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"Own Your Share of American Business": Public Relations at the NYSE during the Cold War

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The Great Crash of 1929 and accompanying Wall Street scandals shook many Americans' tenuous faith in stocks as a route to wealth and in the New York Stock Exchange (NYSE) as a just and orderly marketplace. While severe and prolonged, this loss of popular confidence, however, proved temporary. Among the many factors stimulating the market's image recovery was an ambitious NYSE public relations campaign called "Own Your Share of American Business." Operating from 1954 to 1968, the program was designed to disassociate equity investing from its negative gambling connotation and instead, inflate it into a patriotic act that blended citizens' self-interest with the national interest. During the Cold War, "Own Your Share" promoted the idea that stock-buyers (and stock-sellers) not only enriched themselves, but also helped protect the American way of life from the perceived communist menace.

In the spring of 1954, the words "New York Stock Exchange" (NYSE) and "Own Your Share of American Business" blazed prominently on a department store window in downtown Elizabeth, New Jersey. Mannequins, delicately holding ticker tape and stock certificates in their porcelain hands, attractively beckoned passersby. Inside Goerke's Department Store, on the main floor, a friendly stockbroker stood beside a towering replica of a stock trading post, fielding questions about equities and distributing business cards of local brokerage firms. Upstairs in the rug department, carpets were cleared to make room for a slide projector and chairs so that shoppers could sit and watch a film about security trading called "What Makes Us Tick." The movie emphasized that a stock purchaser acquired not a mere certificate of paper, but an important interest in a tangible company that manufactured goods or provided services that "made America tick." Reinforcing the film's message, a special store display featured products manufactured by local companies listed on the NYSE, such as Allied Chemical & Dye and Esso Standard Oil. Besides supporting specific companies like these, the market participant also bolstered the broad free enterprise system. Buying a share of stock—a

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"share in America"—fueled a strong and vibrant "democratic capitalism" or a "people's capitalism," as signs in the store window proclaimed.[1]

The NYSE facilitated the department store's homage to equities, eagerly providing Goerke's with the promotional materials, from the stock trading post to the "What Makes Us Tick" film. In marketing language, the exhibit (and others like it across the country) "tied in" to what the Exchange heralded as "the broadest, most intensive public relations program in its history": "Own Your Share" of American Business. Commencing in 1954, "Own Your Share" was a "lead" campaign, conducted by the "NYSE proper," which consisted of the Board of Governors (the Exchange's thirty-three–member ruling body), the NYSE president, and the administrative staff, which now included a Market Development Department. This group, working with advertising agencies and marketing consultants, designed and approved master advertisements and thematic programs such as Invest-in-America weeks. Member firms and listed companies then promoted them with their own advertising dollars. Observed economist John Kenneth Galbraith, "Wall Street, in recent times, has become, as a learned phrase has it, very 'public relations conscious.'"[2]

"Own Your Share" was not, however, the NYSE's first public relations campaign. That milestone occurred in 1913, when the Governing Committee (as the Board was then called) established a Library Committee.[3] Its major purpose was cultivating the public as lobbyists to

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[1] "Department Store Sponsors Own Your Share of American Business Drive," May 1954; Ruddick C. Lawrence [hereafter, RCL], "Talk at Goerke's Department Store, Elizabeth, New Jersey," 1/24/55, RCL Talks 1954-1955 folder, RCL box 1, NYSE Archives, New York, NY. Visiting Goerke's display, NYSE vice-president Lawrence declared, "May I offer congratulations to the progressive spirit of Elizabeth, to Goerke's, our listed companies and the Member Firms in . . . pioneering such a worthwhile effort. . . .We hope that this event will serve as a pattern for joint efforts among merchandisers, listed companies and our members in many other communities across the country." The NYSE 1954 Annual Report also featured the Goerke Department Store stock extravaganza, 6.

[2] "Own Your Share of American Business Is Theme of New NYSE Campaign," Leaflet, 1954 Campaign folder, box 1, Press Relations, Public Information Advertising Campaigns, 1954-1964, NYSE Archives. Three successive ad agencies, BBDO, Calkins & Holden, and Compton, worked on the "Own Your Share" account. Mike Carlock, vice-president at Calkins, then at Compton, was a major point of contact with the NYSE. Morton Silverstein, "Balladeer in a Bull Market," *Printers' Ink*, 44-48, NYSE Articles, March 1954-Dec. 1961 folder, RCL box 2, NYSE Archives; John Kenneth Galbraith, *The Great Crash* (Boston, 1955), 174.

[3]The succession of public relations departments at the Exchange before 1950 is as follows: The Special Committee of Five on Publicity (1912-1913); the Library Committee (1913-1925); Publicity Committee (1925-1935); Committee on Public Relations (1935-1938); Special Committee on Public Relations (1949-1950). For an overview of Exchange public relations/advertising history, see Gene Miller,

help the Exchange fight the Pujo Committee's recommendation for external, government regulation of the marketplace. Galbraith was right, though, that during the Cold War, the NYSE's efforts to project itself as an effective, noble self-regulatory organization, its members as bastions of integrity, and stocks as legitimate investment vehicles had intensified. Analyzing the "Own Your Share" campaign—its background, objectives, tone and content, as well as its impact—sheds light on the reasons.

The Origins of Own Your Share

As China fell to communism in 1949 and North Korea invaded its neighbor in 1950, at home in the United States, concerns about both external and internal subversion mounted. Although the securities industry, unlike the entertainment industry, never succumbed to the "hard" McCarthyite strain of anticommunism, anticommunism permeated its sphere, too, in subtler, "soft" ways.[4] The national upsurge in patriotism and renewed appreciation of capitalism engendered by the Cold War afforded the NYSE the opportunity to elevate appreciation of the ideological as well as practical importance of the stock market. The timing was ripe to revive a share-ownership gospel, relatively dormant since the Crash of 1929.

The gospel's core tenet upheld stock investing as a legitimate and moral route to personal wealth, not just for wealthy Americans, but also for those of moderate means. If properly educated about high finance, most people were capable of intelligent equity investing and would reap financial benefits from their investments. As Senator John J. Raskob declared in 1928, everyone could become a millionaire by regularly investing in quality securities.[5]

Memo to James Needham, Subject: Exchange Advertising, 7 Sept. 1972, Exchange Advertising, 1964-1973 folder, Press Relations/Public Information Advertising Campaigns, RCL box 2, 1965-1973.

[4] I borrow ideas about "soft" vs. "hard" anticommunism from Richard M. Fried, *The Russians Are Coming! The Russians Are Coming! Pageantry and Patriotism in Cold-War America* (New York, 1998), ix. x.

[5] John J. Raskob, "Everybody Ought to be Rich," *Ladies Home Journal* (Aug. 1929), 9, 36. Raskob wrote

> Suppose a man marries at the age of 23 and begins a regular savings of $15 a month—and almost anyone who is employed can do that if he tries. If he invests in good common stocks and allows the dividends and rights to accumulate, he will at the end of 20 years have at least $80,000 and an income from investments of around $400 a month. He will be rich. And because anyone can do that I am firm in my belief that anyone not only can be rich but ought to be rich.

After the Crash, Raskob was pilloried for this article, accused of recklessly enticing average Americans into the market were they did not belong. See Senator Robinson's denunciation of Senator Raskob and Raskob's reply, "Raskob Defends Record in Finance: In Letter Read to Senate by Harrison, He Denounced 'Stock Gambling' Charge as 'False,'" *New York Times*, 5 Nov. 1929, 4. In the early

In the 1950s, Exchange leaders more heavily emphasized another element of the creed: the country, too, would benefit from broader share-ownership. The nation would grow more harmonious as citizens became both owners and employees by virtue of their share-ownership. Class conflict would melt, and in its place, a "people's capitalism" would flourish. As a result, the allure of atheistic communism as well as what the NYSE dubbed the other "foreign isms," fascism and socialism, would diminish. The Exchange explained:

> We have learned that capitalism functions best when ownership of the means of production is not confined to a wealthy few but is spread throughout the land. The ideal of public ownership of industry is not an endorsement of socialism or nationalization but the hope that all the people—factory workers, housewives, farmers, lawyers—can own a share in a business enterprise. That is democratic capitalism. It is our job to help make it work.[6]

Besides heralding stocks as a weapon in the Cold War, Big Board officials candidly admitted that their members as well as corporate America would benefit practically from an expansion of the shareowner ranks. Mass shareownership, they said, was "in the interest of all Americans, of our Government, of our listed companies and the entire financial industry."[7]

Clearly, commission brokers would directly profit from heightened trading volume. The personal benefits to private traders and specialists were not as clear, as their business was not directly dependent on public investors. Private traders bought and sold for their own accounts, as did specialists, who also traded for institutional clients. These groups, however, would indirectly gain if a greater number of shareowners increased the market's liquidity and therefore helped stabilize price fluctuations. Moreover, if citizens were convinced of equities' importance to the country, they might lobby for measures that could stimulate the market such as lower capital gains taxes and the elimination of the "double taxation" of dividends.[8]

For listed companies, broader shareownership offered them access to equity funds. It also might secure a more tractable work force. The idea

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1900s, Clarence Barron (founder of *Barron's Financial Weekly*), not Raskob, first actively promoted the common stock theory of investment. Though the Crash challenged the theory, the idea resurged, at least among some corners of Wall Street, after a brief stock market boom in 1935. On the theory's revival in the late 1930s, see Chelcie Bosland, *The Common Stock Theory of Investment* (New York, 1937) and Clark Beldon, *Common Stocks and Uncommon Sense* (New York, 1939). This gospel of mass shareownership was not widely espoused, however, either then or even at the height of the 1920s.

[6] NYSE president G. Keith Funston [hereafter, GKF], 1952 Annual Report, 16.

[7] GKF, NYSE 1953 Annual Report, 4.

[8] NYSE 1953 Annual, 3-4; RCL Oral History; RCL 6/8/54 Speech to Institutional Investors, NYSE Archives.

that a worker owning stock in the company was more inclined to be loyal and productive had been popular among many executives since the early 1920s, when there was a rush to establish employee stock ownership after a wave of strikes.[9] In the late 1940s, after strikes again disrupted industry, Charles Wilson at General Motors induced corporate America to make another ideological leap: a worker who owned stock in *any* company, not necessarily the one providing a pay check, would be more faithful to the firm and less susceptible to socialism and communism. Believing this, General Motors chair Alfred Sloan declared in 1950, "Our goal should be to have every American a stockholder in business enterprise. Under such circumstances the trend toward socialism can be retarded. It might even be averted."[10]

While the creed of mass shareownership was theoretically alluring to diverse elements of the Wall Street community, how to and who should propagate it was more perplexing. When NYSE president Emil Schram announced his decision to retire in 1950, some members hoped that a well-chosen successor could do the job of making shareownership synonymous with God and Country. Writing to the Special Committee convened to appoint the next Exchange president, members suggested not just specific candidates, but the general attributes the executive should possess: "an authoritative spokesman, if not the chief exponent, of corporate enterprise in terms of securities ownership and its role in our economic life." At a time when Soviet propaganda consistently portrayed the Exchange as an elite, undemocratic club and capitalism's demise as imminent, "the American system of private enterprise and private investment" demanded a "real spokesman" to defend it, "a figure who can dramatize . . . the fact that the machinery of the Stock Exchange offers a channel for achieving economic security" and, by implication, political security. "During the next five years or so, when we are apt to be engaged in either a hot or cold war with the communist world, the position of

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[9] In the 1920s, labor expert Sumner H. Slichter quotes leading businesspersons in the 1920s, who insisted that stock ownership "makes the worker a capitalist in viewpoint and this renders him a conservative and immune from radical ideas," "decrease[s] class-conscious antagonism by bringing about a partial identification of interests as between laborers and capitalists," and "discourage[s] the propagation of dangerous and violent social theories." Slichter, "The Current Labor Policies of American Industries," *Quarterly Journal of Economics* 43 (May 1929): 393. Those ideas revived in the 1950s.

[10] Robert Sobel, *Dangerous Dreamers: The Financial Innovators from Charles Merrill to Michael Millken* (New York, 1993), 32; Sloan, quoted in NYSE 1950 Annual Report, 2. The NYSE executive management slightly modified Sloan's goal, clarifying that not every American, but all Americans "of sound means," should own stock, but they defined this group broadly to include most citizens.

President of the Exchange will assume even far greater importance," predicted one member.[11]

Weighing this advice, the Board in 1951 chose 40-year-old G. Keith Funston to fill the vacancy. *Forbes* magazine described him as a "handsome, and boyish" character who resembled "an all-American fullback." Funston was "engaging in speech, convincing in manner, [and] courteous in approach." He possessed "all the Boy-Scout qualities," commented a colleague. He had not worked on Wall Street, however, though he possessed sales and marketing experience, having served in those departments at American Radiator Company and Sylvania Electric after obtaining his MBA from Harvard in 1935. He left Sylvania at the beginning of World War II to join the War Production Board (WPB). After the war, Funston assumed the presidency of his financially struggling alma mater, Trinity College in Hartford, Connecticut. Though recognizing the urgent need for fundraising, Funston first focused on improving the college's image, including its physical appearance. Ignoring budgetary pressures, he insisted that the campus be renovated and painted. He told his colleagues, "Gentlemen . . . in order to be successful you must look successful." Funston's strategy worked, as large insurance companies in the Hartford area contributed funds to the school. By 1950, Trinity's academic reputation as well as its financial state had significantly improved. When the NYSE, like Trinity, needed a new look as well as a new president, investment banker Sidney Weinberg, Funston's colleague from the WPB, recommended him for the job. From his appointment as Exchange president in 1951 to his retirement in 1967, to the American public and the world, G. Keith Funston represented the NYSE, which in turn represented capitalism. Although he exercised little direct policy-making power (that belonged to the Board), Funston became the "symbol of the symbol" and a leading proponent of "Own Your Share of American Business" at the program's launching in 1954.[12]

Shortly before Funston assumed his position, a new public reception and exhibition room opened at the Exchange, in the 20 Broad Street building, adjacent to the visitors' gallery. In retrospect, the new facility symbolized an era of expanded public relations at the Big Board: an

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[11] Folder on Special Committee on the Presidency, Letters of Application and Endorsement 23 Aug.-9 Sept. 1950, NYSE Archives. See especially Charles F. Ros, Letter from the Econometric Institute, Inc. to Robert P. Boylan, 25 Nov. 1950.

[12] Biographical material on Funston: "Young Turk on Wall Street," *Forbes* (Dec. 1951), 21-22; Lawrence M. Hughes, "NYSE President to Sell Shares of American Business," *Sales Management Magazine* (c. 1951), 36, 38, 104, in R. C. Lawrence Scrapbook 1953-1956 folder, RCL box 3; RCL Oral History, 1984, compiled by Deborah S. Gardiner, NYSE Archives; Robert Sobel, *N.Y.S.E.: A History of the New York Stock Exchange, 1935-1975*, (New York, 1975), 189-92; NYSE Annual Reports, 1952, 1953.

era in which the NYSE and its president would strive to convey that their institution operated "in the national interest" and that their "friendly" member brokers welcomed small investors.[13] Like the public reception room, the president's office too got a face-lift and a change in locale. Funston did not move into his predecessor's headquarters, but into a brighter room, which he decorated with a few meaningful personal items. Most prominently, he hung a picture of Independence Hall in Philadelphia behind his desk—a reminder, he said, "that freedom is the basis of everything in this country," and that the NYSE was the "epitome of free enterprise. Once that's lost, we're gone."[14] Funston was the salesperson who believed in what he was about to sell.

An Advisory Committee on Public Relations, convened in 1950 shortly before Funston's appointment, had declared four major policy objectives: "to increase public confidence in the integrity and usefulness of the Exchange; to foster a realistic understanding by the public of stock ownership; to create a more favorable atmosphere for wider use of member firms' services; and to increase public understanding of the role of equity capital in finance, industry, jobs, and production."[15] Funston encouraged the Board to narrow these goals to the one Sloan had highlighted: increasing the number of shareowners in the country. Achieving this single goal would achieve all the other objectives. As a result, the Exchange's public relations efforts shifted from propounding the fairness of the marketplace to extolling the virtues of shareownership. "We believe it is less self-serving and more effective to convey a picture of integrity within the context of . . . listed stocks."[16]

To implement the new public relations agenda, the Board in 1953 created a Market Development department and hired to head it Ruddick C. Lawrence, a former advertising manager for *Fortune* and director of promotion planning at NBC. Lawrence supervised a core group that included Charles MacCoy (vice-president, Public Relations), Dan Woodward, Jr. (director, Advertising and Promotion), John Brown (director, Research and Statistics), and William Kendrick (director, Investors Information Program). Lawrence himself devised the slogan "Own Your Share of American Business," and later proudly claimed that it "became one of the best known phrases in America." Though his statement is somewhat exaggerated, "Own Your Share" did appear on millions of newspaper and magazine advertisements, member firm

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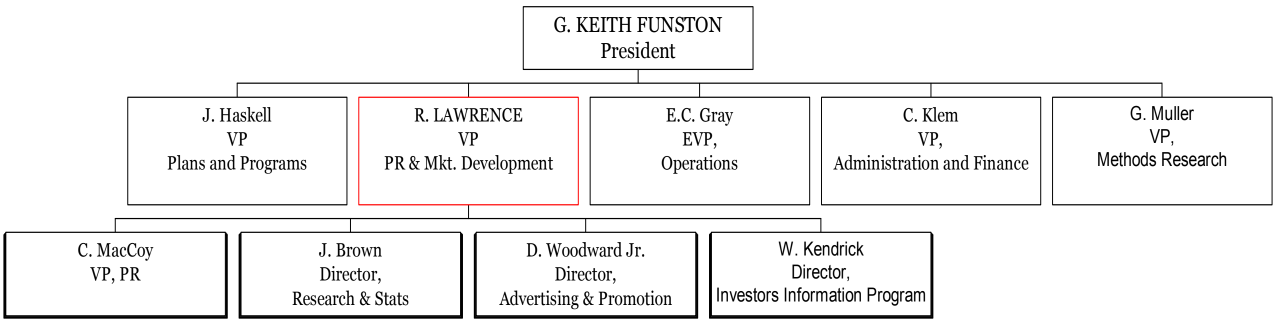
[13] The new public reception room is discussed in NYSE Annual Report 1951, 8.
[14] Funston's Independence Hall picture: Sobel, *N.Y.S.E.*, 192.
[15] NYSE 1951 Annual Report, 8.
[16] "Background on New Advertising and Public Relations Plan," 5, circa 1969, NYSE Archives.

promotional pamphlets, company bulletin boards, and supermarket check-out counters, not to mention department store windows.[17]

The Place of Public Relations within the NYSE Organization in the 1950s



The blanket invitation to the masses to buy stocks radically departed from the Exchange's traditional focus on cultivating the public-as-lobbyists, rather than the public-as-customers. Historically, many Governors doubted the investing competence of average Americans, dismissing the lower classes as ignorant and panic-prone investors. Some Governors also frowned upon advertising as beneath the Exchange's dignity and beyond its constitutional purview. The role of the NYSE was "to provide a marketplace . . . period." Members sold stock, not the Exchange itself. Not only did the NYSE proper not advertise, but it also discouraged member firms from doing so, allowing them to issue only dry "tombstone-style" ads with no illustrations. The NYSE, through its Business Conduct Committee, closely monitored member firm ads to ensure that they did not depart from "simple and direct advertising." With Own Your Share, though, the NYSE aggressively touted broad stockownership and encouraged member firms to use the power of advertising to spread the message.[18]

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[17] GKF, Memo to the Board of Governors regarding the Establishment of a Market Development Program, 12 June 1953 in R.C. Lawrence Presentations to Board of Governors, 12 June 1953-19 Dec. 1957 folder, RCL box 1; RCL, Oral History.

[18] "to provide a marketplace . . . period": RCL, Oral History, 1984. On the NYSE community's penchant for "tombstone ads," see Stewart, Dougall & Associates, Inc. (marketing consultants), Digest of Recommended Program for Merchandising Equity Securities, June 1953, Digest of Recommended Program for Merchandising Equity Securities folder, Press Relations/Public Information Advertising, RCL box 2, 1965-1973, NYSE Archives.

The Shadow of 1929 and a Persistent Image Problem at the NYSE

Though a majority of the thirty-three–member Board supported the change in policy direction, the decision was not unanimous. Critics of Exchange advertising justified their position in many ways: advertising was undignified behavior for a self-regulatory institution; it was an unnecessary expense; and it might backfire. The Exchange's promotional efforts inadvertently might reinforce the idea that the Exchange lured speculators and "non-producers" into the pursuit of "easy" rather than "earned" money.[19] Moreover, the campaign, by its inherent nature, would challenge prevailing anti-market sentiment.

The Stock Exchange, observes journalist Ron Chernow, historically was ill-regarded as a "shady lair . . . a place as wicked as a pool hall or gambling den, and certainly no place for decent, God fearing folk."[20] The pursuit of quick riches on Wall Street was widely deemed not only immoral, but also foolish, especially for the "dime speculator," the "little fellow," who presumably lacked both the financial acumen and the "insider" status to be successful. Aware of the negative perception of the Exchange as an elite private club that advanced members' interests at the expense of the gullible investing public, the Big Board's publicity director complained in the early 1920s, "Relations between the Exchange and the public are not as they should be."[21]

The 1929 Crash exacerbated Wall Street's pre-existing image problem into a full-fledged "public relations nightmare," as historian Charles Geisst aptly dubbed it.[22] A heavily publicized congressional investigation into the causes of the Crash, led by chief counsel Ferdinand Pecora in the early 1930s, revealed corporate scandals, unscrupulous securities marketing tactics, and insider stock manipulations: "evils and abuses" that wreaked a "disastrous effect on the entire Nation."[23] In the

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[19] RCL's Oral History discusses the constant need to sell "Own Your Share" to the Governors themselves. The rhetoric of "easy" versus "earned" money pervaded popular literature in the immediate aftermath of the Crash. See, for instance, *Saturday Evening Post* Advertisement, *New York Sun*, 25 Oct. 1920, 30; "Back to Work," *New York Times*, 24 Oct. 1929, 38. Among the many Americans who raised the "private club" accusation against the NYSE were Arsene Pujo, William O. Douglas, William Cary, Edwin Lebvre, and Samuel Untermyer.

[20] Ron Chernow, *The Death of the Banker: The Decline and Fall of the Great Financial Dynasties and the Triumph of the Small Investor* (New York, 1997), 77.

[21] Jason Westerfield, "The Stock Exchange in Relation to the Public," address before the NYSE Institute, 17 Jan. 24, Committee on Library, folder 41, box 18, Speeches, NYSE Archives.

[22] Charles R. Geisst, *100 Years of Wall Street* (New York, 2000), 41.

[23] "Evils and abuses," quotation in Chris Welles, *The Last Days of the Club* (New York, 1975), 31-34. Pecora summarized his findings in *Wall Street Under Oath: The Story of Our Modern Money Changers* (1939; New York, 1968). Some recent

public eye, the Governing Committee was indirectly implicated in these improprieties for dereliction in its duty to ensure "a just and orderly marketplace," a perceived moral as well as a regulatory failure. Exacerbating popular ire, the Exchange's "Old Guard" ruling faction, led by president Richard Whitney (1930-1935), appeared callously unperturbed by small investors' sufferings, stubbornly unrepentant for failing to prevent scandals, and thoroughly unconvinced of the marketplace's need for government regulation. In an oft-repeated remark, Whitney once arrogantly declared that the NYSE was "perfect." Ironically, Whitney was later convicted of embezzlement and sentenced to a term at Sing-Sing Prison in 1938. The NYSE's disgrace seemed complete. To the extent that it had once possessed it, the Big Board had lost "organizational legitimacy," defined as the conformity of an institution's "means and ends . . . with social norms, values and expectations."[24]

In the wake of the Crash, the NYSE undertook genuine, "substantive" reform, which unfolded on two levels: external, government initiatives, and internal, Exchange-sponsored measures.[25] While the New Deal's legislative reforms, especially the creation of the Securities and Exchange Commission (SEC), are well remembered, the Big Board's self-reform is less so. The NYSE's internal restructuring, however, is critical in understanding the Board's adoption of a new public relations direction in the 1950s.

The Big Board promulgated some new trading rules immediately after the Crash (and also engaged in some "symbolic" reforms), but the pace and quality of internal reform accelerated after the Whitney embezzlement scandal left the Old Guard bereft of its leader. A group known as Reformers, mostly commission brokers and specialists such as

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scholars, however, question the extent to which certain "Wall Streeters," such as Charles Mitchell and Albert Wiggins, really acted improperly. See George Benston, *The Separation of Commercial and Investment Banking: The Glass-Steagall Act Revisited and Reconsidered* (London, 1990).

[24] On the fall of the NYSE in the 1929 to 1938 period, see especially John Brooks, *Once in Golconda: A True Drama of Wall Street, 1920 to 1938* (New York, 1969, 1999). Also see Sobel, *N.Y.S.E.*, and Sobel, *The Big Board: A History of the New York Stock Market* (New York, 1965). On legitimacy, Blake E. Ashforth, Barrie W. Gibbs, "The Double-Edge of Organizational Legitimization," *Organization Science* 1 (1990): 177. Also, J. Dowling and Jeffrey Pfeffer, "Organizational Legitimacy: Social Values and Organizational Behavior," *Pacific Sociological Review* 18 (Jan. 1975): 122-36.

[25] "Substantive management" is defined as "real, material change in organizational goals, structures, and processes or socially institutionalized practices." In contrast, with "symbolic management," an organization, instead of actually changing its ways, "simply portray[s] . . . them to appear consistent with social values and expectations." A. J. Richardson, "Symbolic and Substantive Legitimization in Professional Practice," *Canadian Journal of Sociology* 10 (1985): 139-52.

E. A. Pierce, John Hanes, and John Coleman, seized the power vacuum to gain control of policy-making. Due to the nature of their business, the Reformers possessed a more direct interest in the investing public than the investment banker–led Old Guard. Hence, they enacted changes to make the institution less "clubby" and more responsive to the needs of small investors. Among other measures, the Reformers revamped the executive department, converting the presidency into a paid post and enlarging the Board of Directors to include three "representatives of the public." Pleased with the reorganization, SEC chief William O. Douglas declared in 1938 that "the interests of Wall Street were not incompatible with that of the country;" the government's "war" with the NYSE "was over."[26]

The Exchange's public relation's nightmare, however, was not. A gap developed between reform and recovery. Although Wall Street became a more equal playing field, popular confidence in the Stock Exchange's integrity did not automatically follow. Acutely aware of their low public standing, Big Board leaders in 1938 clandestinely consulted with several image consultants (including the "Father of Public Relations," Edward Bernays). Upon discovering this, reporters roundly mocked the Exchange. A *New York Sun* poem satirized the plight of the NYSE:

> We need some glorifying done,
> And we need it badly now;
> Oh, won't some volunteer step forth
> And kindly show us how?
> We want that chilly mask removed—
> That manner cold as ice;
> The public should be made to feel
> We're really very nice.[27]

Still In Need of "Some Glorifying": The NYSE after World War II

Almost two decades later, polls by Elmo Roper, the NYSE, and Charles Merrill showed lingering distrust of the securities industry's integrity as well as doubt of equity's benefits.[28] At the start of the 1950s, the NYSE still "needed[ed] some glorifying done." Most Americans not invested in the market were apathetic as to its state, which remained depressed. At mid-century, although select stocks had rebounded, the Dow Jones Industrial Average had not yet recovered to even half the level reached before the

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[26] Market reporters Joseph Alsop and Robert Kintern discussed Douglas' reaction to the 1938 Reorganization in their two part series, "The Battle of the Market Place," *Saturday Evening Post* (11 June 1938), 10, and (25 June 1938), 81-82.
[27] "A Little Glorifying," *New York Sun*, 17 March 1938, 28. Also see "Exchange Talks with Press Agent: E.L. Bernays Consults with Officials," *New York Sun*, 15 March 1938, 39.
[28] Edwin P. Hoyt discusses the Merrill Lynch and Roper polls in *The Supersalesmen* (Cleveland, Ohio, 1962), 97.

Crash; the average price/earnings ratio was less than a third of its 1929 high; and trading volume was weak. Brokerage firms struggled to maintain profitability, as stockowners tended to adjust their portfolios infrequently, thus depriving brokers of commissions.[29]

A 1952 Brookings Institute study revealed that fewer than 6.5 million Americans (1 in 24 adults) owned stock, though the Depression's end meant that millions more were financially capable of doing so. Infused with what historian Robert Sobel called a timid, "safety first" investing mentality, they preferred putting their dollars in other vehicles, especially life insurance, savings accounts, and government bonds.[30]

TABLE 1 The Popularity of Stocks versus Other Investment Vehicles in the Early 1950s

Type of Investment	% of Family Units With >1 Owner	Estimated # of Family Units with >1 Owner (millions)
Life insurance (including G.I.)	82.3	41.16
Savings accounts	52.8	26.39
U.S. Series "E" bonds	41.9	20.94
Annuities, pensions (excluding social security)	20.9	10.47
Publicly owned stocks	9.5	4.75
Other government bonds	5.5	2.76
Privately held stocks	4.6	2.30
Real-estate mortgages and bonds	2.7	1.37
Corporate bonds	1.3	.64

To better understand why the public generally eschewed stocks, the NYSE commissioned Alfred Politz Research to conduct field interviews of 3,000 American adults in the summer of 1954. Politz discovered that most Americans did not understand the stock market and did not realize that the SEC now co-regulated it. Most disturbing to the NYSE, a majority

[29] A. T. Miller, "The Election and the Market," *Magazine of Wall Street* (15 Nov. 1952), 162-64, 210.

[30] Shareownership statistics: Summary and Conclusions reprinted from Lewis Kimmel, *Share Ownership in the United States*, (Washington, D.C., 1952), 5. Hereafter "Brookings Report." Popularity of investment vehicles: "Who Owns Business," *Forbes*, Sept. 1952, 87. Sobel appropriately labeled investors after the Crash as timid and preoccupied with "safety first." Sobel, *Dangerous Dreamers*, 26, 27. On investors' diminished expectations and low risk tolerance in the post-Crash era, also see Sobel, *The Great Boom: How a Generation of Americans Created the World's Most Prosperous Society* (New York, 2000).

of polled citizens said that they would not consider investing in stocks, even if they possessed the funds to do so. Moreover, the poll indicated that only 1 in 4 Americans could adequately describe common stock or the functions of the Exchange, and 9 out of 10 would not consider buying stock. It suggested that citizens' antipathy to the market stemmed in part from their lack of understanding of it.

TABLE 2 Results of Alfred Politz Poll for NYSE, 1954
(percentages)

Ability to Define Common Stock	Total Adult Population	Share-owning Households	Non-Share-owning Households
Could describe stock	23	61	19
Could not	77	39	81
Willingness to Consider Equity Investing	**Total Adult Population**	**Those Who Described Stock Adequately**	**Those Who Did Not Know What Stock Was**
Would consider investing in stock	10	23	6
Would not consider investing in stock	90	77	94
Ability to Define the NYSE's Role	**Total Adult Population**	**Men**	**Women**
Could describe what the NYSE does	24	31	17
Could not	76	69	83

The antipathy also sprang from the public's vivid (albeit mostly vicarious) memories of the Crash and fears of a recurrence. Galbraith wrote in 1954 that 1929 was a year permanently etched in the national consciousness "like 1066, 1776, and 1914." He contended:

> The memory of that autumn, although now much dimmed, is not yet gone. As those days of disenchantment drew to a close, tens of thousands of Americans shook their heads and muttered, 'Never again.' In every considerable community there are yet a few survivors, aged but still chastened, who are still muttering and still shaking their heads.[31]

[31] Galbraith, *The Great Crash*, 169-70. In a similar vein, more recently, Ron Chernow wrote of the Great Crash: "As for the chastened small investors,

In the opinion of Galbraith and others, the memory of 1929 served a beneficial "immunizing" purpose, deterring future speculation and its supposedly inevitable result, another devastating market collapse. Yet, as journalist Michael Schudson wisely suggests, not all remembering is necessarily "laudatory." In fact, in some cases, forgetting may be "praiseworthy. . . . It may be liberating, freeing, forgiving of oneself or others; forgetting may signify not being trapped by the past."[32] In retrospect, the market at mid-century contained excellent investing opportunities, especially in new industries such as television and computers. Yet most citizens, "trapped by the past," ignored stocks, and the NYSE community, possessed by its own memories of the Crash, generally ignored average citizens.

Merrill Lynch was a conspicuous exception. Boldly targeting a wide audience for securities, Charles Merrill proclaimed in 1946 his firm's philosophy:

> Our business is people and their money. We must draw the new capital required for industrial might and growth *not* from among a few large investors but from the savings of thousands of people of moderate incomes. We must bring Wall Street to Main Street—and we must use the efficient, mass-merchandising methods of the chain store to do it.[33]

To gain public trust in the firm's integrity, Merrill Lynch pioneered innovations such as minimum commissions, free research reports and other services, such as investment seminars and educational pamphlets that explained the security trading process in easy-to-understand terms. The firm publicized these services and did not eschew advertising as a tool to do so. While competitors confined their advertising to aloof and impersonal advertisements known as a lifeless "tombstone" style, Merrill Lynch used illustrated, conversational advertisements. Ads conveyed brokers as friendly and helpful, interested in educating investors.

In one typical Merrill Lynch advertisement in the early 1950s entitled "What Keeps a Customer Happy," a fictional customer cited several factors that initially attracted him to Merrill Lynch and then inspired his continued loyalty. He mentioned the low commissions, his

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scorched by the fire and brimstone, they swore that they would never again be hoodwinked and deserted the stock market for a generation, some forever" (*The Death of the Banker*, 42).

[32] Galbraith wrote that "memory . . . was far better than law" in preventing another Crash; *Great Crash*, x. Michael Schudson, *Watergate in American Memory: How We Remember, Forget, and Reconstruct the Past* (New York, 1992), 5.

[33] Merrill quoted in Sobel, *Dangerous Dreamers*, 30; Sobel, *N.Y.S.E.*, 179. As part of its investors' education efforts, Merrill Lynch employed Lou Engel, a well-regarded financial writer, to produce many pamphlets on investing. Engel also wrote *How to Buy Stocks* (1953; Boston, 1967).

long relationship with the same account executive, the firm's high caliber service, and access to complimentary investor reports. The customer concluded: "Over the years . . . I've found that Merrill Lynch is just as concerned with an order for 10 shares as it is for 100, and handles it just as efficiently. But looking back over 20 years, the thing that stands out most in my mind is *that you're never tried to sell me a thing*—never pushed for that extra commission."[34] This ad created the impression that Merrill Lynch's account executives were motivated not by a self-interested desire to make money for themselves, but by a sincere concern for the welfare of their clients, big and small. Merrill Lynch's strategy worked; by 1950, it was the biggest firm on Wall Street.[35]

However, competitors were slow to copy Merrill Lynch's formula, as indicated by the fact that in 1953, the entire securities industry spent only $2.4 million on advertising, more than half of which was expended by Merrill Lynch alone. Clearly, most brokerage houses, though coveting Merrill Lynch's success, were "not jumping on the promotion bandwagon," as *Forbes* magazine reported. One reason was fear that cultivating the "dime trade" would further compromise their reputations, perhaps causing them to lose their wealthier clientele. Even if the small-investor market were profitable, appealing to that segment might eventually backfire. *Forbes* explained, "Deep in the minds of the skeptics lurks the conviction [that] promising and profitable as the small-investor market might be, there is dynamite in the Main Street trade. Nobody is certain it will ever go off. But neither is it felt safe to tamper with the detonator." The stick of dynamite wielded by the "Main Street trade" was the vote. Conservative Wall Streeters "shudderingly remember that burned investors are also voters. Increasing numbers of new investors only make the prospect more appalling." If the market again collapsed as it had in 1929, another round of federal legislation could permanently sap the vitality from the market, they feared. Moreover, they worried about the middle-class person's vulnerability to "bad economic weather." Because "working investments are also reserves," "If [the small investor] is hit hard enough, he has to recall his invested capital. If it's because of a general recession, he has to pull out his capital just at the worst time." A large number of small investors doing likewise conceivably could cause a market downturn to escalate into a full-fledged crash. For these multiple reasons, after World War II the loose consensus among the Exchange fraternity, Merrill Lynch notwithstanding, was to avoid appealing to small investors. Whereas in the past, pride had prevented them from mass

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[34] Merrill Lynch Advertisement, "What Keeps a Customer Happy," *Magazine of Wall Street* (13 Dec. 1952), 269.

[35] On Charles Merrill's activities in the postwar period, see especially Edwin J. Perkins, *Wall Street to Main Street: Charles Merrill and Middle Class Investors* (New York, 1999), 193-236.

advertising, now it was fear, the fear that mass merchandising securities might give them "another disastrous black-eye."[36]

Thus, at mid-century, the NYSE, in its own way, was, like Main Street, stuck in the "shadow of 1929." As one Exchange official recalled:

> The morale among many sections of the Exchange community was very low. Many of them remembered the Whitney days. Some of them told me, members on the floor, that they wished they had chosen another career and they were really looking around, almost. It was a low point in Exchange history at that time. . . . Wall Street had a low standing in public acceptance. Volume—the business was lousy. People still felt that the Roosevelt years had done great damage to the reputation of the Exchange because of, largely, Whitney. And some of those members on the floor were there and remember[ed] those days, how shocked they were. I remember being told how they still couldn't believe it and they still felt ashamed of that period, that this had happened to the Stock Exchange. . . . I also found that the public had little knowledge of investing, or the Exchange or how it operated. We, too, were in a sense in the shadow of 1929.[37]

"Own Your Share" focused on putting to rest the shadow, encouraging Wall Street to market to Main Street and encouraging Main Street to buy. The rhetoric of "free enterprise" and "democratic capitalism," popularized by the Ad Council, the National Association of Manufacturers (NAM), as well as by the administration of Dwight Eisenhower, helped Funston and his colleagues sell Wall Street on the idea of mass shareownership.[38] Those slogans provided a central rallying point on which the diverse elements of the Exchange community could agree.

To sell Main Street, the NYSE's public relations programs generally relied on the same rhetoric. Free enterprise, for instance, was a theme in speeches made by the Speakers Bureau, a grass roots program in which brokers visited local chambers of commerce, schools, Rotary Club meetings, and other organizations to spread the shareownership gospel. Films on investing, tours of the Exchange, and events such as Goerke's store display also emphasized that buying stock was a vote for capitalism.

The actual "Own Your Share" advertisements, however, unlike the marketing programs, did not dwell on that theme. Instead, Exchange ads

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[36] "Small Investors: Wall Street Dynamite?" *Forbes* (15 Dec. 1950), 19.

[37] RCL Oral History, 1984.

[38] Notably, some of the public governors were members of the Ad Council and NAM. While not focusing on the NYSE, historians Elizabeth Fones Wolf and Robert Griffiths discuss the business community's use of free enterprise rhetoric. See Fones Wolf, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-60* (Urbana, Ill., 1994); Griffith, "Dwight D. Eisenhower and the Corporate Commonwealth," *American Historical Review* 87 (Feb. 1982): 87-122; Griffith, "The Selling of America: The Advertising Council and American Policies, 1942-1960," *Business History Review* 57 (Autumn 1983): 412.

stressed the more practical benefits of stocks to the individual investor, particularly emphasizing how dividend income could help parents provide a better quality of life for their children. "If you're concerned about tuition costs and such—here's how investing may help," began a typical ad. "If your family's needs are increasing, consider these facts about investing" was another common headline. Taking a cue from Merrill Lynch's ads, the Exchange usually reinforced copy with pictures. In the ad "This is the music that dividends pay for," a boy played a trumpet as his proud father watched. In "This is the smile dividends are helping to pay for," a cute little girl flashed a retainer-filled smile at her birthday party. The purpose of these ads was to depict the stock market not as gambling den where investors made dramatic short-term profits, but as a reputable place to acquire steady income. Ads never made the Raskob error of suggesting that everyone could be a millionaire in the market, but they did suggest that everyone could enjoy a more comfortable lifestyle by investing in stocks. "Dividends over the years" could provide a reliable "second income" to help families afford little extra luxuries, once the basic necessities were fulfilled by the regular job income.[39]

Flamboyant patriotic appeals, though pervasive in events such as "Invest-in-America" weeks and commemorative reenactments of the Exchange's founding, were conspicuously absent from the Exchange's ads, with the exception of the slogan "Own Your Share *of America*" which was emblazoned on every promotion. By making a soft sell, the Exchange hoped to avoid the charge that its ads played upon people's emotions to encourage blind investment in the market.[40]

Understanding that Crash-scarred Americans prioritized "safety first," the NYSE's Market Development team repackaged stocks accordingly. Their ads typically featured "four cautions." Ruddick Lawrence explained:

> We said, "First understand the risk. Don't invest if you can't afford it. Secondly, have a cash reserve for emergencies. Don't put the rent money or the insurance money in the stock market. Third, get good advice, go to a broker or your banker or somebody

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[39] "Own Your Share" ad tear sheets, NYSE Archives.

[40] As contrasted to the NYSE proper and member firms, listed companies unabashedly used the capitalism/anticommunist theme in their ads. See Listed Company Tie-In Ads folder, Press Relations/Public Information Advertising Campaigns, RCL box 2, 1965-1973. For instance, in an advertisement by General Telephone was entitled "Joe Citizen Capitalist," the copy read, "Joe is a fellow with a lot of faith in the things that make this nation great. Over a period of years, Joe has invested his savings in the stock of several major companies, among them General Telephone Company of the Southwest. In this way, Joe and thousands like him express their confidence in private industry." Con Ed ran another typical ad for the period: "The communists would 'liquidate' all American Stockholders as Capitalists."

> who can help you and who can make sure—check it out." And finally we said, "Get the facts. Buy stocks on which you can get information. And understand the facts, try to learn the facts." This, of course, required, by definition, an enormous educational program....We wanted people to be educated, we wanted them to be informed. And on that basis, we felt we could proceed soundly to develop this nation of stockholders. The benefits from that would fall automatically to the Exchange and its members in terms of higher volume, in terms of greater understanding of the stock market, appreciation of its function and economy and in greater status for Wall Street and the investment community.[41]

Michael Carlock, in charge of the NYSE account at Calkins & Holden, commented, "The Stock Exchange is probably the only advertiser who offers his wares and then tells the customer to think twice before buying."[42]

In fact, pollster Alfred Politz had tried to dissuade the Exchange from placing so much emphasis on the hazards of investing in their ads. "I only want to say the idea that. . . . perhaps the risk connotation can be reduced by a more or less saying something that one has profit and losses, or gains and losses, and that is the kind of news they will always put together, which is ethically correct." He particularly objected to ads that advised investors to make sure they possessed life insurance before buying stocks.[43]

The Board, however, disregarded Politz's advice, anxious, in its own way, to pursue a safety-first strategy. They preferred erring on the side of overemphasizing the risks of investing. For their own interests as well as those of investors, Exchange officials aimed to create advertising that was "conservative rather than daring," featuring copy that would "read just as well even though the market should drop next year."[44] In addition to

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[41] RCL Oral History, 1984.

[42] Carlock, quoted in Silverstein, "Balladeer in a Bull Market," 48.

[43] Alfred Politz, Transcribed Notes of Politz' Verbal Report, 25 Oct. 1954, NYSE Department of Research, 31.

[44] Comments by RCL, 16 Dec. 1954, regarding Advertising Copy for 1955. R.C. Lawrence-Presentations to Board of Governors, 12 June 1953 - 19 Dec. 1957 folder, RCL box 1. Lawrence further explained,

> In our advertising and public relations, we have stressed repeatedly how important it is for investors—and especially new investors—to have a cash reserve for emergencies and some insurance, to get the facts and good advice, and to buy stocks in well-known and established companies. We have carefully avoided suggesting what to buy and when to buy. Since we can't foresee tomorrow's headlines nor tomorrow' stock prices, and since the general level of the market has experienced such a consistent rise, we believe that the Exchange advertising copy should increase its emphasis on ownership on a sound basis rather than putting the stress on the ownership—that for the time being we should put even

advertisements, the Exchange initiated a Monthly Investing Plan, somewhat akin to mutual funds, to appeal to stockholders' desire for diversification and professional money management.[45]

As "Own Your Share" progressed, new polls, occupational surveys, and popular behavior revealed a shift in attitudes toward Wall Street; citizens viewed stockbrokers and the Exchange with heightened respect and equities with newfound interest. An average of one million citizens annually joined the market. They formed investment clubs with friends and co-workers, attended finance courses sponsored by local community schools and brokerage firms, toured the NYSE in record numbers, and visited their neighborhood stock brokers. As in the 1920s, not everyone actually bought stocks, but many eagerly discussed them, making the market a ubiquitous conversation topic.[46]

Stocks, like suburbia, became part of the postwar culture. Television commentator Walter Winchell dispensed market tips on his popular show; newspapers expanded their coverage of Wall Street; the overseas Armed Forces Network regularly broadcast stock market quotes. Citizens became increasingly confident in the Exchange and in the prospects offered by equity investing. That shareownership was "good for the nation" and that the NYSE operated "in the public interest" were objects of a growing national consensus.[47]

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more emphasis on education—how to invest soundly—and less on dividends and profit possibility.

[45] GKF called "cautions" a "basic part of our advertising." GKF, Memo, "Special Cautionary Program, 8 April 1959; RCL Oral History. The Exchange's "negative" advice to investors, telling them not to buy too much stock or too risky stock, can be considered a form of "demarketing," a strategy especially effective for industries that are in the process of "selling sin." See D. Kirk Davidson, *Selling Sin: The Marketing of Socially Unacceptable Products* (Westport, Conn., 1996). The author discussed several industries with problem products, such as alcohol and cigarettes, but does not mention stocks among them.

[46] "Stock brokers came in from the cold and became respectable again, ranking high on the lists of those professionals admired most," comments Charles Geisst, *100 Years*, 74.

[47] A Politz poll found that 3 out of 4 surveyed thought that periodic stock investment, promoted by the Exchange, was "good for the country." NYSE, *The Public Speaks to the Exchange Community: Highlights of Three Consumer Surveys Conducted for the New York Stock Exchange on Behalf of Its Members and Member Firms* (New York, 1955), 18. During the 1950s, the NYSE repeatedly won awards from the *Saturday Review* for "distinguished advertising in the public interest." GKF, Letter to Members, 27 Aug. 1957. By the century's end as Ron Chernow notes, the stock market came to be seen as "a safe and wholesome place for the whole family, much as Las Vegas, once the louche hideaway for gangsters and their molls, is now a cherished Sunday destination for Granny and the bridge club." Stock investing, Chernow concludes, became "a

The level of the stock market rose in this period, beginning in 1954 an ascent that continued with only minor interruptions for fourteen years. While the bull market certainly helped fuel positive attitudes toward equities, the loose consensus that developed around shareownership, however, was not entirely a spontaneous byproduct of a rising market. At least to some extent, the NYSE's public relations endeavors, in which member firms and listed companies participated, helped "engineer" consent about the market's virtues and helped spread shareownership. By 1965, the ranks of individual stockowners had increased to 20 million (1 in 8 Americans) from 6.4 million in 1952 (1 in 24 Americans).[48]

TABLE 3 The Number of Shareowners in the "Own Your Share" Years, 1952-1965

Year	Individual Shareowners (millions)	Shareowners as a % of U.S. Population
1952	6.49	4.2
1956	8.63	5.2
1959	12.49	7.1
1962	17.01	9.4
1965	20.12	10.4

We should not overestimate "Own Your Share" 's impact, however. Clearly, many people, though exposed to the ad campaign, did not buy. Those who did were motivated by additional factors, such as tax rates, inflation, perceived corporate earnings potential, projected economic growth, and prospective return rates on alternate investments. In addition, they did not necessarily conceive of their stock purchases as "owning a share in America." The NYSE also cannot take full credit for encouraging member firm advertising; though it rose from an industry total of $2.5 million in 1953 to over $120 million by 1968. Eventually, many firms may have followed Merrill Lynch's lead.

Nevertheless, we should not underestimate "Own Your Share." It deserves some credit for transforming many citizens' image of equity investing from a sinful, foolish pursuit akin to gambling to a wholesome

hallowed American spectator sport, as comfortably mainstream as Coca-Cola, Wal-Mart or Disneyland" (*Death of the Banker*, 77).

[48] Edward L. Bernays, who briefly advised the NYSE on its image problem in the 1930s, defined public relations as "the engineering of consent." Bernays, ed., *The Engineering of Consent* (Norman, Okla., 1955). Shareownership statistics, highlighted in chart: Brookings Report; Shareownership 1975, NYSE; Census of Shareowners in America, 1976, NYSE Archives.

activity as quintessentially American as Mom and apple pie. At the same time, by elevating stocks' ideological importance, the Exchange improved its own reputation as the provider of a just and orderly marketplace. Equally important, by officially endorsing broad shareownership, the NYSE proper helped legitimize the mass merchandising of securities. This surely must have sped the process by which brokerage firms copied Merrill's marketing tactics. Indeed, in promoting a philosophy (in reality, an ideology) concerning stockownership, "Own Your Share" affected not only potential stock buyers, but also sellers. The program impelled the securities industry to reevaluate the perceived proper components of the shareowner base. In the past, many Wall Streeters had sharply fragmented Americans into two classes, the investing public and the non-investing public, and they had seen most citizens as belonging to the latter group. Now, the Exchange's publics melted into a single large investing group, as Big Board officials proclaimed broad shareownership "good for the country." This they seemed genuinely to believe. Even in their internal correspondence, NYSE president G. Keith Funston and his associates referred to the campaign with quasi-religious fervor. Funston often deemed "Own Your Share" a crusade; Lawrence hailed it as a mission just as critical as the race with Russia to get man on the moon. By inspiring Wall Street's faith in Main Street, not just Main Street's faith in Wall Street, "Own Your Share" 's zealous architects thus helped diminish the long-lingering "shadow of 1929."