

THE POLITICAL ENVIRONMENT OF BUSINESS

(A lecture to General Electric Company Executives, 1952)

(i) 1. Nature of the topic:

Where do you learn it.

Steve du Brul quotation.

Size of GE in relation to governments and other units.

(5 min.)

2. Definition of terms and the action process

(see Chart)

Environment

Power

Political

Arena

Authority

Governmental

Can't have voltage without wattage or vice versa, yet a big difference in functionalism.

3. Go through each arena on The Chart, showing what is political (power) or governmental (authority) in it. (Do not speak of interrelations.)

4. Interrelations of the arenas. The process as a switchboard, as a nerve chart. Issue, Participants, Reactions and Spread, Limitation of Spread, Narrowing of Point of Decision, New Participants, Tactics, Results, Profit & Loss.

Use chart on (a) and (b). STATE CASE; SHOW ITS SPREAD; Tell some of problems and results.

(a) The material shortage in a bulb factory in Istanbul: (anyone can cite an oil co. example)

(b) The slowdown: a group of cannery workers in pineapple cannery on Hawaii.

(c) The Proxy fight: particularly clear e.g. of political struggle.

(d) A welfare program: Schools and scholarships and corporations:

N. Y. Times article on corporate spending;

H. W. Prentis, Jr. on corporate social duty;

Richard Eells on corporate policy.

(e) Civic Participation:

Wall St. Journal article on overloading of executives;

Problem of priorities;

Why a few count. J-curve;

Network: How GE could be coordinated into a most effective civic machine if it were that desirable.

5. Controlling the political part of the process (using applied political science).

When an issue occurs or is made to occur: how can one

- a. assess the situation?
- b. Choose the best tactics?
- c. End up on the profit side of the ledger?

Many kinds of experts, most of them not even political scientists, e.g.'s of the kind of expert you might go to in each one of the arenas.

- | | |
|-----------------------------|------------------------------|
| 1. Chain of command-- | 10. Neighborhoods-- |
| 2. Work group-- | 11. Local Gov'ts.-- |
| 3. Industrial relations-- | 12. Special gov'ts.-- |
| 4. Suppliers-- | 13. Interest groups-- |
| 5. Distributors-- | 14. Gov'tal groups-- |
| 6. Customers-- | 15. Intergov'tal relations-- |
| 7. Orgn. of enterprise-- | 16. Intergov'tal relations-- |
| 8. Financing of business--- | 17. Foreign nations-- |
| 9. Stockholder relations-- | 18. Foreign Local Groups-- |

Hiring quite difficult. No job descriptions. No rosters of personnel.

A central roster wouldn't be bad idea.

6. Still, when the problem arises the man on the spot will do most or all of the job. Then the question is, "What to do until the doctor comes." Maybe a few principles of strategy can be offered, with a grain of salt:

1. Never bribe, always help.
2. Never write anything down that you wouldn't like to see on the front page.
3. When someone proclaims that the problem is beyond remedy, outside the company's line of work, or "is politics, not business," shoot first and ask questions later.
(Friedrich: on Puerto Rico and Germany.)
4. Everything you do is in the public interest. Insist upon this point.
5. Attack the principle of power, but use power and use it wisely.
6. Watch your flanks.
7. Spend your time and money where it counts. There are so many ways in life of doing your job good and doing a social good at the same time that it is usually an error to do only the one or the other.
8. Follow the rules, but don't let them lead you. Never consult only a lawyer on a problem.
9. Look up your problem in a book. Books are the great equalizers if you know how to handle them.
10. Be generous and kind to make up for all the calculating behavior some of these principles prescribe.

All of foregoing goes to show how important politics and the political are to the competent executive, even if it also goes to show that you need not have more than a course or two of what is called political science in college.

If there is any further shred of doubt on this question, let us think for a moment of what would be regarded as a large sale of ap-

pliances, \$10,000?, \$30,000?, \$100,000?, A million dollars? What is a single penny increase in the local school district property tax for the \$10,000,000 factory that makes these appliances, going to mean?: \$100,000 more in taxes. And taxes should be regarded as deductions from net unless you pass them off promptly in price increases. Assume the market is partially administered, that is, that one half of the \$100,000 can be passed off. The remaining \$50,000 from this tiny increase represents the margin of profit on perhaps \$200,000 of sales! You are not only competing with Westinghouse or Sylvania in this business. You are competing with the city government, the State government, and Uncle Sam himself. I don't believe, as many of us like to think, that there was once a wonderful land of pure non-political business where a man could make a million dollars and never see a government official or a politician. That is a myth as wistful and unreal as the unicorn or Diana of the Hunt. Different kinds of relations today, yes. Different kinds tomorrow?--Yes again. When the political bells sound, gentlemen, ask not for whom the bells toll; they toll for thee.