the unconditional within the ambiguities of a social situation.

The guarantee that the authentic religious tradition of Catholicism will not be absorbed by the forces of social idolatry is to be found not in the wealth, the organization and the massive social power of American Catholicism, but in the prophetic witness of a Dorothy Day, with her total opposition to all that Americanism means for the Committee on un-American Activities; and in the stream of young men entering the purely contemplative monasteries that are now springing up like mushrooms all over the U.S., offering their ascetic challenge to the affluent society.

The Strange Ethics of the Organization Man

WILLIAM F. KENNEDY

The moral sensibilities of Americans have received many shocks in recent years on disclosures of misbehaviour in the worlds of entertainment, labour, and government. The discovery that ethical practices were no better in some of the most highly regarded of the large corporations gave public opinion a far heavier jolt. In February 1961 Judge Ganey, in the Federal court at Philadelphia, pronounced sentence on the leading corporations in the electrical manufacturing industry and their executives found guilty of violating the antitrust laws. He imposed fines totalling $1,924,500 and handed down seven jail sentences and twenty-four suspended jail sentences. Never before had so many highly placed business executives been marched off to jail. By the usual standards they were good men, most of them family men, pillars of church and community, who had won success by years of hard work. Among those who went to jail was George Burens, father of a family of four children, whose career to this point had been another Horatio Alger story. He had risen to a vice presidency in the General Electric Company with annual compensation of $127,000 from his first position with the

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company at age fifteen as a stockroom boy paid 33 cents an hour.

Corporate failure, though less dramatic than individual failure, was perhaps more unexpected. Just a few months before the grand jury began its investigations, the chairman of the board of General Electric had testified before the Kefauver subcommittee that his company was pursuing a vigorous policy of compliance with the laws and quoted a distinguished jurist who ranked General Electric as the No. 1 example of companies which had made earnest efforts to live up to the antitrust laws. The company boasted of surveys showing that it stood first in public favour among all industrial companies. Yet in the final sentencing General Electric received the highest total of fines, $437,500.

Something was wrong with the state of corporation ethics, but what it was could not be clearly determined for there was no public trial at Philadelphia. The companies and individuals avoided the washing of their dirty linen in public by pleading guilty or *nolo contendere*. To meet the lack of public information, the Kefauver subcommittee on antitrust and monopoly called the principal figures in the cases to testify. The testimony and other relevant information was published by the subcommittee in August 1961 in two volumes comprising about 1,500 pages.

The basic ethical issue in these cases appeared to be simple and clear-cut: that corporation executives should obey the fundamental laws of the state and the basic policy directives of their corporation. In the 1,500 pages of the Kefauver report only one executive of the hundreds who must have faced this problem over the years is identified as having made the forthright decision to sacrifice his position rather than violate the laws of state and corporation. The man was Walter F. Rauber, formerly a manager of marketing of switchgear for General Electric. His story was revealed only as an incident in the testimony of Clarence Burke, one of the General Electric executives who was convicted and dismissed by the company. When in 1951 Burke was offered promotion to manager of marketing of the switchgear division, he was told by his new boss, R. F. Tinnerholm, that the man he would replace, Rauber, 'was so religious that since he had signed this slip of paper saying that he would observe the policy of 20.5, that he would not talk with competitors, so he was not broad enough for the job and that they would expect me to be broad enough to hold down that job.' (20.5 identified the policy directive of General Electric ordering all employees to comply with the antitrust laws. The substance of it was first adopted in 1946. The directive was re-issued at intervals over the years accompanied

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by an affidavit of agreement to comply, which the employee was required to sign and return to the legal department.) The singular behaviour of Rauber aroused little curiosity. Senator Kefauver asked a few questions about him and Burke replied that he was retired from the company and was now living in Philadelphia. But no statement of his views or experience is included in the voluminous record.

The ethical behaviour of the corporation executives considerably substantiated the forebodings of two popular works of some years ago: Whyte's *The Organization Man* and Riesman's *The Lonely Crowd.* Whyte contended that the predominant ethical climate in organizations no longer possessed the sense of value and dignity of the individual deciding upon and doing what he thought was right. Personal decision was replaced by the 'Social Ethic' of doing what the system thought was right. Riesman described it as a shift from the 'inner-directed' to the 'other-directed' man, who could be visualized as sending out radar signals to determine what others thought of him and conforming his behaviour to the signals received back.

'The organization man' was so apt a description of the ethical behaviour of the executives involved that the Court and the public generally would tend to assume that another implication of the concept was correct, that the Social Ethic guiding upper middle managers had been set by top management of the larger corporations. The leadership of Westinghouse and General Electric vigorously denied this. Counsel for the General Electric Company argued before the Court: 'I cannot accept that an employee living in this company, as an "organization man," was required to engage in conduct directly contrary to that on which he was repeatedly and exclusively instructed by the highest authority in the company.' Counsel could cite Policy Directive 20.5, the affidavits signed by the executives, numerous oral statements by the 'highest authority,' and failure of the government to produce probative evidence against top management. If the contentions of counsel were correct, the ethical behaviour of the executives in the conspiracy was much more complicated than the concept 'organization man' allows. The organization man is supposedly so loyal to the organization that he sells his soul to it, but these men were disloyal to the organization to the point that some went to jail. To what were they loyal? What was the source of their Social Ethic if not the corporation for which they worked? Or was this disloyalty only feigned and corporation policy merely window dressing?

These are the most baffling questions raised by the cases, and the

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lengthy investigations and hearings of the Kefauver subcommittee have not clarified them much. Judge Ganey and Senator Kefauver found it incredible that top management, most of whom had risen through the ranks, could be so ignorant of the realities of the industry as not to know what had been going on for years in their own houses. Judge Ganey stated: 'One would be most naive indeed to believe that these Violations of the law, so long persisted in, affecting so large a segment of the industry and finally involving so many millions upon millions of dollars, were facts unknown to those responsible for the corporation and its conduct.' Senator Kefauver directed a similar charge to Mr Cordiner, chairman of the board and president of the General Electric Company. 'It is hard to understand how you, in sales and in executive positions, did not find out and know about, or were not put on suspicion about, these meetings with competitors until so late in the game, particularly in view of the fact that others less active of mind and less well paid, with less responsibility, who were in engineering or financing, seemed to have found out very early in their career with either Westinghouse or with General Electric, and they knew about it.' These interpretations reflect the generally held view that those in control of a corporation are able to enforce their will on those below them in the hierarchy, and that they would hardly fail to do this in matters so vital to profits as sales and price arrangements. Yet there is something to be said for top management's claim of innocence.

In the first place, government attorneys, despite strenuous efforts, were unable to secure conviction of a top executive of the two leading corporations. At one point they had grounds for hope of such a conviction. They were informed by four indicted General Electric executives, divisional manager Burens and departmental managers Burke, Hentschel, and Stehlik, that Vice-President and Group Executive Vinson had met with them in dining room B at Philadephia and instructed them to meet with competitors. Vinson denied that such a meeting had taken place. The four took and passed the F.B.I. lie-detector test; Vinson, on advice of counsel, refused to take the test. Buoyed up by the hope of a major conviction, government attorneys and F.B.I. men checked all possibly useful documents and witnesses within and without the company. At the end of the investigation Vinson's story still stood up, and government attorneys informed the judge that they could not 'argue convincingly to a jury of Vinson's guilt.'

Furthermore, the claim of innocence of top management is not inconsistent with the whole picture of the conspiracy that gradually

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emerged as each participant told his story before the Kefauver subcommittee. They revealed that the conspiracy included important elements of secrecy, that efforts were made to erect some kind of wall of separation between its leaders, upper middle management executives, and their superiors, the top executives of the larger corporations. Secrecy was sought by such devices as not showing the company's name on the hotel register, not eating together in the hotel dining room, showing a different city than the one where the meeting was held on expense accounts submitted to the company, and using code names and a colourful jargon for the conduct of business. Witnesses even admitted lying to company lawyers during the preliminary investigation made by the General Electric Company.

The conspiracy built a wall around itself but how complete a separation from top management this secured is not clear. Those in the conspiracy tended to feel that their superiors, although not directly involved, had general knowledge of what went on, while their superiors disclaimed this of their associates, even to the point of admitting that they must have been 'pretty damned dumb' or 'naive.' Communication between these two layers of management was defective. This was best brought out in the testimony of Raymond Smith, former vice president and general manager of the transformer division of General Electric Company, who had pleaded guilty at Philadelphia, and in the testimony of Arthur Vinson, his immediate superior. Smith testified that it was his practice to come to New York, meet with his competitors in the morning, and with Vinson in the afternoon. He would make casual remarks to Vinson such as 'I had had a meeting of the clan,' not going into any details because he felt that the message had gotten through. Vinson testified that 'this meant nothing to me.' If Smith referred to the 'boys,' Vinson interpreted it as meaning their own sales people and customers. There were further differences of interpretation of a meeting between the heads of Westinghouse and General Electric which occurred at an Edison Electric Institute meeting in Boston in 1958. The new president of Westinghouse, Mark Cresap, Jr, accompanied by Mr Monteith, met the new president of General Electric, Robert Paxton, accompanied by Vinson, in a hotel room. Vinson later gave Smith his impression of the meeting which he testified was to the effect that Mr Cresap would bring a more businesslike approach to Westinghouse. Smith interpreted the comments as a signal to meet with his counterpart in Westinghouse and attempt to reach agreement on prices of transformers, which he did on that same day.

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In the hearings Senator Carroll pointed out to Vinson that 'Mr Smith, an old, experienced, corporation executive, left that meeting with the impression that he was told to go ahead and begin to negotiate with his competitors. That is his testimony.' And Vinson replied: 'That is his testimony. I did not leave him that impression, to the best of my knowledge.' These two witnesses did not appear vindictive or antagonistic; they were not abusive of each other. Vinson regarded Smith as 'a very intelligent and capable man, and if he got the impression from those few comments I am sure that it was a completely erroneous impression, and rather strange that had I been in on this that there wouldn't have been an open and detailed discussion of what we were going to do.' Smith conceded that the nature of the organization and its accepted procedures left room for mis-impressions; he merely passed information on to his superior, who could, if he found it necessary, ask for more details. Smith noted, however, 'I never got the impression that he misunderstood me.'

The testimony before the Kefauver subcommittee failed to establish clear-cut links between the conspiracy and top management, but it did succeed in clarifying other aspects of the organization of conspiracy. The organization varied from product to product, but in each case existed within the larger corporation as a sort of foreign body or parasite. Thus the organization in each product line was an entity of its own, a sub-organization enjoying an existence largely independent of the large corporation within which it took shelter. Its vitality did not suffer even when key figures were removed by death or transfer from the area of its activities; replacements of personnel made from above were easily absorbed. Uncooperative individuals in key positions posed no serious problem; the solitary example of independence, Walter F. Rauber of General Electric, was quietly but efficiently liquidated by the sub-organization.

The birth of the sub-organizations is somewhat obscure. One witness testified to attending meetings in 1919; most witnesses placed the beginnings in their product lines back in the early or middle thirties, so that when they came to positions of responsibility, the organization was already 'a way of life' or 'the order of the day' in their words.

The conspiratorial sub-organization, unlike the corporation within which it existed, was not financially self-sustaining. Its financial needs, largely travelling and other expenses of conducting meetings, were drawn from the corporation in the form of expense accounts submitted by the participants. Again, unlike the corporation, the sub-organization had no legal or administrative status; it did not appear on organization charts. If it had, it would be pictured as horizontal, cutting across the vertical lines of the individual company structures on an industry-wide product basis.

This kind of sub-organization within the corporation is a new phenomenon which students of organization and corporation theory have not taken into account. If the biological and ecological analogies which K. E. Boulding applies in *The Organizational Revolution* are applied to the sub-organization, it can be described as a parasite whose host is the corporation. The sub-organization is like the cuckoo, which having lost its instinct for nest-building, deposits its eggs in the nest of a host species.

The sub-organization must have contributed something valuable to its members in exchange for their loyalties or it could not have survived so many years under its legal, administrative, and financial handicaps. President Cordiner of General Electric ascribed two motives to the participants: the desire to be 'Mr Transformer' or 'Mr Switchgear' and thus 'have influence over a larger segment,' and preference for a lazy way of doing business. That so unglamorous a figure as Mr Switchgear should appear in the dreams of glory of the well-paid executive points to the low level of his psychic income. Elton Mayo's experiments with production workers showed they were responsible more to human attention and appreciation than to better pay and working conditions. Perhaps his findings are applicable to much higher levels of corporate life.

The sub-organization offered better satisfactions than the hope of being Mr Switchgear; it offered the realities of a human community. A marketing manager in a large corporation was in many human ways closer to his counterpart in a rival company than to his company superiors located at executive headquarters. The managers thought of themselves as field generals on the battle line; their superiors were desk men doing paper work in the executive suites. Managers Burke and Burens revealed by their testimony that they were well indoctrinated in the management policy of their company, the 'one over one system' of General Electric, whereby one dealt with his direct superior and no one else. This was the real line of transmission of policy for them. Yet, as Burke complained, Directive 20.5 was never transmitted by this system. 'All they did was to issue that policy, and send to us through the mail from the legal side of it, which was an advisory side, not a line of command side, and ask us to sign it.' In contrast, the sub-organiz-

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ation offered contact with human beings who were most like themselves, who shared not only the same socio-economic conditions and backgrounds but the same set of worrisome business problems. Stronger loyalties were called forth by human realities than the pieces of paper of top management.

The line of separation between top management and their field generals was deepened by being also the line of division on policy formation. Company policy was set by top management; and there is no evidence from either side that product managers who best knew the realities of pricing and selling were ever consulted in the formulation of policies on these problems. Many witnesses expressed dissatisfaction with the actual operations of the antitrust laws. For them the 'white sale' that began in 1954 was 'cut-throat competition' that demoralized markets and sent prices down to one half of book prices. They recognized that their responsibility for sales and prices affected output, employment, and the financial health of their companies, but their legitimate authority did not extend to doing anything about policy, not even to making suggestions to the makers of top policy. Lacking legitimate authority, the managers asserted the illicit authority taken over by the sub-organization and supported its social and economic philosophy of administered prices and output in opposition to the openly declared policies of the larger corporations. The managers were ill-equipped for exercising the authority they had assumed. They had been selected for their positions largely on the basis of technological and engineering knowledge. Most of them had engineering degrees and had little or no education in economics, law, history, or social philosophy.

The companies have now undertaken extensive reform programmes to prevent recurrence of antitrust violations. They are likely to succeed if for no other reason than the tremendous impact that the cases have had on their employees. According to the testimony, the impact came from the sudden and vivid realization that the antitrust laws include criminal provisions by which an executive can be sent to jail. Judge Ganey, by imposing a few jail sentences, has become one of the great revitalizers of the antitrust laws.

The reform programmes of the Westinghouse and General Electric companies proceed on the principle which Boulding in his study of *The Organizational Revolution* called 'the growing efficiency of coercion.' The demonstrated power of dictators to control the masses has made this principle indisputable for our age. If it works in the organization of a large nation, there is no reason to doubt its continued efficacy in the corporation. Accordingly, the companies have strengthened their legal and accounting arms to pass information to the top and enforcement of the will of management downward. The aim extends beyond mere compliance with law to the effort to raise the whole plane of legal and ethical conduct in the corporation .

The main defect of the programmes is that they were formulated without giving consideration to the nature of the conspiratorial organizations that flourished so long in the corporations. The chief executives persisted in their attitudes of unwillingness to make this examination throughout the persistent questioning of Senator Kefauver. President Cresap of Westinghouse summed up the attitude well when he said that he was not going to rake over the coals of the past. An attitude of unwillingness to face the facts of the past is not conducive to even raising the questions of what the problems really are. A brief examination of the organization of conspiracy suggests that there are difficult problems to be solved of the responsibilities and authority of product managers and top executives, and of the appropriate interrelationships between these two layers of management. A study of the history of this conspiracy would also raise the question whether the principle of the growing efficiency of coercion is universally applicable to all large organizations, and therefore an absolutely dependable means of reform. A countervailing principle of the growing efficiency of resistance to coercion was clearly demonstrated over many years in the vigorous life of the conspiracy.

A programme of ethical reform should draw these lessons from the history of the conspiracy. First, ethical conduct in complicated situations is related to the knowledge of the participants. Managers should have knowledge, not only of technology and engineering, but of law, economics, history, and social philosophy commensurate with their responsibilities. The president of Westinghouse has ordered 'that every management training programme henceforth cover the subject of legal and ethical conduct.' This is a step in the right direction, but a small one, for what is required is a knowledge continually used and developed in the daily tasks of the responsible manager. Second, the human relations of the manager must be improved. He should not be so isolated from his direct superior that the latter shows no interest in his methods of selling and pricing, or even in the profits he is obtaining. Finally, the combination of better knowledge on the part of the manager and closer relations with his superior imply that the manager should participate in formation of the policies affecting his area of operations that are now the sole province of top management. Raising the plane of ethical conduct requires lowering the wall of separation between these two layers of management. If the wall is not lowered, it may again become the hiding place behind which conspiracy can renew its life.

Desmond Chute, 1895—1962

WALTER SHEWRING

Stanley Spencer has left it on record how in 1916, among the miseries and the friendlessness of a military hospital in Bristol, he was suddenly aware of someone who, 'like a Christ visiting Hell', came walking down a stone passage towards him: 'a young intellectual named Chute'.[1] In April 1940, a few months before his own death, Eric Gill wrote in his *Autobiography:* 'of Father Desmond I shall say little because my love for him is too intimate, too much a matter of daily companionship and discussion and argument, too close a sharing of life and work and ideas and doubts and difficulties - the only man and therefore the only priest with whom I have been able to talk without shame and without reserve.'[2] Ezra Pound, no blind admirer of the clergy, was present at Father Desmond's funeral. It falls to me to offer some coherent account of this remarkable man, perhaps the most widely gifted of all English priests of his own time, yet one who through accidents of circumstance remained comparatively unknown. It is easy to gather recollections of him; it is hard now to convey to a younger generation the things he stood for.

He was born at Bristol on September 11, 1895, a collateral descendant of William Charles Macready, the Shakespearian actor whose surname was his own second name; his family had kept links with the stage, and still owned the Prince's Theatre at Bristol. In 1906 he went to Down-

[1]Maurice Collis, *Stanley Spencer* (1962), pp. 49-51, 67-68. Dates are confused; in 1916 Desmond was twenty.
[2]p. 209. Cf. Eric Gill, *Letters* (1947), p. 448.

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