

A New Era for American Business

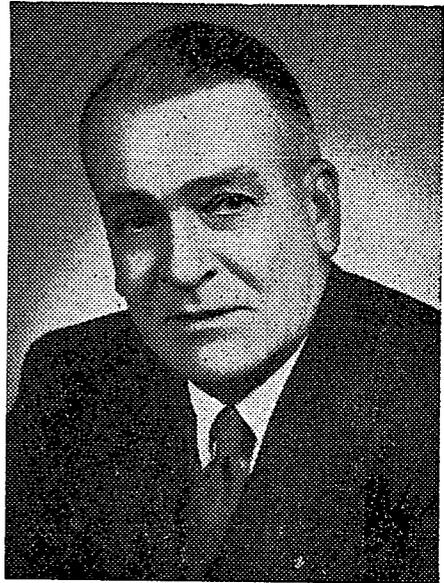
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We are privileged to publish this article from the pen of such a forward-looking thinker as Mr. Coleman. It has been specially written for the "I.P.A. Review."

IN November of 1952, a sigh of relief went up from businessmen all over the United States. The long drought was over. After twenty years of exclusion business was, with the approval of the voters, to provide the leadership of the nation. There is no doubt that the American electorate welcomed President Eisenhower's promise to get the best talent to conduct the affairs of government. In fulfilling that promise, the President selected for his cabinet and other key government posts, some of the best business brains in the country. They are now hard at work, attempting to accomplish the objectives set forth in the election campaign.

Although the new administration includes many former business leaders, it cannot be concluded that the American people voted in any narrow sense for a business administration. The electorate certainly expect this new government to found their policy on a broader basis than a single interest. A balanced stable democracy cannot permit the growth of economic factions. To the solution of the world's problems must be brought many types of experience, and each must be balanced against each in the light of the common interest. The American public, then, did not give a mandate to a business administration any more than it would to a labor administration. The mandate was emphatically given to General Eisenhower as the leader of a *national* administration.

In one sense, however, we do expect a business or, rather, a businesslike administration. The qualifications required for success in politics are in some respects different from those necessary in business, but one quality common to both spheres is certainly executive ability. Management skill in government, unfortunately, has not always been valued as highly as it ought to be, and private business will have served the country well, if it can bring to government those administrative skills which have built our vast industrial enterprises.

THROUGH its leaders in Washington, big business is now in a position to perform great services for the American people. In order to reach their present size, great enterprises have had to solve immense organizational problems, and in doing so, they have developed principles and techniques fortunately applicable outside their own operations. They have, by experience, found methods of management which, with appropriate changes, are vital to small and medium business alike, as well as to government. It is not unreasonable to hope that these methods may be applied in increasing measure in the all-important field of public administration.

Yet businessmen do not enter politics without some handicaps. The business point of view is still the object of widespread suspicion. And, to some extent, representatives of management bring this suspicion upon themselves. *Though they spend much effort in writing and speaking about the virtues of free enterprise, their words often seem far removed from reality. Indeed, both board chairmen and labour leaders too often fall back on tired old phrases and concepts dating back to the 1920's, if not to the 1890's.* When

asked to say a few words on free enterprise, the business spokesman is more than likely to speak in terms of the one-man store rather than the realities of a typical large organization. And to him socialism is frequently an umbrella term used to cover everything from the police state to income taxes. In like manner, labour leaders occasionally rally their people with descriptions of types of irresponsible bosses whom the changes in America buried long ago. And sometimes they give way to the temptation to seize upon the very means of economic progress, namely profits, as evidence of immorality and injustice.

The fact is, we need to take note of the radical economic changes that have, in recent decades, transformed America. The importance of small businesses in this economy should never be under-estimated. At the same time, justice must be done to the achievements of bigger business. In our modern society a wide distribution of consumer goods would be well nigh impossible without the techniques of mass production. Moreover, only large organizations can bear the costly burden of the research which is providing such astonishing new products for the consumer. It is true that the public interest must be safeguarded against abuse of power by corporations or any other organizations, but it is unreasonable to ignore those powerful economic forces which have created mass production. To an important degree, the rising level of productivity is a function of the growing scale of operation of industry. That scale can be reduced, but only at the expense of the consumer.

THE businessman's return to Washington is in no sense a sudden triumph. It is the final event in the slow transformation in American thinking. In earlier days, many business organizations were directed by aggressive, somewhat ruthless individuals who have been called tycoons. But the tycoons are dead and the enterprises they controlled have been transformed. The modern corporation is now more usually owned by thousands of stockholders. The one-man enterprise, the steel, oil or railroad empire has matured into an economic community of stockholders, employees, and managers. The typical business leader is no longer owner of the enterprise. Rather, he is a professional manager, administering a co-operative effort, probably owning very little stock in the company, and despite an exalted title, he is an employee like everyone else.

Far from being a tyrant handing down orders to subordinates, he is a chairman working with colleagues, joining with them in a common purpose. His authority is not irresponsible, but limited by exacting checks and balances. He must respect the right and feelings of associates, very likely he is subject to a union contract, he must have in mind the interests of customers, he must keep the confidence of stockholders and the board of directors and he must live always in the presence of public opinion.

This is the big change in the American economy, and though the stereotype still persists in certain quarters of masterful personalities manipulating men and materials to get a quick dollar, and though certainly horrible examples may still be found in the present, this new concept of professional management is increasingly being accepted throughout this country. Cases can be cited of businessmen in politics acting without a proper concern for public opinion. They are, of course, not the only guilty parties. But so far as businessmen are concerned, if they fall short in human or public relations they are denying principles which they must and do apply within their own plants and offices. Indeed, in recent years, some of the most important contributions in the field of human relations and group action have been made in the corporations which they direct. Though there are differences in the field of government and business, it is certainly not the fact that business has no concern with the public interest. It is true that politicians must be sensitive to many points of view. It is true that politics is, above all, the art of the possible and the practical. In that field, untidy compromises must often be the price of getting things done. But who can say that *co-operation through compromise* is not also a daily factor in any large business organization?

Nevertheless, there is no question that the American businessman is confronted today with a new challenge in public life. This includes not only the businessmen administering affairs in Washington, but business leaders throughout the nation. For if the new administration is to be successful, business cannot expect its colleagues in government to carry the ball alone and mastermind a new era from Washington. In short, just as they are now concerned not with running a plant, but a nation, so business management in general must raise its sights to comprehend that broader objective.

IN the past, members of management have for the most part been concerned with the problems of running their own organizations. More than likely, they have given thought to public affairs only when these problems impinge on their jobs. As a result, in the last twenty years, management has developed, with some justification, a growing impatience with the operations of government. Their philosophy of public affairs has been formed in relation to taxes and controls and generally it can be summed up in the words "less government".

It is true that a number of business organizations have for some time been contributing notably in the field of public policy. In the United States the Committee for Economic Development, The Twentieth Century Fund, the National Planning Association and others have won a position of great influence by reason of their balanced and objective approach to controversial issues. Their approach is, however, by no means general. But the pioneering work has thus been done. These and other organizations have pointed the way. What is needed now, and can reasonably be expected, is a wider appreciation in the business world of the importance of this broad national thinking.

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The whole world lives today on the lid of a political volcano. Hence it must be recognized that the dominating issues of our day lie outside the field of business. However important that business job is, there are factors beyond the plant and office which are in the long run more decisive for our times. *If business is to exercise the influence its important function demands, then that influence must be brought to bear in the area of national policy.*

The peoples of the free world must make up their minds that the cold war is not a temporary phenomenon. For a long time ahead there will be need for substantial military establishments. And a large part of scientific and technical resources must be diverted to military and defence work. Perhaps we must accustom ourselves, like the Romans, to the garrisoning of our borders against a continuing threat—to which there is no foreseeable end.

But even were these military factors not so pressing, the argument for broader thinking would remain. For we are dealing here

with the right to govern. Leadership is won by those who will accept responsibility. They accept a trust, above and beyond their own interests, for the advancement of the national welfare—in peace or war, prosperity or depression.

Therefore—*although management may have its views about the effect of certain taxes on business, it must now develop an appropriate tax policy for the nation.* Business leaders may be well briefed on their own labour problems, but now they will need to give thought to mutually acceptable goals for both labour and management across the country. Market research departments of business organizations are providing analyses of future trends as a basis for management decision. *But outside business, a study of the facts and formulation of policies necessary to meet any future recession must be promoted with new vigor.*

In the months to come, the quality of business leadership will be revealed. In the field of economic policy, especially the capacity of businessmen in government, will be judged. Although there are many areas of policy in which businessmen cannot speak as experts, this is not so of economic matters. Questions of taxes, of costs, of investment, of production and the like are the businessman's daily concern. His job is, above all, to promote growing productivity and a rising standard of living. Therefore, by right of direct experience, management has claimed some priority for its views on the conditions of a prosperous economy. This claim is now being put to the test. For the recent election has now given to the business community the responsibility of power. Business is now charged with the direction of those matters in which it has claimed especial competence.

TH**ERE** are both strength and weakness in the current outlook. But though it cannot be expected that the present level of business activity will continue indefinitely, there is no ground for panic. Indeed economists agree that in recent years strong stabilizers have been built into the American economy, making any recurrence of the collapse of 1929 very unlikely. At the same time, it is clear that in a dynamic economy adjustments are and will be needed to maintain stability and high employment. Businessmen do not claim to be experts on fiscal and monetary policy, but

no complicated reasoning is required to prove that the record of the now business-led government in correcting such weaknesses will be crucial in determining the duration of the administration. *Businessmen in the United States are well aware of the oft-repeated communist prediction of American economic collapse. Clearly it is their responsibility to prove decisively that that prediction is false.*

What of the foreign aspects of United States economic policy? In these days the stability of the American economy is a matter of concern not only to Americans but to the whole free world. A slight dip in United States national income has, as experience has proved, a proportionately greater effect on imports. The fact is that the dominating position of the American economy creates a basic tendency to world imbalance, and the smallest fluctuation in the United States can cause economic crisis abroad.

To a large extent the initiative in this matter must lie within the United States. The basic international economic problem is the dominance of the American economy. Clearly, then, we must develop a trade and tariff policy appropriate to a creditor nation. Though it may seem to overseas observers that such a policy is not emerging, more encouraging developments should not be overlooked. *There was a time when the business community was protectionist in viewpoint. But this is no longer true.* The United States Chamber of Commerce representing some 1½ million businessmen, the Detroit Board of Commerce, the National Foreign Trade Council, the United States Council of the International Chamber of Commerce have all declared themselves for freer trade. A recent survey made by the Council on Foreign Relations of the views of leading citizens in 25 cities showed, in the great majority of cases, including those of businessmen, a solid rejection of the protectionist thesis.

Despite the large number of protectionist spokesmen appearing in recent weeks before the House Committee on Ways and Means, there is no question that the opinion of most of the business community is convincingly against higher tariffs. "Congress," as Time Magazine put it recently, "acting on long-conditioned reflexes, is still frightened by the tariff lobby's megaphone voice." *But, if the movement of public opinion is a guide, then the days of the power of the protectionist lobby are numbered.*

IN conclusion let me express one final thought. It is this. The fate of the new government will depend on the ability of business, both in Washington and in Main Street, to think and act nationally. It will depend, however, also on more intangible factors. Neither a great nation nor a great alliance will be led by those who offer only greater production or more efficient administration. Sometimes we may have spoken as if the number of automobiles or television sets in United States homes was the measure of American achievement. The fact is, rather, that the American dream is spiritual, not material. America is promises, not just material promises of a more abundant life, but spiritual promises, of tolerance, self-restraint and liberty—the qualities in short of a community of free men. These may be just words; but as someone has said, it took a long time to buy them and much pain. America will lead in nothing if not in freedom. Only as business in America and elsewhere bears unflinching witness to those human values, will we unite in the common struggle the loyalty of all men everywhere. In this cause America and the free world stand indissolubly together.

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