



Speech to the Bell Telephone System's Publicity Conference
April 1927

Page, A. W. (1927, April 28). Talk. Speech presented at the Bell Telephone System's Publicity Conference, Thursday Morning Session, Briarcliff, NY.

Summary

After three months with AT&T, Page speaks at a publicity conference where he discusses the opportunities publicizing the company's public service will provide the 50-year-old company. The benefits of investing in AT&T are discussed.

Those responsible for publicity are encouraged to keep a pulse on the public, learn what it is they want, and find a place where the public's interest and the company's interest coincide. The company needs to overcome public suspicion subject to monopolies and help the public understand how AT&T not only operates in the public's interest, but how it properly deals with the money that flows in and out of the company.

Key topics

Finances – investments, investing
Public Opinion – operating in the public's interest
Publicity
Monopolies – suspicion of monopolies

Page Principles

Tell the Truth

Talk

The meeting was called to order by Mr. Page at nine o'clock.

MR. PAGE: I had originally intended to have this conference entirely a field day with very little from 195. I don't know just what it was that gave me what the preachers call a call to preach and I am not going to let it last very long. The thing that I think it was, was a difference in definition between Mr. Builta and myself. He explained that the service ideas of the Bell System were not idealism but hard-headed business. I think in our case those are one and the same thing. I think that idealism is to find out the place where our interest and the public interests coincide and to hit to that place.

Happily with us, the people at 195 so far as I have seen them (and I am not speaking as one of them for the present, because I have been there so short a time that I am more of an observer than otherwise) are completely committed to that policy. Somebody here likened the A. T. & T. set-up with the associated companies to the arrangement of the federal and state governments. I think that is a true analogy, but in our task of selling the A. T. & T. I would like to remind you of your history, that we are getting along a whole lot better than the fellows who tried to sell that Constitution to begin with. They had a very tough time of it.

There are two fundamental things which seem to me to make our position in explaining the Bell System to the public sounder than the position of people in any other large activity or large industry in the country. One of them is the question of where the money comes from and where it goes with us. The money comes through the associated companies and goes to the A. T. & T. by dividends and by the service contract. It goes to the Western Electric by the Western Electric Contract and comes into the A. T. & T. from the Western Electric.

The thing that bothers the public a good deal in this age when mechanical contrivances and organization have made it possible to provide a high standard of living and reasonable prosperity for people, that is, the total production has been attended to by modern processes, is this: when you have done that, how do you divide the money? Doesn't somebody, some group somewhere get more than their services entitle them to? Back in the minds of most people who have criticized large corporations, and certainly most of the suspicion of commissions, arises from the suspicion that somewhere there is a diversion from the main stream down over the mill wheel of some particular party. That suspicion is not altogether ill-founded in a good many businesses. There is that diversion that goes in the form of speculative profit to a small group in many businesses and a good many businesses are set up for the purpose not of arranging for the main stream but arranging for that diversion. With us that is not true. No matter what course the money takes from the public, either by the service contract or the Western Electric or the dividends from the associated companies, it all arrives in the same pot. It is all in the main stream when it gets to the A. T. & T. treasury. Nothing has been diverted.

After it gets there, the same is true of it; not only is none diverted to any particular group, but there is no incentive that I can see for anybody connected with the management to want to divert it to any group or in any way. If they did want to, how could they? The company is owned by 420,000 people. As you all know, nobody owns one percent of it. The only place that money can go, if it goes to the stockholders, is to all of them. I think that covers one point that might be in people's minds about other corporations, and they may think without studying that we are the same. In other words, if that money is divided in the form of dividends, it is divided with the public. There are 420,000 in now, and it is a public opportunity, anybody can get in. Besides that, there is no incentive to divide that money with the public at any higher rate than is now being done; that is, there is no incentive on anybody's part to wish to raise the dividend or give a stock dividend or give a stock dividend or split up the stock or do any of those things. The rate of dividend is where it is because at the point where it is, it is sufficiently attractive to investors to bring into the Bell System the \$350,000,000 a year that it needs to continue to improve its service.

If by any of these processes the money coming into the A.T. & T. treasury by any of these sources brings more in than is needed for the ordinary purposes of paying that dividend, putting a reasonable surplus aside and providing for new facilities, there isn't anything that that money can be diverted to but two things, under the present policy of the company. One is to still further increase the plant, which means improve the service. When I say increase the plant, I mean perhaps spend it in laboratories which will ultimately increase the plant or directly increase the plant or spend it on the information departments. But if it isn't used for that, the only other thing you can do to keep that money from getting ahead of you, as Andrew Carnegie once said of his income, is to reduce rates.

The consequence is if the public really believe the set of facts which are actually true, there isn't the slightest reason in the world for them to worry about what money comes into the Bell System, because from their point of view the worst thing that could happen would be that we would get a certain amount of money that we didn't actually need which would stay in suspension in the associated companies and the Western Electric and the A. T. & T. treasury for a period of time as it was going through the process and before it was diverted back again either to improve service or reduce rates.

I think ours is the only company, not only in this country, but in the world, and probably the only one in history, that is in that particular situation. I wonder whether all of you fellows who have been close to this thing as it has been growing up realize how unique and distinguished that situation is. It seems to me that that forms the basis of the fundamental presentation of this Bell System to the public.

I haven't (being a three months' expert on this job) any specific method in mind for presenting that to the public, but with so sound a thing in our hands, I am certain we can provide a method which will bring to the telephone system the public attention, for, instance, which Hr. Ford has for the extreme degree to which he has gone into quantity production. I think if the public understood what the Bell System has done, it would have as large an interest in us as it has in Mr. Ford, and perhaps a higher regard because I think we have done some things of a public service nature which he has not.

There is one other aspect to the thing. Granting that you can trace all the money that comes in and goes out of the Bell System and that, it is in a proper channel at all times, that would not guarantee that we were efficiently managed and there is a suspicion at times in the public mind that anything which is a monopoly has a tendency to dry rot. It is that there is no incentive to improve, the spur of competition is lacking.

In the last two or three months I have talked to people in other enterprises down town in New York about this situation and some of them say, which in a sense from their position they have to say, that if you have taken the speculative profit incentive out of a business that will prevent its continued improvement. On the other hand while the Bell System has, generally speaking, never made a millionaire, it has been going for fifty years; it was built up at the time of the exploitation of all other industries, in the age when great fortunes were common, when everybody else was doing it, and it didn't do it. And yet on all sides it is recognized as being one of the most efficient businesses there is and it has never had the speculative profit. I don't believe that that particular speculative profit has anything like the influence on the conduct of business that a belief in the business and enthusiasm for the business, a set of ideals and any of those other elements, a pride in the job, etc., have. I think that the Bell System has again in that line demonstrated some facts which the students of business in the next fifteen or twenty years will spend a great deal of time thinking about.

There is a specific reason which you all know for the efficiency of the telephone business, that is the set-up of the company provides the engineering staffs and the laboratory staffs whose sole job it is day in and day out to find out a method whereby they can change what the operating man now is doing and change it for the better. If you have five or six thousand men engaged on that job, so long as they produce something, the company processes must improve.

I think those two lines of thought, the following of the money that comes in and goes out of our company and the motives which prevent any misuse of it, and the insurance of a continued activity and improvement in the service, are the background which can give us a confidence that we have got a better thing to present than any other similar group in this country. That is the main thing that I had in mind and the specific method of getting at presenting it is very small compared to the size of the picture. It is going back to the thing I mentioned several times before, that is to organize our machinery a little tighter together than we have it, or to continue to organize it tighter, as we have been doing in the past. We also want to endeavor to keep in maximum touch with all of the other departments at 195 so that whatever goes out in engineering or any other line, we will get track of it and notify you so that you will be abreast of the times with any other department.

Those two main things are what I hope we can work out from this conference, and we are going ahead because you have given me some assurance from time to time during the conference that that is what you wanted to do and that in that way we could cooperate.

There is only one other thing that I had in mind. One or two towns report that people have spoken of the A. T. & T. as a foreign corporation, from the point of view of Oklahoma or Montana. Well, perhaps in a certain sense it is, but there is this fact to remember, that it is an American company, owned by 420,000 people and those 420,000 people live all around. If the people in Oklahoma want to own the Oklahoma telephone system, they can buy their proportion of the American Company and it will be at home. It isn't a New York company; it is an American company. There is a New York Company and that properly is in New York.

There is one last thing I wanted to say. This particular department of ours is not pressed with the commercial end of this business; it is not engaged in the immediate money making, the physical preparation of plant and it is freer, if it has the brains and perspective and intention, to be the custodian of the ideals of the company. When I say custodian, I don't mean a person who keeps what he now has, but a person who keeps that and sets about thinking how to add to it. We are in a better position presumably, being in touch with the public and knowing what the public want, to find out at what place the interests of the company and the interests of the public coincide. It ought to be our business and we ought to be able from time to time to contribute to the presidents of the different companies suggestions and help along that line, just as the engineers and the commercial men bring in suggestions along their lines.

Gentlemen, I think that my call to preach has about petered out.