



ARTHUR W. PAGE SOCIETY

FOUNDED 1983

JOURNAL

America In The World: Listening From The Outside In

19TH ANNUAL SPRING SEMINAR

APRIL 1-2, 2004

THE PIERRE HOTEL, NEW YORK CITY



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A SPRING SEMINAR IN STEP WITH THE TIMES

Richard Edelman, and the company he heads, have been keen observers of the global market scene. The Edelman Trust Barometer annually surveys some 1,200 opinion leaders in key world markets and reports on trust in business and government. As chair of the 2004 Spring Seminar, Edelman saw an opportunity to bring together speakers from a variety of disciplines who could provide authoritative insights about how business – and the U.S. – is perceived around the world. The Seminar theme, “America in the World: Listening from the Outside In,” quickly struck a responsive chord among the membership.

In the largest turnout ever for a Page meeting, more than 200 members and guests crowded into the Cotillion Ballroom at The Pierre Hotel to listen and participate in nine scintillating discussions that spanned every aspect of American involvement in the global landscape. “We are here,” Edelman said, “to see first-hand how America is perceived overseas...and to provide a road map for what can be done...to change our image.”



The Seminar chair, Richard Edelman set the stage for the discussions to follow.



President Tom Martin opened the meeting, welcoming a record crowd.

In his welcoming remarks, Tom Martin, president of the Arthur W. Page Society, said the Seminar theme speaks to the mission of the Society. “In fulfilling our roles as the senior public relations counsel to our respective companies,” he said, “we need to understand how we are viewed by the rest of the world. We need to be, as Harold Burson has called it, ‘the window in, as well as the window out.’ More important, we need to know how to respond strategically to the global perceptions of America and American business.”

In setting the stage for the discussions to follow, Edelman reviewed recent research that related to the Seminar agenda. On the issue of trusting a government to do

what is right, he said, the Bush administration gets reasonably good marks in the U.S. but generally unfavorable ratings from most European countries. With few exceptions, according to the Pew Research Center, America is falling out of favor around the world. Anti-American views are strongest in the Muslim world. Nations like Pakistan, Turkey, Morocco and Jordan believe America’s motives are to control Middle East oil and to dominate the world. But, as the Pew Research Center reports, consumers across the globe are cooling off in their attitudes towards America and American culture.

As some of the speakers would point out, the negative perceptions of the U.S. are based on both foreign policies and cultural differences. The bottom line is that the poor image generated by our foreign policies is having an impact on trust in American corporations operating outside of their home market.

Although there were some differences of opinion expressed in the Seminar evaluations – something that is to be expected when dealing with a very sensitive and provocative subject – the overall evaluations of the 2004 Spring Seminar were exceptionally high, indicating that the Seminar planners had delivered a very successful program.

One of the benefits of any Page Society forum, of course, is the networking opportunities that they present. And this Seminar was no exception. The gala dinner that ended the first day was attended by nearly 250 members and guests. In addition to the presentation of the Grand Prize winners in the Society's annual case study competition, the audience was thrilled by the performance of one of this country's premier dance companies, the Alvin Ailey American Dance Theater.

The Ailey dancers' closing number was entitled "Revelations." In some respects, that is what the 2004 Spring Seminar was all about.



Ann Barkelew, Kurt Stocker and Marquerite Copel were among the first to arrive.



Don Kirchoffner (center) greets Lou Capozzi and Bill Highlander as the crowd begins to build.

AMERICA AND THE WORLD – A NEW EVOLUTION OF ANTI-AMERICAN SENTIMENT LESLIE H. GELB

THE NEW ANTI-AMERICANISM SWEEPING THE GLOBE IS A BROAD-BASED DISTRUST OF AMERICA, OUR CULTURE AND OUR POLICIES; A LEADING FOREIGN RELATIONS EXPERT EXPLAINS WHY.

Leslie Gelb likes to say that he has lived in three different worlds. One world was the *New York Times* where he was a columnist, deputy editorial page editor and editor of the Op-Ed Page. In 1985, he won the Pulitzer Prize for explanatory journalism. A second world was public service where he was a senior official in the State and Defense Departments. His most recent world was the Council of Foreign Relations. He became president of the Council, a non-profit, non-partisan organization devoted to America's understanding of foreign policy, in 1993 and only recently became its *president emeritus*.



A long-time observer of American foreign relations, Leslie Gelb described the new anti-Americanism sweeping the globe.

He is, as Richard Edelman said in introducing Gelb, “the sage on matters of international relations.”

Since this Seminar used a one-on-one discussion-type format for most of the presentations, Edelman began his conversation with Gelb by asking him to explain the new form of anti-Americanism that is sweeping the world.

“There has always been anti-Americanism,” Gelb said. “It was, however, an anti-Americanism that was focused on particular policies.” He cited,



Gelb and Edelman responded to numerous questions from the audience.

as examples, Vietnam, disarmament and the Soviet Union, and, toward the end of the Clinton administration, globalization.

“What we’ve seen exploding in the last three years or so is anti-Americanism across the board,” he said. “That is...not liking our policies, not liking our culture, not liking our power, not liking us.”

The increasingly negative attitudes toward the U.S., Gelb said, are having an effect in several areas. When much of the population in countries like Germany, France and Spain are against our policies, he said, it is “increasingly difficult for the political leadership in those countries to cooperate with us on solving problems.” Anti-Americanism is also having, for the first time, he continued, “economic consequences. It’s affecting decisions abroad on whether or not to buy products associated with our country.”

Asked by Edelman how other countries are engaged with the U.S. between now and November, Gelb said that, based on his discussions with diplomats and leaders who visit this country, “most of the leadership around the world has made the decision to do the minimum necessary to work with the Bush administration” to maintain some relationship in the event he is re-elected. “In truth,” he said, “they would prefer not to see him be re-elected.”

The exception, Gelb said, is Asia in general and China in particular. “They are beginning to worry about the Democrats and Kerry,” he said, “and the protectionist rhetoric they heard during the primaries...Trade and the economy are the guts of what the Asians are worried about.”

In Europe, Gelb said, “It’s good politics to take us on, whether it’s our foreign policy or U.S. corporations. They do nothing but gain politically...by showing they are getting tough with us. My guess is, you’ll see more of this.”



UK member Dominic Fry had a question for the speaker about U.S. policy.

In fact, Gelb believes that business is facing a long-term problem where anti-Americanism will be “part of the landscape in which you’ll have to do business for the next five years.” Businesses have to figure out strategies to present themselves, he said, in a way that will be recognized by other societies as sympathetic and understanding of local concerns. “You can’t be contrary to U.S. foreign policy,” he added, but you must be careful not to get into a position where “you politicize yourself.”

Gelb said the areas of greatest anti-Americanism are, in rank order, the Middle East, Europe and Latin America. “Latin Americans feel particularly ignored and aggrieved,” he said, “by the lack of economic leadership on the part of the U.S.” They were told three years ago by the Bush administration, he explained, that expanding free trade agreements with Latin America would be a priority. “Almost all of that has gone down the drain.”

As far as Europe is concerned, Gelb said, the relationships are very complicated because “both Europe and America are now less competitive vis-à-vis Asia than we’ve ever been.” That will lead to growing economic tension between Europe and the U.S. “because in some key respects, particularly labor costs, we can’t match the Asians.”

The first question from the floor came from Adelle Galloway of PRSA who asked what the global response is to the outsourcing debate going on in this country. Gelb said the underlying fear is that it portends the rise of protectionism in American politics. “It’s not that people who worry about outsourcing will win the economic argument,” he said. “It’s that this will become part of a general dissatisfaction with the United States paying too high a price for participation in the world economy” and that both parties will try to “put restrictions on international economic activity.”

Steve Harris, Steve Harris Communications, asked Gelb to comment on what he thinks will be the reaction of the American people to the way we are being perceived by the rest of the world. Gelb said it will be determined more by events than by the rhetoric in the presidential campaign. "If things really sour in Iraq," he said, "that will be a terrible strategic defeat for this country" and "a lot of Americans will say, what the hell is this all about? Why are we doing this?" That could have a profound effect, he added, on this country and our economy.



Gelb found fault with many aspects of U.S. policy.

"The main uncertainty (today) is terrorism and (the likelihood) of a terrorist attack here," he said. "While we can't let it dominate our lives and we can't make decisions about what we're doing based on that possibility," he said, "it's there and it's a real restraint on business and economic expansion in this country."

Gelb expressed serious concerns about the security of this country. "In Washington," he said, "they are continuing to treat homeland security as politics rather than as survival." Gelb cited the fact that Wyoming gets more homeland security money per capita than any state, far more than Chicago, Los Angeles or New York where the attacks will likely occur. "Unless the country is really prepared to respond in those places," he said, "this economy will shut down like that."

A question from Steve Dishart, Swiss Reinsurance, concerned the impact of anti-Americanism on foreign-based companies. Even though they are earning most of their income from the U.S., he asked, "do they shift their focus to the places where America is losing ground?"

Gelb responded that if they are making money here, they should continue to do business here. But, he added, the place that more and more CEOs are turning their attention to is Asia, particularly India which he said will be the next big dynamic economy. "As they become more familiar with and comfortable with these markets," he said, that's where the focus will be. "But I don't think that means they will turn away from the U.S."

The final commentary came from Larry Parnell, Barrick Gold Corporation, who had recently relocated to Toronto, Canada. In Canada, he said, they are trying to figure out what it is that the United States is up to and where it's going. At the same time, there's a sense of frustration that American policies and other activities, particularly in this election year, are becoming a problem for Canada as well as the rest of the world.

Gelb said he shared Canada's frustrations. When President Bush ran for office, Gelb pointed out, it was as a uniter, not a divider; but the partisanship is far worse now than it was three years ago. "We can't begin to tackle (our problems) unless moderates from both parties come together and put country above party," he said. "There is just too much at stake. And frankly, I don't think we can take step one without that change in attitude."

AMERICA, EUROPE AND A TRIBAL MARKETPLACE

OLIVERO TOSCANI

PUTTING A LENS ON AMERICA AND EUROPE, A WORLD-RENOWNED PHOTOGRAPHER OFFERS HIS OPINIONS ABOUT HOW THEIR LOVE-HATE RELATIONSHIP CAN BE RECONCILED.

Oliviero Toscani understands the power of photography and the way photographic images can change people's minds and even rearrange the way they live and work.

Internationally renowned as the creative force behind some of the world's most successful brands, Toscani is a fashion photographer with a deep commitment to social activism. He is credited with giving United Colors of Benetton its corporate image, identity and communications strategy that included *Colors*, the first global magazine. The mission of the magazine that Toscani created in 1991 was to bring a sense of social responsibility to Benetton's \$2 billion-a-year apparel line.

His provocative and sometimes confrontational social commentary dealt with multiculturalism and global issues, including a campaign against the death penalty that sparked intense reactions. Since leaving Benetton, he has worked on other causes including a World Health Organization effort to combat smoking.

Anne Curley, Curley Communications, who introduced Toscani and shared the dais with him, told the audience that his many talents extend beyond fashion photography and ultra-edgy advertising. He is a teacher and author and, perhaps best of all, Curley said, grows olive trees and raises quarter-horses in Tuscany.

"I was invited here today by my dear friend, Richard Edelman," Toscani began, "to speak to this prestigious audience about the relations between un-Americans and America." While he made light of the invitation – "a nice joke" was the way he put it – it was soon obvious that Toscani had a serious message to deliver.



Oliviero Toscani used words and photos to build his case for overcoming cultural differences.

In the past, everybody wanted to come to America. That is no longer the case, Toscani said. He added that, because he still feels close to America, "I really put my heart into defending you" when people in Europe "talk badly about this country." Part of the problem, Toscani said, is that Europeans make the mistake of generalizing about America. "Within this country," he said, "you have the most extreme example of the lack of democracy and the best example of democracy." It's a country made up of the most incredibly different people, and yet, he said, "you manage to make them all look American."

Americans need to look deeper within themselves, Toscani said. "Instead of asking

why the world doesn't love us anymore, you should ask, do I still love myself as an American? Do I still love this country as my father" did in the '50s?

To learn to live together, Toscani said, we have to accept that there are differences. But people also need to know where they fit in. "I don't want to talk about nationalities anymore," he said. "We should be thinking in terms of tribes where people make choices about where they belong."

Social and cultural differences, Toscani said, have created "a gaping, unbreachable crack in the Earth" that is protecting the haves from the have nots and making the rich, richer. "More than 50 percent of the



His name tag matched Toscani's upbeat manner in responding to questions.



Anne Curley led the spirited discussion with Toscani.

planet has never heard a dial tone,” he said. “More than 93 percent of the world population does not have access to the Internet.”

The world is also changing demographically. “Today the world will gain another 230,000 people,” he said, “and 97 percent of those babies will be born into the developing world.” Europe is slowly shrinking. “In 1900, Europe had three times the population of Africa. By 2050, Africa will have three times the population of Europe, AIDS permitting.”

There are many inequities in the world that are not being addressed, Toscani said. Communications today, in his view, is “largely content-free and artificially flavored” like some soft drink that provides no nourishment and “has no enduring quality beyond an immediate quenchable thirst.” American TV, he said, is filled with clichés, not staple food. “And like addicts, we always return for more.”

Although he has been a creative force behind many brands, Toscani believes branding is part of the problem. “The brand is a membership card – a burning logo of ownership stamped forever in your psyche – that makes you feel part of the global club.” But brands are perceived as having more value than food or life-saving drugs. “Brands don’t feed people,” he said, “they feed from them,” appropriating indigenous culture and robbing people of their confidence in being able to survive on their own devices.

He asked the audience, “In your jobs, are you contributing to a better world, or just a better economy?” Do we have to produce more, he asked, or should we be producing better? Do we have to consume more or consume better?

Toscani believes we are “a nation of bloated media junkies, starved on the fast food of digital shopping. Our MP3 plates are overflowing and we just don’t know what to do with all that

stuff. It distracts us from thinking, which is the point of it all.”

While he has some very strong opinions about creativity, Toscani is not sure that creativity works well in industries that crave security. “Creativity needs a state of total insecurity” to flourish, he said. “When you are secure, what do you do? You do something that has already been done.”

Toscani called for a dialogue that would recognize “the whole human race as a brand with all its diversity and colors, its differences and sometimes its vetoes. It would be a brand based on respect, not power; possibility, not uniformity; trust, not numbers; love, not fear.”

In the end, Toscani said, he is confident that America will overcome the problem of not being loved. “You’ll redesign (yourselves) just as you did with a lot of things.”



A rapt audience hung on the words and visuals that Toscani presented.

AMERICA AND GLOBAL TRADE – THE LATIN AMERICAN VIEW

ROBERTO JAGUARIBE

SOMETIMES AT ODDS WITH THE U.S., BRAZIL HAS EMERGED AS A MAJOR VOICE IN TRADE NEGOTIATIONS AND A PIVOTAL PLAYER IN THE GLOBAL MARKETPLACE.

Roberto Jaguaribe is a career diplomat and senior administrator for Latin America's largest nation and strongest economy. A leader of developing countries around the globe, Brazil has made itself a key player in world trade negotiations and a growing power to be reckoned with. It is a role with which the U.S. is not always comfortable.

Currently Secretary for Industrial Technology in Brazil's Ministry of Development, Industry and Trade, Jaguaribe has represented his country in numerous trade negotiations including those involved with intellectual property rights.

The moderator for the session, Peter Debreceeny, Allstate Insurance Company, began by asking Jaguaribe to offer his perspective on the United States.

When talking about perceptions of this country, Jaguaribe said, "we are talking about two things. First are the American way of life, its culture, its expectancies of wealth and the idea of a fair deal in life, all very positive values. The other is the United States as the center of power and policy generation in the world."

In Brazil, Jaguaribe said, the perceptions are mixed. There is still admiration for the American way of life, but there has been some deterioration in perceptions regarding the power and policy role of this country. A major flaw, he said, is America's perceived "lack of interest in the outside world."

There is also a perception in much of Latin America, Jaguaribe said, "that the United States is one of the most dangerous countries in the world." Many of the dangers in today's world, he said, are seen as deriving from U.S. policies.



Roberto Jaguaribe described how perceptions of the U.S. are affecting relations between the two hemispheres.

Jaguaribe said that despite the differences between the U.S. and Brazil on many issues, both countries realize how important the relationship between the two is and they are trying to make it a good relationship.

Debreceeny asked about Brazil's role in trade negotiations, particularly in the WTO meeting in Cancun last year that came to a grinding halt, largely because of Brazil. Jaguaribe answered that trade negotiations do not deal only with trade. "The issues that are sometimes controversial," he said, "are not related to trade." He explained that a number of issues in past negotiations relate to the flexibility of each country in adopting policies that may or may not be

appropriate for their stage of development. "There is also the perception," he said, "that we are asked to give up a lot without receiving enough in return."

With the greatest economic growth in the future expected to come from developing countries, Jaguaribe said, there will have to be greater flexibility in the negotiating process by all parties before a free market can be achieved. He said agricultural subsidies have become one of the major stumbling blocks in negotiations, with Brazil and others at odds with the trade superpowers, the U.S. and the European Union.

Another divisive issue involves intellectual property. Developing countries led by Brazil have pushed for better



Tom Mattia used one of the table mikes to pose a question to the speaker.



Peter Debreceeny and Roberto Jaguaribe shared the dais for the discussion with the audience.

access to cheap medicines while the U.S. and other industrialized nations have fought to protect their pharmaceutical patents. Jaguaribe said, "I don't believe intellectual property will be one of the centerpieces of the negotiating process which is underway" but he hopes there will be more flexibility and balance in intellectual property agreements in the future.

Jaguaribe said Brazil tends to be very inward-looking and very introspective so that the need for competitiveness and innovation was not always recognized. "That is changing," he said, noting that Brazil is getting involved in outsourcing and other global dynamics. Brazil also has a long history of being open to foreign investments, with the U.S. being a major partner. Of the 500 largest American companies, he said, more than 430 are doing business in Brazil.

Relations with the U.S. are very important, Jaguaribe said, particularly "the recognition on the part of the United States that Brazil can play a significant stabilizing role in the region."

Tom Mattia, Electronic Data Systems, asked how the rest of the world can get the U.S. to be less insular and more open to the concerns of others. Jaguaribe replied that he doesn't think the rest of the world can influence America to any extent. "It's your internal perceptions" that will have to "lead to eventual modifications in the policies that are being undertaken," he said. "I simply perceive that you are hitting a difficult relationship with the rest of the world," adding, "Pursuing specific individual political enterprises without relevant international support is very difficult."

Asked by Debreceeny what role the press plays, Jaguaribe responded that the distinction between how Americans perceive themselves and how the world perceives America "has a lot to do with the extremely well-behaved press that there is in the United States." Because the press "very much



During the break, Jaguaribe fielded more questions, this one from Michele Murad who was a guest at the Seminar.

follows...what is official policy," he said, it is difficult for Americans "to perceive reality as seen from the outside."

As an example, Jaguaribe said, "What the press in Europe says about the Middle East or Iraq" is markedly different "from what the press in the United States says about it." There is a gap in perceptions, he said, because of "the lack of aggressiveness" by the American press. "In my country, it's common practice to criticize everything, every time."

In wrapping up the discussion, Debreceeny asked if there was a possibility of rivalries within Latin America in the same way that the U.S. has in a more global context. "The differences between Brazil and its major neighbors," Jaguaribe said, "is much less relevant than the differences between the United States and Mexico or Canada in terms of the size of the economy." As the largest country, he said, there is "a natural understanding that Brazil...tends to push South America in one direction or another." But, he added, Brazil has a very close relationship with its Mercosur partners, especially Argentina, the second largest economy in South America.

Jaguaribe was also quick to point out that trade negotiations are underway with India, China and South Africa, countries that tend to have like-minded views on a number of issues. "We have to pursue cooperative tactics in trade negotiations," he said, "because we are much weaker, both in terms of economy and negotiating capacity, than the United States or Europe."

As far as relations with the U.S. are concerned, Jaguaribe said "You have to take a very pragmatic approach. There are many common interests between Latin America and the United States that you cannot just relate to the (current) administration." Brazil's approach is "to maintain the highest level of relations possible," he concluded.

AMERICA AND NGOS – INCREASING INFLUENCE, DIVERGING AGENDAS?

IRENE ZUBAIDA KHAN

WHILE GLOBALLY BASED NGOS HAVE DIFFERENT AGENDAS, COLLECTIVELY THEY ARE A POWERFUL FORCE THAT BUSINESS NEEDS TO TAKE SERIOUSLY

Non-governmental organizations come in all shapes and sizes. They range from business association and environmental NGOs to those concerned with health initiatives and human rights. While UN Secretary General Kofi Annan has called NGOs the “conscience of humanity,” others consider them unrepresentative and meddling elites. One thing is certain: They are becoming a growing power around the globe with governments in many Third World countries viewing NGOs as indispensable partners.

One of the best-known NGOs is Amnesty International, currently headed by Irene Zubaida Khan. She is the first woman, the first Asian and the first Muslim to guide the world’s largest human rights organization, and she explained to the Spring Seminar audience why NGOs should be taken seriously.

“There are as many different NGOs as there are companies,” Khan said, and they represent a huge diversity of global policy concerns. There is “a general feeling of deep distrust” between business and NGOs and “a real dividing line” between how each side views corporate social behavior. “We



Irene Khan explained how she is bringing a new human rights perspective to Amnesty International.

need to break down the barriers,” she said, so we can begin to think differently about each other.

Asked by Ken Banta, Shering Plough, the moderator for the session, how companies should respond to NGOs, Khan replied that most companies “tell me, human rights are not our business.” That is wrong, she said. The fundamental concepts of business are also the fundamental values of human rights. “And yet,” she added, “there doesn’t seem to be a full understanding of how important these issues are to business and how important they are to American business.”

Globalization is an issue that affects Amnesty International in different ways. “We don’t condemn globalization,” Khan said. “We don’t support it. We accept it as a reality and we look to see what impact it has on human rights.”

On the other hand, AI views the globalization of terror as impacting both human rights and business. “It’s very important,” Khan said, “for business to recognize that what happened on 9/11 was not just an attack on the World Trade Center and not just on America. It was an attack on big business everywhere.” In the new world, “global business has become the soft underbelly” in the war against terrorism.

There is another aspect of globalization, Khan said, when you look at it from the inside out. You have to understand what it means in Latin America or Asia when “big agricultural companies move in and small peasant farmers are pushed out on the fringes.” Or when companies squeeze the supply line to keep prices down, “how does that affect the poor textile workers in my



Ken Banta led off the discussion with Khan about the emerging role of NGOs.

country, in Bangladesh, who are working there?" Yes, there are benefits to globalization, she said, but if local communities are hurt or workers are marginalized, they "have not benefited."

Khan, who studied international law and human rights at Harvard Law School, believes you can make a business case for human rights. "When business fails to actually see it as an issue of risk management," she said, "that's where problems start." The rights of companies operating in a country where the justice system is corrupt or doesn't work are not protected either, she explained. And when you are operating in a combat zone, relying on a government's armed forces to protect your plants, "you're exposing yourself. So it's in your best interests to protect human rights as well as your



Khan made a strong case for business involvement in stopping crimes against women that are widespread around the world.

own interests." Khan replied that Amnesty had just launched a global campaign to stop violence against women. "We're going to be looking at laws, at the political and judicial damage caused by violence against women," she said, "but a major part of our campaign is going to be about changing people's attitudes toward this violence."

Every year, Khan said, about one billion women, or one in three women around the world, face serious acts of violence. "This is something in which we would like to see business taking a very active role," she said, "supporting programs in their own communities or even in their own companies." This is not an issue where you can stand on the sidelines.

Khan acknowledged that it is difficult to engage with NGOs who are at the extreme end of the activist scale. "But," she said, "I think you should engage with those who are ready



Speakers also became participants at the Spring Seminar. Here, Oliviero Toscani puts a question to the Amnesty International chief.

and willing to engage with you. And the vast majority of NGOs would like" to build relationships with business in order to achieve greater credibility for change. That, however, is a long-term process, she added.

In the past, Khan said, NGOs were working as single institutions. More and more, they are moving toward networking and this has made their campaigns more powerful. "It's also an opportunity for business," she said, "to send your message across the system," providing you are in a dialogue with the NGOs.

To attract funding, Khan said, NGOs have to convince their donors that they are a good investment. "And that means showing impact," she said. "That means running ourselves well. It means being accountable."

Turning to the Iraq situation, Khan said Amnesty International did not take a position on the legality of the war but they were very vocal about the impact that military action was having on the people. "There has been a lot of reprisal killings and human rights abuse within the Iraqi community," she said, but also abuses by the occupying forces "in terms of detaining people, torturing them and beating them."

In answer to a question from Larry Thomas, The Irvine Company, about women's rights, particularly in Iraq and Afghanistan, Khan said that she personally thinks the women's agenda has been badly manipulated in the two countries. In Afghanistan, she said, women are still subject to the old Taliban rules. "Outside Kabul, there is no security. Abduction of women, attacks on women, have gone up enormously. So what kind of safety, what kind of freedom do those women have?"

In Iraq, Khan said, women are less safe today than they were before. "There's a huge amount of insecurity," she said, to the point where many women "are putting on the veil again because they see the veil and the scarf as a form of security." There is also talk about introducing restrictions on women's right to work. "Who is going to protect these women in the future?" she asked.

In conclusion, Khan said public relations professionals have a role to play in keeping open the dialogue with NGOs. "Focus on the real changes that are possible," she said. "Speak honestly. Be very open and transparent. Be consistent." And most important, don't forget "the human face of globalization and the impact it has on business."

ARTHUR W. PAGE SOCIETY

GLOBAL VIEWS FROM THE FOURTH ESTATE

LIONEL BARBER, MARCUS BRAUCHLI, SIU WAI CHEUNG, THEO SOMMER

A PANEL OF JOURNALISTS TELLS HOW THE U.S. IS PERCEIVED ABROAD AND HOW THE MEDIA AROUND THE WORLD IS REFLECTING AND SHAPING PUBLIC PERCEPTIONS.

The planners for the Spring Seminar knew that if they asked a panel of foreign journalists to be brutally honest in relating what the world is saying about the United States these days, there would be no sugar-coating involved.

In introducing the speakers, Paul Copelli, Staples, called them “some of the world’s leading media professionals,” and asked them to begin by following up on an earlier speaker’s referral of the U.S. press “perhaps being overly well-behaved.” He asked, “Is there an increasing reality gap between the U.S. press coverage and how other global media present the facts that are based on world events?”

Moderator Marcus Brauchli, global news editor of *The Wall Street Journal*, got the ball rolling by charging the panel “to look at why, or if, the U.S. is as clueless as it sometimes seems.” He quoted Walter Isaacson, former editor of *Time*, who “famously said after September 11th that America would once again have to get serious about its foreign coverage. And this,” Brauchli said, “was from a man who is pretty well known for bringing success to *Time* magazine with covers about God, allergies and money.”

He pointed to an essay by John Stack, another *Time* veteran, who bemoaned Americans’ lack of interest in foreign news

and noted that in one recent week, the *Time* cover in the European edition had a headline blaming America with war in Iraq looming and anti-U.S. sentiment spreading in Europe. That week in the U.S., *Time*’s cover featured a picture of a woman in a yoga pose with the headline, “How Your Mind Can Heal Your Body.” Brauchli said, “Clearly, there is a difference in what Americans are getting...even from American-owned media, and what the rest of the world is reading.”

He asked the panelists to give their perspectives on what has occurred “in the last couple of years where there has been this momentous, historic change in the U.S. foreign policy and the way the U.S. is dealing with the rest of the world.”

Dr. Theo Sommer, editor-at-large of *Die Zeit*, one of Germany’s leading business publications, put it bluntly: “I think America is at the zenith of its power but at the same time, its standing in the world is at its nadir.” From his reading of the European papers, Sommer said, he thinks the reasons for this are “first of all, the Bush administration’s proclivities to disregard the opinions of its allies. Then, its proclivity to go it alone. Its tendency to circumvent the United Nations if they can’t be convinced or hijacked. And to get out of international treaty obligations when those seem to be inconvenient.”



Offering their perspectives on U.S. foreign policy are, left to right, Theo Sommer, Lionel Barber, Siu Wai Cheung and Marcus Brauchli.



Theo Sommer said Europeans are concerned by the U.S. tendency to disregard the opinions of others.

He added that he believes 90 percent of all Europeans feel “the Bush administration is using 9/11 as a pretext to follow an entirely different geopolitical agenda of extirpating evil.” Further, he said, they think Iraq is just the first instance of what they fear will be “kind of serial interventions.”

Saying that he agreed with much of what Sommer

said, Lionel Barber, U.S. managing editor for Britain’s *Financial Times*, cautioned that there is a long tradition of “unilateralism or a refusal by American presidents, or indeed the Congress, to get entangled in international commitments, or to submit unconditionally to international law.” Since 9/11, he said, policy makers in Washington, from the President on down, have looked at the world differently than have policy makers abroad, even including Britain Prime Minister Tony Blair.

“To the Americans,” Barber said, “this is a world of omnipresent threat. It is a world in which force, military force, must be applied to extirpate that threat. It’s a world where, if necessary, America will go to war without its allies...” In Europe, on the other hand, he said, “we do have, for better or worse, a different view of terrorism and how best to tackle it. We have had a long tradition of having to deal with terrorism, admittedly of a different nature.”



Lionel Barber said he is worried that the U.S. and Europe are drifting farther and farther apart.

Barber worries about the way government decision-makers “on one side of the Atlantic (are) drifting further and further apart from those in Washington.”

Brauchli asked Siu Wai Cheung, U.S. Bureau Chief of *Ta Kung Pao*, a major Chinese daily in Hong Kong, if there is a significant gap between what people in Asia and people in the U.S. think now about America’s role in the world. There is a gap, Cheung said, between “the mindset of the rest of the world...(and that) in the U. S. After the Cold War ended, there was only one super, super power. That is the U.S. How do we interpret the power of the U.S. and how the leaders in this country use this power? This, I think, is the point where people’s opinions started to diverge.”

In the U.S., he said, many people, especially in Washington, think the U.S. is so strong it doesn’t need to care about any criticism that results from policies the government takes. If it’s in the national interest, they will pursue it to the end, he said. In Asia and other parts of the world, people continue to think in terms of a “balanced approach,” possibly involving the European Union, China or Russia, “to moderate the thrust of U.S. power.”

In Hong Kong, China and other parts of Asia, he said, “some people on the street think their government is doing too much to stay in line, toeing the U.S. policy on counter-terrorism.” In the process, he added, they think their national interests are not being properly served.

There seem to be two views, Brauchli observed. “The view from outside the United States seems to be that the current government of the U.S. really doesn’t understand as well as it should the way the world works. That there were all kinds of means to approach Iraq short of a war. There were ways of involving the rest of the world. There’s a sense...that I get when I travel abroad that people think Bush is a cowboy. They think his administration is naive and arrogant.”

On the other hand, he said, one can imagine the point of view of people in Washington, saying, “Look, we’re the United States. We are the sole super power. And we are



Elliot Schreiber had a question for the panel.

inevitably subject to pressures and will be subject to attacks that other countries don't appreciate...So the pressures that the U.S. faces are different than what other countries face and therefore, the actions of the U.S. ought to be different. How do you square those two views?"



A former Hong Kong correspondent, moderator Marcus Brauchli listens to Siu Wai Cheung as he provides the Asian perspective on U.S. foreign policy.

Sommer said he could see the Bush administration taking that view. "The problem," he said, "is that we do not try to achieve a consensus anymore. And Europe's way of doing politics is building a consensus. America's way, under this administration, seems to go it alone."

Barber agreed and observed that "the Clinton administration privately had nothing but contempt for many countries in Europe that they thought were not taking seriously the threat from weapons of mass destruction...But they didn't often say it aloud...This administration is not afraid of telling blunt truths. (And) it's done itself enormous diplomatic damage by suggesting that allies are not only troublesome but often irrelevant."

Brauchli said he doesn't think Americans are aware of "the tremendous influence and power that this government and this country has on the rest of the world, that the rest of the world has no voice in." He asked, "Is there a way of enlightening American policy makers or enlightening the American public, or is this something that Americans should worry about?"

Barber replied that "there obviously is a problem with the way in which important news media have cut back on their foreign coverage. You can see it in network television. You can see it in the way the regional press has declined." It is also exemplified, he said, in the development of talk shows and instant commentary "which don't convey any real understanding or information."

Cheung added that the U.S. media does a poor job of portraying people in foreign countries, not, he said, as "like us." But even better than politicians or the general public, he believes that the U.S. business community understands foreign affairs and "the way of doing things in foreign countries."

Brauchli asked whether the rift between the U.S. and other countries has affected American companies that are multi-nationals. "If they view themselves as truly global companies, do people outside of the United States really accept that?"

Sommer replied that "they are seen as transnational, and they

make every effort to be seen in that way. IBM, for instance, in Germany insists on being called E-Be-Em. And most people forget that it is an American company..." He continued, "Actually, I think the business community is a mitigating and a moderating influence, and has been a moderating factor during the recent political crises."

Barber agreed, saying that the degree of interdependence within the business community "is a very important mitigating factor...And that's why it was so irresponsible of news media to exaggerate the tensions with France spilling into a commercial arena with sanctions. And yes, a few New York restaurants suffered, but actually, in the larger scheme of things, it was irrelevant."

Brauchli pointed out, however, that "the U.S. did, in fact, exclude European contractors from contracts in Iraq, (so) the Bush administration actually, in a sense, drove some of the anti-business sentiment."

Nevertheless, Cheung added, "the business community can do a great deal to enhance understanding between American people as well as people in other countries."



Jessica Stoltenberg continues the discussion with Barber at the conclusion of the panel presentation.

SPRING SEMINAR GALA DINNER

After an afternoon of stimulating but intense presentations and discussions, the Spring Seminar dinner came as a welcome respite, with time for fellowship and relaxation. It also provided an upbeat ending to the day's events and left the record crowd with some memorable experiences.

While the conversations flowed during the reception, the Grand Ballroom at The Pierre was being transformed into a veritable light show with hundreds of candles and festive decorations covering the tables. It was turning into a very special night.

The Spring Seminar dinner is traditionally an awards dinner with the Society honoring the winners of the Grand Prize in the Case

Study Competition that was begun three years ago to increase awareness of the value of public relations among future business leaders. As President Tom Martin explained, students at all of the nation's accredited business, journalism and communications schools are invited to submit original

case studies that are focused on corporate communications and the practice of public relations. The call for entries encourages the students and their advisors to consider how the Page Principles might apply to the case studies they were working on.

Joining the Page Society in sponsoring this year's competition was the Institute for Public Relations and the Council of Communications Management. In what was



Bill Sullivan shared a moment at the reception with John and Linda Graham. John recently celebrated his 30th anniversary as the head of Fleischman-Hillard.



It's networking time for Patty Blackburn, Ellen Robinson and Kristen Bihary.



Taking a break from conversation are Lorrie Crum, Lou Thompson from NIRI, Tim Croasdaile and Kurt Stocker.

the most successful competition to date, there were 37 case study submissions from 15 universities. Cash awards totaling \$14,000 were awarded by a panel of judges, with the Grand Prize honorees being invited to attend the Spring Seminar as guests of the Page Society.

Jack Felton of the Institute for Public Relations made the presentations to Shizuko Ota and Aki Kikuchi, students in the College of Communications Arts & Sciences at Michigan State University, who were accompanied by their faculty advisor, Brenda J. Wrigley. The students shared a \$5,000 cash prize while their advisor received \$1,500.



Tom Martin welcomed the largest turnout ever for a Page Society event.

Another highlight of the evening was the appearance of one of America's legendary dance companies, the Alvin Ailey American Dance Theater.

The Ailey troupe performed two of their most popular dances. The first was an excerpt from *The Winter in Lisbon*, a 1992 work that featured the music of Dizzy Gillespie. The second was the company's signature piece, *Revelations*. First performed in 1960, it uses traditional music to tell the story of the African-American experience in this country.

The dancing was spectacular, drawing a long and enthusiastic response from the audience. It was also a fitting climax to a gala evening.



Holding one of the special Jefferson Cups that commemorated their achievement, Jack Felton introduced the Grand Prize winners in the Case Study Competition.



And the Case Study winners are: Brenda Wrigley, faculty advisor, Aki Kikuchi and Shizuko Ota.



Renee Robinson introduced the Alvin Ailey dancers.



The Alvin Ailey American Dance Theater dancers take a final bow.

THE VIEW FROM THE MIDDLE EAST – FRESH INSIGHTS, SEASONED OBSERVATIONS

SHIBLEY TELHAMI

A VETERAN OBSERVER OF THE TURMOIL IN THE MIDDLE EAST EXPLAINS WHY
THE U.S. IS HAVING A HARD TIME GETTING ITS ACT TOGETHER IN IRAQ AND BEYOND.

Asought-after commentator on the Middle East, Shibley Telhami has devoted much of his academic and public service career to studying the Arab and Muslim world. Currently the Anwar Sadat Professor for Peace and Development at the University of Maryland, he is the author of the best-selling book, *The Stakes: America and the Middle East*, selected by *Foreign Affairs* as one of the top five books on the Middle East in 2003. Telhami returned from a fact-finding visit to Cairo in time to speak to the Spring Seminar.

“Let me begin,” he told Jim O’Rourke, University of Notre Dame, who moderated the session, “by giving you a graphic image (of the Middle East) that I found really haunting and disturbing.” He then described a recent visit to Istanbul in which he saw a wonderful old building in the middle of the city that used to house the American Consulate but was now totally empty. Miles away on top of a commanding hill overlooking Istanbul is the new Consulate, a fortress of a building surrounded by huge walls and barbed wire. From the tower, you can look down on the working class neighborhoods. Looking up, Telhami said, “you have the haunting feeling that what the Turks are seeing is a crusader castle. That’s an image that we cannot afford but that’s the image that we now have.”



Shibley Telhami presented a sobering view of the unrest in the Middle East.

Based on surveys that he has done both before and after the Iraqi war began, Telhami said people in Iraq resent our policies. But they also fear the U.S. “They do not trust what the U.S. said about why it was going to war,” he explained. “They are frightened by the U.S. military occupation. They are frightened by the insecurity, the devastation of their society and all of the things that go against their traditional values. To Iraqis, anarchy is much more terrifying than even a Saddam Hussein.”

Governments in the Middle East are not unified in their attitudes toward the U.S., Telhami said, except when it comes to the U.S. presence in Iraq and American foreign policy.

“They are terrified,” Telhami said, by the idea of a “quick success by the U.S. If we succeed quickly, they fear it will empower a unilateralist foreign policy and preemption doctrine in a way that would threaten them.” At the same time, they don’t want the U.S. to fail. “If we fail,” he said, “there will be instability in Iraq that will affect their vital interests. They’re frightened of militants even more than we are because (they fear) the militants will take over their own societies.”

The public, on the other hand, has a different view than their governments, Telhami said. “The public desperately wants

the U.S. to fail," he said, "not because they think failure is good for them, but...because they don't trust American intentions."

Telhami said that when he talks to the "elites" in the Middle East, they tell him that they want their governments to change, they want more freedom, they don't want the *status quo*. "They know they have to reform politically and economically," Telhami said. "The trouble is, they don't believe that (what we say) is what is driving our policy. And there is nothing that we can do on the Iraqi issue in the short term that will make them believe otherwise."

O'Rourke asked if the turnover in power in June will go according to schedule. Telhami replied, "It's hard to know, but I doubt it." Until there are elections, he said, the transition government will be seen as a government appointed by the U.S. occupying force. It will be a government dependent on the U.S. military for security and economic reasons. It will be a government without a credible justice system, the American military having assumed a role in administering justice. (This was before the prison scandals that became public in May.)

The situation is complicated, Telhami said, by the "profound mistrust" that exists in Iraq. "There is no confidence, no credibility. We all know once you lose the trust issue...it takes a long time to restore it and it's difficult to do."



Jim O'Rourke looks on as Telhami explains why Arab countries deeply resent U.S. policies.

A further complication, Telhami said, is the Palestinian-Israeli conflict. For the Arab world, he explained, it is their prism of pain just as 9/11 and terrorism is our prism of pain. And on both sides, it's a matter of "if you don't deal with it, you don't get our trust."

Cultural issues play a role in the problems in the Middle East, Telhami said, but in different ways. For groups like Al Qaeda and its core supporters, he said, "it's a war over values...a revolutionary movement

with a very ugly end which is a puritanical state that is not tolerant."

Most Arabs do not share that view. "When you ask people what they like about America," Telhami said, "they mention things about American values" such as freedom and education. "What they don't like is" a perceived lack of religious values. "They think this is an atheistic society. Obviously something that is not in harmony with what Americans believe."

But values are not driving the declining confidence in and growing resentment toward the U.S., Telhami said. His surveys show that it is "mostly based on policy, not values."

As far as how business is being affected in the Middle East, Telhami said the results have been mixed. While some companies such as McDonald's experienced sharp drops in 2000 when the Israeli-Palestinian conflict was most intense, they rebounded to normal in few months. Consumer goods-related businesses like GM and Caterpillar experienced no drop whatsoever.

Businesses that were successful even in the worst of times, Telhami said, were companies like Proctor & Gamble that were involved in partnering, community relations and hiring a lot of local people. "That's a model that is worthy of pursuing," Telhami added.

Questions from the audience quickly drove the discussion back to the issues around the Iraqi war that are causing so much unrest in the Middle East.

Asked how much the religious schools in Saudi Arabia are supporting Al Qaeda, Telhami said that while religious-based schools are not good for society, they are not the source of terrorism. Religion is being used, he said, because in authoritarian societies it "remains the only vehicle to mobilize the masses...Religion is, unfortunately, an easy target, an easy vehicle to mobilize, particularly when you don't have an alternate outlet."

But Al Qaeda, Telhami said, is not just a function of the "rotten" state of domestic affairs in some Arab countries. "It is most threatening and frightening globally because it is a global transnational organization," he said. "It is a global network that is a product of Afghanistan, not Islam." And, as he reminded his audience, the U.S. had a hand in helping to "mobilize (in Afghanistan) a transnational, fanatical, violent, powerful, rich group to help defeat the Soviet Union. We inadvertently played a role in creating a monster."

As far as the Israeli-Palestinian conflict is concerned, Telhami said he supports the two-state solution that came out of the Oslo agreements, but he is concerned that the nationalist framing of the conflict is eroding and a religious and ethnic

definition of the conflict is increasing. "If that is allowed to happen over time," he said, "we're in trouble."

A final question from Harvey Greisman, IBM Global Services, who noted the declining credibility of the Bush administration in world affairs and wondered if a multi-lateral approach by the United Nations would work.



Harvey Greisman, who is chairing the Annual Conference in September, asked what could be done to improve the situation in Iraq.

Telhami replied that there was no doubt in his mind that the Bush administration decided early on that the Arab-Israeli issue was not important and that their first priority was Iraq. They also didn't think public opinion mattered in the Middle East, he said. "They were surprised to find out that it did...when the Crown Prince of Saudi Arabia (turned down an invitation to the White House) because of the lack of a U.S. policy on the Palestinian-Israeli conflict...They also found that the peace process is essential for everything we do in terms of gaining trust in the region."

Could something happen between now and the election? "I doubt it," Telhami said, not that the administration isn't

trying to do some things. In the short window we have to work with, he said, "it's not likely that they will get enough trust in the region to believe that this is anything other than an election year maneuver."

It's also not likely, Telhami said, that given the Iraqi situation, the terrorism priority and the economy, it will be possible "to exert any real leverage anywhere – with Congress or internationally – to make this issue a top priority." Whoever wins in November, he said, "is going to discover very quickly that they...have to go back to active diplomacy. There's no other answer."

BUILDING A GLOBAL BRAND IN A CHALLENGING ENVIRONMENT

JOHN A. QUELCH

A LONG-TIME STUDENT OF GLOBAL BRANDING EXPLAINS WHY GLOBAL BRAND STATUS IS IMPORTANT AND WHAT A COMPANY MUST DO TO SUSTAIN IT.

In 1983, coincidentally, the year the Arthur W. Page Society was founded, *Harvard Business Review* published an article by a young business school professor entitled *The Globalization of Markets*. Ted Leavitt's provocative article was a defining moment in the history of globalization. It showed how Japanese multinational companies were exploiting scale economies and deficiencies in manufacturing to create a situation where a standard product could be marketed at a price that no consumer in the world could afford to pass up.

Of course, the globalization that Leavitt wrote about 21 years ago, with its focus on manufacturing efficiency and product standardization, is a far cry from today's globalization that has been changed by technological advances and the onset of the global village.

Another difference according to John Quelch, an associate of Leavitt at Harvard Business School, is the virtual absence of the word "brand" in Leavitt's famous essay. Senior associate dean for international development and Lincoln Filene Professor of Business Administration at Harvard, Quelch told moderator Don Stacks, University of Miami, that global branding has also come of age since Leavitt's history-making classic. As the value of global trade almost trebled since 1980 and American penetration of global markets became increasingly aggressive, branding has taken on greater importance for business around the world.



Quelch said support for most American brands has not been diminished by the growing anti-Americanism.

Stacks asked, "What major challenges do you see when you are building a brand in a global economy today?"

The first point to consider is the brand name itself, Quelch said. "There are only two brands on the top 10 list of global brands," he said, "where the corporate brand name is not the same as the consumer brand that appears in the marketplace." The exceptions are Marlboro and Mercedes. The others, from Coca Cola on down, use the company name. "The reality," he said, "is that globalization, plus the economics of advertising and media expenditure, really do favor those companies that have a brand name that is the company name."

A second point that is instructive, Quelch said, is that all of the top 10 brands have a very clear product category focus. "These are all brands," he said, "where one can very quickly say, 'I know what that is.' So another lesson in developing a global brand today is to keep a very tight focus."

Quelch's third point about building a brand is that it's a plus if it's an American brand. "Eight out of the top 10 global brands are American," he said, "and 62 out of the top 100 brands."

But how does this “American-ness” of global brands play in light of what has happened around the world in the last few years? Quelch quoted from a study he helped conduct last year in 12 countries that included Egypt, Turkey and Indonesia. “We wanted to look at the degree to which support for American brands had diminished or not diminished,” he said, as a result of the spread of anti-Americanism. The study showed that because a brand was American, it had very little influence on consumer preference and choice behavior.

There are two possible explanations for this, Quelch said. One is that consumers do not let their views on U.S. foreign policy affect their choices when it’s their money they are spending. The second, he said, is that American multinationals “have done a pretty good job of developing...an image for their brands that decouples them to a degree from their U.S. origins.” They accomplished this by using local partners, hiring locally and doing community work at the local level.

This localization of American global brands, Quelch said, is not the result of 9/11, Bush or Iraq. It stemmed from the anti-globalization backlash in the late 1990s and the economic downturn around the world. Both events caused business to rethink their strategies. Localizing their brands, he said helped “inoculate them, to a degree, against a long-term backlash...in terms of attempted boycotts and so on.”

But don’t get carried away by excessive localization, Quelch said. “There’s no point in trying to hide the fact that your roots are American,” he explained. “If you’re McDonald’s, how can you possibly decouple yourself from your heritage? Particularly when many customers value that heritage as a reason to buy your brand.”



Don Stacks and Quelch listened to a question from the floor.

On the other hand, Quelch said, McDonald’s and Starbucks represent brands that are particularly vulnerable because they are retail storefronts and “more obvious targets of opportunity than an aluminum can of Coca-Cola. And smashing up a McDonald’s also makes for better TV coverage.”

At this point, the moderator asked how multinationals should deal with local media.

Quelch answered that it’s important to have people on the ground – corporate staff or public relations counsel – who can advise managers how to deal with the media. But it’s also essential, he said, to have a community relations program in place that can in a systematic but low-key way “translate community service efforts into local media coverage.”

Quelch also strongly believes that philanthropy has a role to play in developing a local community relations plan. “Most multinationals,” he said, “do not allocate their philanthropy proportionately to where they derive their sales and profits.” His research shows that few global companies allocate more than 10 percent of their giving to recipients outside the U.S. Not only is this bad corporate citizenship, he said, it doesn’t serve the companies’ best interests.

Expanding on the need for partners in the global economy, Quelch said, “I think that the ability to understand and patiently take the time to work with and develop relationships with outstanding local partners is, of all things, the best guarantee of long-term profit delivery.” The problem is, he said, “in many emerging economies, there aren’t that many good partners.” In addition, some local partners might represent existing local brands that are very popular. Coca-Cola, for example, owns more than 400 local brands around the world.

A question from Steve Harris, Steven J. Harris Communications, asked about the impact that NGOs were

having on global branding. Quelch said that a study to be released later this year looked at the marketing, management and brand challenges that are faced by NGOs. He added that it was inspired by Edelman data that showed a high level of trust for NGOs when they were included along with the traditional list of corporate brands.

“Some of it is based on consumer sentiment,” he said, “but also it is because NGO brand names are the same around the world, which is what makes a great global brand name.” A case in point is Amnesty International. Besides having the same brand worldwide, Amnesty International has a very clear focus. “And what’s more,” Quelch said, “the brand says very clearly what the organization is all about.”

Many NGO brands have become very strong, Quelch added, because without realizing it, the people running them have been following the precepts for how to build a global brand.



One of the questions for Quelch came from Seminar chair Richard Edelman.

It goes without saying that “not all NGOs are created equal,” Quelch said, and not all NGOs want to engage with corporations. But many do want to engage, he said, and when an NGO is willing to collaborate with a corporation and negotiate in a manner that benefits all parties, they can advance their mission without appearing to sell out.

Quelch concluded that while many multinationals have learned to deal with the anti-globalization backlash, they should not become complacent.

“There is a segment of about 13 percent of consumers around the world,” he said, “who are consciously and deliberately anti-global in their consumption behavior...It would be very foolhardy of any multinational brand owner to ignore that 13 percent; it could become 23 percent.” It’s important, he said, that brand owners think through carefully how they can deal with that particular group.

REBUILDING IRAQ – PROGRESS REPORT THOMAS C. FOLEY

WHILE THE WORLD WATCHES AND WAITS TO SEE WHAT EMERGES IN IRAQ, A FOCAL POINT IS THE EFFORT TO BUILD AN INFRASTRUCTURE THAT WILL SUPPORT THE IMMEDIATE AND LONG-TERM NEEDS OF THE COUNTRY.

Tom Foley may have one of the toughest jobs in the world. As director of Private Sector Development for the Coalition Provisional Authority in Iraq, he has responsibility for overseeing most of Iraq's approximately 200 state-owned enterprises that make up substantially all of the country's large businesses. In addition, Private Sector Development is charged with formulating a privatization plan, and developing foreign trade and investment. All this while sitting in the middle of a war zone that is extremely dangerous, insecure and, just maybe, out of control.

Foley, who was a private equity investment advisor before taking the Iraqi assignment, had just returned from a seven-month tour of duty in Iraq when he spoke at the Spring Seminar. He told Jill Totenberg, the Totenberg Group, who was the moderator for the session, that he was looking forward to responding to questions after an overview of the situation. It would prove to be one of the most intensely listened to presentations at the 2004 Seminar.

"The job was quite challenging," Foley began in what was obviously a major understatement. The looting that took place following the collapse of the resistance, he said, made "recovery from the state of disrepair and damage very difficult."



One of the most anticipated speakers at the Seminar, Tom Foley provided a candid and realistic assessment of the situation in Iraq.

The objective has not changed, Foley said. It is to help the Iraqi people emerge with a stable and fair representative government with a foundation for economic growth and modernization. A secondary goal is to create a stable democracy that will be a model for the rest of the region.

To succeed in Iraq, he said, certain things are essential. The first is to establish security. The second is to change a number of attitudes, the first being trust, the second being the idea that public sector and civil servants are service providers, not permission-givers or gatekeepers. Tribalism ("what we call corruption") also has to go, Foley said.

The final – and perhaps most important – element for success, Foley said, is a vibrant economy. "It's been shown," he said, "that democracy doesn't work if per capita incomes are below \$5,000 a year. Because of regime abuses, it has slipped to about \$1,500 a year. With the rich assets that Iraq has, getting back up above that level is achievable...But it's going to take a considerable amount of money and some time."

In a number of areas, Foley said, he thinks the CPA is doing well. He cited institutional structure reforms, a revamping of the financial system and banking laws, and improvements in the judicial system.

Foley also said the economy is improving. State-owned enterprises are up and running along with most private-sector businesses. Supply chains have been restored and

spare parts for repairs can now be imported. Unemployment has dropped from 50 percent to the mid-20s. Capital is coming back into the country and there is a lot of stimulus in the economy from pent-up demand.

Under the old regime, Foley said, people were not permitted to have cell phones, satellite dishes and most consumer products, particularly foreign brands. "If you drive through the Carada district in Baghdad," he said, "these goods are selling so quickly they don't have time to stock the shelves."

One area that is not doing very well, Foley admitted, is security. "When friends ask me what it is like," he said, "I tell them imagine what it would be like in New York City if the criminals were let out of jail, everybody's armed and there are no police. You'd be wary about where you went and who you were with."

Until the police are restored and the criminals are put back in jail, Foley said, "civil order is likely to be less than what we hoped for."

There is also the problem, he said, of the disenfranchised groups who have a vested interest in the U.S. not succeeding. "They are causing us problems," he said.

Foley admitted that they had not done a very good job with communications. "I asked Tom Friedman why do we only hear the bad news and not the good news? He explained that reporters don't go to Dulles Airport every day and report all the successful landings. But if there is an



Foley, with moderator Jill Totenberg looking on, described the challenges of getting the Iraqi economy going and growing.

unsuccessful landing, they'll all be there."

That helped me understand a little bit," Foley said, "about why the blood and guts all show up and the improving economy and institutional reforms rarely appear in the press."

Foley explained that the CPA doesn't have the resources and the staff to tell the complete story, "a story that's more forward-looking." All they are doing, basically, he said, is responding to events.

"Nobody really has a good-enough picture of the overall story...so it feels like every time a bomb goes off, the wheels are coming off. Which is really not what's happening."

Despite everything that has transpired, Foley remains optimistic that the war will succeed. "In many ways," he said, "we have already succeeded." He mentioned the fact that the Iraqi people have been liberated, that a debate has begun over the future of Iraq, and that the intervention has irreversibly integrated the region and Iraq into the larger global community.

Foley admitted that there are still things that could threaten our success. He also expressed the view that the June 30th transition is happening too quickly. "There are valid political reasons for doing this now," he said, "but I think our likelihood of success would have been greater if we'd been able to stay until the original plan to transition to sovereignty which was December 2005."

Meanwhile, Foley believes the business environment in Iraq is excellent. Iraq has a unique combination of economic

assets in addition to the oil and mineral resources, he said. They also have a 25-million-consumer market that's been virtually untapped for 40 years. There is also the stimulus provided by higher civil service incomes, the expenditures of the CPA and the armed forces, and the supplemental funds and foreign investment that is coming in. "Iraq will probably end up being the economic powerhouse of the region," Foley said.

He acknowledged that security is a major problem for businesses, but he said that in most of Iraq, "the risks of conducting business there are very manageable."

Totenberg asked Foley to explain what will happen in June when the governing council takes over. Foley said the CPA, with its 4,000 people, will be dissolved and replaced by a U.S. embassy that will be the largest embassy in the world. Staffed by 2,500 to 3,000 people, it will take over many of the functions that the CPA is currently providing. "What won't change," Foley said, "is the Coalition forces' presence there."

When the session was opened up to questions from the floor, it was obvious that recent events in Iraq, including the U.S. civilian deaths in Falluja, were uppermost in many people's minds.



One of the first questions to Foley came from Tim Doke.

Foley tried to explain that while the continued violence was very unfortunate, it applies to a pretty small part of Iraq. "Most parts of Iraq are not like that at all," he said. "What you're not seeing is the rest of Iraq where everybody is going about their business and the institutional reforms and other things we're working on are happening."

Foley reiterated his earlier statement that the CPA didn't have the resources to present a more thorough and accurate picture of what is happening in Iraq. But he added, "The press could do a better job of determining what the real story is...and presenting the story as it is."

Perhaps indicative of how volatile and uncertain the situation in Iraq is, Foley was asked to comment on Irene Khan's assertion that there was widespread abuse of women in Iraq. Foley replied that he was not aware of unfair imprisonment and had no knowledge of any physical abuse.

It was not clear at the end of his presentation if Foley had convinced his audience that things were going better in Iraq than they were reading about in the press. That might have been a more difficult assignment than his going to Iraq in the first place. But the sustained applause at the end was an indication that the audience appreciated what he had gone through and what he tried to accomplish.



Kevin Ramundo was one of the many members who had questions for the speaker.

DEFENDING THE GLOBAL BRAND— REPORT FROM THE FRONT LINES

GEOFFREY FROST

WORKING FOR TWO COMPANIES ON THE GLOBAL BATTLEFRONT HAS TAUGHT GEOFF FROST A THING OR TWO ABOUT BUILDING AND DEFENDING GLOBAL BRANDS.

The fact that he wore his Nikes to the Spring Seminar is proof, according to Geoff Frost, that jobs are temporary but brands are forever.

Tongue in cheek, perhaps, but when you review his resume, you begin to see where Frost is coming from. In the '90s, Frost was global director of advertising and brand communications for NIKE where he oversaw brand strategy and was involved with the labor controversy that gripped the company. Moving on to the Motorola Corporation, he quickly rose to chief brand officer and senior vice president and chief marketing officer. The first chief brand officer in the company's 75-year history, he helped create a new global image for Motorola.

The moderator, Carol Schumacher, Kerr-McGee Corporation, asked Frost to talk about Motorola's strategy of forming local alliances as part their global operations.

"If you want to be effective in global markets," Frost said, "you have to find a way to root." When he was at NIKE, he said, one of the biggest transformations that the company underwent was moving from a global but U.S. export brand to a deeply rooted world brand that manufactured all over the globe. Motorola has historically been ahead of other companies in that respect, he said, and "is seen in many markets as a *de facto* local company."

So finding a way to root, Frost said, whether it's through alliances, partnerships or simply having the best and brightest people in a particular market, is "absolutely critical."

But that, of course, is just one element of a successful global marketing strategy. As Frost was quick to point out, in



Geoff Frost said that to be effective in global markets you have to form local alliances.

answer to a question from Schumacher, that creativity, especially in the world of technology, is critical to getting consumers to use a company's products. "Motorola was the original high tech startup," he said, "but its first successful product" relied on existing technology. "They took the huge Victrola that used to sit in everybody's living room...and shrunk it down to a little box that could be bolted under the dashboard of a car."

Another important advance for Motorola, Frost said, was the decision in the 1930s by Paul Galvin, the company's founder, to develop a miniaturized battlefield radio. It proved to be a critical element of victory in World War II. "The new Motorola that we talk about," Frost said, "is actually the true Motorola and we're trying to resurface that kind of thinking in our culture."

While creativity and risk-taking are essential, understanding the customer may be even more important in the age of global branding. At the Mobile Communications World Congress in France earlier this year, Frost led a session that focused on the sociological and psychological factors that affect purchases. Ease of use is probably the most important factor, he said. But it was the evolution of truly personal technology – "the wearable computer" as Frost put it – that began "to fulfill a lot of the dreams that sci-fi writers (and futurists) have had over the years."

The ability to remote control all sorts of aspects of your life, effortlessly and unconsciously, is the essence of how technology is going to evolve, Frost said.

Asked why products around the world are increasingly being targeted to a younger consumer, Frost said, "In the world of



Carol Schumacher guided the discussion with Frost about the challenges of building global brands.



Richard Kline had a question for the speaker.

technology, teenagers are the chief technology officers of the family...They are looking for the cutting edge, brand new thing." This is true around the world where the "global teenager" is having a dramatic impact on markets.

"Whatever your age and wherever you live, you look to the new generation," Frost said. "The next generation and the new technologies are kind of synonymous."

Frost explained that to tap into this world marketplace, Motorola has reduced their marketing, communications and public affairs teams at headquarters locations and put "a lot more connected, distributed people around the world." The need to be on top of the latest trends wherever they occur is what drives the business, Frost said.

But Motorola is also trying to maintain a balance in how they distribute their jobs. Forty-seven percent of Motorola's jobs are in the U.S. and that compares to a U.S. revenue base of 46 percent. "That's pretty much the (ratios) we have around the world," Frost said. "Our strategy is to aim for a balance between what we contribute to a market and what we take from it."

In China, for example, Motorola built a relationship by opening factories, establishing a "university" to train young people in engineering, and looking for other ways to be a good citizen. "You can't turn back the clock," Frost said. "Bringing back low-end manufacturing jobs to the U.S. is not the way forward. The creation of excitement and value, especially around the sciences and math and engineering is where the value lies for this country."

Frances Emerson, MassMutual Financial Group, asked Frost to elaborate on his suggestion that the future is based in

science and engineering when the public school system is not producing that kind of talent. Frost replied that Motorola is trying to develop a strategy – some of it funding related, some of it access related – that would support the local school systems. "We are working with several high schools in the Chicago area," he said, "where some of our best engineers engage with the kids and help them experience the possibilities of careers in technology." There is also some collaborative work going on among industries, he said. But he acknowledged that there needs to be more of this kind of effort.

Richard Edelman asked Frost to put himself in the position of being the chief marketing officer for the United States and to address the Brand America problems that have been talked about over the last two days.

"I don't think it's an advertising problem," Frost said, "even though we have brilliant advertising people like Keith Reinhard and Charlotte Beers working on it. I'm not even sure it's a communications problem. I think it's an action and initiative and strategy issue that has to be thought through. The thing about doing brilliant public relations is that it really works when you have the right story to tell...You can't just spin it."

Frost added, "The number one medium for creating a brand is the product you make. I think the same is true of this country. There are some great stories we would love to be able to tell. What actions would we have to take as individual companies, as a nation, to be able to tell them? There are no easy answers. We cannot just present ourselves as Brand America. If marketing is a reflection of a good reality, then we have to help shape that reality."

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THE PAGE PHILOSOPHY

Arthur W. Page viewed public relations as the art of developing, understanding and communicating character — both corporate and individual.

This vision was a natural outgrowth of his belief in humanism and freedom as America's guiding characteristics and as preconditions for capitalism.

The successful corporation, Page believed, must shape its character in concert with the nation's. It must operate in the public interest, manage for the long run and make customer satisfaction its primary goal. He described the dynamic this way:

“Real success, both for big business and the public, lies in large enterprise conducting itself in the public interest and in such a way that the public will give it sufficient freedom to serve effectively.”

THE PAGE PRINCIPLES

Page practiced six principles of public relations management as a means of implementing his philosophy.

- *Tell the truth.* Let the public know what's happening and provide an accurate picture of the company's character, ideals and practices.
- *Prove it with action.* Public perception of an organization is determined 90 percent by doing and 10 percent by talking.
- *Listen to the customer.* To serve the company well, understand what the public wants and needs. Keep top decision-makers and other employees informed about public reaction to company products, policies and practices.
- *Manage for tomorrow.* Anticipate public reaction and eliminate practices that create difficulties. Generate goodwill.

- *Conduct public relations as if the whole company depends on it.* Corporate relations is a management function. No corporate strategy should be implemented without considering its impact on the public. The public relations professional is a policymaker capable of handling a wide range of corporate communications activities.
- *Remain calm, patient and good-humored.* Lay the groundwork for public relations miracles with consistent, calm and reasoned attention to information and contacts. When a crisis arises, remember that cool heads communicate best.

Page recognized an additional truth: A company's true character is expressed by its people. This makes every active and retired employee a part of the public relations organization. So it is the responsibility of the public relations function to support each employee's capacity to be an honest, knowledgeable ambassador to customers, friends and public officials.

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2004 Spring Seminar

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Photography by Marian Goldman

Design by Apicella Design