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In 1928, the Federal Trade Commission began a six-year-long investigation of the National Electric Light Association (NELA), who, for 15 years, had carried out a massive propaganda campaign intended to discourage public ownership of electric utilities, including, most notably, General Electric (GE). This article examines the relationship between Edward Bernays, NELA, and GE—especially given Bernays’s involvement the following year in the GE-sponsored celebration of “Light’s Golden Jubilee.” Bernays’s defense of the techniques of propaganda on the one hand, and his belief in a new form of persuasion embodied in the ethical public relations counsel on the other, reveal both his idealism and his opportunism and, at the same time, call into question the ethicality of his actions.

In the summer of 1928, Stewart Beach, the editor of the Boston newspaper the Independent (a weekly devoted to politics, social and economic tendencies, history, literature, and the arts) sent a letter to Edward Bernays asking if he would comment on “the whole subject of public relations.”1 Bernays was already a well-known purveyor of the new “art” of public relations and a staunch defender of the uses of what was still called propaganda.

Beach’s motives were more complex than simply a definition of public relations. The Federal Trade Commission (FTC) was just beginning what would become a six-year-long investigation of public utilities and, more specifically, electric utilities and their “public relations” arm, the National Electric Light Association (NELA). Since 1919, NELA had carried out a massive propaganda campaign intended to discourage public ownership of utilities, especially electric utilities—an effort that would continue until near
the end of the FTC investigation in 1934. Prominent among those utilities was General Electric (GE), which had been founded by Thomas Edison and was the most powerful provider of electricity and the lamps (e.g., light bulbs) that would soon be lighting the entire nation.

Beach’s request was framed within the context of an ongoing debate about the uses of “propaganda” in the promotion of American industry. He seemed particularly interested in Bernays’s take on the specific question of whether it was proper to send out material prepared by a public relations person “in the interest of some organization, without making clear to the editor that the source of the material is the organization itself.”2 In order to even more explicitly set the context for this request, Beach enclosed two reprints of articles from the Independent on recent stories covering a specific exposé of a major player in the FTC investigation, the “Hofer Syndicate.”

Even after Bernays had agreed to do the Independent piece, Beach sought to further clarify what he was looking for. Handwritten in the margin of his follow-up letter of July 14, 1928, to Bernays, Beach wrote, “What I should like particularly is the flat statement whether or not it is considered ethical to send out opinion—or ‘news’—without its sources being clearly stated. This seems to us the point toward which the Federal Trade Commission investigation is leading.”3 He once again invoked the “Hofer material” and urged Bernays to respond with his article while that story was “still fresh in the minds of our readers.” Beach followed with editorial advice:

It seems to me that the lead of the article might well state that since the Federal Trade Commission has been investigating the propaganda activities of the utilities for some months, and particularly of the National Electric Light Association, it seems useful at this time to straighten out the concept of publicity from the point of view of the public relations counsel.4

And this final caveat:

I do not know whether you advise the NELA or not. If so, and you felt you could say so or let us say so in the box, it would add just that more weight and interest.5

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2Ibid.
3Stewart Beach to Edward L. Bernays, July 14, 1928, Six Letters of Correspondence about “This Business of Propaganda,” Edward L. Bernays Papers, Container 422, Manuscript Division, Library of Congress, Washington, DC.
4Ibid.
5Ibid.
Bernays replied, “No, I am not connected with the N.E.L.A., but I think the article will be even stronger coming from a disinterested person.”

The question of Bernays’s “disinterest” is the focus of this study. Although he had no association at the time with NELA and its propaganda campaign, the following year Bernays spearheaded “Light’s Golden Jubilee”—a spectacular nationwide event celebrating the fiftieth anniversary of the electric light bulb, and, by inference, GE and the entire electric industry. This seeming contradiction raises critical ethical questions about Bernays’s work. After all, his stated position in the Independent article, published in September, was that there was a clear difference between the “bought and paid for” propagandist and the public relations counsel working “on an entirely ethical basis.”

Using primary source documents from Bernays’s papers in the Library of Congress, contemporary news accounts, and documents and publications of NELA and GE, as well as FTC reports and relevant materials of those involved in the propaganda debate, this study examines the possible ties between Bernays, NELA, and GE, focusing on the paradox of Bernays’s defense of the techniques of propaganda on the one hand and his belief in a new form of persuasion embodied in the ethical public relations counsel on the other. Because both ideas are contained in Bernays’s article, it could be read as an effort to combine these two seemingly disparate inclinations, revealing, at the same time, an ongoing attempt at defining public relations as an ethical practice while subtly setting it apart from its propaganda predecessor through efforts at professionalization. This study goes further, however, exploring the contradiction between what Bernays said concerning the ethical behavior of a public relations counsel and what he did himself. Specifically, his apparent opportunistic behavior during this period raises questions about a connection between his work on behalf of General Electric in Light’s Golden Jubilee and the possible concomitant promotion of NELA and the entire electrical industry—at the time under federal investigation.

During the 1920s, and especially with his 1923 book, Crystallizing Public Opinion, Bernays attempted not only to promote his burgeoning New York City business but also to promote the idea of public relations as a new profession infused with ethical behavior. At the same time that journalism was busy developing its own codes in response to public criticism following World War I, Bernays was struggling with differentiating public

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6Edward L. Bernays to Stewart Beach, July 18, 1928, Six Letters of Correspondence about “This Business of Propaganda,” Edward L. Bernays Papers, Container 422, Manuscript Division, Library of Congress, Washington, DC.

relations as an ethical practice from its less scrupulous predecessors. The question of ethics loomed large for Bernays, but so did opportunities to grow both the new profession of public relations and his own client list. Although Bernays’s efforts at self-aggrandizement are well documented, this study sheds new light on his personal actions as a public relations counsel and his, perhaps not-so-obvious, inability to live up to his own professional ideals.

In order to better understand the seeming ethical contradiction outlined in this study, Bernays’s actions will be analyzed using several ethical approaches. First are what ethicists call consequential theories—those in which the morality of an action is based on its projected outcomes. Both egoism and utilitarianism are consequential. Egoism benefits the moral agent (and, in this case, the client), whereas utilitarianism benefits the “greater good” (including effected parties beyond the client and the agent, called “moral claimants”). The theory of functional/moral obligation also sheds light on a too-often-encountered issue in public relations—to whom and in what priority should obligations to moral claimants be honored. Opportunism, a form of egoism, is also explored, as are the tenets of professional ethics. Finally, the concept of “moral myopia” will be applied, which posits that, especially in the consulting professions such as advertising and public relations, practitioners often fail to recognize a moral dilemma.

Because a mix of traditional and contemporary theories is used, this study provides a deeper understanding of the type of moral dilemmas that existed concomitant with Bernays’s early attempts at developing an ethical environment for the new profession. However, it should be noted that, despite Bernays’s continuing focus on ethics throughout his long life, the problem of conflicting obligations has never completely disappeared from public relations, suggesting a historical link between some of the earliest issues confronting the practice and the state of the profession today. Ultimately, then, this study provides a deeper understanding of Bernays’s thinking as he attempted to define the new practice, while shedding light on one of his most well-known campaigns. Was it a conscious ethical indiscretion or merely a “golden” opportunity?

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Bernays’s attempt to professionalize public relations was part of a larger movement in professionalization that had begun earlier in journalism. World War I had ushered in a new era of propaganda on a mass scale, affecting the futures of both journalism and public relations. This was a formative period for both journalism and the nascent profession of public relations. Penning observes,

"It was into this era of increasing consumerism, concern for public opinion, and journalistic introspection that ‘public relations’ emerged as a concept and formal occupation. It would be met with the same skeptical eye viewing journalism and the state of democracy itself at the time."\(^\text{12}\)

According to St. John, “Disillusioned with both the war and its own earlier credulity regarding the propaganda of the Committee on Public Information (CPI), the press gradually professionalized during the 1920s.”\(^\text{13}\) At the same time,

[Bernays’s] attempts in the 1920s to demonstrate that propaganda promoted the knowledge and agendas of the minority voice, from civil rights to new fashion trends, resulted in press attacks on propaganda as corrosive to journalism.\(^\text{14}\)

Following the end of the war, the press stepped up its campaign against the new practice of public relations and its older cousin, press agentry. DeLorme and Fedler show that the books and articles from this period “support the belief that journalists treated public relations and its practitioners with contempt.”\(^\text{15}\) In order to set itself apart as the only purveyor of objective truth, the press took aim at its most obvious competitor in numerous articles and newly developed codes of ethics designed to raise their own credibility while belittling the nascent practice that Bernays had dubbed “counsel on public relations.”\(^\text{16}\)


\(^{14}\)Ibid., 354.


During the 1920s, journalists consistently attacked public relations as being antithetical to the truth. It was a simple argument: journalism told the objective truth for the benefit of the public at large, whereas public relations told a subjective truth for the benefit of its clients. In his book *Public Opinion*, journalist and critic Walter Lippmann, who was attempting to redefine journalism at the time, described publicity agents as censors and propagandists whose only allegiance was to their clients, essentially big business.  

Writing for the *New York Times*, newspaper critic Herman Mankiewicz said of Bernays’s book *Crystallizing Public Opinion* that it revealed that “the public relations counsel, of course, is merely our old friend the press agent.”  

Journalist and frequent commentator on the FTC-NELA investigation Ernest Gruening noted, “The public relations counsel’s function will be to create illusions, of which far too many have already been foisted on society without expert aid.”  

The redefinition of the practice of publicity, which Bernays was now attempting, would not be an easy task. His perhaps better-known contemporary, Ivy Lee, was himself confused over the exact name of the new profession, noting in a hearing of the United Transit Commission in 1927 that he did not know the difference between what he practiced and that of the publicity agent.  

It was against this backdrop of definitional uncertainty and jockeying for control of the public mind by both journalists and public relations practitioners that Bernays sought to establish himself as the leading proponent of a new profession—one that was not just acting as a shill for big business, but one that had at its core an ethical mandate to serve the public interest. To do so, he would ultimately invoke the tenets of utilitarianism, a philosophy developed in the eighteenth and nineteenth centuries that based the morality of an act on the amount of good produced for the majority of those affected by an action. This approach would, ideally, force a decision maker (moral agent) to recognize the wider-ranging consequences of an action and its effect on the greatest number of people. It should, thus, eliminate the natural tendency toward egoism, or self-interest—historically, a complaint leveled against all forms of publicity and public relations by journalists and others. It was this very same self-interest that was so blatantly apparent in the efforts of the electric utilities to convince the public of the efficacy of private ownership.

Background on the Electrical Industry

The massive NELA propaganda campaign that editor Stewart Beach wanted Bernays to address was, in many ways, representative, if not symptomatic, of the actions of electric utilities in the first three decades of the twentieth century. In some ways, it reaches back even further, to the end of the nineteenth century.

The age of electric lighting started with Thomas Edison’s invention of the carbon filament lamp in 1879. By 1892, the General Electric Company was formed with 10,000 employees and $20 million in sales.\(^{21}\) Although GE was certainly the largest player on the electrical power stage at the time, there were dozens of others, divided mostly by the technology they supported—arc lighting (already adopted for large, outdoor spaces, such as street lighting) and incandescent lighting (designed for more private spaces, such as homes). During this period, lighting and provision of electrical power for that lighting were the major concerns. Westinghouse and the smaller companies struggled to compete with GE; however, research and engineering facilities were costly to build, leaving the larger company in de facto control of the industry, both for equipment manufacturing and power generation.\(^{22}\) This situation led some within the nascent industry to believe that what was needed most was a united front.

In the mid-1880s, a number of lamp manufacturers, suppliers, and power station owners met sporadically to consider forming a trade association similar to the existing Gas Association (their major competitor), the goal of which would be to represent the electric utilities at a national level—primarily those engaged in the manufacture and distribution of arc lighting. Ultimately, this led to the founding of the National Electric Light Association in 1885.\(^{23}\)

Because of the arc–incandescent lighting debate, members of the Edison companies (specifically GE) were notably absent from NELA membership.\(^{24}\) In response, GE formed its own association, Association of Edison Illuminating Companies (AEIC). A tense distance developed between the two entities that lasted until the victory of incandescent lighting for homes and the increasing development of other electrically powered devices for heat,

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\(^{23}\)Ibid.

cooking, and other uses made the debate moot. During this period, however, other events occurred that would change the direction of the electric power industry.

By 1900, the incandescent lamp business was in turmoil. Patent infringement cases filled the courts while fierce competition had driven lamp prices below their actual manufacturing costs. The smaller manufacturers were in desperate straits. General Electric basically controlled the market, obviating competition. Early in 1901, key members of NELA met to discuss consolidation of the smaller, independent companies with an eye to sharing research and development in order to compete more successfully with GE. The result was the founding in May 1901 of the National Electric Lamp Company (NELC). Its goal was to share patents and an engineering department that would build better lamp-making equipment, but for this it needed to raise capital. The consolidation was to take the form of a holding company; however, the principals quickly realized that even as a consolidated group, they still could not compete with the giant that was General Electric. The NELC leaders were worried that any consolidation without the support of GE simply would not work. General Electric’s massive research and development abilities could basically outcompete anyone. The result was an agreement struck with GE to join the venture as a “silent partner,” contributing their vast resources (including operating capital) to the endeavor. GE subsequently controlled a 75 percent interest in NELC—a fact not widely known, even among the rest of the membership. In 1906, NELC’s name was changed to the National Electric Lamp Association (NELA), and GE and the independents began sharing facilities, patents, and profits. It should be noted that at this point in time there were two NELAs—the National Electric Lamp Association and the National Electric Light Association. The former was a holding company and the latter a trade association.

25Covington, Franklin Silas Terry.

26Ibid.


28There seems to be a lot of confusion in citations referring to NELA (the holding company whose name was changed to the National Electric Lamp Association in 1906) and NELA (the trade association, whose name was the National Electric Light Association, which was founded in 1885), mostly perpetuated by information in Nye’s 1985 book (cited in note 27 above). Although otherwise authoritative, Nye conflates the two associations on page 18 when referring to the holding company and GE’s stranglehold on the electric power industry. His information is subsequently cited by Ewen (cited in note 72 below, 216–217) and others as proof of GE’s involvement in the National Electric Light Association’s propaganda campaign. This is not to say that GE was not deeply involved in the scandal, but by the time of the FTC investigation in 1928, the holding company had already been broken up by Congress in 1911 using the Sherman Anti-Trust Act. It was subsequently absorbed by GE as the National Quality
The First Government Intervention

Following the Civil War, companies that sold similar goods realized that competition could actually lead to lower prices, thus lower profits. Because of this realization, companies began to band together and agree to fix prices at a rate that would allow them all to make a profit. These monopolies, called “trusts,” over time became onerous to the public that was forced to pay the high price of collusion.29 Under extreme public pressure, Senator John Sherman of Ohio introduced a bill in Congress that would make trusts illegal. It was passed in 1890 as the Sherman Anti-Trust Act, and, in 1911, was used to sue General Electric, the National Electric Lamp Association (the holding company), and over thirty other companies for restraint of trade.30 The government prevailed through a consent decree; however, the result was somewhat surprising. General Electric was forced to make public its control of the holding company but was allowed to acquire all of NELA’s stock, to the surprise of many of the members who had no idea that they had ever had a “silent partner.”31 General Electric, which for years had surreptitiously controlled the electric manufacturing industry, now was openly the biggest player in the game.

At this point, the National Electric Lamp Association (the holding company) became the National Quality Lamp Division of General Electric Company; and that left the National Electric Light Association (the trade association and now the only NELA) to apply itself to its new job of selling—not lamps, but a very singular point of view. By this time, the trade association, which had once discouraged GE employees from becoming members, was virtually controlled by General Electric. By 1910, as technical disputes had cooled among the companies and a common goal was recognized, the leadership core of the Association of Edison Illuminating Companies (AEIC) had moved into NELA, occupying influential positions on the executive committee of that organization.32 For all intents and purposes, NELA was being run by General Electric.

30Covington, Franklin Silas Terry.
31Nye, “Public Relations”; Nye, Image Worlds.
32Chung; Dyer and Martin.
The Federal Trade Commission Investigation

Between 1922 and 1927, the number of holding companies in the US increased dramatically while the number of their subsidiary operating companies declined, and by the early 1930s, nearly three-quarters of investor-owned utilities were controlled by eight holding companies. In 1928, at Congress’s request, the Federal Trade Commission began a widespread investigation into the abuses of holding companies. They assembled thousands of pages of documents and testimony and began to expose something the public already knew—they were being bilked by the utility companies, especially their holding companies.

Although the original aim of the FTC investigation was reform of the utility industry and, ultimately, the implementation of an expanded regulatory environment, an unexpected side issue exposed an element of holding company operations that brings us back to the Hofer syndicate—mentioned by both Stewart Beach and Edward Bernays.

E. Hofer and Sons operated a rural press service out of Salem, Oregon, that in the early 1920s placed utility propaganda in the form of editorials, subsidized by some ninety utilities, in nearly thirteen thousand newspapers around the country—none of it attributed even indirectly to the utilities. For this, Hofer was paid $84,000 annually. But the Hofer syndicate’s work was only the tip of the iceberg. According to the FTC report, their efforts paled when compared to the electrical industry’s trade association’s endeavors.

It is unlikely that any pressure group ever engaged in a more comprehensive propaganda campaign than the National Electric Light Association campaign during the 1920’s [sic]. This campaign . . . was deliberately framed to ‘sell’ utility views to the Nation’s population . . . . [N]o campaign approaching it in magnitude has ever been conducted except possibly by governments in wartime.

NELA’s propaganda campaign was a major factor in the ongoing debate over public versus private control of utilities in the United States. The FTC
estimated the total annual expenditure in 1923 for public utility advertising alone was between 25 and 30 million dollars.\textsuperscript{37}

\textit{The Great Propaganda Machine}

As utility industries multiplied following World War I, so did trade associations representing those industries. Through both the Coolidge and Hoover presidencies, the political and economic environment favored business, and Hoover, especially, favored trade associations.\textsuperscript{38} The major function of these associations quickly became one of representing the industry to both governments (local, state, and federal) and the public. The most common approach, already tested successfully in the Great War, was propaganda. By the mid-1920s, the National Electric Light Association, with a membership of nearly 16,000, was one of the largest trade associations in the country. The stated objective, set forth in its constitution, was “to advance the art and science of the production, distribution, and use of electric energy, largely through educational methods.”\textsuperscript{39} According to the FTC’s 1928 Annual Report outlining the early stages of their investigation, NELA’s “educational methods” were “intended to create public good will for the industry.”\textsuperscript{40}

The methods used in placing these views before the public included use of the newspaper press and of the schools. . . . They aimed to create newspaper good will through advertising; inspired news articles written by the director but bearing the signatures of prominent persons were inserted; personal contacts with editors were made; newspaper men were entertained in various ways; news bulletins and clip sheets were prepared and widely distributed; and many speeches were made, either by members of the utilities industry or someone paid by the utilities to represent their interests.\textsuperscript{41}

In the same year the FTC investigation began, \textit{Time} magazine asked sarcastically, “If the private owners of some public utility, the suppliers of gas, bringers of electric light, should want their ownership to continue, might they not teach school children that such ownership was beneficent?”\textsuperscript{42}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{37}Ibid., 153.
\item \textsuperscript{38}Ibid., 8.
\item \textsuperscript{40}Ibid.
\item \textsuperscript{41}US Congress, Investigation, 153.
\item \textsuperscript{42}“Education: Indoctrination of Youth,” \textit{Time}, December 31, 1929, http://www.time.com/time/printout/0,8816,928423,00.html.
\end{itemize}
\end{footnotesize}
Here and there they might juggle a paragraph in a textbook adopted throughout the land. They might now and again send inconspicuous checks to school teachers who preached that private ownership was public weal, State ownership ‘Bolshevism.’ When the school children reached maturity and taxpaying, they would accept private ownership of public utilities as matter of course.

According to the FTC investigation, this is exactly what was happening. Testimony before the Trade Commission indicated that not only were textbooks being paid for, but college and university faculty were likewise being “bought.” In 1924, for example, the president of the National Education Association, who was also a General Electric industrial relations manager, advised the NELA convention “to give a thought to the teachers and when their vacation comes pay them a salary to come into your plants and into your factories and learn the public-utility business at first hand.”43 As the FTC noted:

In many colleges and universities courses of study were established which appeared to be sponsored by faculty members but which were, in fact, suggested by the utilities. Funds for the support of research scholarships were received by many institutions. Elementary and college text books were surveyed to determine their attitude on the electric and gas utilities. In some instances information given out by the State information committees [formed by NELA] was utilized in correcting the viewpoints of books considered bad or unfair. In other cases, new or substitute texts were prepared and introduced into the public schools. Educational authorities in certain States were approached directly in order to improve the text-book situation. In numerous cases, thousands of pamphlets presenting the utility point of view were introduced by the State committees into public schools.44

In a particularly damning statement, the FTC noted that the endeavors of NELA “were thus not confined to affirmative propaganda but included efforts to block full and fair expression of opposition views, especially in books intended for school and research use.”45 Even Bernays’s closest competition, Ivy Lee, had taken notice of the practice—in fact, more directly than Bernays himself.

44Ibid.
When power companies have school books written by professors in colleges and have these books put into schools without the knowledge of the people as to who is responsible for putting them there, that is a wrong use of propaganda.\footnote{Cited in Randal Marlin, \textit{Propaganda \& the Ethics of Persuasion} (Orchard Park, NY: Broadview, 1985), 192.}

It was within this revelatory context of skullduggery that Edward Bernays was asked by Stewart Beach to comment not only on what was happening, but also what it meant in the definitional debate between the nascent public relations profession and the old-order propaganda machine.

The Article

True to his word, Bernays submitted the requested article to the \textit{Independent}, which was published on September 21, 1928, under the title “This Business of Propaganda.” In recognition of Stewart Beach’s suggestion, he began by referring to both the FTC investigation and the “uncovering of the Hofer Syndicate in the \textit{Independent}.” As requested, Bernays addressed Beach’s concerns in the opening paragraph.

The recent investigation by the Federal Trade Commission of public-utility propaganda and the uncovering of the Hofer syndicate in \textit{THE INDEPENDENT [sic]} have again focused attention upon the propagandist and his relation to the scheme of things.\footnote{Bernays, “This Business.”}

This is the only mention of the FTC investigation in his 1,500-word article. However, Bernays did tell Beach in the letter accompanying his article that the “Hofer matter” was “taken up” in the article itself by the viewpoint “that when a public relations counsel enlists the interests of an individual or an organization in his client’s point of view, the relationship must always be predicated upon an entirely ethical basis and it is not an ethical relationship, for instance, when such an acquiescence in point of view is bought and paid for.”\footnote{Ibid.}

What Bernays seems to have done most in this article was to refine the term “public relations” while, at the same time, attempting to rehabilitate the use of the term “propaganda.” Much of what he had to say was already familiar to readers of \textit{Crystallizing Public Opinion} and \textit{Propaganda}. Both of these books, published in the 1920s, were released contemporaneously with other books exposing the outrages of propaganda during World War I. Harold Lasswell’s 1927 book, \textit{Propaganda Technique in the World War}, adopted a social science approach to delineating the uses and misuses of propaganda;
however, he took a relatively neutral stance on the subject, declaring that propaganda, “as a mere tool is not more moral or immoral than a pump handle.”49 Chief among these exposés was a pointed denunciation of propaganda that came from British MP Arthur Ponsonby in his 1928 book, *Falsehood in War-Time: Propaganda Lies of the First World War*, “a straightforward catalogue of all the major falsehoods propagated by the Allied governments.”50 Ponsonby’s point that “The ignorant and innocent masses . . . are unaware . . . that they are being misled”—meant to be damning—was not lost on Edward Bernays, except that he viewed it in an entirely different light.51 “The World War left business astounded at what the technique of propaganda had accomplished in the conflict,” wrote Bernays in his *Independent* article.52 “[T]his ‘new propaganda,’ this new technique that had made men willing to give up their lives and their money—this was something big business might find very useful!” However, he quickly shifted to more pro-social applications of propaganda, citing its use by “colleges and other educational and social service bodies,” sounding a theme he returned to again and again during this period in his attempt to scrub clean the image of propaganda that emerged following World War I.

Harvard and a score of other college funds, the Near East Relief and a score of other social-service projects, were made possible through a response from the public which was based on the use of appeals and a technique comparable to the war propaganda.53

Perhaps he was unaware that in April, only four months prior to the publication of his article, a headline in the *Harvard Crimson* (the campus newspaper) announced: “Business School Receives $90,000 from Utilities.”54 The *Crimson* article was a thinly veiled accusation of a questionable relationship between that school and the National Electric Light Association, based on disclosures already coming from the FTC investigation. Surely Bernays, working as he did in the arena of American industry, was at least cognizant of the investigation and the threat it posed to his championing of propaganda as a legitimate business tool.

50Mark Crispin Miller, introduction to Bernays’s *Propaganda* (Brooklyn, NY: Ig, 2005), 29.
52Bernays, “This Business.”
53Ibid.
Bernays then switched to public relations—a “special profession” based on the recognition of the importance of the self-same propaganda made infamous in World War I—and now, fortuitously for his purposes, readily being applied in business. In a speech to the 25th convention of the Advertising Affiliation in June of 1928, Bernays had noted that, “There is hardly a big business today that does not use propaganda and use it effectively to accomplish its purposes.” For Bernays, at the time, the newer job of public relations counsel was still bound up with the job of propaganda. As he noted, “[P]ropaganda became a well organized part of business. It created and developed the technician to handle this, who came to be known as the counsel on public relations.” This conflation also carried the somewhat ominous recognition that, as he had explained in an earlier piece, “good propaganda is an invisible government which sways the habits and actions of most of the people of the United States.”

In his September Independent article, however, Bernays suggested that public relations, as a profession like medicine and law, was—also like them—honorable and vital to the public welfare, although he admitted that all professions had their share of “quacks,” “malpractitioners,” and “shysters.” It is at this point that Bernays turned most fully to public relations as a profession and to answering Stewart Beach’s central question posed in his first letter of inquiry: “[D]o you feel it quite proper to send out material prepared by you in the interest of some organization without making clear to the editor that the source of the material is the organization itself?”

It has long been known by public relations practitioners that a message passed through the news media, whose gatekeeping skills are assumed to provide legitimation, will garner for that message a credibility that it may not have obtained on its own—or if disseminated under the name of its original author. Under this construction, the newspaper appears to address its readers in its own voice but actually is acting as a conduit for a third party, sometimes referred to as “information laundering.” In his 1924 book on public relations

56 Ibid.
58 Bernays, “This Business.”
59 Beach to Bernays, July 11, 1928.
and publicity, John C. Long declared that one of the chief “faults with which Publicity has been charged” was that the source of information was concealed.\textsuperscript{61} It is interesting to note here that Bernays’s competitor, Ivy Lee, had also taken a position on concealment of sources. According to Randal Marlin in his book, \textit{Propaganda & the Ethics of Persuasion}, Lee “saw nothing wrong in sending press releases to newspapers . . . so long as the source of the releases was properly identified.”\textsuperscript{62} In fact, Lee wrote in his 1925 book, \textit{Publicity}, that “The essential evil of propaganda is failure to disclose the source of information.”\textsuperscript{63} He later noted that, “attempts to influence opinions are dishonest, and when the public is intelligently directed toward compelling disclosure of how and why and from what source information comes, we shall have taken a long step toward real democracy.”\textsuperscript{64}

Despite the recognition that this practice was clearly suspect, it was obvious that during this time NELA and similar trade associations representing the utility companies were doing exactly what Long, Lee, and others had highlighted as problematic. According to the FTC report,

In the press, the material ran the gamut from harmless and often needless advertising to ‘canned editorials’ furnished to thousands of newspapers throughout the United States, especially the smaller local weeklies.\textsuperscript{65}

Similarly, journalist Ernest Gruening’s mid-FTC-investigation exposé of the NELA campaign flatly stated that much of the newspaper industry had been complicit in the covert dissemination of utility propaganda. He suggested that the most “insidious” aspect of the campaign centered on the concealment of origin, in the inability of the consuming public—in this case, the newspaper reader—to tell where the goods came from, to know, in other words, who is talking. Editorials inspired or actually written by power company representatives and then appearing as the newspaper’s own . . . are legion.\textsuperscript{66}

Bernays also addressed the issue of disclosure in his \textit{Independent} article, but from a very different point of view, stating that “the public relations counsel . . . may enlist the interest of an individual or an organization in his client’s point of view.”

\textsuperscript{62}Marlin, 191.
\textsuperscript{64}“Ivy Lee, Noted Authority of Publicity, Says Propaganda Is Great Force Today,” \textit{Daily Princetonian} 44, no. 64 (May 6, 1930): 1.
\textsuperscript{65}US Congress, Economic Committee, 241.
\textsuperscript{66}Gruening, \textit{The Public Pays}, 182.
That individual organization may then propagandize it through its own channels because it is interested in it. In such a case, the point of origin then becomes that individual or organization. The public relations counsel, having made the link between the interest of his client and the interest of the third party, no longer need figure in the resulting expression to the public.67 [emphasis added]

Although he followed with the disclaimer that “This is always predicated on the relationship being on an entirely ethical basis” (which, as noted earlier, depends solely on whether or not the spokesperson is “bought and paid for), this tactic, nonetheless, buries the origin of the message at least one level deeper than full disclosure might dictate. He further elaborated his statement by saying that if a third party is identified by the public relations counsel as a potential “propagandist” for the point of view, then the identification of that third party as the originator of the message is entirely sufficient. He then addressed directly the issue of such information flowing to newspapers through these third parties—by putting the onus squarely on the newspaper itself.

As to the flow of propaganda into the newspaper offices of the country, every editor can very simply reject any material that does not stand out in the news of that day. All he needs is a wastebasket. Again, he was careful to modify this statement with the caveat that editors should reject information with no mark of origin or one that was “ethically doubtful”—still placing the responsibility on the editor and ignoring the possibility of second- or third-party “laundering” that potentially adds respectability to the message while disguising its origin.

As to the public relations counsel himself, Bernays had frequently noted throughout his early career that a propagandist working on behalf of a client “must adopt the same point of view as the man who accepts his services.”68 He was careful to point out, though, that unlike a lawyer, a public relations counsel need not take on a client or cause that is morally suspect—or, in his words, “has committed an unsocial action.”69 The reason? The reputation of the client or cause might transfer to, and thus taint, the “special pleader.” Ultimately, Bernays did come down on the side of what he defined as ethical practice—theoretically, at least.

[T]he public relations counsel must maintain an intense scrutiny of his actions, avoiding the propagation of unsocial or harmful

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67Bernays, “This Business.”
69Bernays, “This Business.”
movements or ideas. Every public relations counsel has been confronted with the necessity of refusing to accept clients whose cases in a law court would be valid, but whose cases in the higher court of public opinion are questionable.70

What Bernays did not do was consider the possibility that there might be mitigating conditions that could obscure, or even cause to be disregarded, the “unsocial or harmful” actions of a client. What then would be the most likely, if questionable, response of a public relations counsel?

Light’s Golden Jubilee

In May of 1929, Bernays was approached by a representative of General Electric. That year was the fiftieth anniversary of the invention of the incandescent light, and GE wanted to honor both that event and the aging inventor, Thomas Edison. General Electric, although barely mentioned in the newly established FTC investigation, had long been the target of congressional concern over its monopolistic practices.71 This proposed celebration would be an excellent opportunity to rehabilitate the image not only of GE but also the entire electrical industry.72 Bernays, too, was itching to further enhance the image of his new profession and, by extension, his own reputation. Although he was certainly doing well—his company was clearing nearly $12,000 a month in profit73—he was chafing under constant belittling from the press, which had referred to him as “the young Machiavelli of our times”74 and to his occupation as “publicity agents for special and selfish causes inimical to the general interest.”75 “[T]he profession of counsel on public relations lacked the respect that I felt it deserved,” Bernays later wrote. “I hoped for a dramatic event that would make others see us as we saw ourselves.” This celebration of one of Bernays’s personal heroes was just the thing. “I recognized the potential professional significance of the assignment and plunged into the given task eagerly.”76

The full force of Bernays’s public relations expertise was brought to bear on the proposed six-month celebration. A series of luncheons were set up to woo the press. Stories about Edison and the invention of the incandescent light were sent out to newspapers all over the country. The press responded with staggering alacrity. By August, according to Bernays, the press, especially

70Ibid.
71Nye, “Covert Communication,” 30.
74Marlen Pew, “The Propaganda Game,” Editor and Publisher, September 15, 1928, 32.
76Bernays, Idea, 445.
newspapers, had become self-motivated in trying to outdo each other in their eagerness to explore every angle of the story. Every imaginable avenue for publicity was explored. Universities were enticed to offer lectures on Edison and his invention. Exhibits were displayed in libraries, museums, and women’s clubs.77

General Electric and the electrical industry were not forgotten, however. A speakers’ bureau was set up to offer pre-packaged talks to social and professional organizations—with speakers supplied by the National Electric Light Association. And, in order to ensure that the entire electrical industry might benefit from piggybacking on the celebration, a plan book, put together by Bernays’s office, was issued to public utilities throughout the country.78 Even a commemorative stamp was issued by the Postmaster General at Bernays’s request. Originally set to be released on October 21 to coincide with the closing ceremonies of the Jubilee, the stamp was instead issued on June 5 to promote the National Electric Light Association convention in Atlantic City.79 Time magazine, in tracing the history of Edison and the electric industry, revealed the plans for the months-long Golden Jubilee in a lengthy May 27 article. Using obvious religious metaphor, Time announced, “The father, brethren and children of Electric Light will shortly begin celebrating handsomely its 50th anniversary.” The father, they said, was Edison. The brethren? “[M]embers of the National Electric Light Association,” assembling in Atlantic City for their annual convention.80

How could Bernays not have known that he was working, even tangentially, for the electric utility industry? Despite his disclaimer to Stewart Beach that NELA was not then a client, Bernays’s actions during Light’s Golden Jubilee clearly advanced the cause of that industry, often with the help of the very association that the FTC was vigorously, and simultaneously, investigating for propaganda activities that literally mirrored those Bernays was undertaking for his celebration of the electric light bulb.

**Ethics versus Opportunity**

Despite Bernays’s often-stated emphasis on ethical behavior for the public relations counsel, his actions as one himself reveal a loosely constructed personal and professional ethic based on consequential ethical theory, in which the morality of an action is determined by projected outcomes, not on set rules or guidelines. Bernays’s ethical system seemed to combine both

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77Ibid., 448–449.
78Ibid., 449.
forms of consequential ethics: egoism (acting out of self-interest) and utilitarianism (acting for the greater good). Of the two, only utilitarianism requires that the welfare of all potentially affected parties be considered; however, both forms can provide the basic motivation for either the agent or the client. For example, the client’s intentions may be to act for the greater good, in which case the agent would typically follow in form. On the other hand, if the client’s intentions tend toward self-interest, the agent’s obligation of professional ethics should serve to redirect that interest toward a more balanced form of utility in which other parties are recognized as having a moral claim on the outcome of the action being considered. Ethicist Michael Bayles suggests that the onus of correcting questionable intentions by a client is on the agent in order to prevent harm to innocent third parties—which, concomitantly, injures the agent’s reputation and credibility. He further suggests identifying and weighing the values and interests of the client against those of affected third parties.

The problem is that Bernays’s mixed-ethic was one in which opportunity may have, under certain conditions, trumped ethical obligations to third parties—those other than the public relations counsel and the client. According to his most recent biographers, Bernays’s focus was perpetually on growing his client list and, in no small measure, his own reputation. Notwithstanding his insistence that propaganda was primarily a tool for social improvement, his attention continued to gravitate to the business sector, where money and recognition were more easily made. Mark Crispin Miller, in his 2004 introduction to Bernays’s Propaganda, notes that the book was aimed primarily at Bernays’s corporate clientele. According to Miller, despite Bernays’s usual embrace of propaganda as the savior of social programs and education, its “disingenuous” inclusion in this book was “intended, seemingly, to make the book seem something other than an essay on how business stands to benefit immensely from the author’s sort of expertise.”

In order to place that expertise within a weightier context, Bernays, in his Independent article, had likened the new profession of public relations counsel to the more staid and accepted professions of law and medicine. He applauded the seeming scientific detachment with which these professionals plied their trades, and he may have thought that if he simply adopted the proper impartiality, his actions would be above suspicion—or, at least, excusable within the bounds of the professional model he sought to emulate. Like the lawyers and doctors with whom he identified professionally, expert detachment was a virtue for Bernays. This would allow him, and assure his

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81 Fitzpatrick and Gauthier, 206.
84 Miller, Propaganda, 18–19.
clients, that he could, and would, work zealously on their behalf—as long as he believed in their cause. As Miller points out,

For self-conscious professionals such as Bernays, expert detachment was, of course, a point of pride—and a strong selling-point, as that hard attitude provided tacit reassurance to potential clients that the propagandist worked not just by instinct or mood, but as impartially, and, if need be, ruthlessly, as any doctor or attorney.85

However, although Bernays admitted to the differences between, for example, law and public relations, he appears to have ignored the most obvious contradictions. As Harold Lasswell noted at the time,

[The propagandist] is bound by no special traditions of presenting his material (such as the rules of evidence), and he is subject to no umpire who exercises a continuous censorship over the formal validity of his contentions.86

In contrast, Bernays believed it was ultimately the public relations counsel’s sole prerogative to determine the validity of his client’s cause. The result is that under his personal ethical code, the validity of a client’s cause is left to the “special pleader,” whose own interests are then unavoidably and inextricably bound to those of the client. And, being bound to those interests, the tendency has always been to let those interests dictate the “truth.” This in itself is a form of self-interest, because it allows the agent to assume a lawyerly impartiality while believing, or believing he believes, in his client’s cause. And, as Bernays frequently stated in various forms, “In the struggle among ideas, the only trust is the one which Justice Holmes of the Supreme Court pointed out—the power of thought to get itself accepted in the open competition of the market.”87

Was this the situation for Bernays and Light’s Golden Jubilee? Individual integrity is often hard to maintain in a setting in which there is serious conflict between ethics and personal gain. The idea that opportunity can be made to excuse what others might see as an ethical lapse clearly existed prior to the theories of opportunism that began to appear in the late 1930s.88 For Bernays, his need to grow his client list and gain public recognition for and appreciation of his new profession may have outweighed any doubts he had

85Ibid., 21.
about his clients and their goals. In the case of Light’s Golden Jubilee, his
goal was to do the best professional job possible. He may have believed
that job to be the glorification of a personal idol, Thomas Edison—not the
cleansing of a monopolistic industry’s image. He may even have been aware
of the conflicting goals and, if he was, simply remanded his conscience to
the verdict of the court of public opinion.

As he stated in the Independent, a public relations counsel must believe
that his potential client’s cause is legitimate and not antisocial—and that’s
all. Bernays clearly believed in what he was doing for the Jubilee. But to
believe fervently in something sometimes obscures a recognition of other
obligations that may fall outside of that belief. In his Independent article,
Bernays noted that unethical conduct by professionals of every ilk simply
showed that “in an economic world there will always be some whom money
will tempt from the path of ethical conduct.” What is notably lacking from
this statement, however, is the possibility that something other than money
might also cause a professional to diverge from the ethical path—a “moral
myopia” concerning differing levels of obligation and the true objectives of
his client. Drumwright and Murphy define moral myopia as

a distortion of moral vision, ranging from shortsightedness to near
blindness, which affects an individual’s perception of an ethical
dilemma. Moral myopia hinders moral issues from coming clearly
into focus, particularly those that are not proximate, and it can be
so severe that it may render a person effectively morally blind. If
moral issues are not seen at all or are somehow distorted, it is highly
unlikely that sound ethical decision making will occur.

The danger of this myopia is that it may blind the professional to a realization
of his own self-interest. This is the possibility that Bernays left out when, in
his Independent article, he proposed that ethicality was solely dependent on
whether or not a point of view is “bought and paid for.”

The theory of functional/moral obligation suggests that, especially in
public relations, obvious functional obligations (usually egoistic) to serve
the client’s interests sometimes substitute for less obvious moral obligations
(usually utilitarian) to third parties, typically out of a sense of short-term
positive outcomes for both the client and the client’s agent. However, a
failure to recognize that a purely functional obligation to a client cannot
override a moral obligation to third parties does not absolve the agent of
the moral obligation. In Bernays’s case, he may have thought that both the
functional goals of his client, who remained General Electric, and the moral
obligation to a society that he believed needed to honor the debt it owed to

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89Bernays, “This Business.”
90Drumwright and Murphy, “How Advertising Practitioners View Ethics,” 11.
91Bivins, Mixed Media, 22–24.
Thomas Edison actually meshed. This would have combined egoistic and utilitarian concerns while fulfilling both functional and moral obligations—what Baker has called “enlightened self-interest.” Or it may have been, as *New York Herald Tribune* editor Stanley Walker noted in his 1934 book, “simply a publicity stunt pulled off by Bernays, representing powerful and rich interests, to exploit the uses of the electric light.” Regardless of which of these scenarios is correct, according to Marlin,

> Public relations techniques, applied to promotion of goals that can be justified when all the pertinent facts are taken into account, is morally better than when they are applied to promote goals that cannot be so justified. This is true whether we are thinking subjectively, from the point of view of PR practitioners, or objectively, in relation to other people’s evaluation of the goals.

Did Bernays, either subjectively or objectively, understand that by celebrating the anniversary of the electric light and its inventor, he might also be serving a less honorable cause—that of perpetuating private ownership of public utilities at the expense of society as a whole? Did he even suspect that he was part of a larger, ongoing propaganda campaign whose goals he had recently derided in his *Independent* article? If he did, an egoistic, client-centered, functional approach would have been ethically questionable at best. At worst, it would have completely misrepresented, thus ignored, the utilitarian, other-centered, moral obligation to potentially affected third parties.

What is clear is that, during this period, Bernays was still struggling to define both himself and his new profession. He was also attempting to place that profession within an ethical framework that in some ways mimicked that of other, older and accepted professions. And he was placing the onus of ethicality not on the client but solely on the public relations counsel—a precarious construct at best. As McBride points out, “Accepting personal responsibility for professional conduct is a standard eluding easy codification because it lacks the conformity of objectivity.” Bernays’s lawyerly impartiality applied only to the stage in which the counselor accepts the client. Following that acceptance, he saw his job, like that of a lawyer, to represent his client “zealously.” As a “special pleader,” a public relations counsel

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93Stanley Walker, *City Editor* (New York: Frederick A. Stokes, 1934), 144.
94Marlin, 194.
96American Bar Association, ABA Model of Professional Accountability, EC 7-19 (1980).
must act on his client’s decisions to the best of his professional ability. And, like the lawyer, his purpose is ultimately set by the client.97

In the end, however, Bernays’s actions are probably easier to comprehend. There is an ethical scale on one end of which an individual acts exclusively out of egoistic interest, disregarding consequences for others’ welfare. On the other, an individual chooses actions to promote societal gain.98 Edward Bernays most likely fell somewhere in the middle of this scale—ultimately prey to the uncertainty of his own developing moral code and the natural vicissitudes of the profession he founded. Nonetheless, this, in itself, does not morally absolve him of a failure to recognize and respond to an ethical dilemma, and it calls into question both his professional and ethical acumen. Proximity and similarity alone are sufficient indications of a potential relationship between the NELA investigation and Light’s Golden Jubilee. To not have recognized this would cast doubt on Bernays’s ability as a public relations counsel. To have recognized this without responding casts doubt on his professional ethics.