

# Creating the Corporate Soul

The Rise of Public Relations and Corporate Imagery in American Big Business

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## CONFESSIONS AND REBUTTALS: THE PLIGHT OF THE SOULLESS CORPORATION

In 1886, in the case of *Santa Clara County v. Southern Pacific Railroad*, the Supreme Court bestowed upon the business corporation, under the Fourteenth Amendment to the Constitution, the legal status of "person." Through subsequent judicial opinions and scholars' treatises, this initially indeterminate notion developed into a concept of the corporation not as a creation of the state (as it had once legally been) but rather as a "natural entity"--"as just another rights-bearing person ... a *fait accompli*," in the words of Morton Horowitz. For all the legal legitimacy and "inevitability or ... naturalness of large-scale concentration of capital" that this doctrine implied, however, the great corporation of the early twentieth century still conspicuously lacked a comparable social and moral legitimacy in the eyes of the public. If the Court had assumed almost godlike powers in conferring "personhood" on the inanimate business corporation, still its juristic finger--unlike that of God in Michelangelo's Sistine ceiling--did not have the authority to bring this commercial entity to life as a moral "person." The big business corporation, as a rising chorus of American voices chanted insistently from the 1890s onward, had no soul.

These denunciations intensified with the great merger movement of 1895--1904, during which some 157 major consolidations brought the eclipse of over 1,800 existing companies. The vulnerability of the new corporate giants to charges of soullessness emerged again and again in the titles of their wounded rebuttals: "The Heart of a `Soulless Corporation'" (1908), "Corporations and Souls" (1912), *United States Steel: A Corporation with a Soul* (1921), "Puts Flesh and Blood into `Soulless Corporation'" (1921), "Refuting the Old Idea of the Soulless Corporations" (1926), and "Humanizing a `Soulless Corporation'" (1937). Although the expression gradually lost currency, business spokesmen confronted its implications well into the 1940s, as it continued to highlight an array of potential frailties in any large corporation's quest for consumer favor and moral legitimacy.

What specific defects might the accusation of "soullessness" imply? Prominent among them was a perceived lack of conscience on the part of the corporation. If some of the great entrepreneurs of the 1870s and 1880s had proved greedy and ruthless in their pursuit of profits, the new corporations of the 1890s and 1900s would have even fewer scruples. After all, one might appeal to the conscience of an individual businessman. But the soulless corporation, driven by a cold economic logic that defined its every decision as a money equation, had none. This charge gained force in the mid-1890s, as the new, popularly priced mass-circulation magazines featured exposes of the harsh competitive practices and corrupt political manipulations of some of the nation's largest corporations. Americans had long taken to heart Lord Acton's warning that "power corrupts." When immense power was coupled with the relentless drive for efficiency and profits that had impelled business expansion, how could moral indifference fail to result?

"Soullessness," however, more often referred to the coldness and aloofness of the giant business corporation, and in that sense it was often ascribed to scale alone. The personal relationships that had depended on face-to-face contact were no longer possible in corporations

that operated multiple plants, with tens of thousands of employees. "Mere bigness," Vice President Edward Hall of the American Telephone and Telegraph Company (AT&T) would later reflect, tended "to squeeze out the human understanding, the human sympathy, the human contacts, and the natural human relationships." In 1923 General Motors, although eager to have its employees "look upon our organization as a human rather than a corporate institution," had to recognize that "it is one of the limitations of a large organization that the men charged with guiding its destiny cannot maintain a direct personal contact with all of its employees."

Familiar images of massive factories contributed to popular perceptions of the corporation's soullessness. Workers seemed mere cogs in immense machines, oblivious to any connection between their narrow, repetitive tasks and the company's larger operations. Distant from the guiding minds and purposes of the corporation, how could they recognize it as other than a soulless thing? Similar effects of scale might also shape the customer's view of the corporation, an advertising executive later reflected. As the manufacturer lost all direct contact with his customers, "by degrees he ceased to think of them as people, but merely as so many units of consumption, a set of impersonal figures on a chart." Gone were the days when "the maker of goods dealt personally ... with the customer and was known and understood by him, as man to man." As Vice President Hall of AT&T lamented in a 1909 address, "The public does not know us.... It has never seen us, never met us, does not know where we live, who we are, what our good qualities are. It simply knows that we are a corporation, and to the general public a corporation is a thing."

The fear of being perceived as only "a thing" suggests another aspect of corporate soullessness: the failure to project a distinct personality. The problem lay not only in size but also in abstractness. Of course, companies still governed by a dynamic founder, or still dominated by his aura, carried the distinctive imprint of his individual personality into their relations with the public. But others might seem unfamiliar and remote--just another of the faceless trusts whose executives and financiers worked behind the scenes. Reports of an apparent dwindling of employee morale, sometimes voiced by corporate leaders themselves, revealed a lack of internal vitality within these large-scale operations, an absence of a recognized, animating purpose.

Beyond their amoral conduct, impersonal size, and lack of a humanizing personality, the intense secrecy and zealous autonomy of many of the largest corporations seemed actually to invite charges of soullessness. J. P. Morgan broke his habitual silence only to comment that "I owe the public nothing," and John D. Rockefeller complacently adopted the maxim "silence is golden" as his response to unwanted public inquiries. Glaring instances of the refusal of corporate leaders to acknowledge any responsibility for public welfare, as in William Vanderbilt's famous "the public be damned" remark, further contributed to the soulless image.

Above all, the notion of soullessness reflected the giant corporations' incomplete social legitimacy. Even into the early twentieth century, public suspicions went beyond narrow moral reproaches or uneasiness with the impersonalities of scale. A more general concern was the appropriate standing of large corporations within the nexus of major institutions in society. How were Americans to understand the relationship of these commercial leviathans to the family, the church, the local community, and the nation itself? A giant corporation might exercise control over the activities and opportunities of an individual family through employment or welfare programs. Its assets, influence, and geographic reach might surpass those of one of the states and even challenge those of the entire nation. As for the church--the institution most distinctly associated with the word "soul"--what citizen could ponder, without unease, the numerous

sketches, photographs, and cartoons that depicted skyscrapers towering, both literally and symbolically, over the highest of steeples (Fig. 1.1)?

These traditional institutions each represented some loftier principle, some moral claim to loyalty and sacrifice--some element of soul. Yet all of them seemed to have lost standing beside the giant business enterprises. As Mansel Blackford has observed, the emergence of big business--unlike that of the smaller corporations--"was so sudden and so disruptive of traditional ways of work and life" that the new imbalance among social institutions filled many Americans with dismay. In particular, in the wake of the corporate mergers of 1895-1904, the United States found itself, in Naomi Lamoreaux's phrase, "transformed overnight from a nation of freely competing, individually owned enterprises into a nation dominated by a small number of giant corporations." The fundamental amorality of market relationships was magnified by this glaring disproportion in the institutional nexus, as corporations controlled resources and sometimes even necessities.

In short, the phrase "soulless corporation" quickly amassed a multitude of meanings. While some of these could be differentiated in the ways I have suggested, in practice the epithet often gained force through its capacity to evoke a variety of overlapping impressions. The corporate response took on even more diverse configurations. For instance, a corporation worried about an image of moral irresponsibility might initiate and publicize benefit programs for its employees, associate itself with some current moral or patriotic crusade, or seek to characterize its operations as public service. One dismayed by its apparent lack of personality might erect an impressive new corporate headquarters, disseminate a "humanized" image of its chief executive, affix a striking logo to all its products, or link its identity with its research laboratories.

Whether a corporation responded through a merchandising mode, an employee relations initiative, or a public relations campaign, each tactic could be bent to multiple purposes. Thus AT&T would eventually discover effective merchandising and employee relations benefits in its public relations campaign against government ownership; the Metropolitan Life Insurance Company would instruct its agents to use its altruistic public service advertisements to solicit new business; and General Electric would promote new products and foster internal morale by implanting in the public consciousness the image of its research laboratories as a "house of magic" in the service of social progress.

These varied responses accumulated fitfully over the first half of the twentieth century, as one corporation after another recognized the need to devote resources to the systematic construction of a corporate image. In the aggregate their responses constitute the "creation story" of corporate imagery that I wish to tell. After exploring strategies that had emerged by the first decade of the twentieth century, I will turn to major case studies that reveal their subsequent evolution. From these individual corporate sagas, and the larger visual and rhetorical patterns they helped to shape, we can gain insights into the social, economic, and cultural consequences of the myriad quests to create a corporate soul.

### **The Giant Retailers: Conspicuous Pioneers, Dubious Models**

At the end of the nineteenth century the creation of a corporate image was hardly a new enterprise. The display of corporate images by organizations of commerce goes back to classical antiquity, as evocative, logolike mosaics still intact in the Foro delle Corporazioni in Ostia, the seaport of ancient Rome, attest. Nor was the endeavor simply a response to perceptions of soullessness. During the last three decades of the nineteenth century the great urban department

stores successfully cultivated distinctive identities and favorable images. Despite the laments of shopkeepers in nearby communities and acrimonious charges of unfair competition by smaller and more specialized urban retailers, the department stores had rarely been seen as soulless. Attempts to legislate limits to their operations persisted into the 1890s but were readily overcome. In fact, the public quickly came to treat the most successful department stores as civic assets. In 1868, as John Tebbel has noted, the grand opening of Marshall Field's "dazzling edifice" attracted "the largest audience ever seen in Chicago." Chicagoans, John Dennis Jr. remarked in 1906, regarded the store "an institution to which they take visitors and of which they boast as does Boston of its culture."

These magnificent urban emporiums enjoyed distinct advantages in evading imputations of soullessness. Although many of them loomed large in the consciousness of specific cities, few ranked among the largest corporations in assets or national power and influence. Few had grown through mergers; none exerted monopoly power, although several clearly held a dominant position in local retailing over significant periods. John Wanamaker took care to distinguish his business from the emerging trusts. His early Depot store, which "once was thought so big," was, he pointed out, "but a shoestring" in relation to a Standard Oil plant. Moreover, his store was "not the creature of capitalists, or the result of monopoly." Its "iron purpose" was "to be worthy of the City, and useful to its citizens." Above all, thanks to their direct daily contact with consumers, the grand retailers such as Wanamaker, Field, and Rowland Macy could convey--through architecture, furnishings, style of merchandise, and customer policies--a distinctive presence and manner. No one faulted the leading department stores for a soulless lack of personality.

The high-profile presence of an irrepressible proprietor could further enhance this personality. In Philadelphia, Wanamaker never strayed far from center stage, either in his store or in the city. According to the pioneer public relations man Ivy Lee, Wanamaker "made it his policy to wander about the store and perform himself little services for customers." Such actions, Lee observed, "served to personify an organization which might otherwise have been looked upon merely as a corporation." An early proselytizer for the YMCA, Wanamaker believed that religion and business should work "hand in hand in the service of humanity." Every Sunday, at the huge Bethany Mission School building that he had helped finance, Wanamaker provided another highly visible service to Philadelphians by leading four thousand people in Bible lessons, calling these assemblies the world's largest Sunday school. He made his store the venue for choral and orchestra concerts as well and declared it one of the nation's foremost art galleries. He furthermore claimed to teach history through exhibitions on Napoleon, on great rulers and great beauties of the past, and on the French Revolution--displays that made the store appear au courant with Paris fashions and the tastes of European aristocracy. Wanamaker also wrote and signed much of his own advertising and delivered public speeches on every possible occasion.

Field, by contrast, avoided the public eye and largely spurned civic service. Yet despite his personal reticence, according to biographer John Tebbel, "the store and its workers were fashioned in the image of Marshall Field, and his spirit dominated the place." Field's "sheer presence" during daily scrutinizing circuits of his store and his careful attention to the department of the sales force imbued the operation with his own "unobtrusive, polite presence which charmed the ladies and made the store run like a fine watch." This air of luxury blended with dignity, observed John Dennis Jr. in *Everybody's Magazine*, afforded even the Marshall Field clerks an enhanced status as "aristocrats of their trade."

Department store magnates shaped conspicuous identities for their businesses in dozens of ways, from featuring the founder's signature on merchandise labels to appropriating the hallowed aura of stained glass (in Field's Tiffany Dome, Fig. 1.2). Often their strategies linked distinctiveness with an image of public service or cultural uplift. Field promised visitors to a 1907 "public reception" that the displays in the windows of his new store would be of "unusual educational and artistic interest." The immense clocks that he erected at two corners of his block-long store served as landmarks and meeting places for Chicago pedestrians, identifying the store as a provider of useful information to the public.

In Philadelphia, Wanamaker also erected a clock tower outside his store. Inside, the ornate Grand Court, the exotic Egyptian Hall, and the stately Greek Hall not only lent a refined air to the merchandise, but they also provided the setting for uplifting art exhibits and concerts. To visit the Byzantine Chamber, the Empire Salon, and the Art Nouveau Room was to be schooled in artistic and cultural styles, Wanamaker declared (Fig. 1.3). Was education in art not served, he asked, simply by entering his store? Were not the thousands who passed "daily through the great portals supported by ... lofty Corinthian pillars" inspired with "a larger appreciation of the fitness and nobleness and sincerity of true art"?

In one sphere, however, the department stores found themselves on the defensive. Beginning in the 1890s and continuing for the next two decades, a host of social reformers and government investigators published unflattering accounts of the debilitating working conditions and the low pay of department store employees. In response to, or occasionally in anticipation of, such charges and out of concern for both employee loyalty and public image, department stores became some of the first large businesses to experiment with corporate welfare programs. Already in 1882 Wanamaker had set up a benefits association for death and sickness; he proceeded to establish a hotel for women employees in 1887, a borrowing library and a commercial school for employees in 1896, a "seashore camp" for store boys in 1900, and a women's league "for study and mutual improvement" in 1902. Filene & Company in Boston was among the first corporations to foster employee representation associations. Well before 1910 many other leading department stores, including Marshall Field, Siegel Cooper, and Macy's, had developed welfare benefits ranging from free or low-cost medical care and "gratuity lunches" to country vacations and Thanksgiving turkeys.

Despite these efforts, the department stores never served as effective models for other corporations seeking to respond to the charge of soullessness. As we have seen, their physical circumstances made their quest for a personal identity and an image of service too easy. Unlike Field or Wanamaker, the producers of steel, machinery, chemicals, or electrical equipment could not develop "intimate" daily contact with a mass public. But the differences were philosophical as well. The indefinite borders of the corporation were a persistent, if not fully conscious, concern. Gender stereotypes, aspirations to an image of independence, and the work ethic demarcated the corporate identity. A "good businessman," by the accepted standards of peer judgment in the late nineteenth and early twentieth centuries, was serious, rational, self-controlled, manly, and direct. He was not swayed by passing fancies or emotional impulses. His self-image was that of an efficient producer, a devotee of economic independence, hard work, steadiness, and frugality. He had little time for diversions or public posturing, since his vocation, and therewith his service to society, called for tending "strictly to business."

The department store entrepreneur, on the other hand, was not a producer, and the lavishness of his store displays suggested a contempt for austerity. The exhibitions and events through which he cultivated a personality for his store were often reminiscent of the promotions of P. T.

Barnum; they seemed more like show business than "serious business." Worse still, the mass retailers had to pander to a fickle public, to adopt a dependent, almost servile attitude toward customers who were "always right." And those customers, more to the mass retailer's humiliation, were overwhelmingly women. Thus, by the standards of manliness, autonomy, and austerity, the department store executive was a dubious model, even if he had found ways to give his large business an identity and a soul.

Some department store entrepreneurs did assiduously patrol these cultural boundaries and guard their reputations as serious and virile businessmen. Macy "worked indefatigably" and established a reputation as a hard-bitten economizer. Field, in his personal comportment, maintained a penchant for austerity, a contempt for frivolity, and a "steely cold" disdain for any decision not based on fundamental business principles. No work ethic--minded businessman could fault him. And the executives of the bigger department stores largely displaced the "feminine" subservience of catering to the whims of customers onto their increasingly female staff of clerks. But the boundary-threatening taint of a role that involved submitting to fashion and acquiescing to popular demands for titillation still made department stores unacceptable models for corporate behavior. Skirmishes along this gendered boundary, complete with spirited defenses and attempts to take the high ground, would continue to characterize business attitudes toward public relations for the next half century.

### **Buying Soul through Welfare Capitalism**

One way for a large corporation to prove it possessed human feeling was to demonstrate compassionate concern for its employees. A paternalistic display of kindness might so alter public and employee perceptions that the abstract corporation would seem more like a big family. As Charles Dellheim has demonstrated for the Quaker-directed chocolate firm Cadburys in Britain and Michael B. Miller for the Paris department store Bon Marche, *gemeinschaft* values or a family feeling could effectively be cultivated as more than mere rhetorical veneer. This was particularly the case when welfare programs were accompanied by other familial modes and by an intention to create a distinctive corporate culture.

Personal interactions, gifts, and other social rituals induced workers at Cadburys to idealize their employers, "Mr. George" and "Mr. Richard," as "kind fathers, supportive friends, or generous benefactors." At Bon Marche the *grande famille* image through which Aristide and Marguerite Boucicaut smoothed the passage toward a rationalized bureaucracy drew strength from their "deeply felt ties and responsibilities," as well as from "the need for integration and control." Moreover, because the paternalistic image of the Bon Marche as an enlarged household "went to the heart of public uneasiness over the passing of traditions and of community values," Miller observes, its welfare beneficence offered the perfect publicity to legitimize not only the store's transition but also the emerging bureaucratic corporation in general.

Certainly many American firms looked to these foreign examples of "company spirit" (as it was commonly termed during the early twentieth century) and model community. Like Cadburys and the Bon Marche, they publicized their welfare programs as a safeguard against perceptions of soullessness. But they also had to confront the apparent failure of George Pullman's highly publicized model factory community, the image of which had been severely damaged during the 1894 railway strike. Moreover, here too loomed a "boundary problem." To carry welfare programs to the point of philanthropy, or even to accept the notion that paternalistic practices might give their employee-children the right to make claims on their benevolence, violated the precepts of good business practice. A man who seriously attended to his business could not

confuse the sphere of business with that of philanthropy or allow sentiment to interfere with rational business decisions.

The majority of corporate welfare programs in the United States originated to address concrete and immediate needs. Mills and mines were often established far from existing communities. Extractive industries required proximity to resources, but even such urban manufacturers as the McCormick Reaper Company in Chicago found it advantageous, when it rebuilt and enlarged its factory after the great fire of 1871, to locate on cheaper land that was not easily reached from the city center. From the outset, then, a number of companies found themselves in the business of providing convenient housing or inexpensive transportation for some or all of their employees. In the many company towns a variety of ancillary services for employees had emerged. By the beginning of the twentieth century, companies began to factor their corporate image into such necessary provisions for amassing a satisfactory labor force. Thus, when Tennessee Coal and Iron, a subsidiary of the image-conscious United States Steel Corporation, sought to combat union organization and reduce turnover at its mining sites in 1908, it experimented with welfare programs designed for an amalgam of labor control and image purposes.

A prime example of such a course of development, fully within the context of the extractive industry's convention of company towns, was the welfare work of the Colorado Fuel and Iron Company (CF&I). These activities, begun in the late nineteenth century, would later generate highly favorable publicity for the Rockefeller family. Under John Osgood, the manager before the Rockefeller interests obtained full control in 1903, CF&I had provided nursing services and, in 1882, a central hospital for its geographically scattered employees. Employees were assessed a monthly fee to cover such services. In the 1890s the company added other, more paternalistic, benefits: kindergartens in many of the company's towns and occasional reading rooms and musical and recreational groups. In 1901 CF&I enjoined the chief surgeon of the hospital to manage a corporate "sociological department." A recent strike had called public attention to CF&I labor policies, and a subsequent state investigation had severely criticized them. The firm's new welfare initiatives, a sympathetic historian of the company observes, may have aimed to "reestablish ... harmonious relations with employees" and "improve the corporation's public image."

Through articles with such cavalier titles as "How Young Rockefeller Is Making American Citizens by Trust Methods," the company began to gain wider publicity in 1904 and 1905 for its efforts to concoct a soul through welfare. Meanwhile, it had launched an employee magazine to "help develop a strong esprit de corps among employees." By 1904 its "sociological" work encompassed a normal school for its teachers and a clubhouse for employees in its model community of Redstone. The houses built for kindergarten teachers at its various towns and camps had evolved into local headquarters for social work and medical outreach, as well as model cottages in which workers' wives were taught to be frugal housekeepers and skillful cooks. (These cooking schools, according to the *Chicago Tribune*, were the brainchild of "the wise men of the Colorado Fuel and Iron Company's Sociological Department," who reasoned that the best way to combat drunkenness was to recognize that "to a hungry man the attractiveness of home begins at the table.") So comprehensive were its medical and social services, the company boasted, that it stood third in the world--exceeded only by the Bon Marche in Paris and the House of Krupp in Essen, Germany--in the scope and proficiency of its welfare work.

CF&I anticipated a payoff more significant than mere publicity or image enhancement. Through its welfare policies it sought to secure a more permanent, contented, and efficient

workforce. Whatever its temporary gains in that respect, however, the company did not achieve sufficient long-range harmony in labor relations to avoid one of the bloodiest labor conflicts in American history: the infamous Ludlow massacre of 1914, in which militia attacked and killed men, women, and children in a camp occupied by striking workers. Critics would later wonder whether it was CF&I's neglect of welfare programs after 1905, the inherent ineffectiveness of all such efforts in insuring employee loyalty, or the antilabor arrogance of its management that brought this destruction of the earlier CF&I public image.

Another problematic aspect of such welfare practices emerged in concerns about the deleterious effects of too generous and "philanthropic" a program. CF&I, like many another company, took satisfaction in the praise it received for requiring its employees to pay for each benefit they received. The company exacted fees for medical care and club participation; it netted 16 percent on its investment in rental homes in its camps. A plant manager at International Harvester in 1905, worried that his own company was "tending ... toward too much paternalism," commended the head of the CF&I Sociological Department for stating forthrightly that "the company treats this whole matter simply as a matter of business and do not pay for anything for which they do not receive full benefit." 30 Yet if such a stance preserved the manly and businesslike boundary between philanthropy and "matters of business," it might also diminish the capacity of company welfare programs to prove the existence of a corporate soul.

### **"A Sermon in Steel and Glass": Welfare at the National Cash Register Factory**

Far more energetic and successful than CF&I in gaining favorable public recognition for its welfare programs was the National Cash Register Company (NCR) of Dayton, Ohio. Even before the turn of the century the showmanship of NCR president John H. Patterson had won this company of modest size an international reputation as a pioneer in corporate welfare. No company was more inventive in devising new employee amenities nor more lavish, albeit erratic, in dispensing them. Yet Patterson seemed to reject any credit as a philanthropist. To assure his workers that they were not being patronized, he posted terse signs proclaiming "It Pays" throughout the NCR shops and offices.

Even so, a hardheaded businessman might observe (and several did) that Patterson did not rely on cost accounting to assess the returns from this largesse. Rather, he looked to such intangibles as employee loyalty and morale. In 1899, at the height of his early welfare undertakings, Patterson pontificated to his employees that "while it is the duty of the company to show to its people that it is not a corporation without a soul, so it is fair for the people to show ... that they too have a soul, a spirit which responds to considerate treatment."

If Patterson was quick to deny any penchant for unbusinesslike philanthropy, he and his welfare directors were equally prompt to insist that none of the NCR welfare programs had been initiated for advertising and public relations purposes. This may well have been true, since motivations such as the desire to reduce labor turnover and to thwart unionization spurred most corporate ventures in welfare capitalism. Yet once having invested in welfare programs, employers like Patterson often came to relish the enhanced public image, for both their companies and themselves, that these policies could bring. Through energetic and flamboyant publicity of his welfare measures, Patterson soon defined the NCR, both in the United States and abroad, as a pioneer in benefit programs. "Welfare work is the heart of this business," asserted the slogan on an NCR pamphlet entitled *The Human Side of industry*.



Using recently improved equipment for projecting slides, Patterson and one of his sales managers created a "factory lecture." When they took it on tour in Great Britain in 1905, showings before large audiences won the company accolades as "the home of `welfare work.'" On his return to Dayton, Patterson proclaimed that the presentations had transformed attitudes toward welfare work from "the coldhouse of indifference to the hot-house of enthusiasm." Earlier tours had already cultivated a welfare-pioneer corporate image for the NCR within the United States. Jane Addams and Jacob Riis applauded the NCR programs; the National Civic Federation publicized them as a model for other enlightened corporations. The journalist Frank Crane would later glorify the NCR factory in florid prose as "a sermon in steel and glass," a "Temple of Work" in which machinery rather than an organ provided the music and the choir "was the glad laughter of happy workers." As early as 1900 the NCR at Dayton had become the mecca of potential converts to employee welfare work. In 1901 and 1902, when the McCormick Reaper Company began to consider its own major welfare program, it sent social worker Gertrude Beeks on several national tours to survey the salient models. Her reports devoted twice as much attention to the NCR as to any other company. Moreover, those managers whom she interviewed at other companies frequently commented on the NCR programs or compared their own work to that at Dayton.

The NCR's welfare practices, most of which were instituted between 1893 and 1905, included such typical amenities as a women's lunchroom, industrial and domestic education programs, factory beautification (both external and internal), health and recreation programs, and an employee suggestion box with prizes (Fig. 1.4). Among the more imaginative initiatives were a gardening program for neighborhood boys, noon entertainments for the workers, and a neighborhood beautification program, with prizes for the best-landscaped homes in the surrounding community. Twice annually the "happy family" of the NCR, including "representatives of every class of labor," gathered in a wooded area of President Patterson's estate for a "supper ... served to thousands on the greensward" and the distribution of prizes. Patterson made the grounds around his home available to employees for picnics and recreation and, in 1905, hosted an evening cotillion for factory workers on his estate. The "white-gowned girls in their hats and scarfs of rainbow tints," according to one Dayton newspaper, made the scene seem "more like a French or English garden party than a dance by American factory employees" (Fig. 1.5).

If anything united these diverse endeavors, it was the irrepressible, even manic, personality of the company's founder, John H. Patterson. One observer described him as "a little man with a dynamo inside"; the popular writer Paul de Kruif christened him "the cash-register Napoleon." The authors of a detailed, adulatory account of Patterson's contributions to salesmanship depicted him as "an authentic genius" who "probably loved arbitrary power too well." Others, who lionized him as an innovator in sales techniques and a master in the inculcation of a strong corporate culture, could not keep from describing him as a man of vagaries and obsessions, using such words as "tyrannical," "autocratic," "temperamental," "arbitrary," "capricious," and "a mass of contradictions" to characterize Patterson's managerial style.

With ardent enthusiasms and utter assurance in his own judgments, Patterson sporadically subjected his employees to such regimens as required horseback riding at dawn for all executives, salt-free and fat-free diets for all employees, and a "fortychews-to-the-mouthful" drill for all who ate in his presence. He was famed for arbitrary firings and equally impulsive favors. Lena Harvey, a nondenominational deaconess and settlement-house worker who became the NCR's first welfare secretary in 1897, described Patterson in Svengali-like terms as she recounted how he had enlisted her with a mesmerizing onslaught of fervor and flattery.

Having entered the inauspicious and totally undeveloped cash register business almost by chance in the 1880s, Patterson succeeded by dint of intense sales efforts and zealous attention to the business. His dramatic and unpredictable actions generated the kinds of company legends often associated with a strong corporate culture. Foremost among these was an incident in which \$50,000 worth of defective cash registers were returned to the factory in 1894, the result of either poor workmanship or sabotage. Patterson, according to the oft-repeated tale, immediately moved his office desk into the midst of the factory floor, so he could find out what was going wrong. His awakening to the deplorable working conditions there--the filth, the cold, the inadequate lighting, the uncomfortable stools, the absence of decent washing facilities for the men or lunch facilities for the women--led to a "clean-up that was to have not only factory-wide but nation- and world-wide results." By the time Welfare Secretary Lena Harvey heard this tale, in 1897, it had grown beyond this single incident to represent what Patterson "sometimes" does, as if the founder regularly shared the workers' conditions to glean insights in managing his company.

Another recurrent story recalled how Patterson and Harvey had discovered how to divert "bad boys" in the factory neighborhood from window-breaking and other "hoodlumism" by developing a program of "boys' gardens," in which the NCR provided the land, seed, tools, and instruction. Such narratives contributed to the conclusion of recent analysts of corporate culture that "NCR was never just a factory; rather [it was] a living organization. The company's real existence lay in the hearts and minds of its employees ... a cohesion of values, myths, heroes and symbols."

As he fought his way to success, Patterson persuaded himself that the promotion of the cash register--one of whose main functions, in early years, was to prevent theft by employees--was an all-important moral crusade. He brought the same "almost fanatical" sincerity, along with the promotional flair of a "great egoist," to the publicity of his initiatives in factory welfare. At one point he invited the trustees and entire faculty of the University of Chicago to travel to Dayton as his guests to tour the NCR factory and learn in person why "welfare work is the germ of the solution of labor problems." Two later celebrators of Patterson's genius in sales promotion upheld company legends by insisting that none of his welfare programs "was created or maintained for the sake of publicity," yet they also admired how "virtually everything that the company did, particularly in the line of factory welfare work, was capitalized and exploited" by the NCR's "highly efficient press bureau." Patterson himself observed privately to Gertrude Beeks that "[some] people say we do it for advertising. We do not do it for that purpose although it has advertised us."

For all the public recognition that Patterson generated from his welfare programs, he still occasionally revealed some ambivalence. In 1901, in the wake of a major strike and lockout, managers of other companies speculated that he had cut back on "frills" or "entirely abandoned" the welfare programs. A few months later a welfare worker at the NCR told Gertrude Beeks that one employee, at the time of the strike, had bluntly informed Patterson that the workers "did not care a damn for flowers, grass, etc." and "would rather have the money for such amenities divided up among them" in increased wages. Other workers were said to distrust the welfare activities as "simply ... an advertisement." Although Patterson soon resumed welfare work at the NCR, his vacillations reflected a concern that perhaps he had been too altruistic, once again raising the issue of the dangers of philanthropy in business. Had employees become resentful at being patronized or "bought off" by inconsequential amenities? Had Patterson's "prodigal, and even reckless" spending confirmed warnings about the pitfalls of engaging, as Patterson's brother complained, in unbusinesslike practices that were "too expensive and not needed"?

As an avowed model for the creation of a corporate soul through welfare capitalism, the NCR design could not easily be separated from Patterson's idiosyncrasies. Henry Dennison, himself noted for welfare and employee relations programs at the Dennison Manufacturing Company, recalled that although the NCR's employee suggestion program and "intelligently selfish attitudes" had impressed him on his visit there, he could not help recoiling at "much that struck me as conceited paternalism and insincerity." Such subsequently prominent business figures as Thomas Watson of IBM and Charles Kettering of General Motors Research Laboratories derived ideas and methods from their service under Patterson at the NCR that they later employed to infuse a cohesive corporate culture into their organizations. But they, like many other talented young businessmen, had not remained long under Patterson's arbitrary reign. They might well have wondered--along with others--whether so authoritarian a beneficence was the answer to the image problem that increasingly beset American corporations. While no one described the NCR as soulless, still its welfare policies were too entangled with Patterson's imperious style and too suggestive of unbusinesslike indulgence in personal whims to offer a persuasive formula for the creation of a corporate soul.

### **Manufacturing a Good Trust**

Far more plausible prototypes were such corporate giants as United States Steel and International Harvester. Here the welfare programs were more expressly calculated to counter the most politically menacing of the charges of corporate soullessness--those flung by antimonopolists at the emerging trusts. From the moment of its creation in 1901 as the nation's first billion-dollar corporation, the United States Steel Company had recognized its political need to develop a favorable public image. Under Elbert Gary it avoided aggressive competition with smaller firms, explicitly departed from the older corporate mode of secrecy and silence, and expanded and publicized its welfare activities. International Harvester--also, like U.S. Steel, the product of a J. P. Morgan-devised merger--faced even greater popular suspicion. As striking embodiments of soullessness, in both their depersonalizing size and their monopolistic power, the Steel and Harvester trusts were likely proving grounds for the efficacy of welfare programs in the infusion of soul.

The exigencies of their situation as large employers of labor at remote mining sites as well as in major manufacturing communities such as Homestead, Pennsylvania, had already involved the Carnegie Steel Company and other component companies of the new steel trust in a variety of welfare activities. These included employee housing initiatives, visiting nurses, courses in "practical housekeeping" for employees' wives, and even a "day nursery" for child care. The new, publicly suspect United States Steel colossus multiplied such efforts until, by the second decade of the century, it was approaching expenditures of \$10 million per year on welfare programs. Instrumental in this bid to enhance the company image through welfare and labor relations initiatives was George W. Perkins. A leading insurance company executive and, after 1910, a prominent figure in Progressive Party politics, Perkins served as the representative of J. P. Morgan & Company on the board of directors of United States Steel.

It was Perkins's resolute strategy to prove United States Steel a "good trust" in the eyes of President Theodore Roosevelt and subsequent administrations. After a brief period of "internal friction" within the new corporation, Elbert Gary, who shared Perkins's views, emerged in 1903 as chairman of the board. Meanwhile, Perkins had kept Roosevelt informed of his "fight for publicity" within the company. By the beginning of 1903, as a result of his successful campaign to persuade the corporation to announce an employee stock-sharing plan, Perkins was reaping accolades from United States Steel stockholders and his business peers for his farsighted

program "to disarm the prejudice against the trusts." Correspondents praised Perkins and United States Steel for this step toward "the peopleizing of the great corporations" to protect against adverse legislation. Such welfare initiatives, another correspondent added, would contribute to "the public belief that the Steel Corporation is one of the good trusts."

Perkins was also the prime mover behind International Harvester's similar campaign to prove itself a good trust through welfare capitalism. As the J. P. Morgan deputy who had contrived this ticklish corporate merger in 1902, Perkins was well aware of the political vulnerability of a trust that controlled the manufacture of 85 percent of the nation's harvesting machinery. Members of the McCormick family, owners of one of the major firms in the merger, worried that making the trust a public company, thus expanding stock holdings beyond the various family groups involved in the merger, would expose the new combination to attacks for overcapitalization. They also feared that farmers, "as a rule still quite hostile to the idea of a trust," would generate injurious legislation. But Perkins dismissed their fears as "unnecessary alarm." By following the model of United States Steel, which now counted many "farmers and especially women" as sympathetic stockholders in the corporation, and at the same time demonstrating the magnanimity of the Harvester Corporation through stock-sharing plans and other welfare programs, the trust could gain public approval. It would come to seem, in the historian John Garraty's characterization of Perkins's reasoning, "almost ... a publicly owned business."

Although welfare programs multiplied at International Harvester after 1902, their genesis predated Perkins's quest for a "good trust" image. The original stimulus, as Stuart Brandes has discerned for many of the early corporate welfare initiatives, was the paternal sensibility awakened in management as large numbers of women were employed. At International Harvester this impetus was strikingly evident. In 1901 the McCormick Reaper Company in Chicago--soon to be incorporated into the Harvester Trust--opened its first twine mill, hiring four hundred women as the operatives. Up to this time, Robert Ozanne observes, the McCormicks--with a factory workforce of nearly five thousand men--had introduced none of the new welfare and employee relations ventures that were being tried elsewhere. But the new circumstances created by the "girls" at the twine mill made all the difference.

At the urging of Nettie McCormick, the widow of founder Cyrus McCormick, the company immediately engaged Gertrude Beeks, previously a settlement-house worker and reform advocate in the Civic Federation of Chicago, to act as "social secretary." Her assignment was to guard the health and moral reputations of the twine mill workers. But, as Ozanne notes, also at stake were "the McCormick clan members' Presbyterian consciences and the proud McCormick name, known for substantial gifts to religious education as well as for the reaper."

Beeks gathered ideas through extensive tours of other corporations known for welfare programs. She immediately built a reputation for ingenuity by introducing mirrors in the women's dressing room at the twine mill to boost their morale. She also moved briskly to have fresh drinking water piped into the factory, to reduce the lint in the air, and to provide towels and hot water in the women's dressing room. She arranged for noon entertainments and a summer outing and even helped workers stage an operetta. Beeks insisted, somewhat to the company's discomfiture, that high wages were an indispensable part of any successful welfare program. Her frustration in this sphere, along with the resistance of the plant superintendents as she extended her work to the fifteen thousand male workers, led Beeks to resign at the end of 1902.

International Harvester nonetheless pressed forward in cultivating a corporate image through welfare work. On the board of directors, Perkins energetically presented a pension plan (1908)

and a profit-sharing plan (1909). S. M. Darling, another in the rapidly shifting corps of "social secretaries" for International Harvester, continued to look frequently to the NCR as a model. He proposed an ambitious and wide-ranging program of recreation and welfare work and reported enthusiastically on the effectiveness of employee athletic associations in "promoting a feeling of unity and identity with the corporation." Meanwhile Stanley McCormick, the youngest of the founder's three sons, convinced the family in 1903 to initiate stock sharing with a gift of stock to employees. He then proceeded, after consulting with the social worker Henry Bruere, to launch a men's club for the workers at the McCormick works.

Despite the corporation's conventional denials that it sought publicity for its welfare efforts, International Harvester gained considerable press attention for some of its programs. An internal report in 1904 observed that "the advertising the Company will get will be very great after having put in operation the profit sharing plan with factory employees." At fairs and expositions the company presented lectures and exhibits on its welfare work. Bruce Barton would later praise Stanley McCormick's clubhouse as "the only place of gathering in the neighborhood which is not connected with a saloon," and *Harper's Weekly* would feature it in an article subtitled "The Heart of a `Soulless Corporation.'" Barton also praised the corporation's entire welfare department for having become "the heart" of the organization, "pumping good will and sympathy to all the members."

Did the plethora of welfare programs at International Harvester thus prove successful in promoting a favorable public image? The question would be difficult enough to answer even if image-polishing had been the exclusive motive behind Harvester's efforts. But, like many other corporations, International Harvester looked to an immediate payoff from welfare programs in preventing strikes and thwarting unionization. Early press coverage of Gertrude Beeks's activities measured her success by the company's "freedom from labor disturbances." The *Chicago Evening Post* reported that Beeks "is called an angel of peace, so free have the factories been from strikes since her employment." With teasing condescension, it wondered whether "any woman [could] have the heart to strike in a factory which gives her plenty of looking-glasses." Other newspapers picked up the "angel of peace" label, which must have come from a company press release, since it appeared simultaneously in both the *Chicago Tribune* and the *Evening Post*. While the company gained plenty of publicity for its inventive labor "diplomacy," the *Tribune's* characterization of Beeks as an "Anti-Strike Social Agent" added a note of ambiguity to the humane and benevolent portrait.

Then again, how benevolent did the corporation wish to appear? Although a laudatory newspaper article described the McCormick men's club as "philanthropy of the kind that abhors almsgiving," International Harvester, like other self-respecting businesses of the era, flinched at having the term "philanthropy" applied to any of its corporate activities. Perkins protested that the measures, although costly, had been undertaken in "a purely business spirit." In a private letter to Cardinal Gibbons, Perkins avowed of his welfare advocacy that "I do not claim for it anything in the way of charity or philanthropy." Elsewhere he asserted that welfare work was "as much a business branch of the company as any other division." Even Gertrude Beeks disparaged any "theoretical sentimental efforts." Cyrus McCormick Jr., the president of International Harvester, very likely found it personally flattering in 1908 to be held up as the disproof of corporate soullessness because employee welfare was "really rather nearer to his heart than the making of more money." But he also undoubtedly appreciated the reporter's assurance that no "softness" underlay Harvester's welfare initiatives. "In truth," the obliging reporter added, "there is a degree of hard business sense in it, of which any man in industrial or commercial life ... will probably discern the soundness."

International Harvester's stance reflected a frequent pattern in the corporate world: on the one hand, the recognition of the need for "feminine" measures to attend to workers' welfare, for the sake of both labor stability and public relations; on the other, the insistence, fueled by a masculine contempt for policies tainted with emotionality or softness, on the rational exclusion of anything philanthropic from the company's business considerations. Similarly, at General Electric, President E. W. Rice--having rhetorically asked what the motive had been behind improved working conditions in the GE Schenectady works--disingenuously observed, "Whatever it was, it was not philanthropy or paternalism." And Swift & Company, the meatpackers, after describing in its 1916 *Year Book* how it had provided employees with garden plots and a summer camp, quickly added that it was merely putting to use otherwise wasted land and an "idle boarding house." Just as it utilized the by-products of its slaughtering processes, it boasted, here too it demonstrated that "waste and unproductiveness are abhorrent to the spirit of the organization." Self-sacrifice, as Kathleen McCarthy points out, was traditionally seen as crucial to women's charity work but inappropriate to men's philanthropy. Even less should any such feminine quality find justification, legal or moral, in the masculine world of business.

The case of International Harvester also epitomized the internal tensions that welfare programs often created. Beeks, Bruere, and several of the other "social secretaries" at International Harvester enjoyed personal connections with members of the McCormick family. Plant managers and foremen resented having their authority undermined by welfare workers, especially when such interlopers could appeal over the managers' heads to company executives. They closed ranks against "outsiders" whose welfare initiatives might result in "upsetting, in a measure, the authority of the superintendents." Such tensions were exacerbated when the welfare workers were women, as they often were. While recognizing that a woman might better understand the needs and grievances of women workers, they were abashed that a woman should restrain their control. That their responsibilities stemmed from the serious business of production reinforced their discomfiture with "feminine" restrictions on plant operations and supervisory authority. So thoroughly had welfare come to be perceived as feminine, and so threatening was such gendered activity to status within the ranks of serious business, that male publicists at International Harvester found themselves defending the men's club at the Deering works from contempt by protesting that the club rooms were no "namby pamby pink tea arrangement."

For all its welfare programs, International Harvester did not attain the "good trust" image that Perkins had hoped for, at least not sufficiently to escape antitrust prosecution by the attorney general under the Taft administration in 1912. Nor did it apply its welfare measures broadly enough throughout the corporation to avoid revelations that same year of deplorable working conditions at one of its twine mills. But given the acute public suspicion of the Harvester Trust upon its founding in 1902, it is quite possible that the company would have become the target of adverse legislation and more abrupt antitrust action had it not sought to cultivate a benevolent image. Robert Ozanne concludes that the company's success in persuading Jane Addams of its concern for workers' welfare at the McCormick plant helped it survive one strike, and its implementation of certain welfare plans among select groups helped it thwart union organization. If one of its internal reports on labor relations had been leaked to the public, Ozanne concludes, the company would actually have been "revealed as the epitome of the soulless corporation, its goal the pursuit of power and profit!" But the visibility of its welfare activities established a public image of a company that seemed to be trying to be more humane.