

# INDUSTRY FIGHTS BACK

## The Debate over Advocacy Advertising

*Should corporations run paid ads that take sides on important public issues? Such "advocacy advertising" has lately stirred up a hot controversy: Its critics call for strong regulation to keep such ads from veering over into deceptive corporate propaganda; its proponents counter by saying that advocacy advertising is an indispensable means of communicating industry's view to the public and that free speech*

*of this kind should not be subject to restraints. To argue the merits of this tricky public issue, SR has called on two authorities: S. Prakash Sethi, professor of international business at the University of Texas at Dallas and author of Advocacy Advertising and Large Corporations, and Herber Schmertz, director and vice-president of the Mobil Oil Corporation, in charge of public affairs.*

*The past decade has seen a marked increase in corporate use of advocacy advertising. Why the sudden shift from the more traditional methods of product promotion?*

**Sethi:** The sociopolitical environment of business in the United States has deteriorated significantly in the past two decades, with business institutions suffering a marked decline in credibility and in public trust. There is a widely held conviction among business people that business as a whole has been maligned and that skepticism and distrust can be attributed to the public's ignorance of business's contributions to society, to inadequate coverage by and antibusiness bias among segments of the news media, and to the inflammatory rhetoric of certain "public interest" groups that are ideologically opposed to the free enterprise system.

One of the ways in which business institutions, especially large corporations, have been attempting to counteract this negative situation is through publicity campaigns called "advocacy advertising." These campaigns support the position and interests of the sponsors while expressly downgrading the sponsors' opponents by denying the accuracy of their facts.

This aggressive business posture reflects the feeling that traditional responses to criticism—either ignoring unwarranted or uninformed attacks or defensively explaining one's position each time an attack comes—have been failures. The feeling is, therefore, that business must resort to other measures to narrow the legitimacy gap in order to claim its share of society's material and human resources.

**Schmertz:** For a free society to survive, the public must have access to the widest spectrum of news, facts, and opinions. In 1970 it was our view that business in general, and the oil companies in particular, was failing in its obligation to inform the public. This was especially true in three areas.

First, we recognized that the United States, the world's largest energy user, was heading toward a shortage of deliverable energy. (Our first message, for example, promoted mass transit as an energy saver.)

Second, we felt that litigation, legislation, and regulation were creating problems for our nation by impeding energy

production and by raising energy costs.

Third, there seemed to be little understanding of the impending energy deliverability crisis, of business economics, and of the contributions made by private enterprise among the press, the Congress, and the public. A growing number of polls indicated that the oil industry and big business were losing public esteem and understanding. The size and complexity of the oil companies made it difficult for people to understand them and also made our industry an outstanding target for demagoguery.

This failure to inform the public was not entirely the fault of the industry. Most members of the communications media will readily admit their lack of interest in and understanding of business and economic news; they do not cover these issues properly. And on one medium—television—the networks won't even allow industry to express its views on anything they consider controversial unless they can tightly control the format.

So, Mobil sought to foster a dialogue by expanding the spectrum of views, opinions, and facts and by alerting people to the dangers that threatened the economic health of the nation.

*By what means can one measure the effectiveness of advocacy advertising?*

**Sethi:** Precise measurements of effectiveness are not possible because advocacy advertising does not operate in a vacuum. Its contributions can be measured only as part of an overall business plan to change the public's perception of and attitudes toward business's performance. There is, however, historical evidence that shows that an earlier, billion-dollar effort by industry, during and after the Second World War, to sell business to America was an utter failure.

Opinion polls do not show any perceptible change in the public's trust in business resulting from industry's intensive advocacy campaigns during the past five years. Nor do we see a more hospitable legislative or regulatory environment for business positions. The most aggressive and in many ways vitriolic advocacy campaign of the current genre was that of

A Harris poll conducted in April 1976 showed that Mobil, among the seven oil companies included in the survey, ranked

**But at what cost? And how fast?**

Our booklet, "Steelmaking and the Environment," tells more about the problems of pollution and what we're doing to help solve them. For a free copy, write: Public Affairs Dept., Room 476-WSJ, Bethlehem Steel Corp., Bethlehem, PA 18016.



A black and white photograph showing a perspective view of a railroad track. The tracks run straight from the bottom center towards the horizon, where they appear to converge. The tracks are flanked by fields of tall grass or crops. In the distance, several utility poles with cross-arms are visible against a light sky. The overall image has a high-contrast, grainy quality.

**Sethi:** Business argues that advocacy advertising is needed to foster free enterprise values that have been eroded by the welfare state and by the sapping of the individual's initiative and freedom and work ethic. There is also the conviction that public attitudes will change once people have been informed of and educated about the virtues of the American business system. *Continued*

However, both these arguments are highly flawed and counterproductive. The modern large corporation bears no resemblance to the classical models of competitive marketing, private enterprise, and individualism. Thus, to seek legitimacy through traditional ideological values would be to make corporations vulnerable to attack on their own ground. Corporate behavior abounds with internal inconsistencies. The same corporations that decry the decline of the American capitalistic system are quick to ask for government regulation to preserve their own positions and to restrain competition.

The argument of economic illiteracy is not sustainable either. In a survey conducted in 1976 by Compton Advertising, a large majority of respondents correctly answered a series of seven factual questions dealing with their understanding of economic issues. And there is no evidence that people with greater education in and knowledge of economics have a more favorable attitude toward business.

The public's view of advocacy advertising has to be somewhat jaundiced. Advocacy advertising is aimed at opinion makers who are well informed and well educated. Simplistic, self-congratulatory, or one-sided messages are not likely to be very credible. The image that business and business institutions would like to project is not exactly congruent with reality as business knows it and as the public experiences it. Thus, business behavior must bear some positive relation to business rhetoric before it can have any influence on public attitudes.

**Schmertz:** Style, tone, content, and intellectual quality of advertising tell us a great deal about corporate perception of the public: If you see advocacy advertising that consists of simpleminded platitudes and truisms, you can probably infer a corporate perception of a public with a low level of economic and political literacy. If you see clear, candid, issue-oriented advertising, written for a literate, logical, and well-informed public, you can infer a high respect for the interest and intelligence of the public.

As to the second question, we believe the public has always been puzzled by the traditional business practice of ignoring criticism and attack. "Maintaining a low profile" while under attack—especially an unfair attack—is not really the American style; it implies there is something to hide. Advocacy advertising thus restores a balance. The public is by now fairly comfortable with the practices of pluralism: the idea that in our society all segments must speak out for their interests, so that the democratic process will operate to select the best course of action. What would surprise the public, we believe, would be the failure of business to speak out on issues that greatly affect its ability to thrive.

*Ought the corporations' objective be to present balanced and objective presentations of complex issues or to present just the corporate side as a means of combating adverse criticism from the government and the press?*

**Sethi:** Most corporations defend one-sided presentations on the grounds that the news media provide ample coverage to corporations' critics; that it is not feasible or desirable to expect corporations to present their opponents' viewpoints;

and that the information balance is effected in the marketplace of ideas, where different groups present their cases. These arguments are only partially true. News media can never cover a story to the satisfaction of every group that might be the subject of public criticism. The corporations' charge of inadequate coverage by the media is generally confined to some liberal newspapers, for example, *The New York Times*, and to the broadcast media. However, a similar argument can be leveled by corporations' critics against such business-oriented news media as *The Wall Street Journal*, *Barron's*, and *Business Week*.

Nor do the corporations do a satisfactory job of explaining even the general business viewpoint in a manner that is informative. With few exceptions, issues are presented with catchy headlines and simple messages. The primary emphasis is on reinforcing the sponsors' positions and on seeking support for the established business interests, which may not necessarily be good, either for the economy or for society.

**Schmertz:** One of the major reasons for the growth of advocacy advertising has been the failure of the media to cover complex issues fully and accurately. Most journalists don't have the time, the ability, or the resources to do so. It is that lack—not a liberal or conservative bias, but a bias toward simplification and distortion—that cries out to be corrected by advertising programs.

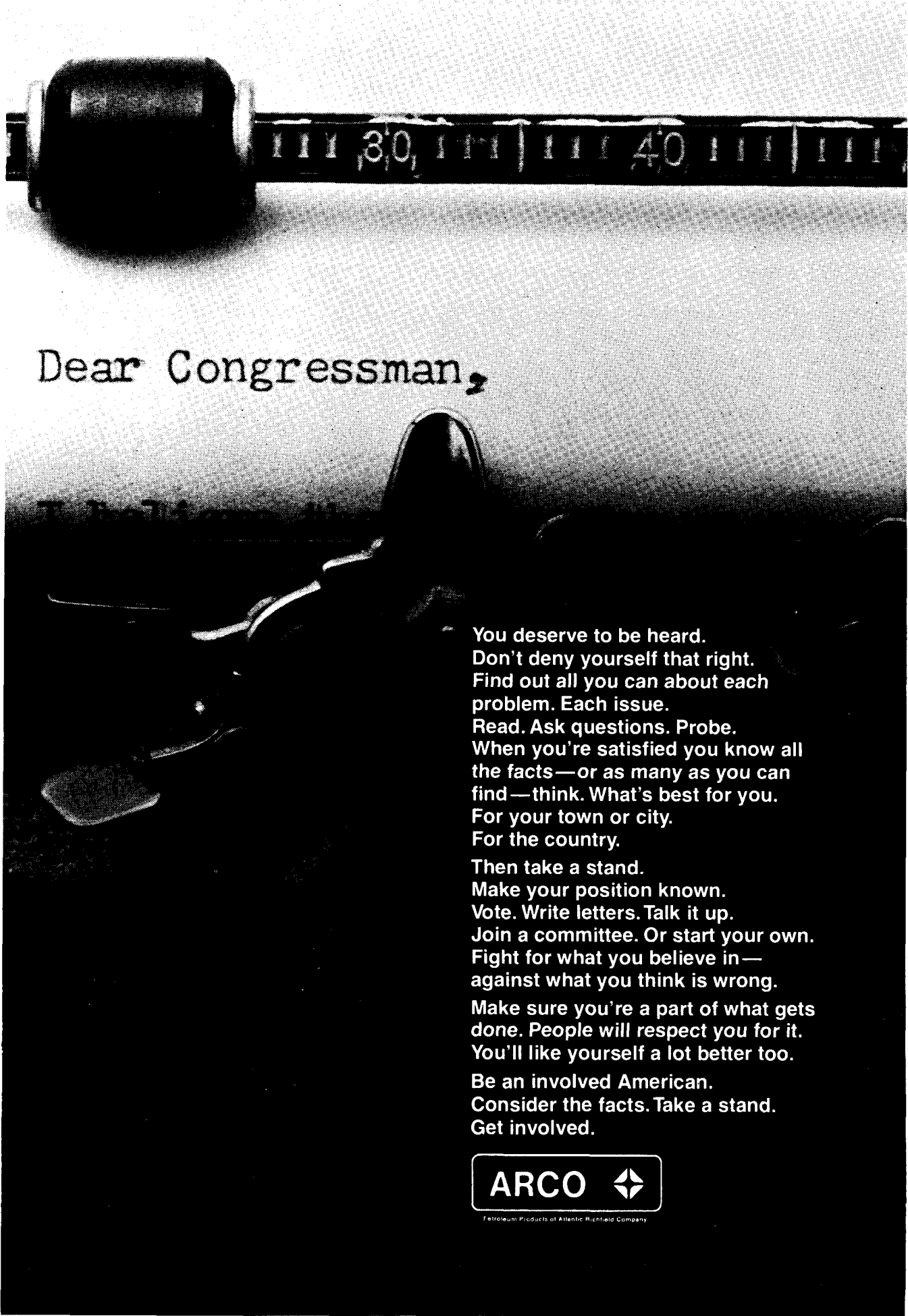
Companies knowledgeable about current issues can lead in the attempt to explain them and thereby stimulate debate about them. They should not go on to conduct the debate by arguing both sides.

*Is it possible that the corporation's right to speak freely will be abused because of paid access to the media? Are any safeguards necessary to ensure objective and balanced presentations? Is there a need to promote the opposing viewpoint? If so, how might it be done?*

**Sethi:** No system based on free expression can be totally protected from abuses and excesses except by total prohibition, which is self-defeating. It is a democratic imperative that we foster the widest possible exchange of ideas and expression of viewpoints. The diversity of the news media ensures that a rough equity exists in the public communications space.

Corporations argue that paid advocacy advertising would not change this balance but would instead restore it. This argument doesn't stand up. Journalists and reporters cannot be expected to counteract each and every point made by the corporations in advocacy ads. To do so would be tantamount to allowing the advertisers to determine the agenda for what will be reported in the media. Thus, a significant increase in the use of advocacy advertising could likely have the cumulative effect of denying other viewpoints adequate access to the media.

Critics have argued that this type of advertising should be subject to government regulation and that corporations should be required to substantiate their claims or provide proof of the accuracy of statements made in their advertisements. I believe this is highly undesirable and should be strongly resisted. Since advocacy advertising deals with



Dear Congressman,

You deserve to be heard.  
Don't deny yourself that right.  
Find out all you can about each  
problem. Each issue.  
Read. Ask questions. Probe.  
When you're satisfied you know all  
the facts—or as many as you can  
find—think. What's best for you.  
For your town or city.  
For the country.  
Then take a stand.  
Make your position known.  
Vote. Write letters. Talk it up.  
Join a committee. Or start your own.  
Fight for what you believe in—  
against what you think is wrong.  
Make sure you're a part of what gets  
done. People will respect you for it.  
You'll like yourself a lot better too.  
Be an involved American.  
Consider the facts. Take a stand.  
Get involved.

**ARCO** 

Petroleum Products of Atlantic Richfield Company

ideas and viewpoints whose validity can be proved only in the future, no scientific proofs can be designed to verify their accuracy. The record of regulatory agencies such as the Federal Trade Commission has been less than satisfactory in certifying the content even of product advertising. It is highly doubtful that a regulatory mechanism can be devised to check into the soundness and accuracy of idea-oriented communications without seriously transgressing the constitutionally guaranteed freedom of speech.

The best alternative is to provide a mechanism of procedures and rules that would ensure adequate media access for different groups, without regard to their financial resources. The corporations' contention that their opponents already receive greater media attention is quite irrelevant for this purpose. The most vocal corporate opponents neither may be representative of bodies politic nor may they have economically and politically feasible alternatives to offer. The emphasis should be on providing access to groups and viewpoints that offer alternatives to those advocated by the current business establishment. *These alternatives are not necessarily antibusiness but might advocate a different way of doing business.*

To accomplish this, I propose the establishment of a National Council for Public Information (NCPI). Major corporations and business groups could support NCPI by allocating funds equal to, say, between 25 and 50 percent of the amount spent by them on advocacy advertising. The news media could provide a proportion of the space they would ordinarily allocate to public service advertising. The NCPI would be governed by a board of directors composed of eminent persons, including corporate executives with a national record of public service; it would entertain proposals from different groups for launching media campaigns and would fund these proposals according to some predetermined criteria.

A policy of supporting public expression of alternative viewpoints is *not* contrary to the corporation's self-interest. Instead, it should help in the development of a company's policy-planning process and also should contribute to its public credibility. Such an approach would also broaden the scope of viewpoints represented in public service advertising. It would also indicate a willingness on the part of the news media, especially the electronic media, to experiment with new formats.

**Schmertz:** Thomas Jefferson said, "For God's sake, let us freely hear both sides!" We would amend that to, "Let us freely hear all sides." We believe that other than libel and slander laws, it would be disastrous to apply any thought control constraints to the presentation of views and opinions. If we are wrong, the press can—and will—quickly inform the public.

In our opinion, it is the media's job to be sure the public hears all sides. Unfortunately, the media deny access to many sides—sometimes to us. In order to redress this imbalance, we have resorted where we can to paid advertising. But the ability to pay doesn't provide access to the media. Television, for example, is the medium through which most Americans get a great deal of their news, but networks will not sell time for the discussion of controversial issues of public importance.

The idea of "protecting the public" by limiting the right to

speak on important issues is really a thinly disguised attempt at thought control.

*What are the long-term implications of large-scale advocacy advertising backed by the multimillion-dollar budgets of large corporations and powerful industry groups?*

**Sethi:** Advocacy advertising can become a cutting edge in further opening the process of public information. It can contribute to improved understanding on the part of the public of what can be reasonably expected of business in fulfilling society's expectations. My analysis of most current and recent advocacy campaigns, however, leads me to conclude that advocacy advertising, as it is being currently practiced by major corporations and industry groups, with some notable exceptions, is of *largely questionable value and of doubtful effectiveness* on economic, sociopolitical, and ideological grounds. Also, its prolonged and expanded use poses serious problems of media access for alternative viewpoints, of further escalation of the war of words among various groups and of hostility toward business. Nevertheless, advocacy advertising can serve a vital function in broadening the area of public debate on issues that are socially important but that have been hitherto confined to academic journals, legislative corridors, and committee rooms.

Even if one were to concede that much advocacy advertising is one-sided, it is nonetheless true that such advertising may elevate the level of open discussion by stimulating critics to respond in a manner that is less rhetorical and more factual. Similarly, it may also help business by making sure that its views are given a fair hearing and by enabling it to adapt in a rational manner to the changing sociocultural environment.

None of this, however, will come to pass if considerable restraint is not exercised by business in the use of advocacy advertising. In the event that large corporations do not embrace change and are content to favor partisan propaganda in their public communications, the consequences could affect every aspect of our society. It will not reduce the scope of conflict between business and its critics, but enlarge it; and it will not contribute to the quality and diversity of public information, but worsen it. The resulting public antagonism may express itself through greater government restrictions on the conduct of business than are necessary or desirable. Business will then have no one to blame but itself and will, predictably, buy more ad space to bemoan public ignorance, media hostility, and political opportunism!

As for the critics, they will be doing society a disservice if they label all advocacy advertising undesirable and against the public interest. In a climate of mutual distrust and name calling, the critics cannot claim to represent any larger public interest than their own or to be interested in hearing viewpoints that are not variations of their own.

**Schmertz:** First let me point out that this question is loaded with prejudicial buzz-words, so let's change the question to: What are the long-term social and political implications of widespread educational programs that discuss vital national issues, as presented by large consumer-oriented corporations and industry groups whose views the press largely either ignores or distorts? The answer is, a more informed public that is better able to make rational judgments. ●

# Too many ads like this start out pointing with pride, but wind up pointing the finger.



Being in business, we naturally believe in competitive enterprise.

Just as naturally, we think everybody should. So each year, the business community invests more money in ads that point with pride to the accomplishments of business and the competitive enterprise system within which it operates.

When we find that our story isn't getting across, we tend to blame the other guy. We point the finger at government. At the media. At educators. At young people.

At everyone, in fact, except ourselves.

Yet business is as much to blame as anyone else for the anti-business mood of the public.

When we're not busy talking to ourselves, we're trying to arm-twist people into accepting the one-sided proposition that there's nothing at all wrong with the way

our system works.

We're also inconsistent.

We rail against government regulations, for example.

Except regulations to protect us from foreign competition.

We oppose government handouts.

Except handouts to rescue a company (or even an industry) from its own mistakes.

Unfortunately, people see these inconsistencies. They no longer accept on faith the traditional business defense of business. They don't really believe us any more.

Since survival of our system depends on the credibility of business, we think it's time to stop pointing the finger.

And time to try a totally new approach: Candor.

We hope it catches on.

Pennwalt Corporation, Three Parkway,  
Philadelphia, Pa. 19102.

**For 126 years we've been making things people need—including profits.**



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# TRUTH OR CONSEQUENCES

by David Finn

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**D**O BUSINESSMEN tell the public the truth? Like most people, they do most of the time; but sometimes they don't. And since one falsehood can poison a dozen straightforward truths, there is a widespread impression that deception is the rule rather than the exception in the world of business. The comparatively low esteem in which businessmen are held makes it clear that their honesty is generally in doubt. And those who think businessmen do not tell the truth are probably convinced that public relations advisers are the specialists in dissimulation who help businessmen fool the public. "Public relations" and "truth" are considered antonyms.

Paradoxically, public relations people believe that their job is to help management tell the truth as straightforwardly as possible. Their reputation suffers, however, when they exaggerate their clients' virtues and minimize their faults. For the most part, both businessmen and their public relations advisers know that truth is easier to communicate (and is certainly more credible) than falsehood. But there are times when, despite the most rigorous and self-critical public relations thinking, telling the truth is not so easy. The pressures to do otherwise can be considerable.

A common trap for the businessman trying to be honest is the selling process. Indeed, the most blatant untruth I've seen in business was invented by a public company as a means of beating out a competitor. Fortunately, the plan was stopped at the eleventh hour. There is no record of it today except in the memory of the people involved.

What happened was this: A major company in the consumer goods field decided to stage a dramatic unveiling of "a revolutionary new product" being introduced to regain for the company the position it had lost to a competitor. On a Wednesday night, top management decided to introduce this "new" product through a massive advertising and public relations campaign to be launched in approximately 50 markets within five days.

But the data were very thin. There was no information on how the product had been developed, how long the research on it had taken, or what test results were available to back up the performance claims. The project was described so guardedly and with such an air of mystery that the writers began to doubt whether there was any truth at all to the claims made about the supposedly new product. The suspicion grew that the campaign was entirely fictitious, just a marketing strategy to dress up the old product in new claims as a means of regaining its competitive position.

On Saturday afternoon, the project was abruptly aborted. All copies of press releases and all proofs and plates of ads were meticulously collected and destroyed. The newspaper space was canceled. The product was abandoned; and a few days later the chief executive officer resigned. Clearly, the whole plan—which, fortunately, he (or somebody) decided to abandon—had been a last-ditch effort to save himself.

The history of business is, of course, filled with false product claims. These have diminished in recent years with increased regulation of truth in advertising, but there continue to be many instances in which producers of competitive products that are in fact identical spend great amounts of money to persuade the public they are different. It seems likely that the selling mentality that dominates business life still carries businessmen to the limits of truthfulness, if not a shade beyond.

Another serious problem crops up when a product is under attack by a consumerist or an environmentalist and the manufacturer is determined to prove the criticism wrong. The problem can become incredibly complicated, involving the conflicting opinions of scientists, the threat of lawsuits, the prospect of heavy capital investment to change manufacturing processes, the danger of job losses, a negative impact on the financial community and the market price of the company shares—even the possibility of a takeover of management.

In one case I knew at first hand, a company's executives were upset by a "crackpot" article in an obscure journal that condemned one of its major products as harmful to health. The company's management recognized that if the story spread, it could affect the economics of the entire industry. Major executives of the key companies concerned agreed to form a special committee. Hundreds of thousands of dollars in executive time and counseling fees were spent over a period of weeks to determine the industry's response.

The lawyers wanted the industry to say as little as possible lest it jeopardize future legal action. The public relations people wanted the industry to be outspoken and forthright, to make it clear that the public interest and health were being given the highest priority. The company executives thought a strong statement about the "scientific proof" of the healthfulness of the product would be a good compromise.

The public relations people believed the "scientific proof" to be unconvincing; they suggested that the objective opinion of highly regarded and independent authorities be sought and that further research be conducted. This idea was tabled for the moment as "long-range" while the "immediate" problem of developing the strongest possible statement about the prod-