



Speech to celebrate the millionth stockholder of AT&T  
May 1951

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Page, A. W. (1951, May 15). Trusteeship in Business. Speech presented at the Millionth Stockholder Celebration of the American Telephone and Telegraph Company, New York, NY.

### **Summary**

Page speaks at a ceremony celebrating AT&T's one-millionth stockholder. Companies operate on the trust and confidence the public puts in them. AT&T has a responsibility to operate as trustees of the investment people have made in the company. The company needs to continually look to the future and create confidence in the public's mind. As trustees companies are responsible to earn money for their stockholders, serve the public, and provide the appropriate leadership, incentives and training for employees.

<b>Key topics</b>	<b>Page Principles</b>
<b>Competition</b>	<b>Manage for tomorrow</b>
<b>Employee Relations</b>	
<b>Federal Reserve Act</b>	
<b>Internal Relations</b> – investor relations	
<b>Public Opinion</b>	
<b>Public Trust</b>	
<b>Regulations – Industry/Government</b>	

### **Trusteeship in business**

Millionth Stockholder Ceremony of the American Telephone and Telegraph Company  
New York, NY  
May 15, 1951

#### TRUSTEESHIP IN BUSINESS

It ought to be a normal thing for every family to own a part of the country in which they live. But in the history of mankind it has not been normal. In this country it is. If you add up those who own houses, farms or all or part of a business, you will have the greater part of the population.

You may define that as capitalism. I think it is more accurate to say that it is the natural result of freedom, for any man who is free to do so tries to accumulate for himself, his family and for good causes in which he is interested. He will naturally do this if some government does not stop him.

So in this free country we have millions of owners and as it is an industrial country we have millions of owners of industry.

Great numbers of these owners, like Mr. Denton and the other 999,999 owners of the American Telephone and Telegraph Company trust other people to run their property.

The growth of the great corporation owned by hundreds of thousands of people has produced a trusteeship of a size and kind never known in the world before.

The directors who accept responsibility for the operation of the publicity-owned companies accept a nation-wide responsibility, because there are not individuals with money enough to finance business of the size that his great country needs. The many have the money, not the few.

You can't run a business by a committee of a hundred thousand or a million people. They must trust some few to act for them.

And those who do act in this capacity have a public trust as sacred as that attached to any governmental public office.

Adding the millionth stockholder does not change the responsibilities of directors, but it does make an appropriate occasion to reaffirm our belief that the trust of millions of people deserves the most meticulous care that men can give it, especially as this trust is the basis of the tremendous effectiveness of American industry which makes the strength of the country both in peace and in war.

And I believe that the public confidence is justified for I think the implications of trusteeship become clearer each year and the standards better each year.

Every business starts with public authority in the form of a charter, franchise, or maybe a license for a pushcart.

The charters are given because the State believes the company will serve the public. There is no other reason for giving it, nor is there any other reason for continuing it. It is a kind of loose contract between the state and the company by which the company earns what it can under competition or regulation and serves the public with goods and services in return.

So the trustees have two duties—to earn money for their stockholders and to serve the public. These two inevitably create a third, for neither the earnings nor the service will prosper if the employees of the enterprise are not well equipped, well paid and well led.

And none of these three can be accomplished by any hit and run method. Big business has to be run with an eye to the long view.

The research in material things and in management practice, which makes for better and cheaper products, is a long-term project.

The building of management that has good men always coming up and opportunities to encourage good men, is a long term project.

The creation of confidence in the public mind is a long-term project.

The fact that a corporation does not die at three score years and ten is essential to the success of these great enterprises. The fact that they can enlist and train good officers in endless succession is also essential.

The professional manager, starting at the bottom and rising by merit, it is a vital part of present American economy. And he is a trustee as well as the directors. His career is in the successful performance of the corporation's responsibilities and the training of his successors. His rewards—in money, reputation and satisfaction are roughly in accordance with that success.

As the managers come up from the bottom, so does the money.

I think there may have been a period before the Federal Reserve Act when money from the general public was scarce and industry had to depend on the limited means of financial groups. That isn't true now. Wall Street may deal in money but it is as the agent of Main Street that it does it. Wall Street is a servant of Main Street. Industry gets its capital from Main Street and pays its dividends to Main Street.

Mr. Denton, you have entrusted your savings to American enterprise which is somewhat different from enterprise anywhere else in the world.

In the first place, The Constitution forbade tariffs between the states and politically made a nationwide market. When transportation was good enough, the nationwide market called for quantity production, and quantity production called for business so big that it had to be financed by the public generally.

And that widespread ownership has necessitated a trust by the investors in the directors and managers of these great enterprises.

The character, experience and the wisdom with which these trusts are administered will be the test of their success. If they continue to deserve and have public confidence, they will continue to have freedom enough to do their job well. If they fail in character or wisdom to deserve and hold the public confidence they will be hampered by rules and regulations so that they can do less well. It is not easy to be wise. Most business decisions must be at least partly based on a judgment of the future and judging the figure is notoriously difficult. And efforts to please the public are difficult, likewise, because of the sudden and whimsical changes in public opinion.

You, therefore, cannot expect that our performance will be perfect. But as you have placed your savings with us, I want you to know that we understand the kind of a public trust we have, with its countless ramifications, and to assure you that while we share certainly not always judge correctly, we do sit up nights to seek the straight and narrow path in this confused and complicated world.

We are trustees for your investment and the American method of operating big enterprise, and we shall do our utmost to see that it prospers to your benefit.