

POLITICAL, ECONOMIC AND EDUCATIONAL AIMS OF THE
NATIONAL ASSOCIATION OF MANUFACTURERS'
PUBLIC RELATIONS PROGRAM:
A CASE STUDY IN
OPINION-MOLDING

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POLITICAL, ECONOMIC AND EDUCATIONAL AIMS OF
THE NATIONAL ASSOCIATION OF MANUFACTURERS'
PUBLIC RELATIONS PROGRAM: A CASE STUDY
IN OPINION-MOLDING

INTRODUCTION

The following case study of the National Association of Manufacturers has two major objectives (1) to describe the growth in scope and technique of the opinion-molding activities of a major pressure group during its 60-year existence (2) to offer in the process of the above description an insight into the political, economic and educational objectives of a vital segment of society - industrial management - which today is the kingpin of a complex, highly interdependent, tremendously productive industrial community.

A historical treatment is deemed the most effective way of seeing at a glance the opinion-molding activities of the Association along with the political and economic philosophy underlying them and the existing political, social and economic conditions with which NAM's public relations campaign have been concerned. First, however, it is necessary to see the larger picture of which NAM is a part. The following chapter is accordingly devoted to a discussion of the role of pressure groups and the particular significance which their opinion-molding activities may have upon our system of representative government.

CHAPTER I
PRESSURE GROUPS, PUBLIC OPINION
AND THE DEMOCRATIC PROCESS

The following study of NAM is essentially an investigation of the process whereby many pressure groups today seek, and according to democratic theory may find, the power to govern. Theoretically, government derives its power from the consent of the governed. By creating consent in the minds of the public to a predetermined objective set by the pressure group, the group thus acquires this power. The impact of such shaping of public opinion upon the democratic process, to which we are committed, can be appreciated through understanding (1) the relationships which exist among pressure groups, government and political parties (2) the characteristics of each which hamper or aid their respective political objectives and (3) the role which utilization of public opinion plays in the life of each.

The discussion to follow is necessarily somewhat brief and complex. Perhaps the most logical attack is to examine first the traditional role of public opinion in the democratic process, and then to trace the contemporary variations which supplement - if not supplant - the traditional concept. The term "public opinion" is defined in this study as "the judgments, attitudes

and beliefs of a group of people at a particular time and place." ¹(112, P.7)

PUBLIC OPINION AND THE DEMOCRATIC PROCESS

"The prime objective of the democratic process," say Swarthout and Bartley, "is the translation of public opinion into policy. Somehow, says democratic theory, the will of the people is supposed to become law." (134, P.223)

To accomplish this the framers of the Constitution provided a congress. Political parties were not constitutionally provided for; however, by "historical accident" or otherwise we seem to have settled on a two-party system of representative government.

Traditionally, the elected representatives of our major political parties have been pictured as earnest prospectors searching to divine the "will of the people" as for a vein of pure gold. Their search is beset with difficulties.

As President Wilson once remarked before a group of newspapermen at the National Press Club:

"You say, 'all the people out my way think so and so.' Now, I know perfectly well that you have not talked with all the people out your way. I find that out again and again...The people of the United States... are thinking for themselves, every man for himself; and you do not know, and the worst of it is, since the responsibility is mine,

1. Despite a vast body of literature on the subject, there is no generally accepted definition of public opinion.

I do not know, what they are thinking about.

"I have the most imperfect means of finding out, and yet I have got to act as if I know. I am not put here to do what I please." (33, P.158)

The legislative branch has traditionally shared President Wilson's feeling of responsibility toward responding to the will of the people. Their task of determining it, difficult at the best, has been additionally complicated by the presence of pressure groups.

The efforts of such specialized segments of society - special interests ranging from prune growers to prohibitionists - to intervene in the legislative function of translating public opinion into public policy is a matter of historical record which dates back to the constitutional Convention.

James Madison in the Federalist Papers (No. 10) talked about "factions" in the American society. He acknowledged such special interests as manufacturing, commercial, farming, and workers. Along with others of his time, he saw the role of government as essentially that of reconciling these interests within the state. (29, P. 46) See also (8, P.97)

Yet the Constitution itself is a reflection of the predominance of certain interests over others. Charles A. Beard found no one at the Convention representing the farming or mechanic classes. The majority of Convention members were personally interested in the fruits of their endeavors and "were to a greater or less extent beneficiaries from the adoption of the Constitution."

Delegates to the Convention were men who held public securities, those who were money-lenders, those engaged in shipping, mercantilism, slaves and land speculation. (5, P. 149)

Since the early days of the Republic, organized special interests, i.e., pressure groups, have sought to influence the shape of national legislation through a variety of lobbying techniques. Historically, these have evolved from direct methods to indirect. To be more specific, personally urging Congressmen to support or object to pending legislation (usually in the name of the "public interest") is today giving way to manufactured uprisings of public opinion in hopes the legislator will respond in the desired fashion to what is apparently the will of the people.

The latest Congressional investigation of lobbying found in the evolution of lobbying tactics an alarming threat to government. Said the 1948 House Select Committee on Lobbying (hereafter identified as the Buchanan Committee):

"If lobbying consisted of nothing more than the well-established methods of direct contact there would have been relatively little need for our investigation. These methods may lack finesse, but they generally have the virtue of directness. At least the effort to influence runs in a straight line from the individual or group to the Member of Congress. Although the process may be sleeked up occasionally, it is essentially uncomplicated and straight forward."

Ever since President Wilson's first administration, however, the ever-growing arm of pressure groups has recognized that the power of government ultimately rests on the power of public opinion.

This simple discovery lies at the root of the evolution of lobbying techniques since 1913... Today the long-run objective of every significant pressure group in the country is and must inevitably be the creation and control of public opinion: for, without the support of an articulate public, the most carefully planned direct lobbying is likely to be ineffective, except on small or narrow issues." (148, P.29) *

This "new emphasis in pressure tactics," was described by the Buchanan Committee as "lobbying at the grass roots".

"Rather than attempt to influence legislation directly the pressure group seeks to create an appearance of broad public support for its aims, support which can be mobilized when the legislative situation demands it. The general premise underlying this effort is that if people are made to feel deeply enough about an issue they will translate their feelings into action which will affect that issue's resolution by the Congress...The process is one which has been deliberately and specifically instigated by one group or another having a particular stake in legislative issues. This process may bear little resemblance to the lobbying of 1880 but the intent behind it and the end results are unquestionably the same; namely, to influence the determination of legislative policy". (148, P.29)

In short, pressure groups by creating and controlling public opinion are seeking to bestow upon themselves the power of popular government. A pressure group which successfully "sells" the public on the virtue of a policy which it wants transformed into law thereby perverts the spirit of representative government without altering the technical process one iota.

Smith offers an excellent description of the new technique in

*underlining supplied

lobbying. It is an attempt, he says, "to make the legislators think that the public wants what the pressure group wants.

"Instead of going after the legislator they get his constituents to go after him. If a genuine public opinion cannot be created or accelerated, they create a simulated opinion that may fool the legislator. In any case, the theory is that the way to influence the public servant is to persuade the sovereign people to voice the demands of a special interest." (129, P.253)

The idea is not new. In the 1920's E. D. Martin and Walter Lippman prophesied a change in the domestic concept through public opinion molding. "By the use of clever propoganda," said Martin, "public opinion can be manufactured like bricks and delivered f.o.b." (24, P.692) The knowledge of how to create consent, Lippman predicted, would alter every political calculation and modify every political premise. It would be no longer possible, for example, to maintain the original dogma of democracy - that the knowledge necessary for the management of government arises spontaneously from the human heart. The practice of democracy, Lippman thought, was then turning a corner. (24, P. 634)

In the opinion of the Buchanan Committee, the prophesy of Martin and Lippman has been fulfilled. By 1949, the Committee reported, "grass roots" lobbying had reached proportions where "the long-run problem may well be one which no lobbying law can solve...It is the problem of who is to exercise the power of government and to what ends." (148, P.47)

The thought that the public has become merely a vehicle for transforming the aims of private interests into law is clearly

reprehensible. Yet the public's right to support a policy, whatever its sources or form, is undeniable. The success or failure of government by the people revolves on the ability of the people, individually and collectively, to make intelligent choices. And this requires a well-educated, interested public.

It should likewise be pointed out that an educated public is needed to deal intelligently with political parties as well as with pressure groups. Unlike pressure groups, political parties have always found their power through public support (in the form of votes). And to get votes political parties have engaged, since the 1800's, in mass propaganda campaigns designed to create public favor for their candidates. Theoretically, office-seekers are elected by a majority of the people whose consent has been won on the basis of campaign promises, pledges and platforms. In actuality, it sometimes happens, probably rarely, that candidates are elected by the manipulations of a few political strategists who buy votes, stuff ballot boxes, etc., rather than by the consent of the "masses." And far more frequently it may happen that political promises are used only as a means of creating the public consent necessary to reach the office-seeker's objective. Any history of machine politics will illustrate these points.

(8, P.444-472)

The end product of machine politics is similar to that of successful "grass roots" lobbying by pressure groups, as previously discussed. In both cases the democratic process is

distorted...the power of government is transferred from the majority of the people to a few; and in many instances the result is a tendency to cater to the desires of only a small segment of society.

But the significance of public-opinion molding, and the necessity for an educated public to deal with it, does not end here. It is also important to consider the objectives sought by political parties, as contrasted to those sought by pressure groups, and to evaluate the characteristics of parties in comparison to those of pressure groups as these characteristics affect the operation of the democratic process.

PARTIES VS. PRESSURE GROUPS

Political parties seek the power to govern through the election of their candidates to public office; pressure groups commonly seek the power to govern through influencing the shaping of national policies irrespective of who holds office.

When both parties and pressure groups utilize public opinion to reach their objectives, ^{most of the} the significance of their activity is affected by the extent to which one may be stronger, or in a more advantageous position to exercise its strength, than the other. This can be illustrated by describing the characteristics of each.

In order to mobilize the majority support necessary to win elections, political parties must attract to their ranks many diverse interests. In doing this, they must formulate platforms calculated to offend the least possible number of them. This

compromise and adjustment process broadens the interest base of the party platform and necessarily results in both parties having quite similar platforms - for after all, both major parties are competing for votes in the same market.

Party membership rests lightly upon the shoulders of the rank-and-file, the state organizations, office-holders and hangers-on. The voting record of many Congressmen is ample proof that election under the auspices of a political party is no guarantee of party loyalty.

Members of political parties do not pay dues, and there is little means of discipline.

Parties must eternally scramble for campaign funds, a vital element in winning elections today. Having won the election, they must then endeavor to establish a record which will be to their advantage in the next election. The test of a party is in the way in which its office-holders manage the government, but it is here that the greatest weakness appears. For example, dis-unity and friction within Congress and between Congress and the executive branch is often apparent.

Once elected, members of political parties are (at least theoretically) morally bound to operate the government in accordance with the will of the majority. And as Lord Bryce noted long ago, "the obvious weakness of government by opinion is the difficulty of ascertaining it." (12, P.345) As has been shown, pressure groups tend to aggravate this difficulty. The legislator for instance, is called upon to determine whether the public are

freely expressing their considered conviction or parroting propaganda presented to them by some special interest as an "educational" effort which purports to serve the "public interest," though it may actually serve only a minor segment of society. He must also decide whether to heed a demonstration of public opinion which, though expressed with conviction, is apparently nonetheless one which will favor a particular special interest or group of interests.

Despite their difficulties and disadvantages, however, only political parties can "produce the synthesis or compromise of interest necessary to make representative government work."
(33, P.631)

Pressure groups, being interested primarily in the shaping of national policies, are not by nature or by political necessity required to engage in extensive compromise to reach their goals.

The membership is largely homogeneous in outlook and thus the group tends to be more cohesive than a political party. A pressure group exists to foster a primary cause, idea, or belief, and this single-mindedness of purpose produces sharply defined policies.

Many pressure groups are non-partisan - a Democratic victory or a Republican victory is immaterial to them. It is recognized, however, that certain groups fare better in influencing legislation under one regime than the other. NAM, for instance, is thought to be in a more favorable position with the Republicans, since

some of NAM's philosophy such as tax reduction, encouragement of private enterprise, and decentralization of government, closely parallels the usual Republican platform more than the Democratic.

Many of the economic pressure groups (such as NAM, the C. of C., A. F. L., C. I. O., and other national organizations) are impressively well-organized and financed. NAM's annual income (from dues) in 1953 was over five million dollars; (118, P.26) the organizational structure of the Association is so thorough as to be a bit awe-inspiring.

Furthermore, the majority of pressure groups are perpetual. Their power is not dependent upon the winning of an election. Many have a salaried executive staff in addition to their elected officers, thus insuring constant, vigilant leadership.

Washington lobbying is "big business" both in terms of expenditures and numbers of lobbyists. However, the number of registered lobbyists does not reflect the true picture. Only 197 interest groups had registered lobbyists in Washington in 1953 and they reported a total of about four and one-half million dollars in lobbying expenditure. (27, P.672) In contrast, estimates of the number of non-registered lobbyists of national organizations ran as high as 12,000 (112, P.173) in 1949 and according to Joseph Schriftgiesser, lobbying expenditures by 1951 was a "billion dollar business." (122, P.147) In any event, the Washington lobbyists of influential pressure groups are a fixture on Capitol Hill. Year after year they remain, and greet each incoming administration and each new Congress with an accumulated

wealth of knowledge and experience.

The lack of public accountability and of publicity greatly strengthen the position of a pressure group vis-a-vis the political party. Though a pressure group may be largely responsible for a piece of legislation, it is "the Republicans" or "the Democrats" who bear the brunt of adverse criticism (and there usually is some).

A pressure group may swing the election of a candidate, but he is publicly accountable for his actions as a "Republican" or "Democrat" - not as a representative of the "National Association of Middle-sized Businessmen" which put him in office and may have first call on his political loyalty.

An important characteristic of some pressure groups today is their close relationship with Congress. The major organized interests such as private corporations, associations representing a trade, industry or profession, veterans, agriculture, and labor, frequently are partners with instead of "pressures" against Congressmen. To some extent this is also true of the relationship of these groups to the Executive Branch.

Sometimes legislators take the initiative and enlist the support of organized interests on a particular piece of legislation. Sometimes there develops a sort of lobbying of the lobbyists by Congressmen. "It is established practice, for example, for Representatives to try to persuade the National Rivers and Harbors Congress to include their local projects in the list which the Rivers and Harbors Congress will recommend to the Congress for

adoption." (25, P.165)

Another form of legislator-lobbyist collaboration consists of the legislator having the groups' propaganda statements printed in the Congressional Record. The propaganda is then reproduced by the Government Printing Office, at very low cost, and distributed free of postage under the Congressman's frank. (25, P.165)

As a third illustration of legislator-lobbyist cooperation, representatives of the affected economic interest are always invited to appear before Congressional committees who are shaping a particular piece of legislation. In 1945 NAM members or staff representatives appeared before 20 such committees and presented "Industry's Story" on issues such as reconversion, the National Services Act, inflation control, patents, national research, foreign trade, foreman unionization, the Full Employment Bill, the Wages-Hours Fact-Finding Bill, labor relations, and taxation. (18, P.312)

Though the following illustration is hardly typical, it shows the extremes to which cooperation may be carried:

"Mr. O. R. Strackbein, chief of the high-tariff lobby, recently sent around to several members of the House of Representatives a bill designed to make it even more difficult to import foreign goods.

"He considerably left one section of the bill blank so that each Congressman could fill in the names of things his constituents make.

"Sixteen Congressmen dutifully introduced this bill or variations of it, and it was duly printed sixteen times over, with numbers ranging from H. R. 9159 to H. R. 9369. Four of the Congressmen were so cooperative that they didn't even bother to fill in the blanks. The official versions of

these four bills carry an identical Section 376 this way:

- '(a) Existence of import injury is hereby declared to exist with regard to..industries producing -
- '(i) (article or commodity to be named):
- '(ii) (article or commodity to be named):
- '(iii) (article or commodity to be named):
- '(iv) (article or commodity to be named):
- '(v) (and so forth, and so forth, by reason of the importation of excessively large quantities of imported articles competitive with the foregoing domestic articles.'

"We asked one Congressman's assistant to explain Section 376 of his bill. "You know," she confided, 'this business is so complicated. And Mr. Strackbein is an authority." (143, P.2)

COOPERATION AMONG ORGANIZED INTERESTS

Still another element of overall pressure group strength, as contrasted to that of political parties, is the growing trend of cooperation among pressure groups having the same philosophical ideas.

Ideally, Congress is to act as a catalyst transforming the conflicting demands of self-seeking organized interests into a public policy which at least reflects consideration of the greatest good for the greatest number of the citizenry. The process of compromise and adjustment can be likened to that which takes place in a political party which is formulating an election platform.

It is essential to this concept that competition for favor exist among the various groups, for so long as competition exists

no one group has a chance to become strong enough to challenge public power. However, there is more than a little evidence that today competition is giving way to cooperation among organized interest groups which have a similar philosophical outlook. And such cooperation greatly increases the overall strength of pressure groups versus political parties in the contest for control of government.

In 1948 the Buchanan Committee investigating lobbying reported an "age of solidarity" in lobbying had arrived. The lone-wolf lobbyist asking no more from other interests than to be left alone had given way to a pattern of "cooperation, combination and massing of effort." The forerunner of this trend was the consolidation of trade associations since the first World War, said the Committee. It added:

"Cooperation within so obvious a functional area as an industry is understandable, although it does some violence to our common belief in competition. Beyond this functional unity, however, there is a growing joint effort in lobbying by groups whose unity is philosophical rather than functional in character. The ties between these groups are often a matter of tacit understanding rather than formal arrangement; but the general theme of combination instead of conflict grows bolder and more insistent every year." (148, P.47)

To illustrate, Professor Stephen K. Bailey of Wesleyan University testified before the Buchanan Committee that he was concerned about the "close connection - or parallelism of ideas - which exists between the opinion leaders in big business and the opinion centers in agriculture."

Continued Bailey, "It seems to me significant that the NAM sends editorial material all ready to go to print to 7,500 rural weekly newspapers and that it maintains a service called farm and industry - a release which it sends to 35,000 farm leaders...I should like to see this committee make a special study of the NAM as a possible holding company for a variety of seemingly independent pressure groups, and as a conditioner of rural opinions." (146, P.29)

The joint philosophical effort of pressure groups of different functional nature can also be illustrated by describing the activities of one NAM member in connection with NAM and the National Economic Council. This example also supports the Buchanan Committee's contention that another aspect of the "age of solidarity" is the extent to which numerous organizations depend on the same individuals, corporations and other groups for their primary support. "The same names," said the Committee, "appear on the contributors' lists of one organization after another." (144, P.90)

The E. I. du Pont de Nemours & Company has been since the 1930's one of the leading member corporations in NAM, both in terms of holding high posts in the Association and contributing to public relations activities (until 1947 when such expenses were incorporated into membership dues.)

Irene du Pont has also contributed generously to the National Economic Council. By 1950 he had given over \$30,000 and was the group's leading financial "angel." The Council used its contributions to publish and distribute "educational" pamphlets favoring private enterprise, the institution of private property,

individual initiative and American independence. All these concepts are advocated by NAM's public relations program, as the course of this study will reveal.

On a more realistic plane, the Council favored a stronger Taft-Hartley law, limiting the federal government's power to levy taxes by constitutional amendment, putting a ceiling on income taxes and giving the tidelands to the states. (122, p.155-193). These same programs were likewise favored by NAM.

As another example of duplicate personal participation and financial contributions, two of the six men who incorporated the Foundation For Economic Education in 1946 were directly or indirectly connected with NAM. Donaldson Brown was a member of the Board of Directors and Financial Policy Committee of General Motors and E. I. du Pont de Nemours & Company - both leaders in NAM affairs since the 30's. Claude Robinson, president of Opinion Research Corporation, has been retained by NAM for some 10 years as an interpreter of public opinion and advisor on public relations techniques.

Of the 20 top contributors to the Foundation in recent years 13 were member companies of NAM.¹ And they are all among the 250 largest corporations in the U. S. (133, P.150)

1. General Motors - \$50,000; Chrysler Corporation - \$40,000; Consolidated Edison Company, N.Y. - \$40,000; E.I. du Pont de Nemours - \$40,000; United States Gypsum Company - \$40,000; Gulf Oil Company - \$40,000; Montgomery Ward & Company - \$40,000; Sun Oil Company - \$40,000; United States Steel Corporation - \$40,000; Republic Steel Corporation - \$37,500; B. F. Goodrich Company - \$35,000; National Steel Corporation - \$22,000; Armour & Company - \$20,000. (122, P.155-193)

In view of the foregoing illustrations, it is not surprising that the Buchanan Committee felt the "joint effort in lobbying... has serious implications in our kind of political system.

"In both theory and practice, this system depends on competition among groups as a check against private domination of the power of government. When this competition ceases to exist, there may develop a solid front of unified private power blocks standing squarely against government and against the inarticulate and unorganized citizens for whom government is the only effective spokesman. For all the vaunted power of government, it may prove to have neither the material resources nor the hard consciousness of purpose to withstand the all-out drive of well-financed, united and determined private interests to control state power." (148, P.51)

WEALTH AND POLITICAL POWER

The final significant factor to be considered is the connection between possession of wealth and exercise of political power. It has long been recognized that wealth confers special privilege upon the holder thereof. Thus, in considering the contest between political parties and pressure groups it is significant that among registered interest groups lobbying Congress, business dominates.

The Lobby Spending Report for 1953 shows that 102 business interests spent \$2,660,141 (over half) of the total of \$4,445,841 reported as lobbying expenditures by 197 interest groups.

Employees groups (23 of them) came next with an expenditure of only \$453,000; citizens' groups (26) spent \$345,081; professional groups (13) spent \$238,809 and farmers (8) spent \$210,858. (27, P.672)

SUMMARY AND CONCLUSIONS

To summarize: The trend among pressure groups today to influence national policy by taking their case to the people rather than by directly lobbying Congress may have some serious consequences. If such appeals do effectuate a policy which benefits the majority of the people, or at least does not give special privilege to a few, there is no concrete detrimental result. However by nature pressure groups have a narrow base of interest and the objectives they seek are primarily those of self-benefit.

In the history of machine politics we have ample evidence of how distortion of the democratic process - waylaying the system of representative government based on majority rule - creates economic and political conditions which benefit only a small segment of society.

The distortion of the democratic process by opinion - molding tactics of pressure groups can produce similar results. In both cases an educated, interested citizenry is necessary to cope with the problem.

Pressure groups and political parties both seek to govern. However, their primary concrete objectives are somewhat different. Pressure groups seek to influence national policy; parties to elect candidates to office, although there is certainly a tacit assumption that once elected, the office-holder will participate in policy-making under the auspices of the party.

Structurally, pressure groups exhibit greater strength than

political parties. Generally the former is a unified, perpetual, stable, homogeneous group with a narrow interest base while the latter is a loosely-organized, unstable, in-and-out-of-power, heterogeneous group with a broad base of interest.

Pressure groups possess certain additional advantages. They are not compelled to perform in the spotlight of publicity so much as parties. The idea, not the group itself, is promoted. There is also the lack of public accountability as representatives of the particular pressure group. Furthermore, some special interests enjoy such intimate relations with the legislative and executive branches of government as to make the epithet "government by pressure group" a reality in specific instances.

Perhaps the most significant strength of pressure groups is the growing trend toward cooperation among those groups which have a similar philosophical outlook. This creates blocks of pressure groups incorporating wide functional areas of society. When such blocks exert their combined strength the traditional function of government as a means of effecting compromise among the conflicting demands of competing groups, breaks down. The following study of NAM illustrates this trend.

In assessing the strength of pressure groups it is lastly significant to note which broad segment of special interests is most dominant in terms of numbers and of financial resources. The answer is, of course, business. More than half the total number of pressure groups who had registered lobbyists in Washington in

1953 were business groups. And these groups reported more than half the total expenditures on lobbying activities.

THE CHALLENGE TO EDUCATION

The increasing use of opinion-molding by pressure groups makes it necessary, as never before, that the citizenry be capable of formulating intelligent decisions. Here lies the tremendous challenge to education, for only through creating a broadly educated, aware public can the democratic process continue to work.

An additional challenge lies in the more technical aspects of opinion-molding. Educators can, for example, make the student aware of propaganda devices. They can give him an understanding of the role propaganda plays in modern life. If the schools will turn out citizens who "have learned to be skeptical of vague statements, to challenge unsupported assertions, to distinguish between propaganda and unbiased evidence and to be generally wary of the wiles of the propagandist, the tricks of propaganda will lose much of their effectiveness. (129, P.548)

Teachers, too, can be made more aware of the purpose and techniques of propaganda. Toward this end, the American Association of School Administrators recently published a 24-page study intended to help local school officials discriminate among the tremendous flow of free teaching aids distributed by pressure groups. The study is intended to help school authorities pick out what is helpful and reject what is biased or contains outright advertising. (138, P.44) While the above study is a step in the right direction,

distribution of teaching aids is only a minor element of the opinion-molding campaigns some pressure groups carry on to influence educators and students. As an illustration, NAM's program will be discussed later.

The primary point is that the feasible answer to the propaganda problem is education - education in the sense that all sides of a specific issue are presented to the student who then makes an independent evaluation of what he has learned. By such training government of the people may remain for and by the people.

CHAPTER II

EARLY HISTORY

INTRODUCTION

The following chapter comprises the first of a three-part history of NAM from its inception to the present. Primarily, the history deals with the objectives and expansion of the Association's opinion-molding efforts. It should be pointed out that such a treatment, though necessary to remain within the proper scope of this thesis, presents a distorted picture of the Association's development and activities. Little is said about NAM's extensive member-service such as, for example, the supplying of technical information and interpretation of legal developments affecting industry. Likewise, discussion of the Association's internal structure and operation is minimized.

However, by confining the history to those factors which either describe or contribute toward understanding the significance of NAM's opinion-molding efforts, both the concrete and philosophical objectives of the Association's public relations program are thrown into bold relief.

The historical treatment itself is utilized to provide a continuous framework for interpreting the general philosophy and specific aims of NAM through three major eras of changing political, social and economic conditions. These eras roughly cover (1) the period from NAM's origin in the late 1800's to the 1930 depression (2) the depression and recovery years through World War II and

(3) post-World War II years, to the present.

Most important, the historical treatment is a means of making a continuous evaluation of the Association in terms of the characteristics of pressure groups described in Chapter I. The extent to which NAM has departed from or conformed to these characteristics during the various periods of the Association's growth is, of course, vital in making an overall evaluation.

ORIGIN AND EARLY YEARS

Explanations of the origin of NAM vary considerably, and in accordance with the personal predilections of the author. A NAM pamphlet tells us that the organization received its impetus from the economic effects of the 1893 panic; (94, P.2) Brady reports it stemmed from the first great merger movement. At any rate, NAM came into being in 1895. (94, P.1)

At the organizational meeting, held in Cincinnati, two major functions of the new Association were written into the Constitution. They were (1) the promotion of the foreign trade of the United States (2) the promotion and encouragement of manufacturing industry of all classes throughout the United States. (94, P.2)

It was soon apparent that promoting foreign trade meant to NAM the establishment of a favorable balance of trade. The Association sought to keep foreign products out by lobbying for higher tariffs and bilateral reciprocity, and to increase the flow of American products to foreign countries through lobbying for Government subsidization of the merchant marine, inclusion

of "trade lookouts" in the Consular Service, establishment of a National Parcel Post System, Federal Development of Rivers and Harbors, construction of the Panama Canal and creation of the Department of Commerce. (18, P.17)

Both the general philosophy involved in promoting the welfare of industry and the means by which it was to be put into practice were revealed in a statement of principles incorporated in the first Constitution.

"The general objects and purposes for which the said corporation is formed are the promotion of the industrial interests of the United States, the betterment of the relations between employer and employee, the education of the public in the principles of individual liberty and the ownership of property, the support of legislation in furtherance of those principles and opposition to legislation in derogation thereof." (10, P.160)

Legislation favored, as noted above, fostered the development of American industry both in terms of minimizing foreign competition and creating the means of expediting the flow of goods domestically and to foreign countries.

NAM also saw the general promotion of industrial interests as being furthered by removing governmental control from industry and forestalling the rise of organized labor.

The proceedings of the 1896 Conference reveal that from the outset, NAM distrusted and disapproved of Federal control. Said the president: "we suffer more than any other people on the globe from...hasty legislation and too much legislation." (18, P.5)

"Industry was looked upon by industrialists and others as the

guardian of the national welfare and prosperity and the nation's protector against the ignorance, selfishness and incompetence of politicians who were unfit to legislate on such a "marvelous industrial and economic system". (18, P.5)

By 1904 NAM's faith in individualism was firmly established. Man was seen as a 'self-governing unit', free to do as he pleased as long as others' rights were not impaired. Government participation was denounced. (18, P.12) This, incidentally, was at the height of the merger movement. A speaker arguing at a NAM meeting in 1904 for federal incorporation claimed that by that date there was nearly 1,000 industrial combinations, not including railroads, with a nominal capitalization of \$9,000,000,000. (10, P. 122)

NAM's belief in man's rights as a self-governing unit did not, however, include those who belonged to labor unions. In response to increasing activity by organized labor NAM between 1903-1913 carried on an extensive campaign to uphold the open shop. It disapproved of strikes, lockouts, boycotts, blacklists and collective bargaining. (149, P.6)

The campaign against unions involved three major techniques which have been consistently used ever since. (1) mobilizing the support of sympathetic organizations (2) public opinion-molding through communication media and personal contact (3) direct lobbying of Congress.

Organization of the campaign began at the 1903 Convention

when President Parry sounded the call for employers' groups to mobilize into a national organization to fight unionism. His efforts were rewarded by a turnout of more than 100 organizations at a Chicago conference that same year. (149, P.7)

The result was the Citizen's Industrial Association of America, a national federation of local employers' associations whose first president was President Parry of NAM. Its chief purpose, as described by James Emery, Secretary for CIAA, and later counsel for NAM, was: "to concentrate under one organization, for the purpose of cooperation, all the organizations that were interested in the open shop propaganda and its chief weapon and purpose was to secure publicity with respect to the meaning of the principles of the open shop and in opposition to the effort to further the advancement of the closed shop." (149, P.9)

By 1907, the efforts of this Federation of local employers' groups to spread the open shop doctrine through pamphlets, lectures, and other media of communication had proved obviously ineffective to halt unionism. NAM therefore invited 12 national employers associations and four state associations to join with the original group in creating a more tightly organized and systematic means of combating organized labor. The CIAA thus became, in 1907, the National Council of Industrial Defense, as before its top officers were also NAM officers.

The NCID joined with NAM in establishing a Washington lobby, but the enthusiasm with which legislative pressure was applied

precipitated a Congressional investigation of NAM's lobbying.

Popularly known as the "Mulhull Investigation", the 1913 House and Senate investigations were initiated shortly after the publication of a series of articles by Col. Mulhull, formerly a NAM lobbyist. In describing the lobbying activities of NAM the 1913 House of Representatives Investigating committee stated that NAM had put a page in the House of Representatives on the NAM payroll as a means of getting inside legislative information, had participated actively in electioneering by supporting "approved" candidates for Congress, had attempted to influence the selection of House committees, and had carried on an ambitious educational program. (7, P.84-85)

NAM officers testifying at the investigation gave no indication that they regretted these activities or that the investigation was a cause for concern. On the contrary, "they considered the congressional investigation an opportunity to present the association's point of view to the public." (7, P.85)

The stand taken by NAM in 1913 establishes the early appearance of one of the consistent philosophical bases of the Association, namely that it has "the right, the duty, and the responsibility" to present its view to the public and the federal government, as well as to its members. (94, P.6)

However, there is some evidence that the Association decided to change its lobbying techniques as a result of the investigation. When NAM's General Manager J. P. Bird was asked by the House

Committee if he thought the "multifarious" lobbying activities of Col. Mulhull were justified in the "legitimate work" of NAM, Bird replied they were, because they were "necessary...for the battle we are fighting." In response to further questioning Bird added that it was not his intention to continue such techniques, though he would carry on the battle nonetheless. "It can be handled in a different way," Bird told the Committee...and apparently it has. (149, P.22)

Despite Bird's promise, the House Committee was perturbed. NAM, they felt was

"an organization having purposes and aspirations along industrial, commercial, political, educational, and other lines, so vast and far-reaching as to excite at once admiration and fear - admiration for the genius which conceived them and fear for the effects which the successful accomplishment of all these ambitions might have in a government such as ours." ¹(148, P.47)

The Association opposed nearly all labor legislation proposed in the early 1900's. It lobbied against laws to restrict the transportation in interstate commerce of articles produced by child labor, the providing for unionization of government employees, legislation limiting the right of workmen to contract as to the amount of time they shall labor, and that limiting the power of the courts of equity to issue writs of injunction. (7, P.84)

1. The Buchanan Committee in 1948 in its Interium Report repeated the above quote and added: "What the House Committee said of NAM in 1913 can be said with even greater cogency today of many other organizations as well." (48, P.47)

Support was forthcoming for workmen's compensation legislation, industrial and vocational education, and the creation of a Tariff Commission.

The Association did feel that labor organized in a "lawful manner for worthy purposes" was not objectionable, but excluded such purposes as raising wages, shortening hours and the right to strike. It furthermore felt that a publicity program directed at industry to educate businessmen to the proper treatment of their employees was preferable to labor legislation and just as effective. (149, P.29-31)

WIDENING THE HORIZON

Wilson's administration brought with it legislation for the control of corporations and the First World War improved the position of organized labor. (149, P.30)

NAM moved to meet these threats in two ways: (1) further organization of industrial leadership and (2) a nationwide public-opinion molding campaign which in scope and purpose was a prototype of that to be launched in the early 30's. The campaign was carried on both by NAM and its affiliated groups.

By the 20's the NCID had grown to a federation of more than 300 local, state and national employers associations and was called the National Industrial Council. (149, P.41)

Public relations and lobbying activities of the Council and of NAM were given greater impetus with the organization in 1916

of the National Industrial Conference Board. The Board, created by NAM in conjunction with 18 other national industrial associations, did research on "economic facts underlying and affecting industrial conditions," which was used in formulating public relations material. It was also dedicated to securing joint action by manufacturers throughout the country which would promote the 'sound development' of American industry, to bringing about satisfactory relations between employers and employees, to giving the public an "accurate conception of the character, scope and importance of industry," and to commanding the attention of the Government when formulating industrial legislation and policies." (7, P.85)

NAM also sponsored the formation of the U. S. Chamber of Commerce, thus further expanding organization of business interests.

The public-opinion molding campaign, called the "Industrial Conservation Movement," was launched in 1916. In the words of NAM President George Pope, it was intended to "refocus the industrial perspective of the American people and to give all classes of citizens a better understanding of the responsibility to our industries and of the bearing which industrial prosperity has on their own welfare." (18, P.2)

The idea that "What's good for business is good for the country" was pushed intensively. The program included speakers covering 17 states, distribution of nearly one and one-half million "educational posters," more than 2 million "educational text-matter

pay envelopes", 922,000 copies of a four-page newspaper for employees (also translated into Italian, Russian and German), over 2,000 slides exhibited in some 300 theaters in industrial towns, and distribution of "educational" "news-plate matter" to 1,408 dailies and weeklies in 16 industrial states. (149, P.33)

In addition to attempting to create a nationwide climate favoring industry, NAM's program to educate industrialists in the proper behavior toward employees continued. It took the form of industrial paternalism. In 1917 President Pope advised the yearly convention that "employers, because of their superior intelligence and commanding position, should take a leading part in helping to improve the intelligence, thrift and character of their employees." (18, P.22)

The Industrial Conservation Movement after 1920 was largely limited to spreading the open-shop doctrine, and at the same time continuing the "welfare" philosophy in industrial relations. (7, P.86)

The prosperity of the 20's and the laissez faire attitude of the Harding administration brought about a lessening in the militant attitude and scope of public opinion molding activity of NAM. Basking in a favorable political climate, the Association in 1930 was unworried.

At the 1930 Convention, says Cleveland, "the economic system was examined and declared sound. Industry, if left alone would lead the country back to prosperity in short order. Certainly no outside,

government inspired correctives were needed. In the meantime the Association visioned its role as watchful guardian of property rights and defender of the system against any radical socialistic proposals which the temporarily depressed conditions might inspire." (18, P.37)

HISTORICAL COMMENTARY

The early history of NAM is primarily significant because (1) it establishes the origin of the public relations activities which the Association has increasingly relied upon as a means of achieving its goals and (2) it establishes the pattern by which such public relations programs are widely disseminated: namely, through affiliated trade and industrial organizations at the city, state and regional level.

For example, in fighting the closed shop, NAM specifically called upon other organizations having the same philosophical viewpoint on this issue to join together in spreading the "open shop propaganda." And as the Association's range of interests broadened, it mobilized additional business and industrial groups having similar interests. Thus, the Citizen's Industrial Association, at first composed of only city-wide employers associations, became the National Industrial Council with over 300 local, state and national employers' associations. NAM then branched out beyond organizing groups to reach the individual businessman by sponsoring the U. S. Chamber of Commerce. A common

source of material for public relations campaigns was established with the creation of the National Industrial Conference Board, which also secured "joint action" of this concentration of industrial leadership.

It is also noteworthy that NAM's first nationwide public relations campaign was launched shortly after Association Manager Bird promised a Congressional investigating committee that NAM's attempts to influence national legislation could be in the future carried on by "other means" than the direct lobbying methods employed by Col. Mulhull.

Perhaps it is more than coincidental that the Buchanan Committee some 35 years later marked the year 1916 as the time when pressure groups first found the power of government is the power of public opinion. The National Industrial Conservation Movement launched in 1916 by NAM and its affiliated organizations, it will be recalled, was designed to "refocus the industrial perspective of the American people" and give them a better understanding of how important industrial prosperity was to their own welfare. The thesis that this attempt to create a favorable public opinion was intended to influence Congress is borne out by the fact that during the 1920's when the political climate on Capitol Hill was favorable to industrial management's outlook, the Industrial Conservation Movement slowed down to a crawl.

Lastly, NAM's efforts to "educate" employers as to the proper treatment of their employees indicates the Association's hope of

forestalling legislation by molding attitudes. The publicity campaign in this case was directed at NAM's own members and was considered by the Association to be a preferable method of solving industrial evils than labor legislation. This early attempt at self-regimentation of industrial leadership has since expanded into an extensive industrial relations program.

CHAPTER III

THE REORGANIZATION

"Then came the...depression and soon the New Deal rushed it. Its measures were largely collectivist, either in their intent or in their operations. The NAM fought such measures - sometimes to a halt, sometimes to a modification, and sometimes just succeeding in making them more workable or reasonable."
(94, P.4)

Thus does a recent NAM pamphlet describe the advent of a new social era in the United States; one which was to bring about sweeping changes in the leadership, control, organizational structure, finances and scope of operation of NAM.

With the inauguration of Franklin Roosevelt as President in 1933, the Federal Government undertook a task previously assigned, supposedly to the automatic, self-regulating market - that of maintaining a prosperous economy. There was no provision in the orthodox economic theory of competition for a prolonged depression of such severity. Roosevelt turned for advice to a group of economists who had questioned the validity of explaining the economy in terms of a theory evolved before the rise of corporate enterprise as a dominant means of doing business, before the existence of monopoly and oligopoly, immense companies, market sharing, price fixing and price leadership. True, the existence of monopoly had been recognized; economists explained it as an aberration of the system and the Supreme Court had, since the birth of anti-trust laws, ineffectually attempted to control it.

Economic reality was rudely brought to the nation's attention

by the publication of a now-classic work by Berle and Means (The Modern Corporation and Private Property) in 1932. This work showed that corporate enterprise had replaced the traditional "entrepreneur" and that ownership of huge corporations was for the most part held by many, rather than few persons. Consequently, management and ownership were divorced; the traditional concept that ownership meant control no longer held.

In fact, the authors found that the two hundred largest corporations controlled nearly half the corporate wealth of the country. Furthermore, of the 2,000 who held directorships of the 200 largest corporations in 1930, many were inactive and consequently a few hundred men were in actual control.

Professor Berle became one of the members of FDR's economic advisory group (soon dubbed the "Brain Trust") and this group was largely responsible for the economic principles embodied in the New Deal legislative program.

In scope, ideology, and content, the New Deal was opposed to the aims, purposes, and beliefs of NAM. Furthermore, the depression brought widespread public hostility towards industry. Accordingly in 1933 a small group of wealthy industrialists undertook the "salvation" of business. They brought new leadership to NAM and formulated a program of united action by corporate interests.

(149, P.44)

The origin of the reorganization was described in blunt terms

by Robert B. Henderson, President of Pacific Portland Cement Co. and vice president of NAM, in an address before the Pacific Coast Economic Conference on February 4, 1936.

Henderson recalled that in 1932 he had attended a conference composed of a "few advance thinking souls who realized that only top leadership would serve the purposes of business salvation." After several such meetings a group formed which called itself the "brass hats." From their efforts came a "revitalized NAM with a Board of Directors that reads like 'Who's Who and How Much Do You Owe,' by R. G. Dun and Co." (149, P.44)

A Senate committee which investigated the reorganization of NAM, was unable to ferret out the names of the "Brass Hats" or to get a full list of the men who in 1933 planned and executed the salvation of business by NAM. They did, however, find that in addition to Henderson, Charles R. Hook, president of American Rolling Mills Co., and Robert L. Lund, president of Lambert Pharmacal Co., were members of the group. (149, P.47)

Charles R. Hook, who was also a chairman of the Industrial Relations Committee of American Iron and Steel Institute, became chairman of the Finance Committee of the "new" NAM. His first job was to raise additional funds from members to support the organization until membership contributions would increase sufficiently to handle the task. In a letter requesting a contribution from T. M. Girdler, Chairman of the Board of Directors of Republic Steel Corporation, Hook made plain the purpose of the reorganization.

NAM, he said, "can and should be a militant voice speaking and working in the interest of American business." (149, P.45)

The salvation of business, obviously, was to perpetuate the purpose NAM adopted at its inception - the promotion of the industrial interests of the United States - but on a broader scale.

The first president of the "new" NAM, Robert L. Lund, handled dissemination of the practical program which was planned. This was outlined in a memorandum issued September 7, 1933, entitled "A consideration of the policies and program of the NAM" intended to "put the NAM in a position to consolidate manufacturing industry in this country and to guide its policies in economic and industrial matters."

Again, this is consistent with NAM history. As long ago as 1911, NAM had been seen as a "policy-forming" body and the "Mother of Associations," for all business activity.

And in 1929 President Edgerton noted NAM's birth in these words:

"Notice was thus given to the world for the first time that the American manufacturing industry had come of age, and that it could thereafter, and would speak with one voice on every occasion of common defense and on all occasions pertaining to its general welfare." (10, P. 162)

LEADERSHIP AND FINANCES

Although the reorganization brought no major changes in the philosophical bases of NAM, its impact upon the character of leadership, the scope of activity, financial resources and size of membership was spectacular.

Prior to 1933 active leadership of the Association had been confined to the smaller concerns. (149, P.47)

Between 1933-37 control of the Association passed into the hands of a small group of large corporations who were also the principal financial contributors.

The Senate Committee on Education & Labor reported 125 of the nation's largest and "most powerful" corporations (with the exception of the Ford Motor Co., ALCOA and most of the utility holding companies) were the principal controlling forces in the councils of the Association." (149, P.52)

The nucleus of this group consisted of 15 corporations¹ who, the Committee charged, assumed the leadership and responsibility for the Association's activity by virtue of their financial support, service as directors, officers and committeemen, and efforts to bring in additional support. (149, P.153)

The financial resources of the Association rose impressively due to the reorganization. Total annual income expanded from \$240,000 in 1933 to \$1,439,548 in 1937. (7, P.95) During the same period, membership nearly doubled. The rise in income is significant because a major portion of this increase came from contributions to an expanded opinion-molding program. Accordingly, the identity of

1. These corporations were: Republic Steel, American Rolling Mills, National Steel, General Foods, General Mills, E. I. du Pont de Nemours, Kohler Co., Lebanon Woolen Mills, Colgate-Palmolive-Peet Co., Lambert Phamacal Co., McCall Corp., New York Shipbuilding Corp., Newport News Shipbuilding & Dry Dock Company, Standard Oil of Ohio, and Yale & Town Manufacturing Co.

large contributors to NAM becomes significant as a means of interpreting the Association's policies and public relations activities during the 1930's.

Over the period 1933-37 more than 50 per cent of NAM's income came from 262 corporations. (149, P.52) The largest contributor (from January 1, 1933 to November 1, 1937) was the E. I. du Pont de Nemours & Co., with a total of \$118,600. This represented an increase from \$725 in 1933 to \$55,000 in the first 10 months of 1937. (149, P.50)

Second was General Motors Corporation, with a total donation of \$66,520 during the same period. (149, P.50) National Steel and U. S. Steel, respectively, were the third and fourth largest contributors. A total of only 15 corporations - each of whom contributed over \$20,000 - donated \$569,215.¹ (149, P.51)

"It is significant" noted the Senate Committee on Education and Labor, "that the largest chemical concern in the U. S., the first, second, third and sixth largest steel corporations in the country, the first and second largest motorcar manufacturers, three of the largest oil companies and the principal meatpacking concern, are all in the first rank of supporters of the NAM (149, P.51) It is even more significant, however, that these corporations were from industries characterized by their oligopolistic structure or by

1. These were E. I. du Pont de Nemours & Co.; General Motors Corp.; National Steel Corp.; U. S. Steel Corp.; Monsanto Chemical Co.; Westinghouse Electric & Manufacturing Co.; Chrysler Corp.; Bethlehem Steel Corp.; Texas Corp.; Borg-Warner Corp.; Republic Steel Corp.; Socony-Vacuum Oil Co.; Swift & Co.; Standard Oil of New Jersey and Eastman Kodak Co. (149, P.51)

their fondness for price-fixing and price-leadership arrangements, or both.¹ (153, P.65-202)

The 262 companies who contributed more than one-half NAM's income during 1933-37 also included the most important machinery manufacturers, petroleum concerns, office equipment manufacturers, tobacco manufacturers, drug concerns, rubber companies, electrical manufacturers, and publishing concerns. Without exception, the above industries were those of high concentration, where a large portion of the total output, especially in some products, was handled by a few large firms. (153, P.65-202)

In short, the major financial contributors to a public opinion-molding campaign lauding the virtues of free competitive enterprise were corporations who had to be a considerable extent actively shunned it. There is no "free" competition in an oligopolistic industry because the few large firms dominating it make entrance of newcomers difficult. The financial requirements are tremendous; patents - as in the case of the light bulb and glass industry - may be used to control entrance of new companies. Also price competition

1. For example, in 1935 four companies produced 88 percent of the automobiles manufactured in the U. S. (153, P.115) In 1937 two companies owned 55 percent of the steel industry's assets (153, P.119) U. S. Steel, with 40 percent, was more than twice as large as its nearest rival, Bethlehem, and was the price-leader of the steel industry (153, P.124) The meat-packing industry was dominated by four firms in the 30's (including Swift & Co.) who set prices for the industry to follow. (153, P.185) The chemical industry was dominated by three firms (including E. I. du Pont de Nemours) and the bulk of the output of many chemicals was concentrated in the hands of a few companies. Price-fixing and market sharing prevailed. (153, P.202)

especially in industries with high fixed costs such as the steel industry - can be extremely dangerous and thus is seldom seriously considered. (133, P.84-109)

Yet, in 1937 an official Declaration of Principles adopted by the NAM Board of Directors proclaimed: "We oppose any monopoly in the production, distribution, or labor which restricts or stifles competition." (145, P.366)

THE NEW NAM

Having acquired control, in terms of tenure and holding a majority of top posts, 125 of the major U. S. corporations launched a two-way expansion drive consisting of a greatly expanded public-opinion-molding campaign and further integration of industrial leadership in the United States.

The publicity campaign was first handled by NAM's public relations committee, formed in 1934. When lack of sufficient funds threatened further expansion of the program, an additional agency was created. The National Industrial Information Committee, formed in 1935, successfully sought financial support from industrial and other financial interests. By 1945 the amount available for public relations activities was \$1,528,200. (40)

The NIIC was considered a component part of NAM although its governing board included non-member and non-manufacturing representatives. General supervision was provided by the NAM Board of Directors or executive committee. (18, P.75)

Thus, the public relations campaign evolved by the NIIC

represented the viewpoint of a much wider sector of the economy than the manufacturing industry.

In scope, the campaign was tremendous. Newspaper coverage included comic strips, bulletins to editorial writers, spot news stories, cartoons, feature stories, clipsheets, personalized columns popularizing economics for the layman, and full-page ads. Foreign language newspapers, dailies, weeklies, and business publications were served. There were public speakers, motion pictures (including newsreels carrying the statements of industrialists to America through regular newsreel channel) radio programs in six languages, pamphlets, and billboard advertising.

Every conceivable communication media was utilized to tell the general public and industrial employees the story of progress under the leadership of American industry, to explain the "facts" of the industrial system and how vital its well-being was to the country. (149, P.160-161)

The publicity campaign went into full swing during the summer of 1936, just prior to the national election and "blanketed the country with a propaganda barrage" which far surpassed the Industrial Conservation Movement of 1916-20. Through its own members, and the trade associations affiliated with the NIC the Association's "educational" program reached every important industrial community. (149, P.281)

The purpose of this - opinion-molding campaign was clearly political. A part of the 1934 platform and resolutions adopted

by NAM and the NIC recognized that "Public policies in our democracy are eventually a reflection of public opinion." (149, P.155) The political intent was further revealed in an outline of the community education program - an important part of the overall campaign.

According to the introductory remarks of the outline,

"Now, more than ever before, strikes are being won or lost in the newspapers and over the radio. The swing of public opinion has always been a major factor in labor disputes but with the settlement of strikes being thrown more and more in the laps of public officials the question of public opinion becomes of greater importance. For it is public opinion - what the voters think - that moves those elected to action along one course or another." (149, P.158)

The Association's utilization of public opinion extended beyond settlement of strikes, however. In 1938 Robert L. Lund, past-president and executive vice-president of NAM, indicated the quest for less government control was to be fought through political means.

"Our answer to economic planning and radicalism must, in the end, be at the polls on election day. There lies the challenge to business leadership; a challenge over and beyond our responsibility to continue to produce goods and services. We can no longer sit back calmly and feel that politics is too dirty a business for us. The cleansing process must come from without. It will never come from within. And the Public Information Program of this Association, and other such educational activities will lay the foundation for wise decisions in political as well as economic issues."

The strategy which NAM employed in its opinion-molding activities during the depression years and up to World War II was defensive. The Association's attempts to justify private enterprise mainly took the form of attacking governmental "economic planning" and

intervention. This negative attitude is understandable since most of the legislation and policies of the New Deal did not coincide with the economic aspirations of industrial management. NAM's 40-year conflict with organized labor became extremely bitter during the New Deal. The Association opposed the collective bargaining provisions of NRA, hampered the operations of the National Labor Board by refusing to recognize its jurisdiction and likewise harassed the NRLB which replaced it. "Essentially, the position of the Association was one of complete opposition to any Federal legislation protecting the rights of workers to organize." (7, P.26)

In regards to national legislation, between 1933-41 NAM opposed 31 and favored 8 proposals which became law. According to Cleveland, "without exception the measures favored by NAM provided some sort of aid to business and industry," while "rigid opposition" was maintained against similar aid to other interests and against all regulation of industry. (17, P.365-66)

NAM fought for lower corporate taxes, removal of government competition with industry, reduction of government spending and a balanced budget. Said a 1935 pamphlet: "Industry cannot operate efficiently when it is constantly besieged with experimental legislation, regulation, restriction, government competition and oppressive taxation." (89, P.17) It might be noted that NAM made much the same complaint in the year 1900.

Additionally, the opinion-molding campaign sought to create alarm at the rising cost of government and the threat to democracy

resulting from centralized power of government. This was coupled with statements about the "human responsibilities" of business management.

NIC REORGANIZATION

An essential part of NAM's efforts to shape national policy through opinion-molding (and through direct pressure on government) involved the reorganization of the National Industrial Council. Its effectiveness was increased through infusion of new membership and closer contact with NAM officials. (149, P.93)

The reorganized NIC consisted of three major groups: (1) state manufacturing groups (2) local, state and national industrial organizations and (3) national manufacturers trade associations. (149, P.62)

The objectives of the new NIC were nearly identical with those of NAM. It was to be dedicated to "promotion of industrial interests" of the U. S., better employer-employee relations, protection of the liberty and rights of each, public education in the principles of individual liberty and ownership of property, support of legislation furthering these principles and opposition to legislation in violation thereof. (149, P.62)

In terms of organization the arrangement simply expanded the number of channels through which NAM policies were carried to regional, state and city levels; furthermore their origin need not be publicly announced, nor did NAM have to take the responsibility

for the "front-line" tactics utilized by some groups in promoting labor policies.

Control by NAM was assured since a majority of top posts in the NIC were held by NAM officers. For several years NAM also supplied the NIC with a paid executive staff, headquarter, research and publicity material, legal service and Washington lobbyist. Officers of NIC held nine directorships in the NAM, a representative, but inadequate number to be influential in policy-forming.

Within NAM itself, regional effectiveness was increased by the setting up of regional offices in major cities (the first one was established in San Francisco in 1938) and by regional meetings, usually sponsored in cooperation with an NIC affiliate. The establishment of regional offices was intended to make "Industry's Story" more clearly and loudly heard at the grass-roots level.
(18, P.85)

WORLD WAR II AND THE "POSITIVE OUTLOOK"

The Second World War did much to assist NAM in establishing a favorable political and social climate for industry. That is, after an initial disagreement with the Federal government over the question of who was going to finance plant expansion for war production had been overcome. Once it was decided that the government would foot a sizable portion of the bill, matters went

along swimmingly.¹

"During the war," says Cleveland, "NAM exploited the nation's tremendous production output for all it was worth. Using every possible media of expression it sought to convince the public that the Nation's production accomplishments were due to industrial leadership; that goals were attained or exceeded despite hampering efforts of government and labor; that American industrialists were motivated solely by unselfish patriotism with no thought for profit or personal gain; and that the post-war survival of freedom and democracy was dependent upon the return of leadership to industry." (18, P.327)

However, wartime prosperity, and furthermore prosperity largely initiated by tremendous government spending, made continuance of NAM's earlier strategy in opinion-molding difficult. As previously noted, the public relations campaign of the 30's had charged the government with hampering recovery through unwise economic planning (meaning price, wage, production and other controls and excessive federal spending.)

When unprecedented Federal spending necessitated by war and accompanied by even more stringent controls brought the national income level and employment to a new high, NAM found it expedient

1. The Smaller War Plants Corporation report, "Economic Concentration and World War II," shows that the Nation's manufacturing facilities in existence in 1939 cost about \$40,000,000,000 to build. To this capacity there was added by June 1945, about \$26,000,000,000 in new plants and equipment. Roughly, two thirds of this plant expansion was provided directly from Federal funds, and the other one-third from private funds. (145, P.71)

to ignore the origin of such achievement and instead seized the opportunity to capitalize on the results.

In 1944 it was announced that the "National Industrial Information Committee now feels that the symbol of free enterprise has been successfully sold, and that the time is now ripe to show the public how business management, operating under the free enterprise banner, can lead the way into a peaceful era of new opportunities and higher standards of living." (81, P.55)

The foregoing announcement crystallized into an expanded public relations program incorporating a tactical change to a positive, rather than negative outlook. The new outlook was evidenced by a policy of developing concrete solutions for what NAM felt were national economic problems, by further efforts to maximize Association membership and "grass-roots" effectiveness and by further solicitation of support from interest groups outside industry.

In the words of Ira Mosher, 1945 NAM president, and president of the Russell Harrington Cutlery Co., "Henceforth NAM's representation of management will be at its proper station - on the offensive - with a direct, positive constructive approach to every problem that arises. The year 1945 is a hallmark because it is the year in which industrial management forsook the defensive and went on the offensive." (76, P.3)

PUBLIC RELATIONS TARGETS

NAM's opinion-molding offensive has aimed at two major targets which are interrelated. The first is an external target - that of influencing and soliciting support from the general public, though leaders, the federal government and other interest groups. The second is an internal target - that of influencing employee opinions and industrial management itself. Unable or unwilling to use coercive methods, NAM makes a sizable effort to "sell" its own membership on Association policies. According to NAM's 1945 vice president Holcombe Parks, "Influencing NAM's own membership, is more important because the membership would determine the character, size, price and attractiveness of the 'bill of goods' that NAM will be trying to sell." (82, P.30)

Accordingly, NAM members were to be supplied with "regular, capsule doses of super-condensed facts," about free enterprise. This would solve the businessman's problem of lack of time to "read and sift and boil down the arguments with which to knock off the ever-present, vocal system busters." The material, according to NAM's 1945 Assn. Executive Vice President, was expected to "create in the lingo of the 'Commies', a 'party line.'" (98, P.27)

Thus equipped, NAM's members would be able to more effectively sell non-member industrialists, their own employees and the general public in their own communities on free enterprise. This program

expanded to a flood of written material describing public relations techniques for community use and intra-company programs to educate employees. Employee indoctrination to free enterprise is accompanied by an industrial relations program based on promoting good personnel and management techniques, guidance in labor-management relations, and in formulating adequate industrial health and safety programs.

PUBLIC RELATIONS PHASES

The Association's public relations program has had two distinct phases. One part of the program has dealt with a long-range strategic effort to imbue the public with confidence in industrial leadership; another has been designed to handle tactical problems - the current issues which arise in consequence of national legislation, proposed or passed, the activities of labor unions, the general political climate, etc.

For example, the 1946 public relations tactical effort entitled "Roadblocks to Prosperity" singled out as the three roadblocks to prosperity (1) inflationary fiscal policies (2) price controls and (3) lack of a national labor policy.

Both the long and short range programs were propagated as follows: There was a series of four full page ads in more than 400 daily and 2,000 weekly newspapers. For each ad, a corresponding booklet was published and distributed by the hundreds of thousands. Special articles were written for magazines, business publications

and farm papers; the Associations "Industrial Press Service" beamed clipsheets of statements and answers to 4,200 editors of weekly papers, 500 editors of metropolitan dailies and 2,700 editors of trade publications and employees magazines. "Briefs For Broadcasters" went to 700 radio commentators while "Industry's Views" were channeled to more than 1,300 editorial writers and columnists. A nationwide weekly radio program, "Its Your Business" dramatized NAM's position on OPA, the labor-management problem, the Federal debt and the size of the bureaucracy. (18, P.341)

NAM's staffers and members did trojan duty on the speaking platforms of the country and group cooperation activities were enlarged to include local meetings with the clergy, women's club representatives, farm leaders, educators, veterans organizations, industrial employees and public relations officers of member firms.

Publications for community leaders were distributed monthly. "Program Notes" was sent to 60,000 women leaders, "Trends" to 40,000 educators and the "Agricultural News Letter" to 30,000 farm leaders.

The costs of such programs is indicated by the fact that in 1946 NAM members subscribed \$2,341,239 for the implementation of expanded public relations activities. This was a 45 per cent increase over 1945. (144, P.164) In clearing away the roadblock to prosperity known as price controls (OPA) NAM president in 1946 told a Senate Committee some \$395,850 had been spent on advertisements alone. (148, P.6)

The long-range phase of NAM's 1946 public relations program was largely concentrated on profits and the justification thereof. A pamphlet describing this program spoke of the "fantastic concept of the public as to the significance and size of industrial profits" which were "adroitly planted and carefully nurtured for years by all the opponents of the Enterprise System." (18, P.343)

The apparent source of NAM's recent public relations appeals is rather interesting. Since the 40's NAM has utilized the results of public opinion polls to chart the Association's success in public relations. Dr. Claude Robinson, former associate of George Gallup and head of his own firm, Opinion Research Corporation, has been engaged to ascertain the attitudes of the general public, employees, and the all-important "thought-molders" such as professional people, teachers, clergymen, and editors.

But it appears that Dr. Robinson is something more than an expert in polling public opinion, insofar as NAM is concerned. Speaking before the 1945 Congress of American Industry (held in December) Dr. Robinson outlined some misconceptions such as the public feeling that industrialists are interested only in maximizing already excessive profits. He then offered a program to correct the situation:

- (a) Management should speak up- talk to more people - the public is anxious to here management's views.
- (b) Management must convince the public that its profits are not excessive and constitute just payment for social contributions.

- (c) Management must dissipate the public belief that it is anti-union.
- (d) Management must dramatize the concept that it seeks only the public welfare. "In your public statements and in your policy considerations go out for the good life, declare your devotion to the public goals, make it perfectly clear to the public that the thing you seek is the public good." (98, P.12-18)

The content and appeal of NAM's 1946 long range public relations program (profits) indicates Dr. Robinson's advice was followed almost religiously. Additionally, at the December Convention in 1946 NAM announced a new, liberal program of constructive action in the public interest on labor, and other national problems.

"It is understood," said the New York Times, "that a prolonged and bitter struggle preceded the adoption of the new program by the NAM Board of Directors. A vigorous and powerful opposition, centering around certain automobile and steel interests, although numerically small compared with the total board membership, is said to have demanded that the NAM favor an outright repeal of the Wagner Act and what has been interpreted as an all-out fight against the unions."

B. E. Hutchinson, Chairman of the Finance Committee of the Chrysler Corporation and a national vice-president of NAM was reported to be the leader of the minority group, the New York Times said. (104, P.1)

Clarence B. Randall, vice-president of Inland Steel, a national vice-president of NAM in 1946 and later President Eisenhower's

Foreign Economic Policy Advisor offered the majority report on the new "Federal Labor Policy."

The program was described as an attempt to curb abuses by union leaders which threatened to wreck the national economy and to encourage new legislation and policies on labor, taxation, fiscal and monetary problems and freedom from Government controls. It was, Randall announced, designed to enable the American "individual enterprise system to function most efficiently for the good of the whole American people."

Further interpretation was offered by Walter B. Weisenburger, NAM executive vice-president who saw the task of the 1946 convention as being to work out a pattern for the successful restoration of a voluntary economy and the resumption of economic progress in America.

NAM leaders, he said, were trying to establish a pattern for all of American industry, based upon recognition of its public responsibility and realization that the welfare of industry and the welfare of the country must move forward together. Only if a determined effort were made to solve the nation's legitimate economic problems, could business capture the leadership of public opinion.

"The challenge to industry," Weisenburger said, "is to develop a high degree of business statesmanship denoted to the economic welfare of the whole nation, with no double-talk, no weasel-wording, no ducking of the tough ones." (104, P.3)

In view of Weisenburger's remarks about "business statesmanship"

and no "double-talk", the address made at the 1946 convention by Noel Sargent, NAM Secretary, a few days later is somewhat disillusioning. Sargent, one of the most influential salaried staff members of NAM since he joined the Association in 1920, made a public confession of NAM's past sins and swore they had been rectified.

"Business and industrial leaders realize that they nearly wrecked their own free enterprise system by the abuse of the power which they had before the New Deal.

"They learned the hard way after 1929 that they could not put the rest of the country through the wringer without going through it themselves. A new generation of businessmen has grown up since the depression. Consequently business leaders no longer fit the old cartoon symbol of the bloated plutocrat with the big dollar sign on his shirtfront stepping on the neck of a helpless little man. The typical executive today is a keen young or middle-aged professional man who is production-minded instead of Wall Street minded.

"A modern viewpoint has been increasing among the members of NAM. There was a time when this organization of 16,000 manufacturers in all parts of the country was dominated by a small group of big business men and bankers. This is no longer the case. Small and medium-size businessmen now hold considerable power on the board of Directors and the committees that run NAM." (105, P. F.5)

Sargent's announcement that NAM was no longer dominated by a clique of big corporations and bankers hardly coincides with the results of two investigations made of the control of NAM between 1933-46.

*underlining supplied

Richard Gable's analysis of the composition of all top posts revealed that between 1933-46 a group of 125 firms held 63 percent of all directorships; 88 percent of the executive committee memberships; 79 percent of finance committee memberships; 52 percent of major executive offices other than these occupied by the paid staff. Twenty-eight of these firms were among the 200 largest non-financial corporations. Of the 104 for which employment data was available, none employed less than 500 workers. Sixty-seven percent employed more than 2,000. Only 10 percent had assets of less than \$10,000,000. (144, P.162)

Cleveland's analysis, from which Gable drew some of his data, stressed the fact that the Executive Committee outranked the Board of Directors in terms of continuous authority. The Committee, established by the then prevailing Constitution with "all the powers" of the Board when the Board was not in session, was thus in control most of the year. (The Board met for only about 10 days a year) (18, P.89-90)

Only 16 companies held 50.8 percent of all Executive Committee memberships between 1935-46. (18, P.189) Of these, 7 were among the 200 largest non-financial corporations.¹

1. The American Rolling Mills Co.; American Cyanamid Co.; Armstrong Cork Co.; Borg-Warner Corp.; Colgate-Palmolive-Peet Co.; Curtis Publishing Co.; E. I. du Pont de Nemours & Co.; Eastman Kodak Co.; General Foods Corp.; McGraw-Hill Publishing Co.; Monsanto Chemical Co.; Reed & Barton Corp.; Kohler Co.; The Lambert Co.; The McCall Co.; and Sun Oil Co.; (18, P195)

The tenure and small size of the controlling group is all the more remarkable when it is considered that NAM's membership grew from about 1,500 in 1933 to nearly 15,000 in 1945.

REGIONAL EXPANSION

1946 also marked the beginnings of an expanded regional program to assist NAM's 15,000 or so members in putting "Industry's Story" across in their own communities. As described by Walter B. Weisenburger, executive vice-president:

"We're going to aim every facility of our new '46 program to get individual dissemination of the business message. We're stepping up our branch offices over the nation so as to give our membership more direct assistance in telling this message at the local level. We're going to decentralize our publicity releases through these offices so that our officers, directors and members in their own home balliwicks can speak up with the unassailable facts." (98, P.27)

By 1947 there were 11 regional branch offices located in Atlanta, Portland, Detroit, Minneapolis, Dallas, St. Louis, Pittsburgh, Boston, San Francisco, Chicago and Los Angeles. Two more have since been added (Philadelphia and Pittsburgh) making a total of 13. (Also, the Dallas office has been moved to Houston).

RELATIONS WITH GOVERNMENT

World War II of necessity brought NAM members in more frequent and congenial contact with Federal officials. In 1943 President Crawford represented NAM on the Management-Labor Policy Commission

to the War Manpower Commission along with 8 other representatives. The Business Advisory Council established by the Department of Commerce in 1944 numbered 13 business executives of which nine were NAM members. (18, P.322)

Governmental pressure in 1945 was intensive. On 71 occasions NAM formally presented its viewpoint through letters, conferences or pamphlet material. This included oral and written solicitation of the president, various cabinet and other executive officials, members of Congress and Federal Committees. (18, P.314)

The Association also distributed many of its publications regularly to Congressmen and important government officials, sometimes making special studies for this purpose. In 1945 members or staff representatives appeared before 20 Congressional Committees on issues such as reconversion, national services act, inflation control, patents, national research, foreign trade, foreman unionization, full employment bill, wages-hours fact-finding bill, labor relations and taxation.

The Association was also active in cooperating with other business and industrial groups to draft proposals to be submitted to government agencies. In 1945, 24 cooperative efforts of this type took place with groups such as the U. S. Chamber of Commerce, the Committee For Economic Development, American Bankers Association, American Federation of Labor, National Grange and American Retail Association. (18, P.312-314)

THE DEMISE OF THE NIIC

In 1946 Congress passed the Lobbying Registration Act requiring lobbyists to disclose to the Clerk of the House their salaries and expenditures made for the groups they represented.

Walter Chamberlin duly registered as a lobbyist for NAM and declared his salary to be \$28,000 yearly. (103, P.24)

However, NAM apparently was peeved at being required to make public its expenditures for "indirect" lobbying as required by the Act, since this would include the \$2,000,000 public relations program which NAM felt should not be called lobbying. The Association forthwith brought suit to have the Lobbying Act declared unconstitutional, abolished (in December 1947) the National Industrial Information Committee which had been responsible for soliciting public relations subscriptions, and thereafter supported such activity by regular dues.

The motive for abolishing the NIIC, according to NAM's 1947 Annual Report To Members, was to eliminate dual financing, thus strengthening and simplifying the financial structure. Said the Report:

"This consolidation of NAM financing fully recognizes the decisive role of public opinion in determining the future shape of American economic life. It firmly establishes NAM's public information activities as an integral and essential part of the Association's over-all efforts on behalf of the American Enterprise system."

However, in a statement NAM filed with the Clerk of the House April 29, 1948, another purpose was apparent. Claiming the Lobbying

Act of 1946 was only intended to include "activities which seek more directly and specifically to secure the support or opposition of individual members of Congress toward legislation actually pending in either House", NAM reported expenditures of only \$146,186.12 during 1947 for legislative activities which might "conceivably" come under the provisions of the Act. The total received from membership dues in 1947 was \$5,145,656.94. (109, P.9)

The public relations program was claimed to be totally unrelated to legislation despite the fact that in 1946 NAM's president had testified before a Senate Committee that NAM spent nearly \$400,000 "largely on advertising" in its campaign to wipe out OPA. (148, P.6)

NAM's fight against the indirect provisions of the Lobbying Act, and the constitutionality of the Act itself, was finally settled by a Supreme Court Decision in June 1954. The Act was upheld but its scope was narrowed to include reporting only expenditures for "direct" lobbying. (26, P.675)

Passage of a revised stronger Taft-Hartley Act was perhaps NAM's biggest victory during 1947. The new Act was not felt to be the "complete" answer to "present labor-management inequalities" but NAM recognized the new labor law as a "salutary step toward promoting industrial peace."

Following its passage, NAM carried a full-page ad in 246 daily papers to publicly pledge industry's intent to support the new law in "spirit and intent". To promote "better public understanding" NAM also distributed over 300,000 copies of a

popularized summary of "That New Labor Law." (95)

In other quarters reaction was not so joyful. During Congressional debate on the Taft-Hartley proposal several Congressmen charged NAM wrote the bill. Both the C.I.O. and A.F.L. also said it was drafted by NAM. Senator Taft, Congressman Hartley and NAM denied the charges.

Richard Gable investigated the charge and reported that "although there is no evidence that NAM wrote the bill, its viewpoint was brought to Congress through paid lobbyists, conferences with Congressmen, direct testimony before legislative committees and a "vast program of public relations." Gable quoted Senator Aiken as saying that the campaign carried out by NAM and similar groups in their effort to secure passage of the bill was the "most intensive, expensive, and vicious propaganda campaign that any Congress has ever been subjected to." (144, P.163)

"POSITIVE" OPINION-MOLDING

In accordance with the new "positive" approach adopted in 1945, NAM entitled its 1947 public relations activities concerning labor-management relations as "Industry's Program For Industrial Peace." It was directed against industry-wide bargaining, the closed shop and "labor monopolies." The proposed revision of the Taft-Hartley law was described as the "Road to Freedom For the American Worker" which would "guarantee a Bill of Rights" such as: the right to hold a job whether belonging to a union or not; the right to select his

own representative to bargain collectively; the right to speak his own mind without fear of being kicked off the job, etc. (95)

Another tactical program of opinion-molding, aimed at beating inflation, was launched in December 1947. This campaign, according to NAM, in response to a "powerful propaganda effort seeking to clamp 'police state' controls on the national economy" offered 12 steps leading toward a sound economy. They included reduction of government spending, tax reduction on corporations to stimulate capital investment, reduction of the federal debt, asking labor leaders to forego wage increases except "in cases of gross inequity," give foreign aid in goods, not dollars, etc. (95)

The emphasis on reduction of corporate taxation and Government economy was reinforced by a separate opinion-molding campaign. It was, like the justification of profits drive of 1945, a sub-division of the long-range strategic campaign to sell "free enterprise" (by now sometimes called "individual enterprise"). The program, said, NAM, "highlighted the necessity of releasing income for investment in productive enterprises and underlined the inflationary character of excessive Federal spending." (95)

The "profits" story was not dropped however. NAM carried ads in "Life", "Look", "Collier's", "Saturday Evening Post" and 11 other "leading news and farm magazines" telling the "Story of the size and significance of profits". A packaged kit of 27 ads suitable for newspapers and magazines was offered to NAM members and NIC affiliates to enable them to place the story of profits in local newspapers,

company publications and other magazines. (95)

To promote all public relations activities during 1947, 1,200 news release were distributed; 42 articles presenting industrial viewpoints were written on request of "Pic," "Look," "The Rotarian," "Dun's Review", "Christian Science Monitor", and other national publications. NAM's clippingsheet of editorial background, "Industry's View", went to 2,776 correspondent, editorial writers, commentators and trade papers while 8,430 weekly newspapers, college publications and house organs received the "Industrial Press Service", - another clippingsheet featuring news, cartoons and human interest stories.

There were three NAM radio shows; nearly 2,000,000 pamphlets for public consumption were distributed.

TRAINING TO SELL FREE ENTERPRISE

The community public relations program was spurred by the Industry Leaders Program. There were 28 two-day workshop conferences of management and NAM staffers held in industrial cities under the sponsorship of NIC affiliates. NAM specialists, through these conferences, trained over 1,000 businessmen to be "enterprise salesmen" and provided them "with a steady flow of factual information and current talking points for use in the public opinion arena where America's future will be decided". (95)

At the 4th National Conference of Business Public Relations Executives (sponsored by NAM in February, 1947 over 800 public relations experts exchanged opinions as to how "their active support

could best benefit the individual company and the Enterprise System".

(95)

New York Times reporter Russell Porter summarized the viewpoints expressed at this conference as follows: "The true function of public relations for American business is to 'sell ideas in support of the American economic system and to help shape those ideas so that they will be acceptable to the public and will operate for the public good.'" (107, P.3)

Harold Bragman, Public Relations Director for E. I. du Pont de Nemours & Co. told the Conference the problem was to achieve an industrial statesmanship that would put the long range good of the American business community and the American people above all other considerations. "The public must be shown," he added, "that it is to its interest to create a social and economic atmosphere in the country in which private business can survive". This viewpoint, it should be noted, was expressed by NAM as early as 1916.

However, the late 40's and early 50's have brought NAM, in reality, steadily closer to more favorable "social and economic" conditions for industry.

In 1948, NAM was the champion among Capitol Hill lobbies. Checking the stand of 12 organizations on 10 key issues with the action of Congress, it found that NAM didn't suffer a single loss. On six issues where it took a definite stand, 5 were clear-cut victories. On the last, federal aid to education, failure of the House to act on the bill passed by the Senate enabled NAM to score

a clean sweep. (147, P. 72)

HISTORICAL COMMENTARY

The foregoing period in NAM's history was one of marked change and expansion. As previously noted, membership rose from about 1,500 at the time of the 1933 reorganization to nearly 15,000 by the end of World War II. Financial resources, in terms of yearly income, went from about \$175,000 (18, P.38) to \$4,000,000 during the same period. Moreover, by the end of the War about one-half NAM's total annual income was being expended on public relations activities (39) which, by this time, were considered by the Association to be its "top policy function" (98, P.20)

The change in character of leadership of the Association which brought about the above expansion is of prime importance. Leadership by large-scale corporate enterprise first of all expanded the original purpose of NAM from promoting the welfare of the manufacturing industry to that of a much larger sector of the economy - business.

The period under review saw a constant widening of NAM's circle of influence in the business community, as the Association's leaders sought to unify and guide the policies of business. This was accomplished through organizing, cooperating with and soliciting financial support from manufacturing and non-manufacturing interests of various types.

For example, the reorganization of the National Industrial Council brought in new categories of industrial management; the organization

of the National Industrial Information Committee brought in non-manufacturing interests. And it is noteworthy that in 1945 NAM cooperated with such diverse pressure groups as the National Grange and the American Bankers Association in bringing joint proposals before governmental agencies.

Figuratively speaking, NAM sought to become the hub of a wheel - a central, policy-forming and coordinating body whose affiliations and cooperative arrangements formed spokes reaching out in all directions. And, of course, these spokes were also channels through which the public relations program could be carried to all parts of the country.

The character of NAM's leadership during this period must also be considered in interpreting the Association's public relations policies, the specific and general objectives sought by public relations activities, and the philosophy underlying the appeals which were made.

Speeches by NAM officials, a study of the Association's pamphlets and other material all indicate that the basic purpose of the public relations campaign was to withdraw public support from the national legislative program instituted under the New Deal, and to undermine the position of organized labor.

Clearly, NAM hoped this public withdrawal would bring about a change in the national legislative program. A 1934 resolution, as previously noted, recognized that "public policies" are a "reflection of public opinion." In another instance, it was announced that the

"answer to economic planning" (presumably that of the New Dealers since NAM publicity criticized no other) lies "at the polls on election day". And again, that it is "what the voters think" that moves public officials along one course or another. Additionally, the content of pamphlets distributed to the public indicates the desire to shape public opinion in favor of certain legislation. For example, pamphlets described the proposed revision of the Taft-Hartley law as a "Bill of Rights" for labor and went into a lengthy description of just what those rights would be, if the revised Bill were passed.

Paradoxically, however, the Association denied there was any connection between its public relations activities and influencing of national legislation in order to avoid reporting funds for such activities as lobbying expenditures under the 1946 Lobbying Act. This denial, it will be recalled, took place not long after a NAM officer testified before a Congressional committee that the Association spent several hundred thousand dollars on advertising to wipe out OPA.

Another paradox exists when we consider the economic nature of NAM's leading member companies and the appeal which was made to the public in the name of free, competitive enterprise. If the original definition of the foregoing economic theory is considered, the appeal is strange indeed. Price competition and maintaining freedom of entry to the market are not distinguishing characteristics of large-scale corporate enterprise, although they can and do exist in

some cases. However, the general tone and content of NAM's publicity material indicates that "free" meant freedom from governmental control, regulation, intervention and competition, rather than freedom to compete with other entrepreneurs. Likewise, "competition" was not specifically defined as price competition. At any rate the phrase "free, competitive enterprise", if not more, offers an excellent illustration of the use of stereotypes - a common propaganda device which relies on eliciting favorable or unfavorable response to a proposal by couching it in terms of a familiar concept. This interpretation is borne out by the 1944 announcement of the NIIC that the "slogan" of free enterprise had been successfully sold.

The merchandising of "free enterprise" during most of the period under review was done in negative terms. In battling the "collectivist" tendencies of the New Deal administration NAM for the most part coupled "explanation" of the true nature and function of industrial enterprise with opposition to governmental economic planning.

It is noteworthy that the tide turned shortly after the Association acquired the services of a professional opinion research analyst (Dr. Claude Robinson). However, more prosperous economic conditions were undoubtedly also influential since such conditions rendered some of NAM's arguments (such as the charge that governmental policies were hampering economic recovery) ineffective.

At any rate, more effective propaganda tactics were put into

practice. Appeals became couched in positive terms - they embodied constructive programs for improvement rather than declaratory criticisms of existing faults. The Association's concern with the "public interest" was stressed and its desire to make "industrial peace" with organized labor was emphasized.

Nonetheless the philosophical bases of the public relations program of NAM remained constant. There were four fundamental concepts underlying the public relations campaign (which are still apparent in current NAM literature.) These were (1) the belief that a favorable public opinion is the most important single factor in attaining long-range objectives (2) the conviction that the loss of industrial leadership in national affairs is due largely to public ignorance of the true nature and function of industrial enterprise plus the subversive efforts of the "opposition" (anyone seeking to destroy capitalism) (3) the conviction that if "free enterprise" (in the NAM definition) is destroyed the destruction of political freedoms and thus democracy itself (as a system of representative government) will follow, and (4) the conviction that government is neither competent nor authorized to regulate, intervene or participate in economic matters affecting industry (this belief was expressed as early as 1900.)

Underlying all the above four convictions was the general assumption which has been the cornerstone of NAM's public relations activities since its inception, namely, the conviction that the welfare of the nation depends upon maintaining favorable conditions for industrial enterprise.

CHAPTER IV

RECENT YEARS

The following chapter is devoted to depicting the far-reaching ramifications of NAM's "positive" approach to opinion-molding which was adopted in 1945. Some early aspects of this change have been indicated; however the program did not really get underway until 1948.

Probably the most significant aspect of the "positive" approach has been the development of concrete solutions aimed at solving what NAM feels are some of the nation's primary economic problems. The scope of issues on which the Association has seen fit to formulate proposals for reform has broadened until it approaches a blueprint for national economic planning. A majority of NAM's basic propositions are contained in what NAM calls the Economic Policy Series of pamphlets. So far there are 67, covering topics such as taxes, government spending, conservation of natural resources, capital formation, housing, The Havana Charter, management of the federal debt, industrial research in an atomic age, foreign capital investment in underdeveloped countries, Western Europe economic conditions, unemployment compensation and bank credit.

A second aspect of the "positive" approach has been NAM's venture beyond the confines of national policy to attempt to influence the course of international economic policy affecting trade and industry.

Thirdly, the emphasis of public relations activities has shifted to concentrate more heavily on dissemination of "Industry's Story" at the community level through local businessmen and business associations. Accordingly, NAM's regional office network has been

expanded and the staff of such offices increased. In conjunction with the increased emphasis on public relations at the community level, the Association has also concentrated more heavily on a particular segment of the public relations' program external target. Attention has turned to seeking to influence the "opinion-molders" or "thought-leaders" such as teachers, civic leaders, editors, clergymen, and professional people, rather than the general public.

Lastly, the Association's connections with other interest groups has continued to expand. New organizations which synthesize various interests are still being formed; links with educational, religious, agricultural and business organizations have been expanded and strengthened.

ECONOMIC PLANNING

NAM's programs and proposals concerning national and international economic policy are primarily developed by the Association's 13 policy committees, composed of NAM members, and by the Economic Policy and Industrial Relations Divisions, operating divisions which are staffed by salaried specialists.

When approved by the Board of Directors, such programs and proposals become official viewpoints of the Association; thereafter they may appear as part of almost any of NAM's activities. For instance, an economic policy proposal may be used as the basis for a public relations campaign or to present industry's view in quarters technically outside the scope of publicity programming such as

government agencies and officials. (119, P. 54)

The Economic Policy Series of pamphlets, though a significant compilation of major propositions, represents only a small portion of the total output of economic policy programs. In 1950 the Research Department of the Economic Policy Division turned out more than 80 economic reports and analyses, nearly 100 economic charts, and 18 "research studies," of which 7 were incorporated in the Economic Policy Series. (77, P. 18)

Not infrequently a public relations campaign is closely integrated with direct lobbying of Congress on the same topic. The Association's 1953 Report To Members announced that NAM's "program for strengthening the Taft-Hartley Act was intensified following testimony before congressional committees. Press and radio publicity and printed materials of many types were brought into play to keep the view of industrial leaders before the public, and especially before employees and opinion-forming groups." (118, P. 6)

Similarly, a 1953 campaign to convince the public and business community of the "evils" of the excess-profits tax coincided with a protest against extension of the excess-profits tax lodged with a congressional committee by NAM's Taxation Committee. (118, P. 16) Also in 1953, there appeared an Economic Policy Series booklet entitled "An Excess Profits Tax Is Against The Public Interest." (38)

NAM apparently does not follow a master plan in developing economic policies - they seem to appear on an ad hoc basis along with specific objectives deemed important at a particular time, or grow out of the current activities of a particular policy committee

concerned with national or international affairs.

INTERNATIONAL AIMS

"Acutely conscious of management's responsibility to bring its viewpoints to bear on world issues that have a direct impact on our economy," (119, P. 35) NAM in recent years has been quite active in international economic affairs.

The Association was one of the first interest groups to be awarded consultive status in the U.N. Economic and Social Council and participates in the International Labor Organization.

NAM is the accrediting agency for all U.S. businessmen and industrial representatives serving on UNESCO functional and regional commissions and uses its authority to designate such commission members to good advantage. "Through these spokesmen," notes the Association, "as well as through submission of studies and pronouncements on international economic policy, we are assured the widest diffusion of American industrial thought to the economic
* policy-shapers of the world." (119, P. 35)

In connection with the "Point Four" program for economic development of backward countries, NAM in 1949 conferred with President Truman ("to discuss his concept"), submitted the Association's views to the U. N. and the U.S. Government, and took credit for the "current realization" that success of the program depended

* Underlining supplied

upon investment of private capital. (119, P. 36) NAM's views were later incorporated in two Economic Policy Series booklets entitled "Capital Export Potentialities After 1952," and "The Bold New Plan: A Program For Underdeveloped Countries."

While supporting the original aims of the International Trade Organization, NAM opposed the proposed 1949 Havana Charter because it felt the Charter was an "ineffective instrument for carrying out these aims." (119, P. 36)

A continuous flow of studies, recommendations and pronouncements on the international economic situation has been directed to officials of the U. S., the U. N., and foreign countries through the efforts of NAM's International Relations Committee. Apparently the Committee takes its work seriously. For instance, in 1949 two members of the Committee, accompanied by two NAM staff executives, made a trip to Europe to observe E.R.P. on the spot. Their observations resulted in a report on the European Recovery Program which outlined 13 recommendations of industry for improvement. This report was sent to officials of the U.S. and E.R.P. countries and later appeared in an Economic Policy Series booklet entitled "Western Europe - Problems and Prospects."

Also in 1949, NAM prepared a study on international monetary problems embodying a 15-point program leading to free convertibility of currencies, offered to help E.C.A. curb an uprising of cartel agreements in Europe, and urged Washington embassies and legations of E.R.P. countries to discontinue the "destructive policy" of dual pricing. (119, P. 35-36)

By 1951 NAM extended its concern in the international field to military matters, recovery programs and problems of international investment. Recommendations were issued dealing with economic and military assistance, co-determination in Germany, limitation of dividends in the United Kingdom, and the European Payments Union. In 1953, U.S. commercial policy, foreign aid programs, encouragement and protection of private international investment, multilateral trade, and currency convertibility were studied. (118, P. 16)

It is noteworthy that on one vital issue NAM has had neither a program nor proposal to offer. Despite the Association's fervent espousal of competition, the Board of Directors in October 1953 adopted a policy position on the tariff which stated that "the Association does not presume to speak for its members on this subject in any way." (118, P. 16)

PUBLIC RELATIONS - THE COMMUNITY APPROACH

The third major ramification of NAM's "positive" outlook has been the development of an extensive, community-level public relations program. In form and substance, this program is an excellent illustration of what the Buchanan Committee called "indirect lobbying," i.e., the stimulation of "grass-roots" support through opinion-molding.

A salient characteristic of this campaign (entitled the "Community Leaders Program") is NAM's unobtrusive role. Since its inception,

the Program has been largely handled by NIC affiliates whom NAM provides with promotional material, kits of instructions for setting up specific projects, movies, speakers, etc.

In 1949 NAM reported to its members:

"Great emphasis is now being placed on public education activities at the community level, and cooperation of the NIC local associations is the keystone of our activities. Special stress on programs in the home community stems from the fact that public opinion forms in industry's own backyard. NAM's community programs for local sponsorship are designed to reach every element of local community life, and in them NAM sees the local businessman as the key factor in outselling the peddlers of socialistic doctrine." (119, P. 18)

Early in the development of the Community Leaders Program NAM realized that articulate support of free enterprise was vital. The Industry Leaders Program, instituted in 1947 to train businessmen in public speaking and public relations techniques, has expanded yearly. By the end of 1951 nearly 16,500 executives in 462 communities had participated in the program. (78, P. 6)

Additionally, businessmen are offered assistance in improving community public relations through NAM's publication "Exchange", a monthly magazine distributed to business and industrial associations and industrial public relations directors which gives suggestions and reports on successful employee and community public relations activities undertaken in other cities.

THE COMMUNITY LEADERS PROGRAM

As previously indicated, NAM's community-level public opinion-

molding activities have been designed to reach every conceivable community group - civic organizations, clergymen, educators, grade, high-school and college students, and "all the people along Main Street." (119, P. 18)

By 1949 the program included activities such as "town meetings" of community leaders, Business-Education-Industry Days, vocational guidance forums and career conferences for youth, industrial exhibits, plant tours, distribution of pamphlets and movies, and cooperation in various ways with national associations of community leaders.

The Town Meeting For Community Leaders, inaugurated in 1947, is based on the traditional pattern of group discussion. A panel of industrialists gives talks on a specific meeting theme and then answers questions from the audience of teachers, doctors, clergymen, housewives, employees, business people, students, etc. (119, P. 20)

Business-Industry-Education Day, introduced in the fall of 1949 at Michigan State College, first takes teachers on a tour of local industrial plants, then to a luncheon with their hosts, (the industrialists and businessmen) and in the afternoon to a conference with top management. The Day closes with a dinner given by industry for the community's teachers.

It is interesting to note the way in which NAM's current opinion-molding objectives permeate B-I-E Day. For example, a NAM pamphlet suggests that at the afternoon conference company executives give short talks explaining what business and industry contribute to the community, the functions of business management, current and long-range problems of industry and "the importance of maintaining

freedom in America." (66)

One of the long-range problems of industry which NAM suggests should be discussed is a "trend toward collectivism" evidenced by increased governmental control and competition with business in recent years and by "taxing to provide social benefits." Another long-range problem is the high rate of taxation of individuals and business firms and the questionable nature of government expenditures for "hundreds of projects." (66)

NAM also proposes that "company booklets or other literature on free enterprise or Americanism" be placed on a table and teachers invited to take copies during the afternoon recess period. In the plant, signs may point out "industry's story" by explaining how various machinery contributes to employee safety, makes work easier, and contributes to increased productivity. Other signs may explain how much the firm's payroll adds to the community's income and the distribution of profits among employees, stockholders and the company. The general tone of "industry's story" is indicated by one of the sample signs provided in a kit of planning material for B-I-E Day. The sign points out that out of every \$1.00 received by the firm, 65¢ goes to plant employees and 4¢ to the stockholders. (66)

B-I-E Day has proven to be a popular community project. By 1950 NAM had co-sponsored B-I-E Days in 100 cities in 16 states. In 1950 more than 1,500 teachers from 75 schools in New Haven, Conn. and nearby towns visited 44 industrial plants and business firms in one day. In San Francisco, more than 3,000 teachers participated in the project. (77, P. 22)

Late in 1949 NAM introduced two more public relations programs for schools and industry (1) the Vocational Guidance Forum - a one-hour assembly period in high schools during which students receive the NAM pamphlet "Your Future Is What You Make It" while businessmen talk on opportunities for youth and answer questions, and (2) the Career Conference - a conference held at community high schools where students and their parents discuss vocational fields with businessmen. (119, P. 22)

Opinion-molding activities directed toward the Church were extended in 1949 with the inauguration of two new programs. "Clergymen Look At The Facts" involves a plant tour and conference sponsored by local businessmen, while Industrial Panels For Church Organizations is patterned after the town meeting idea. (119, P. 22)

"Trends," a magazine for clergymen and teachers, went into publication in 1949 and by 1950 had a circulation of over 76,000 monthly. (119, P. 23)

The distaff element was not neglected in planning the community public relations program. "Program Notes," a periodical to be used by program chairmen of women's clubs, has enjoyed considerable success, judging from the favorable comments which NAM staff members in the publicity department proudly printed in an Association staff memorandum. (43, P. 1-18) Circulation of this periodical in 1951 was some 30,000 copies monthly.

NAM cooperation with the national associations of community leaders has taken the form of joint conferences, participation in their meetings and conventions, distribution of NAM literature and furnishing speakers for their meetings.

According to NAM's 1950 Annual Report To Members, an important part of all community public relations projects is the "screening of Association films before local audiences and distribution of pamphlets to students, employees and community leaders." (77, p. 22)

Using the above statement as an index, it appears that the popularity of NAM's community program dropped sharply after 1952. In 1950 the Association claimed a movie audience of 4,500,000 - of which more than 3,000,000 were high school and college students. (77, P. 23) By 1952 this audience was some 6,600,000 persons (79) but in 1953 it dropped to only 2,809,000 persons. (118, P. 20). Likewise, pamphlet distribution climbed from 6,400,00 in 1949 (119, P. 20) to an all-time high of 9,200,000 in 1952 (79) and then dropped to only 3,140,000 in 1953. (118, P. 21)

1949 saw the inauguration of a new type pamphlet - the comic book - which soared to top place in popularity. In 1950 three full-color comic books accounted for more than 2,500,000 of the total pamphlet distribution. Four million pamphlets went to high schools and colleges, three million were ordered by companies and NIC associations for distribution to employees. (119, P. 37) In contrast, the bulk of 1953 pamphlet distribution was to company employees, with only 250,000 spread among various community groups. (118, P. 21)

PUBLIC RELATIONS PHASES

The theme of many of NAM's short-run tactical public relations programs since 1948 (and also the 1946-47 campaigns) has apparently been derived from what NAM described as a "five-point legislative

program in the public interest," which was adopted in 1945.

(47, P. 3)

NAM at that time professed its desire to obtain "proper" legislation to (1) fix rights and responsibilities of both management and labor (2) establish an equitable tax structure (3) encourage the free flow of new investment capital (4) establish social security on a sound basis and (5) curb bureaucratic control of production. (47, P. 4)

It will be recalled that one of the first programs in pursuit of such legislation was the 1946 campaign which singled out (1) inflationary fiscal policies (2) price controls and (3) lack of a national labor policy as the three "roadblocks" to prosperity.

This was followed by the 1947 "Industry's Program For Industrial Peace," directed against industry-wide bargaining, the closed shop and labor monopolies and favoring the proposed revision of the Taft-Hartley Act. Shortly thereafter, NAM proposed halting inflation through reduction of government spending, reduction of corporate taxation to stimulate capital investment, reduction of the federal debt, and asking labor leaders to forego wage increase demands.

Inflation was also the theme of the "Industrial Capacity Story" launched at the outset of the Korean War. A nationwide appeal was made through radio, TV and other communication media to convince the public that industry could easily handle both civilian and military needs. This campaign was featured for weeks on NAM's weekly radio shows, "It's Your Business," over 180 ABC network stations and "Your Business Reporter," a transcribed show broadcast over 200

local stations. It was also featured on NAM's weekly TV newsreel, "Industry On Parade." (73, P. 7)

Next came the "Home-Front Enemy No. 1" campaign, designed to point out and correct the prime causes of inflation which, according to NAM, are "continued, unbridled government spending" and deficit financing. The Association put before the public a program calling for a drastic reduction in non-defense federal spending and financing the defense effort by pay-as-we-go taxes for everybody (meaning replacing the selective excise tax with a general manufacturers' excise tax on everything except food, and a corporation "defense tax" instead of the usual wartime excess profits tax. (77, p. 10)

However, despite NAM's efforts, an excess profits tax was imposed and thus 1953 saw an intensive campaign directed in part at removing this onerous burden. Other aspects of the 1953 tactical program included a proposed reduction of the federal budget, strengthening of the Taft-Hartley Act, building public support for the manufacturers' excise tax, and placing the federal tax structure on a "more equitable and sound basis." (118, P. 2)

One of the most significant of NAM's recent public relations programs is the "Bringing Government Back Home" campaign. First launched in 1950, it was discarded when the Korean War broke out and later resumed. According to NAM, bringing government back home means providing a "better balanced government - federal, state and local." The program is also designed to "save billions for the

taxpayers, safeguard their freedoms, strengthen state and local government, and spark new economic growth." (119, P. 5)

Some of the proposals of this program are (1) abolishing federal grants-in-aid to the states, except for OASI (2) abolishing government competition with business (3) turning over administrative and financial responsibility for unemployment compensation to the states (4) discontinuing all federal subsidies except where needed to maintain national defense and security (5) drastically reducing federal programs and expenditures (including complete withdrawal from the field of housing and community development and possibly from agriculture) (6) reallocation of the tax structure which would substitute a uniform manufacturers' excise tax for the selective excise tax, reduce taxes on high incomes and corporations, and give greater taxing power to the states. (40, P. 1-60)

NAM's long-run strategic public relations effort to inspire confidence in industrial leadership is still based on telling the "free enterprise" story, but in terms of the "positive" approach and its corollary, economic policy-making.

Accordingly, an appeal launched in 1953 hints at being a theory of economic development. Entitled the "Jobs, Freedom, Opportunity" program, this appeal was described by NAM as one of economic education aimed at increasing the supply of venture capital by reduction of federal spending. The increase of capital, NAM promised, would provide future jobs and a higher standard of living for all. Broadly speaking, the program's theme is that to expand sufficiently

to meet the demands of the next quarter-century business and industry must have more funds for capital investment. (118, P. 2) Industry's goal is seen as "building a better America" and a 10-point program is offered to improve the nation's living standards. It includes strengthening the patent system, conservation of natural resources (with a minimum of federal control), vigorous competition among business firms, better-employer-employee relations, reduced responsibilities for the federal government, expanding foreign trade and better education for all. (70).

NAM AND EDUCATION

The community public relations program is but a small part of the effort NAM has directed to lessen the "wide gap" between education and industry which NAM feels is caused by "misunderstanding and even suspicion in some areas." (119, P. 25)

The importance which NAM places upon the good will of American education is indicated by the fact that in 1949 an entirely new department, staffed by educators, was set up to handle a public relations drive specifically for the schools.

The Education Department carries on three major activities (1) the College Speaking Program, introduced in 1948 (2) meetings with college presidents, deans, professors, school superintendents, leaders of student groups and educational foundations and (3) participation in educational conventions and conferences.

Additionally, college students from the 48 states, professors and administrators are guests at the yearly Congress of American

Industry (NAM's annual convention) and since 1949 student tours of industrial plants throughout several states have been sponsored. In 1949 70 graduate engineers and scientific students from 22 countries saw the "daily miracle of industrial technology under our free enterprise system, and marvelled at the skills, opportunities, average earnings and general advantages of the American worker." (119, P. 26)

In connection with the College Speaking Program, NAM officers, directors, staff executives and cooperating member industrialists in 1949 spoke to student bodies in 134 colleges and universities located in 29 states. In 1950 250 talks were given at 172 colleges and universities. (77, P. 57) In 1951 over 200 talks were given at 190 colleges and universities. (78, P. 5) And by 1952 the number of schools and colleges visited rose to 300. (79).

In other areas the Education Department was equally active. In 1950 members of the Department held nearly 200 personal conferences with professors, student groups and educational leaders. Staff members took part in 35 educational conventions, conferences, etc. Educators and industrialists participated in six joint conferences sponsored by NAM as a start in setting up a full-scale Education-Industry-Conference Program. (77, P. 25)

By 1953 NAM could report "in many school systems, several NAM programs have become a regular part of the school year." On the college level the Association's Economic Policy Series of pamphlets was in "substantial" demand while vocational guidance booklets were most popular at the high school level. "Substantial progress in the

educational field" was also gained through the personal relationships established by the staff of the Education Department who received invitations to speak before the American Council on Education and the Association for Supervision and Curriculum Development.

(118, P. 10)

NAM further evidences its concern for American education through activities other than those carried on by the Education Department. In recent years tremendous (and badly needed) financial help has been forthcoming from NAM corporations such as the E. I. du Pont de Nemours & Co., Union Carbide, Standard Oil of New Jersey, Standard Oil of Indiana, Bethlehem Steel, General Electric and General Motors.

Another aspect of NAM's concern is not so clearly beneficial as the financial contributions to colleges and universities. For example, in 1951 a resolution adopted by the Association's Board of Directors proclaimed: "Teachers and school administrators exert vital influence on the character, growth and training of American youth. In their hands is one of the most important tasks confronting us - the job of making patriotic American citizens of our children." Therefore, "American history, with special emphasis on American economic history, should be taught in all schools, from grammar school through college."

Furthermore, since industrial enterprise "is fundamental to the to the phenomenal growth of our high living standards and our national strength," the economic history must present the "relationship between American freedom and industrial progress...in its full, true light."

(63, P. 14)

A second example is found in an Instructor's Manual distributed by NAM along with an "educational" pamphlet dealing with major tendencies in business finance (part of the Economic Policy Series of pamphlets). The Instructor's Manual consists almost entirely of objective, multiple-choice and discussion-type test questions which emphasize the high federal tax rate on corporations, the small amount of corporate profits available for capital expansion, the need for such expansion, and the present inability to do so without going into debt.

For example, multiple choice question No. 5 asks:

"What has been the relationship, in the years 1946 to 1951 between the amount of profits taken by corporate income taxes and the amount of profit re-invested in business?"

- "a. Taxes greater
- "b. Amount re-invested greater
- "c. Two about the same"

The underscored choice, as might be expected, is considered to be the correct answer. (73, P. 3)

The foregoing examples illustrate the general problem that American education faces today in its relationships with many pressure groups. It is a problem of dealing with both direct and indirect pressures to get a particular belief or idea instituted in preference to all others on the same subject.

In the case of NAM, the Association's long-range purpose in contributing financial support and urging the teaching of American economic history is indicated by a 1945 address given by H. W. Prentis, past-president of NAM and president of the Armstrong Cork Co.

Observed Prentis:

"There are thirty million children in our public schools today. They will all be voters by 1955. Unless they are thoroughly grounded in a knowledge of, faith in and practice of the principles on which the American Republic rests, they will be easy prey for the demagogue in times of personal vicissitude and national distress. As patriotic industrialists, therefore, we should give public and private education adequate financial support at all times." (113, P. 27)

More recently, NAM president H. C. McClellan (in 1954) stressed that the effect of the "misleaders' false propaganda" upon youth was a cause for industrial concern because "they are the folks we must depend on in the years ahead."

McClellan pointed out that of 1,250 twelfth-graders canvassed by a public opinion research firm, only 39 percent favored keeping the "profit system"; 76 per cent believed most of the gains from new machinery go to owners, and 67 per cent believed a worker should not produce all he can. (32, P. 10-11)

"That is one of the reasons why NAM in recent years has concentrated on cooperation with educational institutions across the land to attain the best possible understanding, by youngsters still in school, about the American business system." (32, P. 11)

COOPERATIVE EFFORTS

The fourth major ramification of NAM's "positive" approach to opinion-molding is the increasing extent of the Association's cooperation with organized and unorganized interests outside the manufacturing industry.

By 1953, the NIC consisted of 36 state associations of manu-

factors, 135 local employer and industrial relations associations, and 204 manufacturing trade associations. (118, P. 22)

It served as a national conference medium through which executives of associations could exchange operating information and experience and also provided an excellent channel for industry-government cooperation.

For instance, in 1949 the Economic Cooperation Administration worked through the Council and its affiliated associations to arrange for technical missions and productivity teams from British industries to observe production techniques in American plants. The plant-visiting program was sponsored by the Anglo-American Council on Productivity and Ira Mosher, past president of NAM, was one of four U.S. industrialists serving on the Productivity Council by government appointment. (119, P. 13)

In 1953 state associations affiliated with the NIC were active in the creation of state commissions to study intergovernmental relationships, and submitted examples of government waste and government competition with industry to be forwarded to the task forces assisting the House Appropriations Committee and to the Hoover Commission. (118, P. 22)

The Conference of National Organizations, initiated by NAM in 1944, by 1949 was composed of 29 major national organizations of agriculture, manufacturing, labor (including the C.I.O. and A. F. L.), commerce, finance, veterans, service groups and other interests. The three yearly, informal meetings of this group,

according to NAM, were valuable in "enlarging areas of agreement in seeking to arrive at better solutions of the nation's problems." (119, P. 47)

In 1950, a new organization was formed. "To permit full business participation in NAM's educational and public relations activities," past president Morris Sayre led in the creation of the United Business Committee. Under his chairmanship, "more than 200 leading businessmen from banking, insurance, merchandising, utilities, transportation and all major business fields took part in launching a nation-wide effort to enlist the personal and financial support of thousands of non-manufacturers." (77, P. 25)

The active role of the United Business Committee is indicated by a letter made public in March, 1955 which asks businessmen to contribute to a public relations campaign sponsored by NAM against the guaranteed annual wage and other labor union aims.

Signed by Ira Mosher, past president of NAM and chairman of the United Business Committee, the letter told business leaders "your past support has been of great help in creating the improved economic climate in which we now operate" and warned that "we must not let it disappear." The most disturbing threats to 1955 prospects were seen as being C.I.O. intentions to win a guaranteed annual wage and to press for repeal of the Taft-Hartley waiver which leaves to the states the authority to outlaw compulsory unionism. (135, P.8)

NAM has also continued to extend its efforts at cooperation on the international level. In 1951 the Association, with the

support of the Economic Cooperation Administration, sponsored the First International Conference of Manufacturers, attended by business leaders representing 18 European countries and the United States. The three-day conference, held in New York, included discussion of topics such as marketing, employer-employee relations, finance, competition and public relations policies. (78, P. 12)

By the end of 1953 NAM could report, "active, continuing liason is maintained with more than 25 major national associations representing a broad range of nonmanufacturing" interests. NAM committee recommendations and Board of Director policy decisions "are made known to these groups - on an exchange basis - to the end that all are better acquainted with the views of each association and the reasons therefor." (118, P. 23)

RELATIONS WITH GOVERNMENT

An examination of the Association's activities in recent years, as depicted in NAM's Annual Report To Members, reveals cordial relationships exist with many elements of the federal government.

Generally speaking, favorable relations are particularly evident in the Association's dealings with the Department of Commerce, State Department, U.S. Patent Office and Defense Department.

For example, in 1949 NAM officers and staff executives served on both the Export Advisory and the Business Advisory Council of the

Department of Commerce, on the Advisory Committee on Commercial Activities of the Foreign Service, and the Business Advisory Research Council of the Bureau of Labor Statistics.

It is interesting to note that the current activities of such advisory committees sometimes brings about proposed national economic policies which are in accord with NAM's economic philosophy.

For instance, President Eisenhower's Transportation Policy Committee in April 1955 made recommendations to drastically revise the government's rate regulation powers to permit greater competition among railroads, trucks, planes and water carriers.

Secretary of Commerce Sinclair Weeks was chairman of the Transportation Committee. Other members, both regular and special, included Charles E. Wilson, Secretary of Defense; Arthur S. Flemming, Director of the Office for Defense Mobilization; George L. Humphrey, Secretary of the Treasury, Postmaster General Arthur Summerfield, Secretary of Agriculture Ezra T. Benson and Budget Director Howland R. Hughes.

According to a newspaper report, their recommendations were based on the work of an "industry advisory" committee headed by Arthur W. Page, ex-vice president of American Telephone Co., and including six other men from nontransportation industries. (138, P. 3)

An illustration of NAM's favorable relations with the State Department is also pertinent. In 1950 NAM became aware that the Atlantic Pact Nations were about to sign an agreement on exchange of patents, secret processes and technological know-how. A suggestion

to the State Department resulted in that agency setting up an Industry Advisory Committee composed of two NAM members to advise on such foreign agreements. (77, P. 14)

NAM also has spokesmen in the national legislature. NAM's Board of Directors Chairman Charles R. Sligh Jr., recently pointed out several NAM members who were elected to Congress. He noted that Wallace Bennett of Utah in 1950 was elected to the Senate by an "overwhelming majority". Sligh also observed that Bill Purtell of Connecticut (a member of NAM's Board of Directors) was also sent to the Senate in 1950 by a "thumping" majority and a NAM director in Virginia, Ed Robeson, was elected to the House of Representatives in 1950. (127, P. 15)

During 1953 NAM representatives made 14 appearances before congressional committees and filed 11 statements with House and Senate committees. Testimony and statements dealt with labor legislation, taxes, price and wage controls, government reorganization, a study of the federal-state relationship, The Bricker Amendment and private development of atomic power. (118, P. 8)

During the years 1953-55 NAM has supported legislation establishing the second Hoover Commission on Federal Operations and the Commission on Intergovernmental Relations, the Bricker Amendment, and the Capehart-Martin-Miller Bill. The Association has also come out in favor of legislation to bring dividend tax relief and a stricter Taft-Hartley Act.

Generally speaking, it is apparent that NAM today is operating in an "improved economic climate" (as the Association calls it). For example, the accord between NAM's viewpoint on the role of government and that of the current administration is clearly revealed in President Eisenhower's budget message of January 1954. Said the President:

"This budget marks the beginning of a movement to shift to State and local governments and to private enterprise Federal activities which can be more appropriately and more efficiently carried on in that way." (93, P. 1)

INTERNAL STRUCTURE

At least a brief discussion of the current internal structure and leadership of NAM is necessary to make an adequate evaluation of the Association's opinion-molding activities.

As previously pointed out, the Association during the 1930's and early 40's was controlled by a small group of men who represented much of the large-scale, corporate manufacturing enterprise in the United States. A detailed study such as was undertaken by Alfred Cleveland in order to establish the foregoing conclusion is not within the scope of this thesis; however, a close examination of NAM's directories of officers, directors and committee chairmen over a period of the last 10 years indicates a considerable change has taken place. Since about 1949 representatives of smaller companies are found in top posts to a much greater extent and many are newcomers to the ranks of leadership (as it existed during the previous 15 years).

Further evidence of a change is found in Constitutional revisions which have limited tenure on the Board of Directors (45, P. 11) and stripped the Executive Committee of power to act on reports of the policy committees (45, P. 4)

It should be noted that the membership of NAM represents a wider sector of the American economy than the manufacturing industry. The Association's by-laws provide that active members may include "proprietorships, firms, or corporations" whose manufacturing interests are, "in the judgment of the Board of Directors, sufficient to make the problems of manufacturing a main concern." (45, P. 15)

By 1955 the Association had a membership of approximately 20,000 (70) but it is impossible to describe its composition since NAM does not make public the identity of the membership, beyond those whose executives serve as officers, directors, and committeemen, or in other positions of leadership.¹

FINAL EVALUATION

One of the most significant aspects of NAM as a pressure group is the extent to which the Association has been able to marshal the support and/or cooperation of other interests both within and without the business and industrial community.

Beginning with other employers' associations, over the 60-year

¹ According to Tal Jones, until recently Program Director for NAM's Portland office. Also pointed out in Alfred Cleveland's study (18, P. 121)

period of its growth NAM has steadily sought to form cordial relationships and engage in joint action with interests farther and farther outside its immediate functional area i.e., the manufacturing industry. These efforts have enabled NAM to (1) utilize other interests to more widely disseminate, and thus increase the effectiveness of, NAM's public relations program and (2) to give the appearance of broad support for NAM's aims.

In actuality the support of other interests is probably less broad than the Association proclaims. There is no doubt that NAM has worked industriously to find areas of agreement with other interests; its success in this respect is more important and effective than the control which the Association might have over other groups through domination of their policy-forming bodies. For instance, to the extent that NAM's policies also represent the philosophical viewpoint of U.S. business, the Association can be seen as representative of a large sector of the economy. However, there is most certainly a point where functional differences create philosophical differences. This is apparent even within NAM's own membership, as witnessed by the fact that the Association cannot form a tariff policy which is acceptable to all its members.

It does not appear that NAM's policies are subject to any process of compromise or adjustment because of the Association's affiliations with other interest groups. It is more a matter, so far as NAM is concerned, of finding areas of common agreement

which already exist and capitalizing on them for a specific purpose. The interest range of the Association is broad, in that it embraces topics ranging from conservation of natural resources to securing lower taxes and strengthening the patent system, and in that the main concept behind most topics is that of a laissez-faire government. In this sense the Association's overall policy program could be compared to a party platform.

However, it is apparent that in each case the policy which NAM seeks to have maintained (nationally) regarding such topics is one which contributes toward the economic gain and/or freedom from outside interference of its membership - and those interests with similar philosophic aims.

A possible exception is the Association's espousal of "vigorous competition". However this declaration is directed at what NAM calls "labor monopolies, government monopolies and international cartels," as well as the private business community.

The constancy of NAM's viewpoints over a period of 60 years is nothing short of remarkable. Over periods of vastly different social, economic and political conditions NAM's philosophy has remained basically the same. In recent years the Association has bowed to the force of social change to the extent of recognizing the right of organized labor to bargain collectively and the necessity of government regulation of industry to maintain competition. However, the narrow scope and rigidity of certain elements in the

Association is indicated by the struggle which reportedly took place in the process of revising NAM's labor policy.

Despite changes in the type of argument utilized, the objective of the Association, as depicted by its literature, is to acquire a sovereignty for industry which is in some respects greater than that now possessed by the states.

NAM would see a federal government whose powers and services were hardly more extensive than those outlined in the Constitution itself. The concept of popular sovereignty is evident in the Association's philosophy and the question of how to include more than industrial management in the concept is solved by assuming that the welfare of the rest of the citizenry is identical with that of industrial management. However, the economic nature of business leadership - i.e., the compulsion to make a profit - is at variance with the traditional nature and function of popular government.

Nonetheless, there is a definite possibility that NAM's viewpoints, to the extent that they also represent the philosophical outlook of the rest of the business community, may effect a change in some of our current economic policies.

Furthermore, through identifying the welfare of a familiar and cherished concept - democracy - with industrial welfare, the Association seeks to bring its viewpoint to the nation's youth and the acceptability of the first concept may admit the second

without question, thus providing additional support in the years ahead.

It is furthermore a possibility that some of the political aspects of the program which NAM offers to "build a better America" may do just that. (For example, decentralization of government and more economy in operation) Also, the economic doctrine behind this program is largely that of neo-classical competition and the former abuse of the competitive system can possibly be avoided if business leadership exercises the social responsibility which some authors (such as Berle)¹ see appearing on the corporate management level.

The inherent paradox of NAM's reasoning lies in the desire to gain advantages for a particular interest while denying the rights of other interests to similar advantages. For example, NAM proposes to strengthen and preserve the patent system - a natural monopoly - while condemning governmental and labor monopolies.

Such reasoning is not conducive to inspiring belief in the Association's desire to serve the public interest; it is, however, a reflection of the economic nature of NAM's membership and as such is as much an indigenous characteristic as is the necessity for industrial management to be able to exercise administrative authority over its employees in order to operate efficiently.

The financial resources which make possible NAM's public opinion

¹ (6)

molding activities are also a factor in assessing the Association's influence. There are probably few other pressure groups who can spend over \$2,000,000 a year on publicity - and this does not include funds solicited from the entire business community by the United Business Committee.

Also, the monetary basis of the Association's public relations program is not conducive to maintaining a democratic process in government. Since NAM's opinion-molding efforts are intended to influence the course of public policy it appears that the Association is utilizing wealth to achieve political power to formulate certain economic policies. On the other hand, the political party which happens to be currently responsible for management of the government is, in fulfilling its responsibility, also exercising political power to formulate economic policies. But the political party which operates the government exercises its power through continuing public support. NAM, or any other pressure group utilizing similar tactics, exercises political influence through possession of wealth. And this cannot be defined as representative government.

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