SPREADING THE IDEAL OF MASS SHAREOWNERSHIP: PUBLIC RELATIONS AND THE NYSE

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ABSTRACT

In the 1950s, the New York Stock Exchange, led by President Keith Funston, embarked on an ambitious public relations campaign christened "Own Your Share of American Business." This paper justaposes the "Own Your Share" campaign with earlier NYSE image-making efforts. Tracing the evolution in Exchange public relations sheds lights on how the Big Board gradually embraced mass shareownership as a worthy goal and endorsed mass merchandising as a legitimate way to achieve it.

In the spring of 1954, the words "New York Stock Exchange" and "Own Your Share of American Business" blazed prominently on Goerke's department store window in downtown Elizabeth, New Jersey. Mannequins, delicately holding ticker tape and stock certificates in their porcelain hands, attractively beckoned passersby. Inside the store, on the main floor, a friendly, live stockbroker stood beside a towering replica of a stock trading post, fielding questions and distributing business cards of local brokerage firms. Meanwhile, 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 entitled "What Makes Us Tick." As the movie emphasized, a stock purchaser acquired not a mere certificate of paper, but an important interest in a tangible company that provided the nation with goods or services. Moreover, besides supporting a specific company, a stock buyer also bolstered the free enterprise system. Reinforcing the film's message, a special store display featured products manufactured by local companies listed on the NYSE, like Allied Chemical & Dye and Esso Standard Oil. And signs in the store windows proclaimed that buying a share of stock—a "share in America"—fueled a vibrant "people's capitalism."[1]

The NYSE's Market Development Department 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 to the "people's capitalism" store window signs. In marketing language, the exhibit "tied in" to what the Exchange heralded as "the broadest, most intensive public relations program in its history"—Own Your Share of American Business.[2]

Operating from 1953 to 1968, Own Your Share primarily aimed to convince Americans who had never bought stock to become shareowners. The program was orchestrated by the NYSE's executive, regulatory branch, which then consisted of a board of governors, a president and chairman, and several administrative departments.[3] Exchange executives, collaborating with advertising agencies and marketing consultants, designed

both the campaign's general themes and specific promotions. They distributed the finished products to member firms and listed companies who, instead of spending their own time and money creating advertisements, simply could affix their nameplates to these pre-made ones. Commenting on Own Your Share's debut, economist John Kenneth Galbraith remarked, "Wall Street, in recent times, has become, as a learned phrase has it, very 'public relations conscious.'"[4]

Own Your Share was *not*, however, the NYSE's first organized public relations program; that milestone had occurred forty years earlier, with the inception of the Library Committee in 1913.[5] Yet, as will be explored, Exchange executives traditionally narrowly perceived the purpose and methods of their public relations endeavors and also sharply distinguished their own image-making work from that of member firms. By departing from long-established ideas and practices, the Own Your Share architects fostered a new type of "public relations consciousness" on Wall Street. This essay examines the trajectory by which the campaign came to life. It first explores the prior public relations slant dominating the Big Board in the era before the Second World War.

The First Phase of Exchange Public Relations (1913-1938): The Era of the Old Guard

In the early 1900s, a conservative faction known as the "Old Guard" controlled Exchange policy-making, including the Library Committee's public relations agenda. This group viewed the primary purpose of public relations as cultivating the "public-as-lobbyists" to support the Exchange's efforts to maintain its self-regulatory status quo. Only after World War II, with Own Your Share and a new group at the helm of the Exchange, did the Big Board also actively seek to cultivate the "public-as-shareowners."[6]

Spreading stockownership was absent from the Old Guard's agenda for practical as well as ideological reasons. Mostly investment bankers, the Old Guard primarily had corporations, not individuals, as their clients; therefore, unlike commission brokers, they lacked a strong financial incentive to bolster the shareowner ranks. They could afford to interpret narrowly their job which the NYSE constitution only vaguely described as providing "a fair and orderly marketplace."[7] In their view, soliciting lobbyists was necessary to this task; whereas encouraging stock ownership was beyond their constitutional purview. Member firms sold stock, not they. Moreover, in the Old Guard's opinion, inviting the public into the market was an unwise idea because most average citizens were "speculative incompetents" whose unstable emotions and lack of innate intelligence rendered them incapable of sound investing.[8] While the Old Guard was not particularly troubled by the prospect of speculative incompetents losing their own money, they were, however, deeply concerned by the possibility that panicky new investors, selling in concert, might destabilize the market for the rest of the participants, too.[9] Spreading stockownership thus seemed an act laden with risks but bereft of significant potential returns.

Consequently, the Library Committee confined its task to inducing Americans to support, but not necessarily patronize, the marketplace. Operating from 1913 to 1938,

this department wrote myriad press releases extolling the organization's "high standards" and "exemplary self-regulation." Reporters friendly to the Exchange printed these articles in well-read sections of the paper, not naming the NYSE as the author. To encourage reporters to write their own flattering stories, the public relations department welcomed them to visit the NYSE's Library Room, which was filled with information submitted by listed companies. Impressed reporters could then personally attest to the Board's effective monitoring job and to the high caliber of listed companies.

While nurturing a close relationship with the press, the Library Committee never directly publicized the organization's merits, perceiving advertising as beneath the institution's dignity. The Old Guard also discouraged member firms from advertising. Acutely aware of the fraud permeating financial promotions and anxious to disassociate members from even the taint of such unethical salesmanship, the Old Guard implemented a rigorous anti-advertising code. This code provided another reason for eschewing Exchange advertisements: the Old Guard worried that engaging in the same activity that they monitored would constitute an inherent conflict of interest. Therefore, they worked instead to formalize the anti-advertising code, making it part of the NYSE Constitution. In 1898, the first step was taken with the enactment of a resolution stating, "the publication of an advertisement of other than a strictly legitimate business character by a member of the Exchange shall be deemed an act detrimental to the interest and welfare of the Exchange." In 1916, the Board further resolved, "...no member, or his firm, is permitted to use 'Catch Phrases' or to depart in any way from direct and simple methods of advertising." Then, in 1921, the NYSE initiated the practice of reviewing member firms' advertisements. Only so-called "tombstone" style advertisements were approved—dull, lifeless ads which plainly stated in large block letters firms' names and addresses with little additional information. Intentionally boring and devoid of emotional appeal, these ads posed no threat to the organization's dignity.[10]

To the Old Guard's ire, not all members advertised in a restrained way and to a refined target audience. This was particularly true after the World War I Liberty bond drives illustrated the potential profitability of merchandising to the expanding middle-class. Consequently, by the 1920s, a few renegades (like broker Charles Merrill and banker Charles Mitchell) were aggressively mass marketing securities. The Board discouraged these fledgling efforts, reprimanding members for even slight deviations to the anti-advertising code. Some ads were judged objectionable simply because they contained illustrations, and pictures automatically violated the "direct and simple" approved style.[11]

Despite these efforts to protect and project a lofty image, the NYSE historically suffered from a lackluster popular reputation. As the Director of Publicity candidly noted in 1924, "Relations between the public and the Exchange are not as they should be."[12] Bold member advertisements were not the major problem staining the Big Board's biggest image; rather, the Exchange's lack of social legitimacy stemmed from deep-rooted moral objections to equity investing, prevailing negative perceptions of member firm conduct, and suspicions of the Board's true level of regulatory diligence.

In the early 1900s, many citizens objected to stock speculation as immoral behavior and therefore condemned the Exchange for simply providing a marketplace. In their opinion, the NYSE was a "shady lair...a place as wicked as a pool hall or gambling den, and certainly no place for decent, God fearing folk."[13] Others derided equity investing as not necessarily immoral, but simply foolish, considering that a person presumably needed not just financial acumen but "insider" status to achieve success in the market.[14] With justification, some suspiciously viewed the Stock Exchange as an elite private club that tacitly allowed members to prey upon the gullible investing public. Therefore, for their own reasons, Americans on Main Street, not unlike Wall Street, were not overwhelmingly convinced of the wisdom of "little fellows" participating in the market.[15] When the 1929 Crash occurred, Wall Street and Main Street tended to interpret the causes differently. Yet typically, they both did so in ways that confirmed their preexisting ambivalence about mass investing.

From the Crash of 1929 to the Scandal of 1938: Reaffirming Attitudes about Mass Investing and the NYSE

On Wall Street, many blamed the market collapse on new investors' supposedly panicky behavior. Reflecting the dominant opinion on the Street, Guaranty Trust attributed the Crash to "thousands of the public, who had become 'investment-minded' and the victims of their own lively imaginations...[selling] out in a rush." The quotation marks around "investment-minded" suggest disbelief that average Americans were capable of savvy participation in the market. Condescendingly, the bank harshly insisted that "thousands of inexperienced persons [entered] into the ranks of stock market speculators where neither their financial knowledge nor their financial strength entitled them to be." The typical small investor was

> uninformed as to intelligent procedure in buying and selling securities. It was easily subjected to psychological reactions of an exaggerated sort, buying and selling en masse without any clear understanding of the reasons for doing so. Although there has always been an element of mob psychology in the actions of the investing public, this element has been increased manifold by the changes of recent years...The small investor is, then, to a large extent, the victim of his own imagination.[16]

Even some former advocates of popular shareownership, like Yale Professor Irving Fisher, joined the scapegoating. Professor Fisher derided little shareholders as the "lunatic fringe" in the market. The Crash, Fisher contended, ultimately was a "healthy development" because it would "shake out" this undesirable element, returning the shareownership base to wealthier, allegedly more responsible investors.[17]

On Main Street, different views of the Crash prevailed. Initially, many believed that a small group of Exchange insiders had deliberately engineered the market decline for their own selfish ends, hoping to profit as small investors sold. While the allegation that

a few "bears" intentionally caused the Crash faded, the general idea persisted that little investors had been particularly victimized. According to prevailing public opinion in the early 1930s, stock promoters, using advertisements and other marketing tricks, had lured gullible individuals to Wall Street, and the NYSE management had not protected the innocent lambs from being led to the proverbial slaughter. Fueling this interpretation, a heavily publicized congressional investigation into the causes of the Crash, led by chief counsel Ferdinand Pecora, revealed a multitude of scandals, ranging from insider trading to unscrupulous securities marketing tactics. The public was angry not only with the actual perpetrators, but the Old Guard leaders, too, since they had failed to ensure that the market was "just and orderly" for all investors.[18]

Not just the Old Guard's regulatory oversights but also their attitudes incited the public's ire. In particular, NYSE President Richard Whitney (1930-1935) seemed strikingly callous to the sufferings of small investors, stubbornly unrepentant for failing to catch abuses, and thoroughly unconvinced of the need for market reform. Fiercely resisting the creation of the SEC in 1934, Whitney arrogantly declared that the NYSE was "perfect" as it was. Ironically, a short time later, in 1938, Whitney was convicted on embezzlement charges and sentenced to a term at Sing Sing prison. Besides deeply staining the NYSE's image, the Whitney scandal also effectively destroyed the Old Guard, allowing a rival group, the "Reformers," to rise to power at the Exchange in 1938.[19]

Unlike the investment-banker dominated Old Guard, the Reformers were composed mostly of commission brokers and specialists. Due to their client base, they possessed a strong vested interest in small investors. Led by E.A. Pierce, John Hanes, and John Coleman, the Reformers collaborated with the SEC to make the NYSE more responsive to all investors—members and non-members. Among many modifications, they enlarged the Board of Directors to include three "representatives of the public" and converted the presidency into a paid post to heighten executive accountability to multiple constituencies.[20] In the wake of this internal as well as external market reform, a more equal playing field existed on Wall Street by 1938. Yet popular confidence in the Stock Exchange's integrity did not automatically follow.

The Second Phase of Exchange Public Relations (1953-1968): A Response to the Lingering "Shadow of 1929"

At the end of World War II, almost two decades after the Crash, polls by Elmo Roper, the NYSE, and Charles Merrill revealed lingering distrust of the securities industry.[21] The market 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 Crash and the average price/earnings ratio was less than a third of its 1929 high. Trading volume was weak since stockowners infrequently adjusted their portfolios and the number of stockowners was small. Fewer than 6.5 million Americans (1 in 24 adults) owned stock in 1952, though the Depression's end meant that millions more Americans were financially capable of buying stock. Infused with what historian

Robert Sobel called a timid, "safety first" investing mentality, most preferred putting their dollars in other vehicles, especially life insurance, savings accounts, and government bonds.[22]

Americans' conservative investing preferences were rooted in their vivid memories of the Crash and their fears of a reoccurrence. In 1954, John Kenneth Galbraith observed 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.[23]

Galbraith believed that the memory of 1929 served a beneficial purpose, deterring future excessive speculation. However, he failed to recognize that the Crash's persistent grip on the national psyche also had negative consequences, and not just for commission-dependent brokers. In retrospect, the market at mid-century contained many excellent investing opportunities, especially in new industries like television and computers. Yet most Americans were too fearful to risk buying stocks, in part because they remembered the excesses of 1929 more than they remembered the subsequent reforms. According to a poll conducted by Alfred Politz Research in 1954, the majority of citizens had no idea that the SEC co-regulated the market, did not understand how the NYSE patrolled members, and could not explain the meaning of common stock. Given this low level of understanding, it was not surprising that three out of four polled said that they would not consider equity investing, even if they possessed excess funds.[24]

Analyzing the Politz survey, the NYSE Board concluded that member firms, if they were to stay in business, needed to broadcast more loudly their specific services as well as the broad ideas underlying stock ownership. Sharply departing from its traditional stance, the NYSE explicitly encouraged member firms to advertise. Yet initially, few members seized the opportunity. Locked in a Cache-22 situation, they needed to advertise to get business, but their poor financial condition (among other reasons) precluded them from taking the very measure necessary to solve their predicament. The entire NYSE community spent a paltry $2.4 million on advertising as late as 1952.[25]

Not all brokerage firms, though, struggled for business in the early postwar period. Interestingly, the handful that thrived all liberally advertised. The largest firm on Wall Street, Merrill Lynch, devoted more than $1 million of its annual budget to advertising—or approximately half the industry total. A major reason why that firm embraced advertising (and could afford to do so) was the fact that Charles Merrill had joined the partnership in the late 1940s. Merrill had experience mass merchandising securities in the booming 1920 market. He had left Wall Street shortly before the Crash, convinced that the market was overvalued and that he could pursue a more lucrative career in the grocery chain business. On both counts, he was right. By the end of World War II,

Merrill possessed wealth and marketing experience—two factors that influenced broker E.A. Pierce to invite his friend to join his cash-starved firm. Merrill accepted, believing that the timing was right to return to Wall Street and once again merchandise securities to a wide audience. In 1946, Charles Merrill proclaimed the firm's philosophy: "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." The partners pioneered innovations like minimum commissions, free research reports, investment seminars, and educational pamphlets—and then heavily publicized these services. In marked contrast to cold tombstone ads, Merrill Lynch's advertisements were illustrated and conversational, often portraying brokers as friendly and helpful. The strategy worked; by 1950, the firm had rapidly expanded its customer base and its profitability.[26]

Coveting Merrill Lynch's success, competitors nevertheless were slow to copy its aggressive promotion formula. Lack of funds was only one reason; in 1950, *Forbes* magazine explored various additional reasons why most brokerage houses were "not jumping on the promotion bandwagon." Cultivating the "dime trade" might compromise brokers' reputations as dignified professionals, perhaps causing them to lose their wealthier clientele. Also, "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." 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 collapsed again, disgruntled nouveau investors might campaign for additional federal securities legislation. Moreover, the very presence of many small investors in the market might increase the likelihood of a crash. Middle-class investors, due to their lack of substantial cash reserves, were perceived as particularly vulnerable to "bad economic weather;" they presumably would be unable to withstand a market downturn without liquidating their investments. A horde of small investors simultaneously selling might escalate a market downturn into a full-fledged crash. Then, "burnt" nouveau investors might unfairly blame their brokers for "luring" them into the market. Frightened by this scenario, brokers feared the wisdom of mass merchandising securities, even if they could afford to do so. Courting small investors, however well-intentioned, might result in them getting injured, like in 1929, with "another disastrous black-eye."[27]

Hence, with few exceptions, Wall Street at mid-century was afraid to sell to Main Street, and Main Street was afraid to buy. The Depression had ended, but the NYSE and the country were still stuck "in the shadow of 1929," in the words of one astute Exchange official.[28] Keenly aware that the shadow was not disappearing of its own accord, the Board began to contemplate ways it could dissipate the lingering cloud.

To this end, in 1950, the Board convened an emergency Advisory Committee on Public Relations. The group 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.[29]

Shortly thereafter, Board members narrowed these goals to one: increasing the number of shareowners in the country. They reasoned that if this single goal were achieved, all the other objectives would be fulfilled. As a result, the Exchange's public relations efforts dramatically 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."[30] For the first time, the NYSE executive management unequivocally endorsed the goal of mass shareownership, deeming it "in the interest of all Americans, of our Government, of our listed companies and the entire financial industry."[31] In 1952, the NYSE President 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, and lawyers—can own a share in a business enterprise. That is democratic capitalism. It is our job to help make it work.[32]

The NYSE management labored to convince the membership (not just the American public) that mass shareownership was a good idea, and that it was proper for the executive branch to promote that goal. One troublesome issue was money: Own Your Share required the Board to spend common association funds to advertise the market, yet soliciting shareowners conceivably more benefited commission brokers than private traders and specialists.[33] To unite the fractured membership, Exchange officials emphasized the ways mass investing indirectly benefited them all. A greater number of investors would increase the market's liquidity and therefore help stabilize price fluctuations. Moreover, citizens invested in stocks would be more inclined to lobby for measures to stimulate the market such as lower capital gains taxes and the elimination of the "double taxation" of dividends. While the Exchange community never unanimously agreed upon the mass shareownership program, a sufficient consensus formed to facilitate the commencement of Own Your Share.[34]

Listed companies, already on the mass shareownership bandwagon, helped forge that consensus. Since the 1920s, many corporate executives had accepted the idea that a worker owning stock in his employer's company was more inclined to be loyal and productive.[35] In the 1940s, this idea expanded; a worker who owned stock in *any* company, not necessarily the one from which he received a pay check, would be more faithful to the individual firm and the country. Thus, General Motors chairman Alfred Sloan declared in 1950, "Our goal should be to have every American a stockholder in business enter-

prise. Under such circumstances the trend toward socialism can be retarded. It might even be averted."[36]

As Sloan's comment suggests, growing anticommunist sentiment in the Cold War provided a key opportunity for the NYSE to advertise the stock market in a perceived legitimate way that could inflate, rather than injure, the organization's fragile reputation. The public might perceive the NYSE promoting shareownership as a patriotic endeavor. Indeed, the effort *was* perceived as patriotic by many Wall Streeters, including conservatives who in earlier years had disapproved of the organization soliciting small investors. The Exchange's elevated appreciation for mass shareownership permeated discussions during the search for a new NYSE president in 1950. A diverse array of members agreed that the chief executive needed to be someone who could help widen the shareownership ranks. As some members explained, the ideal candidate needed to be "an authoritative spokesman...of corporate enterprise in terms of securities ownership and its role in our economic life," an individual capable of "dramatizing" how the machinery of the Stock Exchange offered a channel for achieving both economic and political security. The president needed to convince the American public not only to better appreciate the NYSE, but also to better patronize it.[37]

After an exhaustive search, the NYSE chose G. Keith Funston, an "outsider" who had never worked on Wall Street but who possessed a desirable sales and marketing background. After obtaining his MBA from Harvard in 1935, Funston worked in product development and sales first at American Radiator Company and then at Sylvania Electric, which he left in 1943 to join the War Production Board (WPB). After the war, Funston assumed the presidency of his struggling alma mater, Trinity College in Hartford, Connecticut. As part of his fundraising efforts, Funston focused on improving the college's image, including its physical appearance. Insisting 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; large insurance companies in the Hartford area, impressed with the campus, contributed ample funds. By 1950, Trinity's academic reputation as well as its financial state had significantly improved, and Funston received substantial credit for the transformation. Therefore, when the NYSE, like Trinity, needed a New Look as well as a new president, the Exchange chose Funston. From his appointment in 1951 until his retirement in 1967, G. Keith Funston represented the NYSE to the American public and the world, and became the leading proponent of Own Your Share of American Business when that program was launched in 1954.[38]

Shortly before Funston assumed his position, a 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 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. 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 New York Stock Exchange was the "epitome of free enterprise. Once that's lost, we're gone." Funston was the salesman who believed in what he was about to sell. He immediately encouraged the Board to create a Market Development department, and help them select Ruddick Lawrence (another outsider) to head it. Formerly advertising manager for *Fortune* and director of promotion planning at NBC, Lawrence now at the Exchange assembled a core group which 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).[39]

The Debut of "Own Your Share" Program (1954-1968)

It was Lawrence who devised the theme "Own Your Share of American Business"—an explicit, personal invitation to the public to buy stock. He proudly claimed that the slogan "became one of the best known phrases in America." While his statement is somewhat exaggerated, "Own Your Share" did appear on millions of newspaper and magazine advertisements, member firm promotional pamphlets, company bulletin boards, supermarket check-out counters, not to mention department store windows.[40]

Own Your Share advertisements blatantly copied the style of Merrill Lynch promotions.[41] Like them, campaign advertisements stressed the practical benefits of stocks to individual investors and their families. "If you're concerned about tuition costs and such—here's how investing may help," began one ad. "If your family's needs are increasing, consider these facts about investing" was another common headline. The Exchange usually reinforced copy with pictures, once taboo. 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. Such ads depicted the stock market not as a gambling den where speculators sought dramatic short-term profits, but as a reputable place for families to acquire extra income. Ads implied that people could enjoy more comfortable lifestyles by investing in stocks, but they never suggested that everyone could become a millionaire in the market.[42] Flamboyant appeals, too, were conspicuously absent. By making a soft sell, the Exchange hoped to avoid the charge that it played upon people's emotions to encourage blind investing.[43] Precisely for this reason, Own Your Share ads always 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 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.[44]

Commenting on the four cautions, Michael Carlock, head of the NYSE account at Calkins & Holden, remarked, "The Stock Exchange is probably the only advertiser who offers his wares and then tells the customer to think twice before buying."[45] Pollster Alfred Politz tried to dissuade the Exchange from this timid strategy. "Perhaps," he said in 1954, "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 recoiled against ads that advised investors to make sure they possessed life insurance before buying stocks.[46] The Board, however, disregarded Politz's advice, preferring to err on the side of overemphasizing equities' risks. For their own interests as well as that 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." Pursuing this strategy, they aimed to create a "nation of sound investors." [47]

Conclusion

Own Your Share operated for fourteen years—a particularly long time for a public relations campaign. During its life span, new polls, occupational surveys, and popular behavior revealed a shift in attitudes toward Wall Street: citizens viewed stockbrokers with heightened respect, and equities with newfound interest. An average of one million citizens annually joined the market in the 1950s and 1960s. They formed investment clubs with friends and coworkers, attended finance courses sponsored by local community schools and brokerage firms, toured the NYSE in record numbers, and flocked to their neighborhood stock brokers. As in the 1920s, though not everyone actually bought stocks, many eagerly discussed them, making the market an ubiquitous conversation topic. Stocks, like suburbia, became part of the postwar culture. In the 1950s, 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.[48]

At the same time, the level of the stock market rose, beginning in 1954 an ascent that continued with only minor interruptions for fourteen years. While the bull market certainly fueled positive attitudes toward equities, the loose consensus that developed around shareownership was not entirely a spontaneous byproduct of a rising market. At

least to some extent, the NYSE's public relations endeavors helped "engineer" consent about the market's virtues and thus helped spread shareownership. By 1965, the ranks of individual stockowners had increased from 6.4 million in 1952 (1 in 24 Americans) to 20 million (1 in 8 Americans).[49]

Own Your Share's impact, however, should not be overestimated. Clearly, millions of Americans, though exposed to the ad campaign, did not buy, and many who did were motivated by additional factors, like tax rates, inflation, perceived corporate earnings potential, projected economic growth, and return rates on alternate investments. In addition, stock purchasers did not necessarily perceive themselves to be "owning a share in America." The NYSE also cannot take full credit for encouraging member firms to advertise. Though total securities advertising increased from $2.5 million in 1953 to $120 million by 1968, many firms may have followed Merrill Lynch's example of their own volition.

Nevertheless, Own Your Share should not be underestimated. It deserves some credit for transforming many citizens' image of equity investing from a sinful, foolish pursuit, akin to gambling to a wholesome 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 importantly, by officially endorsing broad shareownership, the NYSE executive board helped legitimize mass merchandising securities. This surely must have sped the process by which brokerage firms copied Merrill's marketing tactics. In promoting a philosophy—indeed, an ideology—concerning stockownership, Own Your Share affected not only potential stock *buyers*, but also the *sellers* themselves. 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 relegated most citizens to the latter group. Now, the Exchange's publics melted into one large investing body. Big Board officials proclaimed the new phenomenon of broad shareownership "good for the country," and they seemed to genuinely believe their rhetoric. In their internal correspondence, not just their public speeches, President 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 "getting a man on the moon."[50] Inspiring Wall Street's faith in Main Street, not just Main Street's faith in Wall Street, Own Your Share's zealous architects helped diminish the long-lingering "shadow of 1929" and raise in its place mass investing into a desirable national ideal and practice.

Notes

1. This paper is primarily based upon my research at the New York Stock Exchange (NYSE) Archive, facilitated by a Rovensky Fellowship. "Department Store Sponsors Own Your Share of American Business Drive," May 1954; Ruddick C. Lawrence [hereafter abbreviated RCL], "Talk at Goerke's Department Store, Elizabeth, New Jersey," 1/24/55, RCL Talks 1954-1955 Folder, RCL Box 1, NYSE Archives. Visiting Goerke's display, NYSE Vice President Ruddick 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." (3) Goerke's department store stock extravaganza was also featured in the NYSE 1954 Annual Report, 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. Morton Silverstein, "Balladeer in a Bull Market," *Printers' Ink*, 44-48, NYSE Articles, March 1954-December 1961 Folder, RCL Box 2, NYSE Archives.

3. Used in this essay, the "NYSE" henceforth refers to the executive regulatory branch, not listed companies or member firms.

4. John Kenneth Galbraith, *The Great Crash*, (Boston: Houghton Mifflin, 1955), 174.

5. The public relations departments at the Exchange before 1950 include 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, Memo to James Needham, Subject: Exchange Advertising, 9/7/72, Exchange Advertising, 1964-1973 Folder, Press Relations/Public Information Advertising Campaigns, RCL Box 2, 1965-1973.

6. In this period (1913-1938), the two biggest threats to the Exchange status quo were the 1913 incorporation proposal (the never-enacted Owens bill) and the drive for federal securities legislation in the 1930s (which culminated in the Securities Exchange Act in 1934). The Library Committee's focus on cultivating image to garner lobbyists was typical of the entire field of early corporate public relations. An excellent historical overview of the shifting scope of public relations is Nugent Wedding's "Advertising and Public Relations," *Journal of Business*, Vol. 23, Issue (July 1950), 173-181. Also, Leonard I. Pearline and Morris Rosenberg, "Propaganda Techniques in Institutional Advertising," *Public Opinion Quarterly*, 16, no. 1 (Spring 1952): 5-26.

7. RCL, Oral History, 1984, Interviewed by Deborah S. Gardiner, Tapes and Transcription, NYSE Archives.

8. For an overview of the speculative incompetence theory, refer to Cedric B. Cowing, "The Discussion of Speculative Competence in America, 1906-1934," *American Quarterly*, Vol. 10, No. 1. (Spring 1958), 17-33.

9. Matthew Josephson, "Profiles: Groton, Harvard, Wall Street," *New Yorker*, 4/3/32, 19, 29.

10. For a review of the advertising resolutions of 1896, 1916, and 1922, see E.V. Cox, Minutes of Committee on Business Conduct, 12/9/21. NYSE Archives. In the 1950s, a consultant to the NYSE derided tombstone ads as "not truly advertisements in the modern merchandising concept." Since they only contained the firm's name and address, they lacked a real "message to the reader." "Digest of Recommended Program for Merchandising Equity Securities Listed on The New York Stock Exchange," June 1953, Stewart, Dougall & Associates, Inc., see esp. p. 6. NYSE Archives.

11. On the Business Conduct Committee's vigilance with regard to monitoring ads, see Committee on Library, Letter Book No. 2, 1/20/14.

12. Jason Westerfield, "The Stock Exchange in Relation to the Public," Address before the NYSE Institute, 1/17/24, Committee on Library. Folder 41, Box 18, Speeches, NYSE Archives NYSE Archives.

13. 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: Vintage Books, 1997), 77.

14. The common stock theory of investment, pioneered by journalist Clarence Barron in the early 1900s, essentially rebutted this idea that outsiders were destined to lose on Wall Street. The common stock theory maintained that stocks provided the best long-term rate of return. Thus, it implicitly suggested that those average in intelligence and lacking in insider knowledge still could earn profits in the market if they held their purchases for an extended time. Moreover, the very act of staying in the market might reduce their speculative incompetence, by giving them critical experience and thus reducing their investing naiveté. However, though Barron promoted the theory in 1901 and other scholars affirmed its validity after the Crash, it did not gain widespread credibility until the 1950s. Some early promotions of the common stock theory include Clark Beldon, *Common Stocks and Uncommon Sense* (New York: Coward McCann Inc.,1939); Chelcie Bosland,

The Common Stock Theory of Investment (New York: Ronald Press Co., 1937); and Edward Lawrence Smith, *Common Stocks as Long Term Investments* (New York: Macmillan 1928, c1924).

15. For a sympathetic view of the small investor, see Edwin Lefebre, "The Little Fellow in Wall Street," *Saturday Evening Post*, 1/4/30, 6.

16. Survey qtd. in "Crash Not Due to Adverse Business: Guaranty Trust Survey Sees Psychological Factors," *New York Sun*, 10/28/29, 46. Ironically, only a short time earlier, an official at that same bank had preached the benefits of diffuse share ownership, predicting that mass investing would "decrease class-conscious antagonism by bringing about a partial identification of interests as between laborers and capitalists," and would "discourage the propagation of dangerous and violent social theories." Guaranty Trust qtd. in Sumner H. Slichter, "The Current Labor Policies of American Industries," *Quarterly Journal of Economics*, Vol. 43, no. 3 (May 1929), 408.

17. Distressed investors responded to Fisher's "shaking-out of the lunatic fringe" comment with a mixture of anger and betrayal. As one writer complained to the *New York Times* on 10/23/29, ":....[the] dismissal of the late unpleasantness as a "healthy reaction" brings up the time-honored puzzle when reaction ceases to be healthy and why its salubrious character is not recognized while it is going on. The description never under any circumstances appealed greatly to amateur speculators who on such occasions are left on the market's door-step, nursing their financial wounds. But the further and equally familiar moralizing on "reaction" by those whom the sufferers had once regarded as friends and guides does not even spare sensitive feelings." For more on Fisher's views, see Irving Fisher, *Booms and Depressions. The Stock Market Crash—And After*, Vol. 10 in the *Works of Irving Fisher*, ed. William J. Barber, (London: Pickering & Chatto, 1997, c1932).

18. Pecora summarized his findings in *Wall Street Under Oath: The Story of Our Modern Money Changers* (New York: Augustus M. Kelley 1968, c1939). Some recent scholars question the extent to which certain Wall Streeters, like 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: Macmillan, 1990); also, Thomas F. Huertas and Joan L. Silverman, "Charles E. Mitchell: Scapegoat of the Crash?", *Business History Review* (Spring 1986), 81-103.

19. Perhaps the best book on the Whitney scandal is John Brooks, *Once in Golconda: A True Drama of Wall Street, 1920 to 1938* (New York: Wiley, 1969, 1999).

20. 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." Market reporters Joseph Alsop and Robert Kintern discussed the 1938 Reorganization in their two part series, "The Battle of the Market Place," *Saturday Evening Post*, 6/11/38, 10, and 6/25/38, 81-82.

21. Edwin P. Hoyt discusses the Merrill Lynch and Roper polls in *The Supersalesmen*, (Cleveland: World Publishing Co., 1962), 97.

22. A. T. Miller, "The Election and the Market," *Magazine of Wall Street*, 11/15/52,162-164, 210.

23. Galbraith, *The Great Crash*, 169, 170. In a similar vein, more recently, Ron Chernow wrote about the Great Crash, "As for the chastened small investors, 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." Ron Chernow, *The Death of the Banker*, 42.

24. Alfred Politz, Transcribed Notes of Politz' Verbal Report, 10/25/54, NYSE Department of Research, 31.

25. RCL Oral History, 1984.

26. Merrill qtd. in Sobel, *Dangerous Dreamers*, 30; Sobel, *NYSE*, 179. As part of its investors' education efforts, Merrill Lynch employed Lou Engel, a well-regarded financial writer, to author many pamphlets on investing. Engel also wrote *How to Buy Stocks* (Boston: Little, Brown, and Company, 1967, c1953).On Charles Merrill's activities in the postwar period, see especially Edwin Perkins, *Main Street to Wall Street: Charles Merrill and Middle Class Investors* (Cambridge: Cambridge University Press, 1999), 193-236.

27."Small Investors: Wall Street Dynamite?" *Forbes*, 12/15/50, 19.

28. RCL Oral History, 1984.

29. NYSE 1951 Annual Report, 8.

30. "Background on New Advertising and Public Relations Plan," p. 5, circa 1969, NYSE Archives.

31. George Keith Funston (hereafter abbreviated GKF), NYSE 1953 Annual Report, 4.

32. GKF, 1952 Annual Report, 16.

33. Private traders bought and sold for their own account, as did specialists, who also traded for institutional clients.

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

35. In the 1920s, labor expert Sumner H. Slichter quotes leading businessmen 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, No. 3 (May 1929): 393. Those ideas revived in the 1950s.

36. Sobel, *Dangerous Dreamers*, 32; Sloan qtd. in NYSE 1950 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 broadly defined this group to include most citizens.

37. Folder on Special Committee on the Presidency, Letters of Application and Endorsement 8/23/50 – 9/19/50, NYSE Archives. See especially Charles F. Ros, Letter from the Econometric Institute, Inc. to Robert P. Boylan, 8/25/1950.

38. Biographical material on Funston: "Young Turk on Wall Street," *Forbes*, 12/1/51, 21-22; Lawrence M. Hughes, "NYSE President to Sell Shares of American Business," *Sales Management Magazine*, circa 1951, 36, 38, 104 in R.C. Lawrence Scrapbook 1953-1956 Folder, RCL Box 3. RCL Oral History. Sobel, *N.Y.S.E.: A History of the New York Stock Exchange, 1935 – 1975* (New York: Weybright & Talley, 1975): 189-192. NYSE Annual Reports, 1952, 1953.

39. The new public reception room is discussed in NYSE Annual Report 1951, 8. Funston's Independence Hall picture: Sobel, *NYSE*, 192.

40. GKF, Memo to the Board of Governors regarding the Establishment of a Market Development Program, 6/12/53 in R.C. Lawrence Presentations to Board of Governors, 6/12/53-12/19/57 Folder, RCL Box 1. RCL, Oral History, 1984.

41. Merrill executives only mildly complained that the NYSE was "stealing [their] thunder" because they realized that Merrill Lynch benefited from the new Exchange program, liberally augmenting its in-house advertisements with Own Your Share ads. RCL Oral History, 1984.

42. Own Your Share ad tear sheets, NYSE Archives.

43. As contrasted to the NYSE and member firms, listed companies unabashedly used the anticommunism theme in their ads promoting shareownership. See, for instance, General Telephone ad "Joe Citizen Capitalist" and Con Ed ad "Communists would "liquidate" all American Stockholders as Capitalists." For more examples, see Listed Company Tie-In Ads Folder Press Relations/Public Information Advertising Campaigns, RCL Box 2, 1965-1973.

44. RCL Oral History, 1984.

45. Carlock qtd. in Silverstein 48.

46. Alfred Politz, Transcribed Notes of Politz' Verbal Report, 10/25/54, NYSE Department of Research, 31.

47. Comments by RCL, 12/16/54, regarding Advertising Copy for 1955. R.C. Lawrence-Presentations to Board of Governors, 6/12/53-12/19/57 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 more emphasis on education—how to invest soundly—and less on dividends and profit possibility."

48. "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 of Wall Street* (New York: McGraw Hill, 2000), 74. The Politz poll found that 3 out of 4 surveyed thought that periodic stock investment, pro-

moted by the Exchange, was "good for the country." *The Public Speaks to the Exchange Community: Highlights of Three Consumers Surveys Conducted for the New York Stock Exchange on Behalf of Its Members and Member Firms, Prepared by the Department of Public Relations and Market Development of the New York Stock Exchange,* February 1955, 18, NYSE Archives. During the 1950s, the NYSE repeatedly won awards from the Saturday Review for "distinguished advertising in the public interest." GKF, Letter to Members, 8/27/57. 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 hallowed American spectator sport, as comfortably mainstream as Coca-Cola, Wal-Mart or Disneyland." (*Death*, 77)

49. 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: University of Oklahoma Press, 1955). Shareownership statistics: Lewis Kimmel, *Share Ownership in the United States,* [often referred to as "The Brookings Report"], (Brookings Institute, Washington, D.C., 1952). Also *Shareownership 1975* and *Census of Shareowners in America,* (NYSE: 1976), NYSE Archives.

50. RCL Oral History, 1984.

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