



Speech at AT&T's General Publicity Conference
April 1929

Page, A. W. (1929, April). The Problem of Forecasting Public Opinion in the United States. Presented at AT&T's General Publicity Conference.

Summary

Page provides a lengthy historical account of the United States' legal and economic record that highlights how the government reacts when industry becomes too powerful. He addresses the functions of public relations that are fundamental to businesses and the need to continually gauge public opinion. The functions of public relations include the need to communicate with the public about the company and the need to interpret public opinion and inform the company about the public's sentiments. Page also emphasizes the need to convince the public of the company's sincerity and the character of its operations. Great service, proper prices, and effectively handling publicity are all required for maintaining good relations with the public.

Key topics

Public Opinion – gauging public opinion
Customer Service – good service
Regulations – Industry/Government
Public Relations – PR functions
Publicity
Research

Page Principles

Prove it with action
Manage for tomorrow

The Problem of Forecasting Public Opinion in the United States

General Publicity Conference
April 1929

THE PROBLEM OF FORECASTING PUBLIC OPINION IN THE UNITED STATES

For the benefit of those who were not present at our conference here last year I am going to review very briefly what I regard as the functions of the Information or Publicity Department.

Its most obvious function of course is to act as spokesman for the executive departments of the Company by the written word, motion pictures, advertisements, or any other way in which the Company speaks to the public. Its other function is the opposite of that. It is an endeavor by the Publicity Department to ascertain the public's point of view and to act as an interpreter of the public to the Company. Thus the

Publicity Department has a great opportunity to be serviceable, both to the public and to the Company.

Those are the two general divisions of our work that we have discussed for the last two or three years. I want to go a little further this morning and point out what I hope we shall in discussion agree is a little further amplification of it.

The Legal Department in the Bell System watches the laws and decisions that affect the Telephone Company as well as trying its cases before the courts and commissions. They do not, I believe, formally make provisional estimates of the legislation and rules of the future, but if you discuss with the members of the Legal Department, you will get from them some exceedingly useful points of view about the trend of legislation.

The Statistical Departments in the System tabulate the economic material, which bears on our business and also on general business. They project their studies into the future. All of the economic facts, which you can project into the future, have some emotional and public-opinion-forming reaction. Consequently there is an opportunity for us to take their findings and translate them into our particular function in business.

Likewise the Engineering Departments of the business not only take out the facts of their immediate concern, but their prognostications are brought down to estimates, and these estimates are translated into orders on the Western Electric Company. There is a great deal that we can get out of these things which will tell us what certain conditions are going to be in the future. And from that we can arrive at reasonable expectation of what public opinion reactions will be to those things. In other words, in order to conduct our part of the business from as forward-looking a point of view and as effectively as the other parts of the business are conducted, we need to know not only what is the state of public opinion at present, in general and in particular, but also what it is likely to be in the future, because if you are trying to help guide the Bell System to fit public opinion in the future, the nearer you can guess what it is going to be and the more you know about what the Bell System is going to be, the nearer you can bring those two things together.

Perhaps the prognostication of public moods and public trends may seem a little intangible. It may seem a little like the definition that I have quoted before of General Carty in which he said this is "an exact science about which very little is known." But it can be done. When our people began to make professional estimates in figures, they were not particularly accurate. Even now they are not altogether so. But they have built up a technique over a considerable period of years and with a considerable amount of experience, and there isn't any essential difference between recording things in words and in figures. That is, the figures may be as far off as the words, or they may be as accurate, and vice versa. I don't think we need to be discouraged because the process that we are working on has not been developed as far as the processes of a similar nature have been developed in using figures.

I would like to give you one example from outside this business of the kind of study I am talking about. In 1915, when I was working on a magazine, I asked a very careful investigator if he would study what the prohibition movement at that time consisted of and where it was going. He came back, after some months of study, with a fairly comprehensive article in which he stated that the United States would have a

prohibition amendment passed in 1920. That was in 1915. Of course, he didn't allow at that time for the emotional acceleration, which came from our entering the war, although he might have. The study he made wasn't just based on asking people all over the country what they thought about it—whether they thought it was coming and whether or not they believed in it. I want to read you a little bit of that article to show you what kind of a process he went through.

“In one way the fight now started for national prohibition is unparalleled. It enlists a force of nearly two thousand regularly and in some cases highly paid employees, who will devote all their time to this work. With these men it is not an ‘outside interest,’ an avocation—it is a job. They keep at it all their working hours. There are only two branches of Society, so far as I know, that make politics a twenty-four hour occupation: the professional politicians represented by Tammany Hall, and the prohibition workers represented by the Anti-Saloon League. Reformers have often been advised to adopt the steady working hours of professional politicians; good men fail, we have been told, and bad men succeed, chiefly because the former work spasmodically and the latter keep at it all the time. Well, the prohibition workers have adopted this advice. The Anti-Saloon League has from 1,500 to 2,000 regularly paid workers—superintendents, assistant superintendents, and the like. In a majority of cases these officers are wide-awake, practical men. Once the leaders in this reform were more or less broken down clergymen; there are many clergymen still employed, but they are not of the broken down variety; and the organization also has a considerable assortment of experienced lawyers. Fighting the liquor interest is now a regularly recognized profession, and there are many men engaged in it who have never known any other occupation. The Anti-Saloon League is constantly on the outlook for fresh material. It regularly scans the graduating classes of our best universities, picking out here and there young men of devout lives and native organizing talent. These young men, on graduation, join the anti-liquor forces as a life work, just as others enter the legal and medical professions. That is, they become professional politicians in the interest of prohibitory laws. They are ‘scholars in politics.’

“And these men not only know what they want but they have definitely formulated plans for getting it. There is nothing vague or haphazard about their goal or their methods. They fight the enemy rum wherever he shows his head. In addition to local option and other battles in their states they are working shoulder to shoulder for a Federal amendment. Their methods are almost exclusively political. The prohibition fight represents church activity in politics. The prohibition forces are after one thing and one thing only—the church vote. According to their calculations, there are thousands of church members in every community opposed to the saloon. Their programme is to organize this voting hostility so as to make it most effective politically. They utilize what is the most potent political force known—the balance of power. Here, for example, is a political community containing 100,000 votes. About 45,000 of these invariably go one way; about 45,000 another; this leaves a balance of 10,000, which controls the situation. Now the prohibition forces figure that they can control that 10,000. This minority represents a force of church members opposed to the saloon. With these 10,000 votes in their hands the leaders can dictate to the regular political parties. They care nothing about having a party of their own; this would be much less practical than the control of this minority. With these votes in their hands they can go to the regular parties and dicker. They ask one thing and one thing only. They care nothing for the tariff, the currency, or the conservation of national resources. The selected candidate can hold any opinion on these minor subjects. Neither are they especially squeamish on general

political character. They will take a demagogue like Mr. Hobson in preference to a statesman like Mr. Underwood provided that he meets their one requirement. This is that he support all the League's legislation against the saloon. The candidate who accepts this pledge receives the Anti-saloon League's 10,000 votes. That is all there is to the matter—it is a clear case of crass political bargaining.”

In other words, in that case, as in a great many others, where you find a public sentiment, one of the ways of testing it is very often to find the organization that is working behind it. A real study of that organization gave this man the indication necessary for him to conclude that this prohibition movement was not like the two that had preceded it in the nation's history, but very different because it was organized on a practical political basis and had the power to succeed.

As a matter of fact, if the liquor interests had made such a study and believed it, they would have taken the compromise, which the Anti-Saloon League offered them during the war rather than fight it out.

Such conflict between various interests in this country is not new. From the very beginning of the country, the public has hired certain of its members to do specific jobs, to render specific services. These groups have the habit of organizing themselves very well and from time to time charging for their services more than the public thinks they are worth, or what is much the same, rendering unsatisfactory service from the public point of view.

Mr. Hoover has defined this as “domination by industry.” There has been a constant struggle by industry to dominate and by the public to prevent it. One of the early manifestations was Hamilton's famous resumption of the debt.

What he proposed to do was something like this: the soldiers, contractors and various other people who had been paid for their services during the Revolution in paper money had not had the resources to keep that money in their own pocket. They had had to pass it along at a constantly depreciating value. Some of them got perhaps seventy-five cents on the dollar and some of them a nickel. There were people in the community, however, who had resources enough to keep this paper money, on the speculation that it would be made good. To those people Hamilton proposed that the country actually do make it good,—a hundred cents on the dollar.

In order to do that and pay the interest on it, tariff taxation was necessary and the tariff taxation of course would fall chiefly on the very people who originally had had that money and couldn't keep it. The only other taxes proposed were on the manufacture of liquor, which was the only manufacture in which those less wealthy people were engaged. Thus his proposal was that the people who already were fairly well off, but who had the depreciated money, be given this great increase in value. Obviously the rest of the crowd didn't like it. They were very strenuous in their opposition, but they didn't have any choice, and they finally agreed to it because they were so hard up they couldn't help it. In other words, at the very beginning, the group that was better organized and had the power was the banking group.

That lasted a while, but the other side didn't forget it for a minute, and a great deal of the power of Jefferson's program was to grow out of that. He was representing the little people, and when he came in, the little people's interest became dominant. In

spite of the fact that he didn't want to spend the money of the government for the very reason that he was afraid of the bankers, he bought Louisiana because that was going to mean more or less free land for the great mass of the population moving West. This gave them a speculative opportunity to make money.

We went on from that situation, in which the so called little crowd were more or less in the saddle, until we came to John Quincy Adams who was on the other side of the picture. He only lasted one term, and Jackson followed him and again harassed the money interests and finally broke the United States Bank.

That process went on in fairly well defined lines until the controversy of slavery upset it. After the Civil War it began again in different forms and has continued. It is continuing now. For quite a while Mr. Bryan was the exponent of the little people, his theory being that you could make cheap money and that would profit them and get them out of debt.

Of this process, since the Civil War, there has been a legal record, which makes it easier to see perhaps than the economic record. The Granger Movement in the early seventies resulted in the states acquiring the control over rates within the states-railroad rates. The railroads retreated to the fact that they were doing an interstate business. To meet that position, in 1887, the Interstate Commerce Commission was formed. It chiefly acted on complaints and its business was mainly restraining railroads from rebates and discrimination.

Three years later, the general act against all combinations (where the business was dominating the public) in the shape of the Sherman Law was passed. It wasn't very active until some ten or twelve years later in Mr. Roosevelt's time when we had the Northern Securities Case, the Oil Dissolution and the Tobacco Dissolution. Even that didn't fully satisfy the public, as against organized business, and in 1906 the Interstate Commerce Commission was given further power so as to fix rates.

During the time that these restraining activities were going on, they were to end in a great merger movement of much the same kind in general as we are having now, and at the end of that came the 1907 panic. I don't mean that as a parallel but just as a historical fact.

Mr. Roosevelt had largely identified himself against the organized business interests. He said that he was going to be fair to them. He wasn't violently against them like Mr. Bryan was, but if you read the New York papers of that time, you would gather that organized business thought he was against them. That was their opinion in the matter anyway.

Mr. Taft, following him, didn't become the champion of the little people, so-called, in that struggle, but was rather passive about it, and as a result we got the Wilson election which came on the basis of meeting two or three problems to the public satisfaction. One of the major ones was the old and very sensitive point of the control of credit. The Federal Reserve Act wasn't passed as a banker's measure. It was passed as a measure of the little people to prevent what was then called the money trust, that is the control of credit by the big New York institutions.

Along with that were passed two other acts, the Clayton Act, which went into the details and specific practices, which the Sherman Law had not taken care of, such as

interlocking directorates, subsidiary purchasing, and price discrimination. This was an effort to maintain competition at the point of sale as well as in other part of the distribution machinery.

Along with that came the Trade Commission. There were great hopes for that which from neither side I think are totally justified now. In practice, it makes investigations, creates publicity, and when a merger or a trade association or an institute or any of the modern contrivances for getting businesses together gets the approval of the Trade Commission, it gives them what you might call a presumption of innocence. The courts will still pass on it and may reverse it. Even if they are convicted of wrong-doing, they would not likely suffer the penalties that they would under other circumstances.

At the same time, the State Commissions which had not been interesting themselves in many things except railroad rates up to about 1907, began to take cognizance and active control of all other public utilities, including the telephone, so that that record of laws will show there has been a constant effort all along the line to hedge about, restrict and prevent the domination by industry of the general public.

I am going to ask Mr. Andrew if he won't give you the picture of the present mergers, which really follow right along as one of the interesting phenomena, which have come out of this preceding history.

(Mr. S. L. Andrew's paper is next attached.)

MR. PAGE continues: I thought I would go back a minute and recount a little of how the Bell System has fared in the period that we have been discussing.

It had its beginning at the time of the latter part of the Granger Movement, that is, the telephone came in then, and in spite of the fact that that was a period of rather restrictive legislation toward many businesses, almost all of the laws that affect the telephone were granting it privileges, such as rights of way and eminent domain, right to use the streets and varying degrees of favorable treatment in taxation.

But at that time we were part of the competitive field. After the end of the century when Mr. Vail had pretty well convinced the public that one telephone system was better than competition, the size of the system at that time did not result in its being attacked under the Sherman Law. It went along as far as these major pendulum swings of public opinion are concerned without being specifically the point of attack at any time. However, in about 1907, when the State Commissions began taking up all kinds of regulation, the telephone business came under their regulation as well as light and power and other industries. How much of that was due to public feeling about telephone rates and how much because we were in the general class that was being put under these regulatory bodies I don't know.

In 1910, the A. T. & T. was put under the Interstate Commerce Commission. Just prior to that, Mr. Vail had bought the Western Union. That was our first notable merger in a way. We had put together many telephone companies before but the Western Union was rather more novel to the public, and that stayed until the coming of the Wilson Administration, when it was brought before the Attorney General who said that he was

not free from doubts about its legality. He didn't specifically state that it was illegal, but under that doubt the company divorced itself of the Western Union.

In 1920, the Graham Act authorized the Interstate Commerce Commission to approve mergers and consolidations in the telephone field. In other words, it specifically exempted the telephone field from certain aspects of the Sherman Law.

Congress has not really legislated in an unfriendly spirit against the telephone business at any time, and the very mild degree of investigation and supervision that the Interstate Commerce Commission exercises over the A. T. & T. is evidence on their part that they haven't considered it one of the institutions which have tried to dominate the public.

With the exception of the special contract of leased wire investigations some ten years ago, the Interstate Commerce Commission hasn't done very much with us. Even the valuation of the properties, which I think was provided by law, hasn't even been begun.

That leaves us with a pretty good record as far as the whole system is concerned, and with that good record behind us and a fairly favorable situation for big business in general, as Mr. Andrew points out, it wouldn't seem that we had a great deal to worry about, and as compared to some other people and some other businesses, I don't suppose we have. Nevertheless, in these days things change very rapidly, and there are in all these things that Mr. Andrew explained to you, currents, some for and some against us, and by careful watching we might get a good deal of information out of them. We have in our own business two or three things, which the public is not altogether convinced about. We have our service contract, which still provides us with some trouble in certain localities. That arises, I think, from the public point of view,—from the fact that that contract is subject to use in a way toward public domination. If we wanted to use that contract against the public interest, it is so set up that it could be used in that way. In other words, we first have to convince the public that our character is such that we are not taking advantage of it, or when we come to commission cases and the court, to prove that we actually do not do so.

That still leaves room for suspicion unless the character of the Bell System and its constituent companies is so well presented to the public all over the United States that they are convinced that we wouldn't take advantage of that even though we have the opportunity to do so.

That brings us to one of our main problems, that is, that we keep this character of ours presented to our public all the time. If you have to argue the question after the other side has questioned your character, you are at a great disadvantage, and the only way we can be certain that we are going to be on the offensive, so to speak, rather than on the defensive, is to be sure that we are continuously presenting that good name.

If we had the service contract completely arranged to the public satisfaction, we have exactly the same condition again with the Western Electric contract. It is humanly possible under this setup to charge the associated companies more money than they could buy the same things for elsewhere rather than, as the fact is, to charge them less. The same line of reasoning holds here.

The first point is to have the public convinced of our sincerity and the character of our operations, and if we fail in that, we again have to go to the regulatory commissions or the courts and prove the facts in the case.

Moreover, the service contract and purchases from an affiliated company are things which have been used in other industries in a way that creates a risk of general legislation against that kind of thing, or general hostility against which might include us even though we are innocent.

Of course, the things that are fundamental about our business in maintaining good relations are service, which we take for granted has to be good, and the proper prices, as Mr. Andrews points out. There are two other items. One is the technique of handling publicity, which we have discussed a good deal in these conferences, and which, so far as I know, we haven't gotten ourselves in trouble by doing improperly. But the fact that other public service companies have gotten themselves in some trouble has resulted, not in the passage, but in the introduction of three or four bills in Congress, and the introduction of bills against certain methods of publicity, particularly against certain relations between corporations and the press, in a half dozen or more states.

There is also a question, which is constantly with us, and that is, dealing with the governing bodies of the various states and with the regulatory commissions. The technique of doing that properly and with a proper philosophy is about as difficult, or more so, than dealing with the press. From time to time, unless that is carefully done, that also has the possibility of getting us in trouble. Also if the other people who are around us make mistakes, we are likely to be classed with them unless we have taken the pains to differentiate ourselves constantly and regularly and all of the time so that we will not be thrown in the general horde.

Mr. Andrew's picture is fairly optimistic of our present condition, and I agree with him that it is a fairly happy situation. And yet, there are two or three points even in that which, it seems to me, would bear our watching pretty carefully to see whether, as we go along, the present indications continue.

There has been all through American history a very tender point with the public on the control of credit. It started, as I said, with Alexander Hamilton and it has kept on. You have two or three things going on now that touch that. While it is true that there are, approximately 27,000 banks in the United States, if you took the 270 largest of them, you would get something over half the deposits of the whole lot. That is not very different than the picture that people discussed as to size of the money trusts that led to the passage of the Federal Reserve Act. The condition is not the same because the Federal Reserve Act has done for the public what it set out to do. But these consolidations of banks may touch that tender point in some stage and in some way, as might the control of holding companies.

As Mr. Andrew pointed out, a great many holding companies, particularly in fields allied to us, have conducted their finances on a pretty optimistic basis. That is, they have built largely upon the belief that the very satisfactory earnings and increases in business which have occurred in the last five or six years will continue indefinitely. They have sold their securities to the whole public on that basis, and many of them are particularly convinced that the distribution of securities is a great anchor to windward because they say all these people are interested. Unquestionably they are interested

with the public utilities and very favorably interested as long as the market continues to go up. But when the market goes down, especially if it goes down with any rapidity, I wonder if you wouldn't get about as much hostility by wide distribution of securities as it has acquired merit so far.

In this whole picture, it seems to me, we have just taken one economic picture. There are a good many other trends of public thought, which we will discuss a little later. But this economic picture of the effort of the public to prevent industry from dominating it or from charging it too much or doing anything that the public doesn't want, is the thing which vitally concerns us; all of its manifestations are matters for our investigation, to see whether we can bring to the executives of our various companies any information which would lead them to steer their course a little bit this way or a little bit that way to go with the main streams of public thought. There are minor streams of public thought which may not be vital in which in our other capacity we can be effective. That is, there are minor streams of public thought which perhaps we can change, if they are not things of really elemental importance to the public, but of the main streams our business is to find out where they are now and where they are going and to be sure that we are prepared to go in accordance with them.

We have an opportunity to project our thought into the future but before you do that you have got to decide on what are the particular lines you are going to study.

We haven't tried to give you the answer to that some time in the next few months, in so far as possible, I think we have got to put down the things that are worth while for us to begin to study.

My expectation is that we would find not a great many having general application to begin with. Some of them we already have got on our schedule in this conference. Then there would be various others which would arise in particular territories, perhaps for one company only, perhaps for three or four companies, and that with those two kinds of investigations going on, we would get started both on the collection of the information to guide us and also on the building up of a method and technique for doing the job.

In all of that kind of work, I think we have got to do, between us all, a very considerable amount of more or less systematic reading as well as observation. I have found, for instance, in the last year, books like Beard's "Rise of American Civilization," Siegfried's "America Coming of Age," Catchings' and Foster's books, such as "The Road to Plenty," and a book called "Emotion as the Basis of Civilization," very helpful and stimulating in working on this general kind of problem. I don't mean that that is a comprehensive list. It isn't. There are hundreds of them, and I don't think we all ought to sit down and read the same group. That would be a waste, but there is a necessity, if we start on this general kind of investigation, for keeping up not only with the current matter, but with the more fundamental books which, as far as my experience goes, produces more real leads and clues to things that are worth while than most of the magazines and the newspapers.

We have been discussing various different angles of watching the public trends. I am going to make quite a departure in kind from what we have been discussing and read you a part of an article by an executive of the moving picture business. He has done for

himself just what we have been discussing; that is, he has made a prediction for the years ahead.

He says:

“At least a score of trends are plainly visible from our corporation’s administrative offices. These trends listed in connection with this article show what conditions will be ten or even twenty years from now.”

“These twenty points help to guide our business decisions on policies, production program, sales, financing and even our selection of picture plots. Other businesses can and should use these same points as practical guides. Within the limits of one article we cannot prove all these points but we can show how we arrive at some of them and others are equally sound.”

That is his general introduction. Now I want to read you what he said about color and form. He is quoting here where I begin the objection to his theory that is commonly voiced:

He said, “The other people say, ‘True but my business is different.’ “

His answer is, “That may be true but consumers are all alike. Your consumer and mine is of the same mind. He will make similar demands on every dealer. No one thinks a consumer who demands form and color in the theater will not bring the same demands into a store. For the next twenty years the people who are customers of business will tend toward physical motion, more speed, greater demands for service, broader sympathy with effective methods for meeting demand, mental motion and emotion, esthetic sophistication, form and color, higher artistic standards, a closer approach to equality of the multitude with the leader—altogether a condition very fortunate for the business man who is prepared to do business as a sophisticated populace will demand. It is possible that some of these indicated conditions of the future will fail to arrive. Something may be wrong with our foresight or our interpretation but they are so clearly indicated that even though they are in the future, their arrival seems much more probable than non-arrival, and I never found it a bad plan to look forward or prepare specially where preparation is a mere matter of study and does not involve much expense, to be constructively conservative by making sure that present indications line up with probable future circumstances.”

That sentence also interested me, the idea of looking into the future and betting on it, to his mind and I think correctly, is the conservative attitude rather than the radical one. He continues:

“Clearly it requires much more strenuous effort by executives to get back into the trend after falling out of it or falling behind, nor does everyone find out soon enough how to get back in step. Many heads fall by the wayside during the efforts to recover lost ground, especially if the loss could have been avoided by foresight.”

He is now talking about his main contention and most of his twenty items follow that general idea of sophistication and beauty of the demand, which will come in this country.

There are two aspects of that which we have already discussed quite fully in the Bell System, and I shall mention them again. One of them is the advantage we get out of our building program. I think there is a very great and ever-increasing advantage accruing from this. We build more buildings than the Federal Government and very many more than any other single concern. The fact that we take this seriously as a public duty to make those buildings look well, that we take it as our responsibility as a part of the United States, seems to me well worthwhile.

The other one is the appearance of our plant along scenic highways and similar places. I was quite impressed the other day to come across a complete study of the laws regulating roadside signs, in every state in the Union, which has been made by the Department of Agriculture. The Federal Government is taking cognizance of that particular aspect, and part of their report discussed the fact that it was unreasonable to have the public paying huge sums for roads only to have people come along and destroy the beauty of the highways which as one of the particular values for which the public paid.

The words of the Department bulletin are: "It is unfair to the motoring public that the very industries which depend upon the highways for their whole business should be the first offenders in erecting and maintaining thousands of glaring and disfiguring signs along our streets and highways. They shriek at them to buy gas and oil, automobiles and tires. The tourist is most frequently advised to stop at second-rate hotels. It is to the credit of many producers of the best products that their wares are not advertised in this way—certain oil companies and to others who have withdrawn from that practice.

"Billboard advertisers are not the only offenders against the highways. Nine out of every ten of the roadside filling stations and lunch stands merit the condemnation rather than the patronage of the passerby. These conditions will not be cured by scolding. The larger companies will abandon these invasions of the rights of the public, some through awakened conscience, others through necessity because this fight to clean roadsides is just beginning. A number of state highway departments have made splendid progress and some notable legislation has been made effective."

We have a case there very much like the example that I was talking about in prohibition. We not only know there is public sentiment in that direction but you can put your fingers on a half dozen organized agencies who are seeing to it that that public point of view continues to be effectively expressed. By getting in touch with those agencies, you can tell about what their program is and what their objectives are. They are reasonable people so presumably we can adjust our affairs to meet their program. As a matter of fact, the Plant Conference showed that our Plant Departments are well advanced in that particular direction.

During Mr. Andrew's talk, he spoke of the chain stores. If the chain store is going to devitalize the small town, we shall see social forces starting from that which will affect the telephone companies possibly in several ways. In the first place, the size and growth of these towns themselves; in the second place, the point of view of these towns toward organizations which are managed from places foreign to them. If the chain stores make the whole chain idea unpopular in the small town, we have to be exceedingly careful that we are not classed in the same category.

I don't know the answer to this chain store problem but it may contain new movements, which it is very much to your interest to follow.

Of course, we have already taken a good deal of pains to make some studies of our farm telephone situation. That goes even further than what we are doing for the farmer now. It affects the question as to what the movements in the farm population are. In some places farm population tends to centralize in larger and better farms and along the better developed highways, which would tend to make our problem in attending to the farmer somewhat easier than it has been. Whether that is true or not, I don't know, but if that should turn out to be one of the things we ought to study, there are obviously in the Department of Agriculture and in the state departments places where we can get the necessary information.

Another situation, which the economists speak of, is the problem of distribution. There has been a great new movement in this country called hand-to-mouth buying. Seven or eight years ago most of the distributors in the country were caught with large stocks of goods. In endeavoring to get out of that trouble they went to the practice of buying as little as they could at anyone time but buying frequently. They were able to do that because at that same time the railroads very much improved their service and the rapidity of their deliveries. That came partially out of the fact that the automobiles took enough local traffic away from them to clear up their yards and let them handle their business.

Along with that we came into the picture. I don't think we came into it from foresight based upon any economic study of this kind, although we may have; we came into it from the instincts of the operating forces based upon improvements in the long distance technique, and a desire to give better service after that improvement was made. But there is no question in my mind that the rapidity of long distance service is a great element in the effective use of this hand-to-mouth buying, because it is just as important to be able to keep in instant touch with your purchasers and your markets as it is to be able to get reasonably rapid delivery after you have ordered.

We will leave that for another idea,—local political patriotism, which materially affects the operation of a nation-wide business. Three or three million people in North Carolina are perfectly content to have the headquarters of their company in Atlanta, two states removed. They haven't any jealousy about that. They don't feel badly about it. We have a more or less similar number of people in Maryland who rather object to being attached to Washington, which is an hour away. You have less than a million people in Oregon who are not particularly keen to be attached to either San Francisco or Seattle. You have four or five times that number in Upstate New York who are perfectly content, or reasonably so, to be attached to New York. Your Pennsylvania Company is happy in its present situation, but if you tried to attach Ohio to Pennsylvania, you would create serious trouble.

Those local patriotisms, some of them in much smaller communities, affect us. In other words, there are a great many kinds of different streams of public emotion which it is important for us to know about, not only their present nature but what they are likely to be in the future, and what we have spent this session upon has been an effort to give enough examples in a rough way to convince you that we ought to organize the study of such things and that we can organize them so that the executive offices of this business will not have to make decisions relating to the political hazards of the business, which is

at least as great as any other which we have, without any staff work but merely out of their own good judgment.