to explain the system within which these actions occur. Nobody is born with an understanding of business. It has to be learned and the society needs help in learning.

It's not the quantity of business communication that is to blame. Business sends us expensive messages all day every day and all night every night. I am referring, of course, to advertising, especially the televised variety. In one sense, this flood of business messages is highly edifying; it's heartening to see the rich begging for the attention and favor of the non-rich; it's a wholesome sign of the true character of our society that those who are supposedly most powerful have to resort to persuasion. On the other hand, does business in seeking to persuade have to grovel in the dirt, and pluck at our sleeves? Does it have to shout and make funny faces? Does it have to assume the customer is a moron who cannot be reached unless the message is repeated forty times in a week? In many cases any single advertising campaign, considered by itself, may

be inoffensive enough--but an evening of TV commercials taken in their awful accumulation constitutes a self-mutilation of the collective corporate image. Some of the cost could be diverted to quiet explanations of business facts of life, such as, why businesses in an inflationary period have to raise prices, or why profits are good for labor and consumers.

Business might also address the public on some social realities that are not widely understood. We all encounter young men and women who are horrified at the prospect of employment by a corporation because they think they would have to submit to dictation and a faceless mechanical conformity. Such a prospect was somewhat realistic seventy years ago, but it has become less true with every passing decade of the twentieth century. Today in large companies, hundreds even thousands of people participate in significant decisions. Power is more and more widely distributed. Cooperation and communication are recognized as the keys to corporate success. Last week I interviewed an American businessman who has been working in a joint venture with a Japanese company. I asked him how he liked the Japanese pattern of management that requires them to reach decisions by a consensus among many executives. He said, "I love it. It's the way I've always operated. No other way makes sense in American business today." This executive used an interesting metaphor to explain his point. "It's like a heart transplant," he said. "Sometimes they don't work. The body rejects what the surgeon has done. If a chief executive officer transplants a new policy onto his company without the real understanding and cooperation of many people, he runs a great risk of rejection." If more young people understood the huge delegation and distribution of authority that has been occurring in American business they would enter business not

as lambs to the slaughter but in the eager expectation of personal growth.

Business must bear part of the blame for the fact that the public's picture of human relations within business is a couple of generations out of date. The difference between what business used to be, and what it is now, represents a giant step on the scale of human dignity and individual freedom. It represents, in short, a moral advance. Public hostility to business used to be based on a material accusation: business, it was said when I was young, deliberately conspired to restrict the flow of goods and perpetuate scarcity. We don't hear much of that charge any more. Today's accusations are more moral than material, but business goes on making the materialist defense that it does produce a lot of goods. That defense will not be accepted--not in Iran, and not in the U.S. A moral accusation requires a moral defense. Business has the evidence for such a defense but it seldom calls attention to its practical contributions toward decent, cooperative relations between people.

I said business was partly responsible for its distorted image. Among the other culprits are journalists and, in fact, the whole clamorous throng of professional communicators: teachers, preachers, actors, novelists, politicians, script-writers. In one way or another these groups have the public ear and how they depict business has strong influence on how the public perceives business. I'm not saying the professional communicators created the anti--business attitudes, but they nourish and keep alive those attitudes, partly by what they say, more by what they don't say.

The business press does a pretty fair job of reporting business, but some of us who work in that field know we lag way behind the actual

changes in business life, most of which are socially positive. But media that do not specialize in business are guilty of distortions, almost always unintentional. Ingrained journalistic habit leads us to play up business scandals. That's not bad in itself. Part of the function of a press is to expose wrongdoing. But when this habit is coupled with a great reluctance to report on that part of the business scene that is non-scandalous, a lopsided picture emerges.

Journalists assume that somebody else is going to tell the public about the meritorious but dull aspects of business. But who, in fact, does this job? Not the great majority of teachers and preachers who don't know much about business and aren't very interested. Not the novelists or playwrights--or the other professional communicators.

All of these people want to be readily understood by their publics. So they cater to--and they share the deep-seated and ancient public suspicion of the businessman. They write, so to speak, downhill, taking advantage of the gravitational pull of ingrained public prejudice. There's a new book, called "The View from Sunset Boulevard" by Ben Stein, who has worked in television as a writer and producer. He has observed and collected the social attitudes of people who create TV entertainment. As anybody who has sampled that fare knows, their picture of the businessman is unfavorable--on moral grounds. It is easier by far for them to show a businessman as a villain than as a hero. Stein quotes one of them as saying "businessman are all sons of bitches. They're all cannibals. They commit fraud when they say they are interested in anything but profit. They distrust people who are brilliant." The man who said this is a writer-producer on The Mary Tyler Moore show--and his view is only

slightly more extreme than the consensus along Sunset Boulevard.

When the influence of professional communicators is thrown so strongly on the side of reaction against the business system, it is no surprise that we are not healing the breach between the way we live and what we say our standards are.

We never will--and never should--reach a stage where business or government or any other institution is looked upon without some measure of public skepticism. All institutions--like all people--are capable of transgression that should be denounced and corrected. But we could do that job more effectively if we accepted the business system as essentially legitimate and constructive.

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