A HISTORY OF THE FINANCIAL ADVERTISERS ASSOCIATION (1915-1947)

BY

JACK A. GARROW

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Sometime between 87 B.C. and 54 B.C. Gaius Valerus Catullus wrote, "Leave off wishing to deserve any thanks from anyone, or thinking that anyone can ever become grateful." But, times have changed since Gaius penned that cynical sentiment. For, there are many who deserve this writer's thanks and have his deep gratitude for the help they gave him in the writing of this thesis in 1970 A.D.

First, his thanks and gratitude go to Professor Scott Cutlip who suggested the topic and helped immeasurably editorially and with his extensive knowledge of public relations. His insight and probing questions, which revealed holes in this thesis that needed plugging, were largely responsible for whatever thoroughness might have crept into this work.

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And, to all others who helped this writer from time to time, including in no small way the U.S. Navy which provided the opportunity to come to the University of Wisconsin, thanks and gratitude are extended.

Gaius Valerus Catullus, you old cynic, you can be wrong!

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CHAPTER I

INTRODUCTION

This thesis is a history of the Financial Advertisers Association (FAA) from 1915 to 1947. The FAA was organized in 1915 as a departmental of the Associated Advertising Clubs of the World (AAC&W), a confederation of advertising clubs dedicated to promoting truth and integrity in advertising and in developing professionalism among advertising men. The FAA espoused the ideals of this larger organization and became one of its largest and most active departmentals. The FAA was the first, and for many years the only, organization within the financial community solely concerned with advertising, publicity, public relations, and the development of new business techniques. It functioned through an awakening among bankers to the value of communicating with the public, through a reversion by bankers to more conservative communication philosphies after the 1929 Crash, and through a revitalization of interest in advertising and public relations after the 1933 Bank Holiday. It also operated through the period of the development in modern public relations philosophies and techniques.

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CHAPTER 1

INTRODUCTION

This thesis is a history of the Financial Advertisers Association (FAA) from 1941 to 1967. The FAA was organized in 1919 as a department of the International Advertising Union of the World (IAUW), a confederation of advertising clubs dedicated to promoting truth and integrity in advertising and to protecting professionals among advertising men. The FAA adopted the IAUW's or this larger organization's motto as one of its longest and most active departments. The FAA was the first, and for many years the only, organization which had the financial resources, moral commitment, and the cooperation of the industry leadership. It provided through its publication some leadership in the value of communicating with the public, through a commission by helping to have advertising recognized as a legitimate profession after the 1920 Crash, and through a professionalization program in advertising and public relations after the 1929 Great Crash. It also developed through the period of the Depression to foster public relations programs and techniques.

In 1967, the limiting year of this thesis, the FAA

changed its name to the Financial Public Relations Association to better reflect the interests it had embraced for many years.

The purpose of this thesis is to contribute to public relations history by describing the growth of the FAA, its activities within the backing community, and the services it provided its membership from 1915-1947. It will also attempt an evaluation of the performance and of the influence of the FAA in the acceptance and development of advertising and public relations within the financial community--that is, among banks and trust companies.

This thesis has four main chapters, a conclusion and summary, an epilogue, and this introduction. Chapter II is a general description of the activities and attitudes of United States bankers vis-à-vis the American public from 1800 to 1915. Its purpose is to review the antecedents of modern financial advertising and public relations up to 1915 in order to set the stage for the founding of the FAA. Chapter III is a description of the FAA's founding, the breadth of interests of the Association, its growth in terms of membership and activities, its recognition within the financial community, and a statement of its aims and purposes. Chapter IV will describe the principal services provided the FAA members from 1915-1947. And, Chapter V will examine certain indicators of the quality of FAA performance and of the influence the FAA had within the

financial community in developing an interest and a belief in advertising, public relations, and new business techniques.

In Chapter VI conclusions will be reached regarding the performance and influence of the FAA. The Epilogue will be the writer's personal evaluation of trends within the Association after 1947 as an indication of the need for further study of this organization and of financial advertising and public relations generally.

Primary source material for this thesis includes: FAA convention transcripts, known as Reports of Proceedings; the FAA monthly publication, Bulletin; financial records; newspaper and magazine articles; newspaper financial advertising; personal interviews; membership studies; committee reports, the original FAA constitution and by-laws, and other miscellaneous FAA records. Secondary sources include: books on financial advertising and public relations, on advertising and public relations in general, and on United States banking and economic history.

The method of research was to read each of the Reports of Proceedings from 1916-1947 and each of the Bulletins from 1916-1947; to read pertinent magazine and newspaper articles of the activities of the FAA and of the financial community that could be gleaned from readers' guides and bibliographies. The files of the FAA were investigated and pertinent committee reports, financial

financial community in cooperating on research and a better [illegible] in advertising, public relations, and new business techniques.

In Chapter V, conclusions will be reached regarding the performance and influence of the FAA. The epilogue will be the author's personal [illegible] FAA [illegible] the Association after 1945 to an indication of the need for further study of this organization and of financial advertising and public relations generally.

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reports, and unpublished papers were read. Interviews were conducted with Association executive officers and with Robert Lindquist, a long time member, former FAA president, and author of financial public relations books. In addition several works on financial advertising and public relations and on advertising and public relations generally and on United States economic and banking history were reviewed. The American Bankers Association (ABA) public relations chief was queried by telephone to confirm the date of origination and the make-up of the ABA's early public relations committee, sometimes called a commission.

In this research it became apparent that the meanings of certain words used by the financial community to describe its efforts to communicate with the public created confusion. "Advertising" was often used not only in its narrow meaning of paid space in a publication or paid time in the electronic media, but interchangeably with "publicity," used in the sense of unpaid promotion about a service or an institution. In addition, "advertising" in the title of a bank officer also caused confusion, for it was meant to describe a wide variety of functions that often included employee and customer relations and the development of new business. It appeared that "advertising" was often used as a term to describe a multitude of functions commonly ascribed to "public relations" today. And, it appeared that "advertising" and

"publicity" were the antecedents of modern public relations in the financial community. This confusion over the meaning of these terms and the functions of bank advertising men will be examined in Chapter III. However, for the purpose of this thesis in order to eliminate some of that confusion the following definitions of the terms "advertising," "publicity," and "public relations" will apply, unless specifically qualified:

1. Advertising: an act or practice of bringing anything, as one's wants or one's business into public notice by paid announcements in periodicals, on billboards, etc., or on radio.[1]

2. Publicity: the state of being brought to public notice by announcements (aside from advertisements) by mention in the press, on the radio, or any means serving to effect the purpose.[2]

3. Public Relations: the management function which evaluates public attitudes, identifies the policies and procedures of an individual or an organization with the public interest, and executes a program of action to earn public understanding and acceptance.[3]

Another term used in this thesis which is not in common use is "departmental." It is a term used by the FAA and the AAC&W to indicate a division of the organization.

Heretofore there has been only one "history" of the FAA written, Banking Goes to Market by John L. Cooley.[4] But, this work is more anecdotal than scholarly, and in Cooley's own words, it is "informal and makes no attempt at completeness."[5] It also makes no substantial attempt to evaluate the influence of the FAA.

Because the FAA was one of the first national public relations associations and because it was the only national advertising and public relations association in an important business community for many years, it seems important that its history be chronicled and some attempt be made to estimate its level of performance and its influence in the financial community and in the evolution of public relations generally.

Notes

[1] C. L. Barnhart (ed.), The American College Dictionary (New York: Random House, 1967), p. 19.

[2] Ibid., p. 979.

[3] Scott M. Cutlip and Allen H. Center, Effective Public Relations (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1964), p. 4.

[4] John L. Cooley, Banking Goes to Market (Chicago: Tri-Arts Press, Inc., 1965), p. 6.

CHAPTER II

BANK ADVERTISING AND RELATIONS WITH THE PUBLIC: 1800-1915

An automobile pulls up to a large shatter-proof window and a pretty girl behind it says with a smile, "Good afternoon, sir. May I help you?" She extends a remotely-controlled drawer of stainless steel in which the driver places his deposit. The drawer retracts, and momentarily a receipt is delivered to the driver in the same drawer, along with a ballpoint pen, inscribed with the name of the bank, and lollipops for the two children fighting in the back seat. The young lady says, very sincerely, "Thank you." The automobile moves away from the window, but not before the driver notices a sign: FINANCE YOUR NEXT CAR HERE.

Contrast that scene with this one. A customer walks into a large, almost hostile-looking room with dark wooden furniture. The bank tellers are sitting in cages with bars resembling jail bars. There is not a word spoken. The tellers show little or no interest in the customer, who makes his deposit and walks out.

The first incident is a personal experience of this writer in a small rural Wisconsin town in 1970. The

Chapter II

Self Attraction and Isolation in the Poetry, 1920-1932

An unmistakable pulse is felt in Tagore's early-twentieth-century poetry and a growing gulf between it and work in a similar "post attraction" mode. Why? I shall argue that Tagore's a quasi-metaphysical theme of self-isolation arose in which the lover plays the opposite. The common relationship, and consequently a popular lie delivered in the course of the love theme, along with a religious one, manifested with the sense of the finite and infinite for the motivation figured in the love poem. The young lady says, "Come, stay." The mahajanic poem may take many forms, but not having the lover delivers a major problem that may not exist.

Embrace may begin with full love. A contented mind lacks a longer, slower contemplation than with that mode Tagore. The love feeling has arrived to cause also have reminiscing just have. Then or has a wild growth. The feelings then arrive or be followed by the realization, the sense has lapsed and with not.

The first poetical is a provided experience of this action is a half mind traditional than 1920. The

second incident is the first scene of a play performed at the 1928 convention of the FAA to dramatize the lack of concern, consideration, and interest in customers by the nineteenth century banker.[1]

The friendliness, accommodation, and overt seeking of business, which is part of the first incident, is a twentieth century development in banking. The antecedents of this attitude on the part of bankers up to 1915, exemplified in the play, will be the principal subjects of this chapter. This chapter will outline also the antecedents of modern public relations. Its purpose is to set the stage for the founding of the FAA—to describe the roots from which modern financial advertising and public relations grew.

The early bankers in the United States were generally wealthy men who lent their own funds or those of their wealthy friends. Their business was in narrow channels. They served relatively few people. Burleigh B. Gardner, president of Social Research, Inc., Chicago, in 1969 wrote: "In earlier days when the working class had little to do with banks they [the banks] were seen as for the well-to-do and the business man. They symbolized status and security, but were cold and forbidding, aloof to the common man."[2]

Dr. W. F. Gephart, vice-president of the First National Bank of St. Louis, Mo., in 1927 said:

> The attitude of the early banker toward his patron was one of condescension and the patron often thought that a favor had been conferred upon him even when he was permitted to deposit his money in the care of the banker. The granting of a loan was an expression of the highest type of confidence and favor to the patron.[3]

The early banker was sought for his financial assistance, not the seeker of business. He apparently saw no reason to openly seek business nor to cater to the public. The popular stereotype of the early banker was one of a cold-hearted man "with granite mein and a high-button-shoe way of doing business."[4]

When a bank's name appeared in print in the early nineteenth century, it was usually under unfortunate circumstances. In 1825, for instance, there were sometimes columns listing banks whose paper money was no longer negotiable.[5] And, near these reports were sometimes "paid puffs," published for the purpose of creating confidence in some less than sound banker.[6] Although advertising was becoming popular for other businesses and "planned techniques in professional public relations practices, and their influences on social, economic and political life began to be recognized"[7] in the 1800s, most bankers apparently were not concerned with these developments.

Perhaps the first campaign to influence public opinion on the part of any bank was during the Bank War of the early 1830s when President Andrew Jackson campaigned

against the Second Bank of the United States, headed by Nicholas Biddle.

The Second Bank of the United States was chartered in 1816 to provide a national currency and to help finance the War of 1812. It had opposition almost from the day of its chartering, and that opposition was strongest in the western states where the bank was blamed for the depression of 1819.[8] Its strongest opponent was Andrew Jackson when elected to the presidency in 1828. President Jackson had heard that the Second Bank had contributed funds in an attempt to defeat him. Whether it did or not is debatable, but apparently President Jackson believed it had. Shortly after his election he made it known to friends that he intended to "curb" the Second Bank.[9] In his 1829 message to Congress President Jackson said," Both the constitutionality and the expediency of the law creating the bank are well questioned by a large portion of our fellow citizens and it must be admitted by all that it has failed in the great end of establishing a uniform and sound currency."[10] With the help of Amos Kendall, a former Kentucky newspaper editor who served Jackson as a ghost writer and publicist,[11] Jackson took his fight against the bank directly to the people in his campaign for a second term.

Biddle was also active in attempting to influence public and congressional opinion.

The Senate Finance Committee, chaired by Samuel Smith of Maryland, in reaction to Jackson's message to Congress, released a report that praised the Bank. The report, in fact, was written by Biddle and submitted to the committee through Smith. Biddle reproduced copies of this report and distributed them extensively throughout the country. Pro-bank newspapers repeated phrases from the report, along with derogatory comments about Jackson's arguments against the bank.[12]

Biddle also prepared other articles supporting the bank which he paid pro-bank newspapers to publish. He was attacked for this practice but explained:

> The whole influence of his [Jackson's] government and of the presses subservient to his government, is employed in endeavoring to break down the Bank. In this situation, the Bank can only find safety in such explanations of its proceedings as will satisfy the country that it has been unjustly assailed and that its operations are highly beneficial. But how is it to make these explanations except thro' the press, the only channel of communications with the people? And if it employs that channel, why should it ask printers to insert its explanations gratuitously? If a grocer wishes to apprise the public that he has a fresh supply of figs, the printer whom he employs for that purpose never thinks of giving his labor for nothing, but charges him for his trouble in inserting the advertisement. If the Bank in a like manner wishes a printer to insert information about its concerns, why should it not pay him for his trouble?[13]

Biddle also organized the sending of petitions to Congress favoring the rechartering of the bank. During the 1833-34 session of Congress the Senate received 243 petitions signed by 128,117 people favoring the rechartering.[14]

Biddle won his fight in the Congress, which passed a bill rechartering the Bank, but he lost the fight with President Jackson. Jackson vetoed the bill and pro-bank forces in Congress were unable to override the veto. The Bank ended in "confusion, clamor and public controversy in 1836 with banking the worse in public opinion."[15]

After the disappearance of the Second Bank of the United States, banking control was principally in the hands of the states. State banking had its troubles--principally the failure of unsound banks to meet their note obligations and the hostility of state politicians. In 1837 a financial panic occurred after banks suspended specie payments.[16] The suspension of specie payments created such dislike for banks in some circles that an anti-bank convention was held in Harrisburg, Pa., on July 4, 1937, to express indignation over the actions of the banks.[17]

The period from 1836 to the passage of the National Bank Act in 1863 was perhaps the most unstable period in banking history in the United States. The development of the western United States brought about a great need for capital. Under "free banking" laws almost anyone could establish a bank. Chartering was haphazard, and many entered the banking business to get rich quickly. It was the period of "wildcat" banks, given their name for their propensity to locate in areas "where there were more wildcats than people."[18]

Because the elimination of the Second Bank of the United States also eliminated a national paper currency, each bank issued its own notes. The value of these notes depended upon the willingness of someone to redeem them in specie. By the middle of the nineteenth century there were several thousand different bank notes in circulation—many from already defunct banks.[19] And, there were stories of some "wildcat" banks discouraging customers from redeeming their notes through physical threats.[20]

Not all banks established during this period, however, were unsound, but there were enough unscrupulous bankers to make this period perhaps the darkest in United States bank history.

Some states did pass laws regulating banking during this period. Wisconsin prohibited banks from issuing notes unless they were doing a regular discount, deposit, and exchange business in some inhabited town, city, or village. In Michigan a certain amount of specie was required before a bank could operate. Bank commissioners examined banks periodically to check on the amount of specie they held.[21] But, there was no real attempt on the part of legitimate bankers during this period to promote constructive legislation to correct banking excesses nor was there any attempt to conduct campaigns to explain banking to the public. Advertising also was limited. There were a few isolated incidents in the late 1850s of savings banks

advertising in local newspapers. Guy Cooke, cashier of the First National Bank of Chicago, in 1927 noted that these were "few in number and followed the general announcement style of the period." He gave this as an example of the advertisements: "The Savings, Loan and Trust Company will receive money for accumulation allowing interest at the rate of six per cent per annum when the amount is deposited for a number of years."[22]

The Civil War created a greater need for a viable national currency to finance the war. In 1863 President Lincoln signed the National Bank Act--"An Act: to provide a national currency, secured by a pledge of the United States stocks to provide for the circulation and redemption thereof." Nationally chartered banks were authorized to issue national bank notes in amounts equivalent to the number of Government bonds they held.[23]

The Act also forced banks to "advertise." The Act provided that:

> Every association [national bank] shall make to the Comptroller of Currency not less than three reports during each year . . . and the statement of resources and liabilities together with acknowledgment and attestation in the same form in which it is made to the Comptroller, shall be published in a newspaper published in the place where such association is established at the expense of the association. And such proof of publication shall be furnished as may be required by the Comptroller.[24] [This is still required.]

Few bankers moved beyond this requirement in their communications with the public for many years. But, they

were still dealing with a rather limited public. Robert Lindquist wrote: "The development of a sound commercial banking structure [which he attributed to the National Bank Act of 1863] got underway in time to serve the geographical and industrial expansion of our country. Banking in those days was largely confined to serving government, business and individuals of wealth."[5] A banker communicated with his public primarily face-to-face or through business letters.

Frank P. Bennett, Jr. editor, U.S. Investor, Boston, observed in 1925:

> For the bank to be talked about in those days, pleasantly or unpleasantly, for a bank to be a topic of just common everyday conversation, was something that no self-respecting bank really could stand. The idea seems really to have prevailed among the bank men, that a bank was a tender creature of sensitive composition which can no more afford to be talked about than a woman can afford to be discussed familiarly. . . . Bank men thought the ideal existence of any bank is to be shy and retiring so far as public comment is concerned."[6]

This attitude continued well into the latter part of the 1800s and what advertising a bank did was usually limited to publication of interest and dividend notices and a "professional card" bearing the name of the bank, the date it was organized, its dollar resources, and possibly the names of its officers and directors. Some bankers added "Inquiries Solicited" or "Your Patronage Is Invited." Lindquist stated, "Even these lines brought lifted eyebrows on the part of other bankers as unethical

practice." Advertising beyond the conventional "professional card" was considered undignified for a bank; this dignity was important to bankers.[27]

Thomas B. McAdams, in 1921 president of the ABA, commented:

> Like the doctor and lawyer, [the banker] felt that it was unethical to solicit business, relying primarily upon the strength of the bank, the particular kind of service it was prepared to render and the influence of its friends to build up the business of the institution. This situation in the first instance was the outgrowth of what was looked upon as being the ethics of the banking profession, coupled with the feeling that soliciting business would result in putting the bank under obligation to the depositors, so that it could not exercise the same freedom in passing upon applications for loans as would otherwise be true.[28]

The banker did indeed consider himself a professional man akin to the doctor and the lawyer rather than a businessman with ties to the merchant and manufacturer.[29]

Advertising was being widely practiced by the businessman, particularly the retailer, but the period shortly before 1900 was called "the evil days of advertising."[30] The banker thought advertising was "in the bondage of the charlatan and braggart," the field of the crass promoters of patent medicine and other merchandise of questionable value. In the financial field this included the promoters who used advertising in newspapers and magazines to sell shares in questionable oil well, marble quarries, copper mines, and rubber plantations.[31]

A story told in 1907 by Charles G. Dawes, who at one time was U.S. Comptroller of Currency, illustrates the

distaste for this kind of promotion on the part of legitimate bank men:

> I know of a scrubwoman who invested five dollars in one share of doubtful mining stock in answer to a newspaper advertisement. The secretary who opened the mail, if he was honest, must have felt like reaching for his employer's sneaking face with a strong right arm and a doubled fist.[32]

Frank P. Bennett, editor, U.S. Investor, Boston, in 1925 wrote: "The banker was taken aback by the sensational expedience that the merchants would adopt and by the sometimes glaring language they would use to tell their story. It all seemed to the banker too much like clutching the customer by the arm and pulling him through the door even against his will."[33]

For the banker the use of publicity, epitomized by P. T. Barnum during this period, had too much of a circus flavor to be considered seriously. Lee Moser of Albert Frank and Co., New York, a pioneer firm in financial public relations, wrote in 1928 about this subject: "It [publicity] has an unsavory history. It is associated with cheap publicity stunts and advance representatives of circus and theatrical troupes and to the material produced by press agents of would-be notables, fly-by-night organizations and such."[34]

The banker, apparently aware of the excesses in publicity and advertising during this period, thought that as a professional man he should not become involved in

this type of business. Furthermore, he seemed to have held himself apart from the community at large, remaining more or less unconcerned with public opinion. Even during the financial panics prior to 1900, the banker remained almost silent in the face of adverse press reports and threatening legislation. He seldom tried to explain his position or his profession.

For instance, when the Chemical National Bank of Chicago closed in 1893, the New York Times reported that the officers gave as a reason for closing "the large amount of bad paper which it held and which could not be realized on." In the same story the New York Times reported: "Bank Examiner Sturges said tonight that he had heard the bank was in trouble and went there to see what was the matter. He was disappointed not to find the officers there. . . . He said that so far as he knew, the cashier of the bank had not been seen for three or four days."[35] There were no other remarks attributed to any bank officer in this story nor in several subsequent issues of the New York Times.

During the same panic the National Bank of Deposit in New York City also closed, according to its board of directors, because of a loss of deposits "due to recent circulation of rumors affecting the bank."[36] There was no other defense of the bank by its officers reported, and there was apparently no attempt to quell the rumors.

It might have been the lack of reporting on the part of the New York Times that other comments were not printed. It also might have been the "keep silent" philosophy of the bankers. Whichever it was, it illustrates on its face the bankers' lack of sensitivity to public opinion before the turn of the century.

Of course, there are exceptions to any set of circumstances, and there were exceptions in the banking community too.

The Merchants National Bank of Chicago published a quarter-page advertisement in 1888 showing the comparative growth of that bank over a period of years. This effort was called "heroic" by later financial advertising men.[37]

During the 1893 panic the Plankinton Bank of Milwaukee, Wis., acted quickly to retain public confidence. When a run started on the bank it sent to Chicago for specie to cover withdrawals. Whether intentional or not, the gold arrived by train during the working day and was brought to the bank in a large safe on the bed of an open truck surrounded by armed guards. The New York Times gave this account: "The depositors in line in front of the bank sighted the procession. . . . When they saw the safe they took in the situation very quickly and a mighty cheer went up." The New York Times reported Mr. Plankinton as saying that he would see that every run on the bank was promptly met if it were possible. The New York Times added what

amounts to an editorial comment: "Milwaukee banks have always been very conservative in their methods and there has been no suspicion of any lack of confidence in them since the days of the wildcat banks. . . . There will probably be no bank failures in Milwaukee."[38]

Also in 1893 bankers were openly in favor of the repeal of the Sherman Silver Act. The New York Times reported on May 2 that year: "In banking circles there is almost as much nervousness as in the speculative world. A canvass of prominent banks yesterday showed that commercial paper is going begging everywhere and so long as the demoralizing silver-buying law continues in operation there can be, according to most bankers, no substantial or lasting relief."[39] Certainly bankers' cooperation was necessary to report this type of comment.

But, these were exceptions. The more "normal" situation seemed to be that as described by Gaty Pallen, publicity manager, Mercantile Trust Company, St. Louis, Mo., in 1920:

> As a former newspaper man, I can recall the day when the affairs of many banks were silent as a tomb. The principal advertising done by the banker was the publication of his financial statement. There were banking ethics to such an extent that an illustration with a display advertisement would have occasioned chaos in the directors' room. For a reporter to invade the sanctum of the majority of bank presidents for an interview was almost as difficult a few years ago as it would be today to ask for and receive the mailing list of the customers of a competitive bank."[40]

[illegible]

Things began to change with the new century. The country was becoming more and more urbanized. People were moving from the farm to the factory, and there was more money available to the working class. A more affluent middle class was developing. The "muckrakers" were exposing the excesses of big business and in defense, business was hiring men, mostly newspaper men, to help tell its story in the press. Theodore Roosevelt was showing the value of and talking about the value of publicity in influencing public opinion. Ivy Lee, often called the "Father of Public Relations," was showing both business and the press that an open and straight-forward release of information benefited business, the media, and the public.[41] Advertising started to become more respectable. Within the first decade of the twentieth century publishers took a stand that financial advertising must be censored because of the amount of advertising of fraudulent stock by "blue sky" promoters. The housecleaning had started.[42]

In 1905 the Associated Advertising Clubs of the World was organized to professionalize advertising and to expose "fraudulent schemes and their perpetrators." Its credo was truth in advertising.[43]

These developments seemed to encourage the banker to adopt more modern methods of communicating with the public, once he recognized the need. However, there was no

stampede by banks into advertising and public relations. But, early in the 1900s the conservative inertia of bankers was beginning to crumble.

Thomas B. McAdams actually marks the beginning of the development of modern bank advertising and public relations at the turn of the century. He said:

> The banker began to realize (after 1900) the advantages of attracting a large number of small depositors. . . . The banker also became impressed with the feeling that the institution had a real place in the community and it was good for business to do everything in its power to encourage the opening of bank accounts and the increasing of savings on the part of its clientele so that it might share directly at least in the general prosperity thus created.[44]

Carson Hildreth, president, Franklin State Bank, Franklin, Neb., told the Nebraska Bankers Association in 1908: "The Banker is no longer merely a negative force in his community. In this day he must fill a larger place. . . . A generation ago a bank was relatively little used; today it is the organ through which pulsates the arterial blood of the community's vital affairs."[45]

David R. Francis, president of the Trans Mississippi Commercial Congress said in 1908, "In these times of knowledge and thought on the part of the people, a successful banker must be something more than a mere custodian of money. In any community, however large or small, the banker is looked to for assistance and guidance in every movement, whether it be commercial or social or political."[46]

Although these statements seem to exaggerate the point, they do illustrate that bankers were changing their view of themselves in relation to the community at large. These feelings were not all altruistic. The number of banks were increasing, and competition for business was becoming greater.

It is difficult to pinpoint the year in which a bank first hired someone to act as advertising or publicity manager, but it may have been shortly after 1900. E. St. Elmo Lewis, a pioneer advertising man and author of the 1908 book Financial Advertising, wrote of a personal experience in trying to obtain a position as a bank advertising manager. In 1898 he was interviewed by a bank president. The banker asked him if he had any banking experience. He did not. What position did he think he was qualified to fill? "Advertising Manager" was his answer. Whereupon the banker commented, "But, my dear young man, we do not sell calico!" Lewis wrote that "the young man was about six years ahead of the financier. . . . Today that bank pays an advertising manager more money per year than it spent for all its advertising in the New York dailies."[47]

In 1904 Francis R. Morison published a book entitled Banking Publicity in which he gave examples of newspaper advertising, display advertising, and follow-up correspondence that banks "might use to profitable results."

He also included several statements by bankers on the subject of "publicity," a term he used interchangeably with "advertising."[48] These statements are interesting in that they reflect the dilemma of the banker in this time of change. The banker was still very conservative, but he seemed to be trying to accept new forms of mass appeal.

Following are quotes which represent the consensus among the statements in Morison's book.

Charles L. Farrel, vice-president, Fort Dearborn National Bank, Chicago:

> Probably the most successful advertising today, and always has been, is through a banker's individuality and the extension of personal connection, commanding the admiration, respect and confidence of the public. . . . People may not change their bank accounts purely through an acquaintance, but when the time comes that change seems advisable, the banker who is first in their minds and with whom they feel the closest personal acquaintance, as a rule gets their business. Is it not, therefore, wise to so advertise your institution as to attract the attention of the public, in order to be in a position to first attract the man, who is contemplating a change of his account?

Joseph G. Brown, president, The Citizens National Bank, Raleigh, North Carolina:

> The very best care should be exercised by the bank officers, both as to the method and the medium of addressing the public. Nothing could be more prejudicial to the best interests of a financial institution than an undignified bid for business. We are not very far removed from the time when no well-regulated bank would consider for a moment a proposition to solicit business in any way. . . . But, right reckless would be the bank manager of today who would cling to the custom of long ago—and, standing on his dignity, wait for business to seek him.

Tench F. Tilghman, cashier, Citizens Bank, Norfolk, Virginia:

> My idea of successful advertising for banking institutions is to say in as few words as possible something that readily catches the eye of the average depositor. Too much sounds like department store talk and is not dignified for our profession.

A. J. Frame, president, Waukesha National Bank, Waukesha, Wisconsin:

> After forty years of banking experience this bank does more or less advertising but it does it only on lines as circumstances occasionally bring out opportune periods and methods. We have no set methods.[46]

Banks during this period were employing "reading notices," which in 1970 parlance means "news release" or "handout," in their promotional programs. St. Elmo Lewis in his book Financial Advertising advocated the use of these "reading notices." He suggested that a banker "give an interview" about such things as the percentage paid on savings in his bank and how his bank made business better in his city. Lewis wrote, "Suppose the banker should have this interview set up in type, printed on one side of a slip of paper and sent to 1,000 publications in the state of Ohio. I venture to say that 100 newspapers would print it. That would more than repay him." Lewis reproduced in his book newspaper clippings of the "reading notices" of the Citizens Bank of Waynesboro, Ohio. One headline read, "The Citizens Bank Stronger Than Ever." After the publication of the "reading notices," the Citizens Bank had clippings reproduced and mailed to bank customers.[50]

There are other examples of aggressive use of mass communications techniques by bankers in the early 1900s.

During the 1907 panic, the financial community did not remain publicly inactive. Lewis wrote:

> The recent panic promised a long siege, but in reality it lasted about thirty days, because the bankers and the newspapers got together. . . . The newspapers were let into the inner secrets of the financial leaders, were told the truth about the money situation and then were told if they printed scare heads about failures, made foolish speculations and shrewd prophecies about the worse things coming, they could rest assured that New York would have one of the worst money panics it had had for a generation. . . . On the other hand, they were told if the newspapers would cooperate, by being optimistic and cheerful and take a sane sensible view of the facts of the case the confidence of the people would be restored and the issue would be fought to a quick success.[81]

Lewis quotes a front page editorial of the New York Journal signed by William Randolph Hearst. The editorial read in part:

> To the wise no word is necessary. Men of knowledge understand full well that the country was never more prosperous and that a panic in the midst of such exampled industrial and commercial activity as this nation has recently enjoyed and still enjoys is a grotesque absurdity. The reasoning of those persons who are now participating in runs upon perfectly solvent banking institutions is on a par with that of those citizens who think they need have no concern about the conduct of government because they merely pay rent. . . . The man who draws money from a perfectly solvent bank in such a time as this, instead of protecting himself, may be promoting his own undoing.[82]

Franklin Hobbs, director of research of the Central Trust Co., Chicago, in 1927 and "a specialist in financial advertising for 40 years . . . when there was no such animal," seemed to confirm Lewis's evaluation when Hobbs said:

> On Abraham Lincoln's Birthday in 1907, our calculations as to the performance of the cycle [business cycle] indicated a tightening money market and a possible financial panic. We advised our clients to get assets into liquid form and we advised our banks to devote their energy and their publicity toward confidence building in a hope that sufficient effort along this line would soften the blow. Many others were evidently doing just what we were doing and some of them in a very much larger way than was possible to us. The great success crowned the efforts of these well informed financiers was well demonstrated in 1908. The panic which threatened to be the worst one we had seen was shortened in time and its effect greatly modified by these efforts.[83]

Harold Faulkner in his American Economic History called the 1907 crisis the "bankers panic," but he writes that "efforts by the government and by leading capitalists did much to prevent the panic from becoming general. . . . It was limited largely to the cities and its effects were not widespread."[84] Although Faulkner did not state the exact nature of the "capitalists' efforts," he does seem to concur in the evaluation of Lewis and Hobbs as to the impact of the 1907 panic and the involvement of bankers in the effort to minimize its effects.

Although the panic of 1907 was not as damaging as it might have been, it did give impetus to a drive for additional bank regulatory legislation that culminated in the passage of the Federal Reserve Act of 1913. This act is considered by many historians as a milestone in this country's economic history. It marked a break between a primitive decentralized system and a centralized one with greater mobility of funds and a more flexible supply of

money and credit. It laid the foundation for a modern banking system in the United States.

And so, by 1915, the year the FAA was organized, advertising in general was becoming somewhat respectable. The publicity man had overcome somewhat his "press agent" heritage and was becoming more socially responsible, as evidenced by the actions of Ivy Lee. The country had become more industrialized and urbanized. Legislation had been passed that put banking on a sounder foundation. The number of banks had increased, and still was increasing, and competition among banks was a fact of life. Bankers were somewhat aware of the value of the small depositor and had started to employ both advertising and publicity methods to develop new business, and in a small way to educate the public about banking. Specialists in advertising and publicity were being hired by banks.

Bankers were beginning to break out of their shell of isolation from the public. But, although the conservative inertia had started to give way, the banker vis-à-vis his relations with the public was at this time like a baby chick whose beak had just popped through the shell in an effort to join the world around him. He still needed to expend a great deal more effort and receive a greater impetus before he would break the shell entirely and let himself see the world and the world see him.

Notes

[1]Don Knowlton and Robert Izant, "Before and after Taking" (a play), Financial Advertisers Association 1928 Report of Proceedings, p. 14.

[2]Burleigh B. Gardner, "Motivational Factors in Banking" (Paper read at Bank Marketing Research Conference, Chicago, May, 1969), p. 3.

[3]W. F. Gephart, "On Employee Cooperation in Bank Advertising," Financial Advertisers Association 1926 Report of Proceedings, p. 194.

[4]Scott M. Cutlip and Allen H. Center, Effective Public Relations (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1964), p. 346.

[5]During this period banks issued their own paper currency.

[6]E. St. Elmo Lewis, Financial Advertising (Indianapolis: Levey Bros. and Company, 1908), p. 43.

[7]Edward L. Bernays, Crystalizing Public Opinion (New York: Liveright Publishing Corp., 1961), p. xxii.

[8]Robert V. Remini, Andrew Jackson and the Bank War (New York: W. W. Norton & Co., Inc., 1967), p. 28.

[9]Ibid., p. 45.

[10]Amos Fiske, The Modern Bank (New York: D. Appleton & Co., 1920), p. 313.

[11]Cutlip and Center, op. cit., p. 23.

[12]Remini, op. cit., pp. 67-68.

[13]Ibid., pp. 70-71.

[14]Ibid., p. 41.

[15]Gurden Edwards, "Banking and Public Opinion," Public Opinion Quarterly, April, 1937, p. 9.

[16]Fiske, op. cit., p. 312.

[17]Ibid.

"Don Quixote and Doubt Theory, Theories of Crime Dating (A Quiz), Illuminist Arrangements Arrive Also Reports of Irrevocability," p. [illegible].

"Anthony B. Goodman, 'Traditional Values in Modern' (Paper read at Sixth Bibliography Research Association, Chicago, Nov. 1967); p. [illegible].

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"Barry R. Gordin and Allen G. Barnes, [illegible] Public Relations (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1974); p. [illegible].

"Barbara Ann Patton Jones, Arrival Order and Human Performance.

"S. M. Alan Lewis, Theoretical Bibliography (Cambridge: Long Ago, Ltd. Publishers, [illegible]), p. [illegible].

"Edward G. Jenkins, Bibliography Public Relations (New York: Alfredian Publishers, [illegible], [illegible]).

"Barry F. Martin, Making Children and Use Data Use (New York: G. G. Norman & Co., Inc., 1973), p. [illegible].

"Idem, p. [illegible].

"Lane Plato, The Talking Book (New York: G. Boniface & Co., 1970), p. [illegible].

"Quality and Tension, [illegible], p. [illegible].

"Idem, op. cit., pp. [illegible].

"Idem, pp. [illegible].

"Idem, p. [illegible].

"Andrew Bennett, 'Theories of Public Opinion,' Public Opinion Quarterly, April, 1977, p. [illegible].

"Idem, op. cit., p. [illegible].

"Idem.

[18]Lance Davis, Jonathan Hughes, and Duncan McDougall, American Economic History (Homewood, Ill.: Richard D. Irwin, Inc., 1961), p. 190.

[19]Ibid., pp. 188-89.

[20]American Banking Association Education Committee, The Story of American Banking (New York: 1963, a pamphlet), p. 24.

[21]Ibid., p. 28.

[22]Guy Cooke, "A Review of Savings Bank Advertising," Financial Advertisers Association 1926 Report of Proceedings, p. 42.

[23]American Banking Association, op. cit., p. 36.

[24]Robert Lindquist, The Bank and Its Publics (New York: Harper & Row, 1956), p. 3.

[25]Ibid., p. 2.

[26]F. P. Bennett, Jr., "Thank God I'm an Advertising Man," Financial Advertisers Association 1925 Report of Proceedings, p. 271.

[27]Lindquist, op. cit., p. 4.

[28]Thomas B. McAdams, "The Salable Bank," Financial Advertisers Association 1921 Report of Proceedings, p. 28.

[29]Herbert S. Houston, "Address of Mr. Herbert S. Houston," FAA Bulletin, November, 1920, p. 4.

[30]George French, 20th Century Advertising (New York: D. Van Nostrand Company, 1926), p. 33.

[31]Edward G. Griswell, "Influence of Publishers on Investment Advertising," Financial Advertisers Association 1922 Report of Proceedings, p. 109.

[32]Charles G. Dawes, "Why Small Investor Looses," Saturday Evening Post, April 20, 1907, p. 17.

[33]F. B. Bennett, Jr., "The Need for New Emphasis in Advertising for Savings," Financial Advertisers Association 1931 Report of Proceedings, p. 147.

[34]Lee Moser, "Publicity: What It Is and What It Is Not," Financial Advertisers Association 1928 Report of Proceedings, p. 82.

[35]New York Times, May 8, 1893, p. 1.

[36]New York Times, May 23, 1893, p. 1.

[37]George Everett, "The New Businessman, Yesterday, Today and Tomorrow," Financial Advertisers Association 1932 Report of Proceedings, p. 200.

[38]New York Times, May 14, 1893, p. 1.

[39]New York Times, May 2, 1893, p. 10.

[40]Gaty Pallen, "A Splendid Comment on the FAA Recognition," FAA Bulletin, November, 1920, p. 2.

[41]Cutlip and Center, op. cit., pp. 34-37.

[42]French, op. cit., p. 421.

[43]Ibid., p. 120.

[44]Thomas B. McAdams, "The Salable Bank," Financial Advertisers Association 1921 Report of Proceedings, p. 28.

[45]Lewis, op. cit., p. 55.

[46]Ibid., p. 56.

[47]Ibid., p. 652.

[48]Francis H. Morison, Banking Publicity (New York: Moody Publishing Co., 1904), passim.

[49]Ibid.

[50]Lewis, op. cit., pp. 715-17.

[51]Ibid., p. 939.

[52]Ibid., pp. 943-46.

[53]Franklin Hobbs, "The Performance of the Business Cycle: Its Effect upon Financial Advertising," Financial Advertisers Association 1927 Report of Proceedings, p. 273.

[54]Harold Faulkner, American Economic History (New York: Harper & Brothers, 1949), p. 556.

CHAPTER III

FOUNDING AND GROWTH OF THE FAA

This chapter will deal with the founding and the growth of the Financial Advertisers Association (FAA). It also will describe the FAA's objectives and interests and the functions of the men who held the title of advertising or publicity manager in banks. This chapter in addition will deal with the ambivalence of the terms "advertising" and "publicity" as used in the financial community during the first two decades of the twentieth century.

By 1915 the new field of financial advertising was trying to break its conservative shell. The shell was cracked, but far from broken. It would be many years, in fact, before the financial advertiser or public relations practitioner would catch up with his colleagues in other businesses. But, by 1915 banks and other financial institutions were employing men as advertising and publicity managers.

There was an attempt on the part of financial promotion men to organize prior to 1915, but it was only on a local scale. In 1906 Edwin Bird Wilson, a pioneer advertising man with a bank in Pittsburgh, Pa., organized the Bankers' Advertising Association of Pittsburgh. At that

Chapter III

Problems and Issues in the 1970s

Data analysis will take with its inventory and the growth of the financial information management field. It also will determine the firm's solvency and investment and the flexibility of the use and load the slide or presentation as probability analysis is known. This chapter is concerned with that with the implications of the terms "variability" and "probability" as used in the financial management during the first two decades of the twentieth century.

By 1970 the art field of financial management was trying to break the management circle. The model was crucial, but far from perfect. It tried to keep pace, in fact, before the financial management to profit maximization problem which was with the objectives to achieve business. But, by 1970 Moore and other financial institutions were adopting the as accountancy and profitability management.

There was a change in the year 1970 financial procedure that is reminded year in 1970, but it was only a third model. In 1980 [illegible] a planned [illegible] listing the with a book in [illegible] they expanded the Moore's investment [illegible] in [illegible]. At that

time Pittsburgh banks were advertising for deposits, and competition was keen among the banks. Banks employed men, usually ex-newspaper men, for $25 a week to promote financial services. These men in Pittsburgh, who were thus employed, met occasionally at lunch. From these luncheon meetings developed the organization mentioned above, who purpose was to study bank and trust company advertising, to help each other through an exchange of ideas, and to educate the public in practical banking.[1]

Wilson later moved to New York City as the advertising manager of Bankers Trust Company of New York. In 1913 he organized another association of financial promotion men, known as the Bank Publicity Association of New York City. The objectives of this organization were similar to the one in Pittsburgh--to exchange ideas, to study financial advertising, and to educate the public "to a higher appreciation of the services rendered by banks and trust companies generally."[2]

Aside from these formal reasons for organizing, it is difficult to define the motivation of Wilson. However, during that time, and for many years later, the financial advertising man was not in a prestigious position. Glenn Griswold, editor, Chicago Journal of Commerce in 1925, said, "The advertising manager is nothing more than a buffer, and his responsibilities and influence on the ultimate course of the institution itself is not a great

deal more than that of a policeman who stands at the doorway."[3] Similarly, Edgar G. Griswell, manager of the financial department, The Quality Group, New York City, in 1926 commented, "This job of advertising manager does not carry with it the responsibility or the credit, not to mention the salary it really deserves."[4]

It seems quite possible, therefore, that Wilson and equally ambitious men in the new field of financial advertising banded together also to promote and heighten their own status and that of their profession within the financial community.

Many of the men who were charter members of the New York organization were early members of the FAA.

There had been no attempt to organize a national association of financial advertisers until 1915. Guy W. Cooke, one of the founders of the FAA, commented that when he attended his first convention of the AAC&W in Toronto, Canada, in 1914 there was only one other financial advertising man present.[5] However, at the 1915 AAC&W convention in Chicago there were almost 100 advertising and publicity representatives of financial institutions attending. Why these men were drawn to this convention is not clear. The program of the AAC&W, like the organization itself, was pointed toward retailers, jobbers, and manufacturers whose products, merchandise, and promotion methods were foreign to the peculiar problems of financial advertising. But, it

was the largest advertising association at that time whose ideals of truth and integrity fitted the ideals of the financial advertisers.

Nevertheless, the financial advertising men who attended this convention found that their problems and their profession received little recognition. They were the stepchildren of the advertising world.

This was a source of frustration to these men. Marvin E. Holderness, one of the FAA founders, said, "At the Chicago convention I met several other bank promotion men who were also pioneers and who felt, as I did, that there was little, if any, recognition of bank advertising people at the meeting."[6] He said that at the close of a night session "a few of us met on a corner of Michigan Avenue to discuss our predicament as the 'unknown and unwanted' and to decide how our profession might be recognized." They decided on that street corner to organize.[7] There are seven men generally considered co-founders of the FAA: Marvin E. Holderness, assistant cashier and advertising manager, Third National Bank, St. Louis, Mo.; Guy W. Cooke, assistant cashier, First Trust and Savings Bank, Chicago; John Ring, Jr., publicity manager, Mercantile Trust Co., St. Louis, Mo.; W. R. Morehouse, German American Trust and Savings Bank, Los Angeles; Herbert M. Morgan, secretary, American Trust Company, St. Louis, Mo.; G. Prather Knapp, publicity manager,

was the latest attractive convertible in that year whose lineage of Ferrari and Lamborghini lurked the length of the Commercial Avenue.

Everybodies, the Fabulous Wonderbirds and the Gibsonbird Club convention found that their profiles and their profession involved Latin conditions. They were the attractions of the proceeding night.

This was a session of Conversation to Seen Come Dancing in Bellevue, one of the 1st Convention, held, 'At the Talmadge Convention I was amazed when Tony Cornelius was one week also pleasant and who lately on I lost, that there was little, if any, recognition of best advertising people of the evening." By said that at the shows of a night session "a lot of it was be a contest of thinking Arrow to dinner our pointment as the "Wonders and wonderful" and to dance the our proceeding night to evening." Only Bonfire on that Corner Dancer is appearing." Tommy Jon Dorian was generally recognized co-founder of the (1st Series A. Bellevue, Washington) Wonder and accessories company, Mike Bellwood Lamp, Mr. Lamb. Tom, the A. Jones publication meeting Lisa Tyler and Jackie Lee, Thomas John Kung, Jon Phillip Wonder, Jacqueline Lynn Jon, Jon Jonny Jon is a Arrow Dance, Jackie Bellwood Lamp and Arrow Lamb, Lee Bonfire Appear A. Tommy, accessory Wonderbirds Jackie Jonny Jacqueline Mr. Lamb, Tom, A. Jones Bonfire Jonny Phillip Wonder.

Mississippi Valley Trust Company, St. Louis, Mo.; and Carl Gode, Illinois Merchants Trust Company, Chicago.[8] Holderness is credited with conceiving the idea for the organization.[9]

There is no apparent reason why most of the founders were from St. Louis. However, it does seem likely that it was a matter of circumstances. Since Holderness conceived the idea for the FAA, it seems natural that in discussing this new venture he would have around him friends and colleagues and that most of these men would be from the same city in which Holderness was employed.

Holderness was an aggressive and ambitious man. He eventually became one of St. Louis's best known businessmen and one of the country's prominent bankers. He was born in Fordyce, Ark., and educated at Vanderbilt University. After graduation from Vanderbilt he worked with the First Savings and Trust Company, Nashville, Tenn. In 1914 he became the assistant cashier of the Third National Bank of St. Louis and was in charge of that bank's publicity and advertising department. In 1919 when that bank merged with two others in St. Louis, Holderness was made vice-president of the larger institution. He continued to handle the bank's publicity and advertising, as well as heading the Savings Department. In 1920 he was elected president of the St. Louis Advertising Club. During his career he was also president of the St. Louis Kiwanis Club, one of

the directors of the St. Louis Chamber of Commerce, and a member of that city's Airport Commission. He was chairman of the finance committee and a member of the executive production committee of the St. Louis Municipal Opera. In the banking community he was vice-president from Missouri for the National Bank Division of the ABA, as well as chairman of the ABA Public Relations Commission and a member of the Administrative Committee of the ABA.[10]

He was a man with a penchant for flowery phrases and a drive to better financial advertising and public relations.

Holderness said in 1918 that the FAA was "born of necessity. . . . The men responsible for the current advertising and publicity of banks and trust companies throughout this broad land had long felt a need for a clearing house for the interchange of ideas, and for mutual helpfulness and inspiration."[11]

Although there was agreement among the founders of the FAA that some organization was needed, there was disagreement over what other association the new financial advertisers association should affiliate. One faction, led by Holderness, believed the FAA should affiliate with the AAC&W because "we should live and move and have our being in the atmosphere of advertising and that the best place to go to get into the atmosphere of advertising was into the Associated Advertising Clubs."[12] Others felt the new

organization should be closely affiliated with the ABA, and a third opinion preferred an independent FAA. Holderness prevailed, and a petition for admittance to the AAC&W as a financial departmental was prepared.[13]

Three months later the petition was accepted by the AAC&W. At a meeting of the 47 charter members of the FAA at the St. Louis Union Bank in December, 1915, a constitution was adopted and the first officers were elected. John King, Jr., was elected president to serve until the 1916 convention.[14] Holderness became president in 1916.

The constitution set forth these objectives for the FAA:

1. To develop the best in financial advertising.

2. To bring the financial advertisers of the United States into closer relationship.

3. To study advertising.

4. To provide a means through which financial advertisers may assist each other in the exchange of ideas to produce more profitable work.

5. To correct existing abuses in financial advertising.

6. To promote good fellowship between financial advertising men.

7. To assist in advancing the interests of banks, trust companies and investment bankers.[15]

The new organization also provided the following standards of practice for its members:

Believing Financial Advertising is a field in which the highest standards of business and advertising ethics are and should be maintained, the members of the

Financial Advertisers Association—a departmental in the Associated Advertising Clubs of the World—subscribe to the following standards of practice, to the end that efficiency and adherence to these principles may be promoted:

1. To encourage clean and efficient advertising.

2. To discourage the publication by newspapers and periodicals of financial advertising that does not measure up to the highest standards.

3. To develop among financial institutions mutual points of contact which will tend to improve their advertising so that this betterment will become permanent and nation-wide.

4. To encourage by advertising the investment through reputable financial institutions of the surplus moneys of the American people.

5. To discourage unreliable and unsafe investments.

6. To make financial institutions realize the value of advertising and, by cooperation, determine the most effective means of building business, through advertising in the various departments of a modern financial institution.[16]

The FAA constitution and its standards of practice were amended through the years to accommodate a growing range of interests of the Association and its expanding membership.

It is evident from these early pronouncements that the FAA was primarily concerned with advertising as defined in the Introduction of this thesis. But, very soon after the FAA was organized, its interests began to increase and the terms "advertising" and "advertisers" in its constitution and its title became quickly misleading. Although the principal thrust of the FAA was within advertising and

publicity, as narrowly defined, until 1933, it did have other interests and the activities of its members encompassed more than just advertising. This can be seen clearly in Chapter IV when the services of the FAA will be discussed. These broader interests, which increased in the evolution of the FAA, finally led to a name change in 1947. The FAA became the Financial Public Relations Association in that year. There were several factors that led to this name change.

In 1915 the term "public relations" was not in popular use. "Publicity" was already widely used, but with various shades of meaning. It was sometimes called "free advertising," "paid puffs," or, in its most legitimate sense, "news." Theodore Roosevelt in 1902 defined publicity as "the making public, both to the government authorities and to the public at large, the essential facts in which the public is concerned."[17]

Within the financial community the terms "advertising" and "publicity" were often confused and more than occasionally they were used almost interchangeably. Owen Connor, financial editor, Philadelphia Public Ledger, in 1927 said, "If it is publicity in the proper sense, it is advertising and belongs in the paid columns of the paper. If it is news you can only cast suspicion upon the item you offer when you call it publicity."[18] But, in the

same year C. E. Auracher, advertising manager, Cedar Rapids Savings Bank and Trust Co., Cedar Rapids, Iowa, commented:

> Generally speaking news and publicity are for all practical purposes one and the same except that news is gathered for the public that desires to be informed, while publicity is presented from the point of view from one who desires to inform the public. While bank publicity and bank advertising work together . . . they are different in requirements, their execution and point of view. . . . Genuine publicity is news and not advertising wearing a cunning veil.[19]

In a speech before the 1917 PAA convention Francis H. Sisson of the Guaranty Trust Company, New York, a pioneer financial advertiser and public relations practitioner, said:

> I do not believe there is any method so good so economical and none which will produce such quick results and pay such high dividends in actual financial returns as well-conceived and well-executed advertising which discusses frankly with the people of the country, through the paid columns of the newspapers and periodicals the business problems of common interest. . . . The so-called prejudice against Wall Street which exists in some parts of the country is born largely of this same ignorance of the facts and men behind them. Advertising which will dispell that ignorance can only be good in its effect.

But, just two paragraphs later with no transition nor definition of terms Sisson said, "Here is the great opportunity to erect a statue of publicity to enlighten the world."[20]

Herbert B. Mulford of Ames, Emerich and Co. of Chicago seemed to mix the terms also when he said, "Publicity of the sale of new securities is the most well known form of advertising."[21] Robert Stevenson,

vice-president of the publicity committee of the Investment Bankers Association of America (IBA) in 1924, also tended to confuse the terms when he said, "The Investment Bankers Association of America has started a publicity campaign to increase the education of the public on investments. . . . I presented for the publicity committee, a report recommending the association authorize the sum of $250,000 for a nationwide education advertising campaign."[22] He was referring to the same effort when he mentioned "publicity campaign" and "advertising campaign."

This confusion over the meaning of the terms did cause some problems. Oftentimes men performing the same function in two different banks would be called by different titles—advertising manager, publicity manager, or something else coined by the individual bank. The interchange of terms also caused problems with the news media. Owen Connors told the 1927 FAA convention, "Let me urge one and all of you that you should not put your items before the editor as publicity. The word has become hateful to the men in the newspaper office."[23]

At the 1928 convention Lee Moser of Albert Frank and Company, New York, told the FAA delegates:

> A great deal of free publicity so called should more properly be referred to as advertising matter disguised as news matter. But that is the work of press agents. It has nothing to do with publicity and the correct sense of the word. Publicity as defined and practiced by successful and ethical publicity men is something entirely different. The publicity man is a natural

development of a complex business and industrial life combined with an ever increasing necessity for speed and accuracy in newspaper production."[4]

So, it was possible for legitimate news material being distributed by advertising or publicity managers of banks to be confused with "free advertising" or "publicity" in its worst sense, causing trouble both for the media and the financial community and diluting the impact of the message that banks were trying to communicate. There is also evidence, as will be shown in Chapter V, that by operating under the terms "advertising" or "publicity" it may have encouraged bankers to think more in terms of immediate, tangible results than in terms of long-range effects in the arena of public opinion. In addition, as the interests of the FAA broadened under the umbrella of "advertising" the breadth of its activities were not fully understood nor appreciated.

In 1944 Lewis F. Gordan, vice-president, Citizens and Southern National Bank, Atlanta, and a former president of the FAA, said:

> The biggest job we face is one of self-interpretation. Too many an uninformed bank man thinks ours is an Association almost exclusively for the professional advertising man and in no sense considering himself in that category, the bank man, the investment banker, the savings and loan man decides that it holds nothing for him. There are hundreds and hundreds of such men who would join tomorrow if they only understood. They are sensing and seeking the very help and information which our Association could give them. That is what I mean when I say that we have a job of self-interpretation."[5]

Not only were the definitions of the terms "advertising" and "publicity" unclear and oftentimes overlapping in the financial community, but the activities of the men of the FAA were more extensive than either of these terms would indicate. These activities included, among other things, customer and employee relations.

W. R. Morehouse of the Guaranty Trust and Savings Bank of Los Angeles, one of the FAA founders, said in 1917 that his department, in addition to planning and executing advertising, maintained communications with bank customers at the bank to assure they were being properly serviced. Members of his staff would circulate on the floor of the bank to check on customer reaction to the bank's service.

The titles held by the members of the Association are indicative of the variety of activity of the FAA members and of the FAA itself. Some were called advertising manager, publicity manager, assistant to the president, manager of the new business department, vice-president, and as early as 1921 public relations manager. In 1921 Charles Casson of the Chemical National Bank of New York held the title of director of public relations.[26]

Glenn Griswold, editor of the Chicago Journal of Commerce in 1925 commented on these titles:

> I do not think there is one banker in ten and not two investment houses in 10 that, as an institution, has the least conception of what are the potentialities of what you expect me to call the advertising department. But I don't like to call it that because

But only were the definitions of the terms "advertising" and "publicity" unclear and circumlocutory-lapping in the financial community, but the activities or the men of the TAA were more economic than either of these terms would indicate. These activities included, among other things, customer and employee relations.

V. H. Hawkinson of the Guaranty Trust and Savings Bank of Los Angeles, one of the TAA founders, said in 1917 that his department, in addition to planning and executing advertising, maintained communications with bank customers, at the bank to assure they were being properly serviced. Masters of his craft would encounter on the floor of the bank to check on customer reaction to the week's service.

The titles held by the members of the association are indicative of the variety of activity of the TAA members and of the TAA itself. Some were called advertising manager, publicity manager, assistant to the president, manager of the new business department, vice-president, and as early as 1921 public relations manager. In 1921 Charles Dawes of the Central National Bank of New York held the title of director of public relations.**

Glenn Gilbreath, editor of the Financial Journal of Commerce in 1925 commented on these titles:

> I do not think there is one banker in ten and not two investment houses in 10 that, as an institution, has the least conception of what are the potentialities of what you expect me to call the advertising department. But I don't like to call it that because

> I think the department in which you [FAA members] are working encompasses so much more than advertising, that it is a misnomer, and the fact that it is a misnomer points out the weaknesses of the whole situation as I see it."[7]

He went on to say that the title ought to be vice-president with general supervision over advertising, new business, public relations, public policy, and "also a statistical department" who comprehends and directs all contact with the public and all understanding of public questions."[8]

Frank H. Fayant, vice-president of Thomas F. Logan, Inc., New York, in 1924 in speaking on the same subject said, "They [FAA members] are called public relations or publicity manager, advertising or new business manager, assistant to the president, assistant to the vice president, vice president etc. They all should carry the title of vice president. For if there is any officer in a bank, the importance of whose duties entitle him to rank next to the commanding officer, it is the man who is charged with the responsibility of promoting the public relations of the institution."[9]

Even as early as 1919 it was recognized that the FAA had a larger scope than just advertising and publicity. At the 1919 convention during a discussion on the affiliation of the Association a Mr. Powell seemed to spotlight the inaccuracy of the terms in relation to the FAA. He said, "This particular crowd [FAA] is probably less

connected with the advertising association than any crowd possibly could be. Most of our discussion has been on the line of service and industrial research; in fact, the public relations of the bank and the community it serves is not what might be termed advertising at all, unless you go into a very broad field. . . . At any rate, it is rather farfetched to claim we are only an advertising group."[30]

In describing the principal function of a bank advertising man at the 1923 FAA convention, Francis Sisson stated, "To mix a metaphor, he should be both the mouthpiece ~~to~~ of the business to the public and the mirror of the public mind to business. He should have the contacts in the business world which would enable him to understand its problems and the public contacts which provide a hearing for his suggested solutions."[31] This is quite similar to the public relations staff function as outlined by Professor Scott Cutlip--to interpret public opinion, to counsel management on meeting the demands of public opinion, and to interpret the organization to the public.[32]

But, even with this definition of the function of FAA members and the recognition of the broad activities of the FAA, it still continued to operate under the term "advertising." And, the greater portion of the discussions at convention and in the Association's publications, prior to 1933, was dedicated to advertising in its narrow definition. There were papers delivered at convention and

articles in the Bulletin before 1933 that dealt with the need to communicate more comprehensively, the advantages of favorable public opinion and the broader meaning of advertising, but the majority of the dialogue was limited more narrowly to advertising and publicity techniques.

Things began to change after the 1929 Crash and rapidly after the 1933 Bank Holiday. The term "public relations" became more commonly used to describe the activities of the FAA and the dialogue at convention was more about courting public opinion and the need for public confidence than about the techniques of advertising and publicity. In 1930 agitation for a name change for the FAA began when C. H. Wetterau, vice-president, American Trust Company, Nashville, Tenn., wrote that "the name of the association, Financial Advertisers Association, is somewhat misleading. . . . As the years passed the scope of the association has greatly enlarged."[33]

An editorial in the FAA Bulletin in August, 1933, emphasized the broadening scope:

> If we look backward over the history of the Association . . . and notice what has been taking place, we realize that the advertising man isn't concerned merely with advertising. It is true that our objects as set forth in the constitution and by-laws seem to be limited rather closely to the subject of advertising, and this we think of as telling the public the virtues of the companies or institutions we represent. But whatever may have been the character of the activities of the men who originally made up the FAA we no longer are advertising men purely and simply. . . . Now it is a fact that the FAA has been stressing the public relations angle of advertising on its members steadily and increasingly as the depression continued.[34]

The theme of the 1933 convention was "Public Relations." The titles of some of the papers delivered are indicative of the change: "What the Alert Banker Should Expect of His Public Relations Man," "The Place of the Bank Employee in Public Relations Work," "Open-Handed Dealing with the Press," and "Roads to Public Favor."[35]

This great, almost overnight, change was due as we will see in Chapter V to the great shock the bankers received from the 1933 Bank Holiday and their awareness that the depression and the Bank Holiday had almost destroyed the confidence of the public in the financial community. This was a blow not only to their status in the community and to their pride, but it was a blow to their business as well--three things deeply important to the banker.

After the 1933 convention and prior to the 1934 convention the wording of the FAA standards of practice was changed to reflect this growing recognition of the range of activities of the FAA and the importance and use of the term "public relations." For instance, the first standard of practice was revised to read: "To cling steadfastly to truth in advertising and in all public relations activities." The second standard of practice after the change read: "To seek public confidence on a basis of frankness and fair dealing and on that basis only."[36]

By 1938 there was greater recognition that the name

of the Association did not describe its true function. This note appeared in the January 1938 Bulletin:

> Members of the Financial Advertisers Association frequently suggest that a different name would give a more accurate picture of the Association's activities. But, the better name has yet to be evolved. Perhaps because a complete descriptive title would read somewhat as follows: "The Bank, Savings, Trust and Investment Association of Advertising, Public Relations, Publicity, Personnel and Business Men."[37]

In March, 1938, Leonard A. Usina, president, Florida National Bank and Trust Company, suggested a name change in a letter to the Bulletin. He wrote: "You have apparently gone far beyond the field that might be expected from an organization that uses the word advertisers and I would if possible like to see the name changed. . . . Many bankers, perhaps old fashioned, are opposed to anything that carries the word advertising."[38]

It took nine more years for the FAA to finally adopt a new name. In 1947 under the presidency of Robert Lindquist the name was changed to Financial Public Relations Association. He wrote in that year:

> Our new name, the more I see it the more I like it, is making us increasingly conscious of the meaning and significance of public relations. It is not just publicity, not just advertising, not just business development, not just an attractive bank, not just good manners, not just community activity, it is all of these things, but its significance runs deeper than that, for public relations has everything to do with that which spells success and profits to a bank.[39]

The development of the FAA, first under the umbrella of advertising and publicity and then under the more

accurately descriptive term public relations, followed generally the outline of the development of the practice of modern public relations.

Cutlip and Center wrote that the period 1917-1919 brought dramatic demonstrations of the power of organized promotion, and so it did to the banker and the FAA as we shall see in Chapter V. They stated that the period 1919-1933 saw the principles and practices of publicity learned in the war put to use promoting products. For banks this was also true with the emphasis on advertising to promote their product--financial service. And, Cutlip and Center saw the period 1933-1945 as the time when the art and practice of public relations was extended. Certainly this was true in the financial community and the FAA. This will be shown in more detail in Chapter V.[40]

Although there was early recognition within the FAA that its various activities did not fit the term "advertising" and it eventually espoused the term "public relations," the FAA remained affiliated with the AAC&W throughout the period of this thesis. But, almost from the beginning of this affiliation, there was dissatisfaction with the relationship. There was a growing desire to be more closely associated with the ABA on the part of the FAA.

The FAA had some difficulty in being recognized by both organizations. There was "a fight"[41] to have the FAA

petition accepted by the AAC&W, because the FAA was the first "buyer" of advertising to attempt membership in the AAC&W. Among the AAC&W's 145 member clubs and 16,000 individual members were men representing advertising agencies, advertising specialty manufacturers, agricultural publications, the business press, directory publishers, graphic arts, magazines, national advertisers, newspapers, outdoor advertisers, poster advertisers, religious press, and retail advertising.[42]

There was a feeling at the 1919 convention among FAA members that "we were not fully understood by the Associated Advertising Clubs of the World." At that convention the FAA passed a resolution giving its board of directors discretionary powers as to future affiliation. It provided that the board of directors could change the affiliation of the FAA to whichever organization would better fit its needs. The ABA was mentioned prominently. Holderness said, "We have had difficulties, and we have not always felt that there was a frank relationship which should exist between a department and a parent organization."[43]

These difficulties peaked just prior to the 1919 convention when the AAC&W insisted that the FAA pay for exhibition space at the convention, something it had not been required to do before. The FAA in turn was forced to advise its exhibitors of this requirement "on the eve of

the convention," which caused embarrassment to the FAA officers.[44]

By the 1920 convention these problems seemed to have been solved and Holderness was able to report that "there is now an entirely satisfactory and complete adjustment of relationships between the Financial Advertisers Association and the Associated Advertising Clubs of the World and we are now upon the same basis as any other departmental of that organization and we hope that pleasant relationship will continue in the future."[45]

The reason for this accommodation is not evident. However, during 1919 the FAA became the largest departmental of the AAC&W, and the AAC&W publication carried more quotes from papers from the financial departmental meeting than from any other departmental session. The parent organization commended the FAA that year: "It is gratifying to note that the financial advertisers division representing more money than any other division of the Association is also the largest in point of membership and had one of the best departmental meetings at the convention."[46]

There was a split of sorts, however, between the FAA and the parent organization in 1924 and the FAA did grow closer to the American Bankers Association (ABA) beginning in 1919.

Until 1924 the FAA held its conventions in conjunction with the AAC&W. The AAC&W held its convention

in London, England, that year. The officers and directors of the FAA at a mid-winter conference in February, 1924, decided that a large percentage of its members could not attend the London convention and because of this the FAA should hold its own convention in the United States.[47] It was held at the Jefferson Hotel in Richmond, Va., in October and had a greater number of delegates and a larger number of exhibits than any FAA meeting up to that time.[48]

From 1924 on the FAA held separate conventions, independent of the AAC&W. However, certain of the FAA members continued to attend AAC&W conventions as representatives of the financial departmental.

As stated earlier there was a desire within the FAA to be recognized as a legitimate part of the banking community by the senior and most prestigious banking organization, the ABA. The September, 1916, FAA Bulletin reported:

> An effort was made to get a representative of the FAA on the program of the ABA convention, but it was found impracticable to get such representation on the printed program. There is still the prospect that the FAA would be given the opportunity to informally bring before this great gathering of American bankers its claim for recognition by that body. As a matter of course, the FAA must first and foremost maintain its close connection with the Associated Advertising Clubs of the World, but it is desirable that a very close relationship with the ABA should be maintained. It may be that the FAA will have to more permanently establish itself before such recognition will be given.[49]

The FAA was not put on the 1916 ABA convention program, formally or informally, and it was not until 1919 that the ABA recognized the FAA.

In 1919 the ABA appointed a public relations committee (sometimes known as a commission) the chairman and part of the membership of which were prominent and active members of the FAA. In 1920 the ABA requested that the FAA set up its advertising exhibit at the senior organization's convention in Washington, D.C. An FAA speaker was placed on the convention program in 1920.[50] The cooperation between the ABA and the FAA continued to grow closer after 1920. This cooperation will be discussed in detail in Chapter V of this thesis.

We will move now from a discussion of the origin, function, and affiliation of the FAA to a consideration of the nature and fluctuation in size of the FAA membership.

The original constitution provided for a membership of the "advertising or publicity manager or any official of a bank, trust company or investment banking firm or institution, provided such individual or institution represented by him shall in application for membership, subscribe to the standards of practice of this association and give evidence of adherence to these standards."[51] In 1917 the membership clause was broadened to include individual and corporate members, but it was still limited to banks, trust companies, and investment banking

institutions. In 1918 the clause was extended still further to provide for an associate membership for financial publications and agencies supporting financial advertising.[53] Eventually associate membership increased to include other banking organizations.

Membership of the FAA grew rapidly in its first few years. Starting with 47 members in 1915, it grew to 106 members in 1916 and 243 members in 1917. By the end of World War I the Association had more than 400 members. Although the FAA made a concerted effort to increase its membership through personal solicitation, letters to bank advertising men, and the placing of feature stories in banking journals, it did not accept all who applied. The foreword of the 1919 Report of Proceedings stated:

> A review of the history of the Association discloses among other things, the fact that its doors have remained securely locked to every applicant for admission whose past record would not stand close scrutiny, and whose purpose in joining the organization was purely selfish. No one has gained admission by accident, through oversight or just because the Association needed funds to carry on its work. Although it is not generally known, a number of applicants, because of their unfitness, have been denied the privilege of membership.[53]

In 1919 the constitution was amended to limit membership to 500 active and 25 associate members because "this is one of the national organizations where quality counts most."[54] However, in 1921 there was a waiting list for membership and the constitution was amended again in

order that "the limit may be extended." This amendment erased the limit on the number of members.[55]

Membership hit its pre-World War II peak at 857 in 1929. But, then membership fell off quickly, hitting bottom in 1933 at 320 members, apparently because of the effects of the depression on bankers and the many bank failures and mergers during this period. Membership began a steady ascent in 1934, and by 1947 there were more than 1000 members in the FAA.

The general trend of the FAA membership curve correlates very well with the General Business Index Curve and the General Advertising Expenditure Curve. The most dramatic correlation being from 1929 to 1936. (See Appendix A.) This correlation is reflected in the attitudes of bankers during the period of this thesis. These attitudes and their possible effects on membership will be examined closely in Chapter V of this thesis.

It is true that the total membership of the FAA was only a small fraction of the number of state and federally chartered banks in the United States. A membership study showed that in 1945, 80.3 per cent of the 958 members of the FAA were banks--some 766 banks. At that time there were more than 15,000 banks in the United States. However, among the 766 banks in the FAA were nine of the largest ten banks and 73 of the largest 100 banks in the country.[56]

The membership study also showed that 7.5 per cent of the membership was savings and loan associations and 12.2 per cent were in the category of publications, advertising agencies, bank advertising supply houses, bank organizations, etc.[87] This latter category included the ABA, several state bankers association, the Christian Science Monitor, the New York Times, the Wall Street Journal, and Time, Inc.[88]

The implications of the size and nature of the membership of the FAA throughout its history, its affiliation and cooperation with other organizations and its growing scope of activities will be discussed vis-à-vis its possible influence within the banking community in Chapter V.

Notes

[1]John L. Cooley, Banking Goes to Market (Chicago: Tri-Arts Press, Inc., 1965), p. 12.

[2]The Bank Publicity Association of New York City, "Objects of the Bank Publicity Association of New York City" (unpublished objectives of subject organization, 1913).

[3]Glenn Griswold, "Is the Title Advertising Manager the Limit and Why," Financial Advertisers Association 1925 Report of Proceedings, p. 263.

[4]Edgar G. Griswell, "The Bond House and Its Advertising," Financial Advertisers Association 1926 Report of Proceedings, p. 179.

[5]Guy W. Cooke, "Response to Addresses of Welcome," Financial Advertisers Association 1939 Report of Proceedings, p. 11.

[6] Cooley, op. cit., p. 10.

[7]Ibid. [8]Ibid. [9]Ibid., p. 9.

[10]"Marvin E. Holderness," FAA Bulletin, May, 1929, p. 228.

[11]M. E. Holderness, "A Message to Take Home with You," Financial Advertisers Association 1918 Report of Proceedings, p. 156.

[12](A discussion dialogue), Financial Advertisers Association 1919 Report of Proceedings, p. 252.

[13]Fred W. Ellsworth, "Who Started This Financial Advertisers Association? And Why? -- And When?" Financial Advertisers Association, 1942 Report of Proceedings, p. 239.

[14]Ibid., p. 239-40.

[15]Financial Advertisers Association, "Constitution" (an unpublished, typewritten document, 1915).

[16]Ibid.

[17]Edward L. Bernays, Crystalizing Public Opinion (New York: Liveright Publishing Corporation, 1961), p. xxx.

[18]Owen Connor, "Newspaper Cooperation," Financial Advertisers Association 1927 Report of Proceedings, p. 84.

[19]C. E. Auracher, "How We Advertise for Savings Accounts in Cedar Rapids," Financial Advertisers Association 1927 Report of Proceedings, p. 69.

[20]Francis H. Sisson, "Financial Advertising and the Public," Financial Advertisers Association 1917 Report of Proceedings, pp. 19-20.

[21]Herbert B. Mulford, "Bonds, Mortgages, etc.," Financial Advertisers Association 1917 Report of Proceedings, p. 23.

[22]Robert Stevenson, "Reflections on Advertising from an Investment Banker," Financial Advertisers Association 1924 Report of Proceedings, p. 90.

[23]Owen Connors, "Newspaper Cooperation," Financial Advertisers Association 1927 Report of Proceedings, p. 84.

[24]Lee Moser, "Publicity: What It Is and What It Is Not," Financial Advertisers Association 1928 Report of Proceedings, p. 83.

[25]Lewis F. Gordon, "Looking Backward—Then Forward," Financial Advertisers Association 1944 Report of Proceedings, p. 66.

[26]"What Our Members Are Doing," FAA Bulletin, October, 1921, p. 6.

[27]Griswold, op. cit., p. 263.

[28]Ibid.

[29]Frank H. Fayant, "Selling the Commercial Bank," Financial Advertisers Association 1925 Report of Proceedings, pp. 74-80.

[30](A discussion dialogue), Financial Advertisers Association 1919 Report of Proceedings, pp. 255-56.

[31]Francis H. Sisson, "Public Relations and the Advertising Man," Financial Advertisers Association 1923 Report of Proceedings, p. 32.

[32]Expressed in lecture by Professor Scott Cutlip, University of Wisconsin, 1968.

[33]C. H. Wetterau, "What Is the FAA?" FAA Bulletin, March, 1930, p. 99.

[34]"Where Is the Association Going," FAA Bulletin, August, 1933, p. 262.

[35]Financial Advertisers Association 1933 Report of Proceedings, passim.

[36]Financial Advertisers Association, "Constitution and By-Laws," Financial Advertisers Association 1934 Report of Proceedings, p. 377.

[37]Preston Reed, "FAA?" FAA Bulletin, January, 1938, p. 122.

[38]Leonard A. Usina, "Letters," FAA Bulletin, March, 1938, p. 202.

[39]Robert Lindquist, "Public Relations," FAA Bulletin, December, 1947, p. 58.

[40]Scott M. Cutlip and Allen H. Center, Effective Public Relations (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1964), p. 33.

[41]Guy W. Cocke (a discussion), Financial Advertisers Association 1923 Report of Proceedings, p. 116.

[42]John Ring, Jr. (no title), FAA Bulletin, March, 1916, p. 2.

[43](A discussion dialogue), Financial Advertisers Association 1919 Report of Proceedings, p. 253.

[44]Ibid.

[45]M. E. Holderness, "FAA Exhibit to Be Made at ABA Convention," Financial Advertisers Association 1920 Report of Proceedings, p. 165.

[46]"A Worthwhile Association," FAA Bulletin, December, 1919, p. 7.

[47]"Convention Announcement," FAA Bulletin, July, 1924, p. 2.

[48]Gaylord B. Morse, "Foreword," Financial Advertisers Association 1924 Report of Proceedings, p. 5.

[49]"American Bankers Association," FAA Bulletin, September, 1916, p. 4.

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"Pioneer Ex-Con Investigation Ended." The Bulletin, August [illegible], 2, 8.

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"[illegible] 2, [illegible] Ex-Cons." The Bulletin, [illegible], [illegible], 2, [illegible].

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"[illegible] 2, Cons Ex-Cons." Planned Investigation Ended [illegible] Report of Investigation, 2, [illegible].

"[illegible] (Ex Cons), The Bulletin, [illegible] 1970, 2, 2.

"[illegible] Ex-Cons." Planned Investigation Ended [illegible] Report of Investigation, 2, [illegible].

"[illegible]

"[illegible] 2, [illegible] Ex-Cons." The Bulletin, [illegible] Investigation Ended [illegible] Report of Investigation, 2, [illegible].

"[illegible] Ex-Cons." The Bulletin, [illegible], 1969, 2, 2.

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"[illegible] 2, Cons, Planned." Planned Investigation Ended [illegible] Report of Investigation, 2, 2.

"Planned Pioneer Investigation." The Bulletin, [illegible], 1969, 2, 2.

[80] "FAA Exhibit to Be Sent to ABA Convention," FAA Bulletin, June, 1920, p. 2.

[81] Financial Advertisers Association, "Constitution" (an unpublished document, 1915).

[82] Compiled from Financial Advertisers Association Reports of Proceedings.

[83] W. E. Morehouse, "Foreword," Financial Advertisers Association 1919 Report of Proceedings, p. 6.

[84] Ibid.

[85] H. M. Morgan (a discussion), Financial Advertisers Association, 1921 Report of Proceedings, p. 8.

[86] Financial Advertisers Association, "A Study of the Membership of the Financial Advertisers Association" (unpublished report delivered before the Extension Committee of the FAA, New York, N.Y., March 10-11, 1943).

[87] Ibid.

[88] Financial Advertisers Association, "Membership Roster," Financial Advertisers Association 1945 Report of Proceedings, pp. 140-89.

CHAPTER IV

FAA SERVICES TO MEMBERS

The FAA has been described as a "non-profiting mutual benefit association" and an organization where "all of the funds received from dues are refunded in service."[1] The words "cooperative," "mutual," and "service" appear repeatedly in the literature of the FAA. This chapter will deal with the services the FAA provided its members and will show, incidentally, how mutual and cooperative these services were. In the course of this discussion of services the breadth of interests of the FAA will be evident.

In the interest of efficiency and clarity this chapter will describe the development of the principal service functions of the FAA by topic rather than chronologically. These topics include the FAA's official publication Bulletin, a portfolio service, an annual convention and its resulting Report of Proceedings, and an array of committees, the majority of which were research committees. The development of the Central Office and the services it rendered also will be described.

Bulletin

The Bulletin has been called "a clearing house of ideas,"[2] a "thought exchange on financial advertising,"[3] and a "journal of human relations in the financial field."[4] It was, throughout FAA history, the main communications medium with the members between conventions. And, as such, it reflected the changes of emphasis within the FAA and its expansion of interests throughout the years. Some members felt that the Bulletin "is worth the entire cost of membership."[5]

The Bulletin was distributed to members only and was not available to the general public.

The first Bulletin was issued in February, 1916, three months after the founding of the FAA. It was merely a four-page foldover containing principally announcements about the new organization and encouraging participation in the FAA. It did contain, however, an index of articles from Printers' Ink and System, a Chicago business publication, that were pertinent to financial advertising. By December, 1916, the Bulletin had taken on a more "magazine" look, and its contents were more ambitious. That issue ran the first of a series of articles on "our greatest problems," which included such things as "the difficulty of making the American people convert to the idea of thrift and economy" and "the re-establishment of public confidence

[illegible]

The *Bulletin* has been called "a [illegible] [illegible] of ideas," a "[illegible] exchange on financial [illegible]," and a "journal of [illegible] [illegible] in the financial field." [illegible] [illegible] [illegible] [illegible] the [illegible] [illegible] with the members between conventions. [illegible] it reflected the changes of emphasis within the [illegible] and the expansion of interests throughout the years. [illegible] members felt that the *Bulletin* "[illegible] [illegible] [illegible] of membership."

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in a city that has suffered an unfortunate bank suspension."[6] These problems were discussed in the pages of the Bulletin by FAA members and by "financial advertising experts outside the Association" in an attempt to furnish the best information available.[7] The Bulletin printed its first halftone in June, 1917, a photograph of a crowd around the display window of the Guaranty Trust and Savings Bank, Los Angeles.[8]

For the first two years of the FAA the Bulletin was edited by the president or vice-president. With the establishment of the Central Office in 1918 the secretary of the Association took on the responsibility. Editing of the Bulletin remained a duty of the Central Office from 1918 on.

The Bulletin was not issued on a regular basis until 1920 when, under the presidency of Fred W. Ellsworth, the Bulletin became a monthly publication. In 1921 an editorial board was appointed for the Bulletin, and the magazine was enlarged slightly. By 1924 it had expanded to 32 pages, containing reports of the activities of the membership, results of questionnaires initiated on subjects such as the Partial Payment Plan, and "a cross section of the constantly changing policies, plans, and ideas of financial advertising."[9]

This "cross section" encompassed many different subjects, ideas, causes, and at times forecasts of future

in a city that has actively promoted [illegible] plan." These problems were addressed in the pages of the Bulletin by Pat Hudson who argued for "[illegible] activists outside the association" to be already in touch the best information available." The Bulletin printed the first meeting in June, 1981, a "[illegible] of a [illegible] around the digging action if the Housing Trust [illegible] date, not signed."

By the first two years of the 80s the Bulletin was edited by the president of [illegible]. With the establishment of the central office in 1981 the responsibility of the association took on the responsibility. Editing of the Bulletin remained a duty of the [illegible] [illegible] 1982 on.

The Bulletin has been issued on a regular basis since 1980 when, under the [illegible] of Pat [illegible], the Bulletin became a [illegible] publication. In 1981 an editorial board was established for the Bulletin, but the members are [illegible]. It look it [illegible] to be [illegible], [illegible] [illegible] of the association, [illegible] [illegible] published in [illegible] such as the Public Housing [illegible], and in [illegible] of the [illegible] [illegible], [illegible], and [illegible] of financial [illegible].

This "[illegible] [illegible] [illegible]" [illegible], [illegible], [illegible] [illegible] [illegible] [illegible]

developments in advertising, public relations, and in banking.

The first cause was promoting the sale of Liberty Bonds during World War I. Issues throughout the war encouraged members to assist the government as much as possible in these sales. Holderness as president in early 1917 told the membership through the Bulletin, "The FAA through its president volunteered its services to the President of the United States for any line of duty not covered by the Associated Clubs."[10] And, later in 1917 the editor wrote, "Let us dismiss from our minds as unworthy the individuals and the corporations who are exploiting present wartime conditions as an opportunity to make unjust profits and let us sing praises to the individuals and corporations that are sacrificing for democracy. . . . Banking was made secondary to the call of democracy, notwithstanding a bond sold usually meant a loss in bank deposits and a decrease in the bank's personal profits."[11]

And, in 1918 in writing about the Liberty Bond drives, J. N. Higley, publicity manager, The Dollar Savings and Trust Co., Youngstown, Ohio, wrote in the Bulletin: "What a remarkable opportunity the banks have to place themselves before the public in the strongest and most favorable light."[12] After the war there were articles explaining and discussing the effect of the war on financial advertising.

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The first cause was promoting the sale of Liberty Bonds during World War I. Bankers throughout the war encouraged members to assist the government as much as possible in these sales). [illegible] in [illegible], 1917 told the membership through the Bulletin, "The [illegible] through its president volunteered its services to the Treasurer of the United States for any line of duty set covered by the [illegible] [illegible]." And, later in 1917 the editor wrote, "Let us dismiss from our minds at [illegible] the individuals and the corporations who are exploiting present wartime conditions as an opportunity to make unjust profits and let us give praise to the individuals and corporations that are sacrificing for democracy . . . Banking was made secondary to the sale of [illegible], notwithstanding a bond sale usually meant a loss in bank deposits and a decrease in the bank's potential profits."

And, in 1918 in writing about the Liberty Bond drives, [illegible], publicity manager, The [illegible] [illegible] and Trust Co., Youngstown, Ohio, wrote in the Bulletin: "What a remarkable opportunity the banks have to place themselves before the public in the strongest and most favorable light." After the war banks were actively publicizing and discussing the effect of the war on financial advertising.

Another cause supported in the Bulletin was the need for good service to bank patrons. In 1917 the editor wrote:

> Every financial advertiser appreciates the value of efficient service to patrons. He knows and he feels that unless his efforts in advertising are well supported by service that is efficient he cannot count on very effective results. . . . The day is past when the financial advertiser can confine his efforts to advertising without giving even a passing thought to the type of service he advertises. His work is not only to advertise but also to improve and maintain the efficiency of the service of the bank that both the advertising and service will combine to secure new business.[13]

And, as if to punctuate this idea, the Bulletin in August, 1917, began a series of "employee examinations" which could be used by members to increase the sensitivity of bank employees to the needs of the customers and to their role in the public relations of a bank.

The Bulletin encouraged FAA members to educate the public about banking and finance. In 1918 Philip J. Lawler, manager, Schools Savings Department, Bank of Italy, San Francisco, wrote a piece for the Bulletin calling for "educating the American public early in the schools of America" and explaining his bank's method of attacking this problem. He wrote that his bank with other banks "recognizes its place in the community as a public servant and as such realizes it has a public duty to perform."[14]

Employee relations, customer relations, and the promotion of the use of advertising and publicity by banks

were central themes in the Bulletin prior to 1933. But, there were also articles by members and editorial comments about the need for cultivating public confidence. Arnold F. Brunkow, publicity manager, The Old Union Trust National Bank, Spokane, Wash., wrote in 1925:

> By taking the public into its confidence and giving it the first hand information regarding its activities, the public utilities of the country have established a much improved footing with the general public. Much has been said about the mysteries of banking, but there is not enough being done by the banks to remove it and correct the mistaken opinions held by many regarding the banking business. These opinions have developed among the masses because of the lack of information regarding the operation and conduct of financial institutions.[16]

After the 1929 Crash there was more and more written in the Bulletin about the need for building public confidence. C. H. Wetterau, former FAA president, wrote in 1931: "There is a need today for financial advertising executives with a better knowledge of their institutions and policies as well as an understanding of prevailing conditions. They must be able to interpret their banks and its policies in such a manner as to continue to increase confidence of the public in financial institutions."[18]

An editorial in the March, 1932, Bulletin told the members:

> Why not give them [the public] something constructive to talk and think about instead of just saying don't talk depression. If the bankers don't aggressively tell the people what they should know and if they don't direct their thought along constructive lines, who will? Too many financial institutions have remained silent too long. They have been rumored

about, belied, slandered and maliciously calumniated and have said nothing. What does the public think about one accused who gives no defense.'[17]

There was little use of the term "public relations" prior to 1932, but as mentioned in Chapter III, many of the FAA activities under the heading of advertising and publicity could have been classified as public relations. In 1932 the term "public relations" began to appear more frequently. Then FAA president H. A. Lyon wrote in the Bulletin in October, 1932, "The Chicago convention of the FAA was remarkable for one thing. The note of measured optimism of the members concerning the job which lay before us as public relations men. . . . . Ourselves [sic] have been at least in part to blame for the years during which public relations was considered pretty generally unimportant."[18] In 1933 and thereafter the term "public relations" was used extensively in the Bulletin to describe the activities of the FAA and its members. In January, 1933, the FAA executive secretary, Preston Reed, recommended that the membership read Crystalizing Public Opinion by Edward Bernays.[19] And, there were articles on topics such as "The Public Relations Manager's Job" and "Public Relations Functioning."[20]

The Bulletin also acted as a medium of forecast. During the 1920-21 recession the Bulletin ran a piece by K. Leroy Hammon of Oakland, Calif., entitled "Helping Forecast the Business Future." Beginning in 1943 the

Bulletin published regular features on postwar planning for banks and in 1946 the Bulletin ran a six-page feature on the new communications medium, television. The editor explained, "Since television is being talked about more and more in the general scheme of things we felt that the accompanying story by Farnsworth, pioneers in the field of electronic development, would be of interest to FAA'ers."[1] In 1946 there was much interest in television generally, but the great expansion of television programming had not yet begun.[2]

By 1947 the Bulletin was running regular columns on public relations, publicity, radio and television, trust development, and occasionally bank architecture.

Throughout its many years of publication the Bulletin reflected the interests and worries of the FAA and its members and acted as a "clearing house of ideas," as well as a vehicle for reporting the activities of its members and its various committees.[3]

Portfolio Service

Like the Bulletin the Portfolio Service was a mutual help effort by FAA members. A portfolio was a collection of samples of advertising or of ideas for the conduct of events, such as anniversaries, submitted by members for distribution to all other FAA members. Each portfolio usually dealt with one subject or one theme, and

Pathfinder published popular features on upcoming planetary
for basics and in 1966 the *Pathfinder* was a standard feature
on the new manned-spaceflight magazine *Astronautics*. The author
explained, "Minor variations in basic layout could come
and have in the general volume of issues in 1967. Even the
accompanying story or [illegible], pictures in the [illegible] of
astronauts [illegible], could be of interest to [illegible]."[1]
In 1969 there was more [illegible] in [illegible] generally,
but the usual [illegible] or [illegible] [illegible] and
yet begun.[2]

In 1967 the *Pathfinder* was covering [illegible] subjects
in public relations, publicity, media and information,
[illegible] advertising, and [illegible] [illegible].

Throughout its [illegible] years of [illegible] the
Pathfinder [illegible] the [illegible] and [illegible] of [illegible] the
and the [illegible] and [illegible] a [illegible] [illegible] of [illegible],
as well as a [illegible] for [illegible] the [illegible] of the
[illegible] and the [illegible] [illegible].[3]

[illegible]

Like the *Pathfinder* [illegible] [illegible] was a
[illegible] [illegible] by the [illegible]. A [illegible] was a
[illegible] of [illegible] of [illegible] or of [illegible] for the
[illegible] of [illegible], such as [illegible], [illegible] of
[illegible] and [illegible] of all [illegible] the [illegible]. [illegible]
[illegible] [illegible] with the [illegible] of the [illegible], and

members were requested to submit enough copies of a piece of literature for distribution to each fellow member. This meant that by the end of World War I, members were required to submit more than 400 copies of a particular sample or plan.

The first portfolio was distributed in February, 1916, shortly after the first Bulletin was issued. It was a collection of advertising material "chosen for color scheme, style, text matter, type arrangement and for the use to which it was put."[24] Portfolios were distributed quarterly until 1920 when they became a monthly feature.[25] In that year the Portfolio Service was described as "perhaps the most outstanding service feature of the Association . . . and a feature worth many times the membership fee."[26]

But, by June, 1924, the Portfolio Service had fallen from favor. The Bulletin reported:

> Our portfolio in its present form has outlived its usefulness and has not sufficient value to warrant its continuation. Unrelated pieces of advertising have little or no constructive value without some conception of the plan behind them. It is inconceivable also that all advertising material in any portfolio can appeal to all members. Our interests and problems are so widely diversified that the plan behind a certain piece of advertising has far more interest and value than the advertisement itself. It is planned in the coming year, therefore, to combine the portfolio with the Bulletin into one big useful publication. Special pieces of advertising will be portrayed in an interesting story of the advertising, its cost, manner of distribution, known results and its relation to other advertising, together with any other information the member contributing the material may wish to give.[27]

Another reason given for the discontinuation of the Portfolio Service was that in 1924 700 copies of a particular sample or plan were required to make distribution and, as a consequence, "the best and most expensive pieces of advertising seldom got into the portfolio."[28]

This service was missed apparently by the members, for by November, 1924, there was such a demand for something to take its place that a new, but similar, program was initiated, called the Folio Exhibit. It was a kind of "lending library" of portfolios. Instead of submitting 700 copies of an item for distribution and permanent retention by the members, under this new program members were asked to submit only 20 copies of a particular item.[29] As Preston Reed explained:

> These copies are filed under the proper subject and then when a member asks for information on most any subject, a loose-leaf portfolio is made up of these samples and is loaned to the member for two weeks. At the end of this time the portfolio is returned and before it is mailed out again additional material which has been received in the interim is added. . . . Together the collection of portfolios covers 130 subjects.[30]

These portfolios in the Folio Exhibit included more than just samples of advertising. They included material on public relations and on subjects related to public relations such as methods of conducting anniversaries, new bank openings, and the operation of a special women's department in a bank.

Burl C. Howell, assistant secretary, Peoples

Savings and Loan Association, Monroe, Mich., wrote to the executive secretary in April, 1938:

> Your portfolio arrived this morning along with your letter. Frankly it was much more than I expected. For the past three months I have been running up our postage bill trying to get some information about public relations. Like most everything we search high and wide for the solution is often under our nose. The answer to my inquiry was right on my desk in your letter. Your treatment of public relations gives us something definite to work on. I have felt good about it all day.[31]

The Central Office received many other compliments on this service. Perhaps typical among them was a letter from C. D. Lincoln, assistant vice-president, Security Trust and Savings Bank, Los Angeles. He wrote concerning a portfolio on "Personal Solicitation of Trusts": "This is one of the finest reports on this subject that it has been my privilege to read. . . . This is an excellent example of the splendid service which the Association is able to render."[32]

The Folio Exhibit Service remained in operation through the time under study in this thesis.

Central Office

The original FAA constitution provided for the conventional set of officers--president, vice-president, secretary, and treasurer--and a board of directors to conduct the business of the Association. A director was elected for each Federal Reserve District to act as an

official liaison for the Association in his particular district. The constitution did not provide for an executive secretary nor for executive quarters.[33] For the first two years of the FAA the day-to-day business of the Association was conducted by either the president or the secretary from their respective places of business. There was no clerical help except that from the personal staffs of those two officers. Soon after the founding of the FAA the president's office became an exchange point for advice on advertising programs and for an analysis of circulation rates among various publications throughout the country that carried financial advertising.

As the Association grew it became apparent that an office with full-time clerical help was needed for orderly and efficient conduct of business. In September, 1918, the FAA opened a Central Office at 715 Railway Exchange Building, St. Louis, Mo., with the responsibility to issue the Bulletin and portfolios and keep the files and records of the Association and "act as a clearing house for the FAA."[34] The elected secretary, who at that time was Holderness, was responsible for coordinating the activities of the Central Office. The office had one secretary to handle the clerical duties. St. Louis was chosen as the site of the Central Office because Holderness was employed by a St. Louis bank. The Central Office "floated" to the city in which the elected secretary was

employed until it was permanently established in Chicago in 1922.[36]

Eight months after the establishment of the Central Office a reference bureau was created in that office because "the secretary has had so many letters from members asking advice on various advertising problems." Holderness commented that "when our reference bureau shall be assembled with a considerable library of catalogues, references, treatises we shall be in a better position to render services of this particular character."[38] Members contributed publications to the reference bureau. The reference bureau has been expanded over the years until today it is a rather extensive library on financial advertising, public relations, business development, and marketing.[37]

In 1921 the Central Office moved to Chicago when Gaylord S. Morse of the State Bank of Chicago was elected secretary. In that same year Lloyd L. Coon was hired as a full-time assistant secretary, along with two women to do the clerical work. Early in 1922 the Central Office was permanently established in Chicago, and Coon was appointed as the first executive secretary because the growth of the organization had increased the demands placed on the member secretary. Morse evidently was unable to devote enough time to either the FAA or his job to be effective in either and this was jeopardizing his paying position.[38] At this time there were some 600 members in the Association.[39]

The financial condition of the Association had improved considerably by this time, and it could afford to make this move. As of June 1, 1922, after paying all outstanding debts the FAA had $2,170.05 on hand-almost double that of the previous year. And, that happened while their expenses were increasing over the same period by $2,935.71. This increase was due to an increase in dues and an increase in membership. The dues for the active members were $24.00 and those for associate members were $20.00 in 1921.

The FAA was not a wealthy organization at any time compared with other banking organizations such as the ABA and the Investment Bankers Association. But, for most of its history it was self-sustaining. Dues were originally $12.00 with no initiation fee. In 1917 a $10.00 initiation fee was added to increase revenue. As the number of members increased and FAA services expanded, money was tight. In 1920 there was a small financial crisis in the FAA. C. A. Gode, FAA treasurer, reported that "last year [1920] prior to the convention we were as usual short of funds and had to draw on some of our members for this year's dues--asking them to pay in advance so that we would have the necessary funds to see us through."[40] This was accomplished and later the dues were increased as indicated above. Once over this financial trouble, the Association remained

The financial condition of the association had improved considerably by this time, and it could afford to make this move. As of June 1, 1926, after paying all outstanding debts the YMA had $2,170.00 in bank-without double that of the previous year. And, that improved well. Their expenses were increasing over the same period to $2,055.72. This increase was due in no instance to dues and as increases in membership. The dues for the senior members were $20.00 and those for associate members were $10.00 in 1923.

The YMA was not a wealthy organization as our time compared with other textile organizations such as the YWCA and the Interwoven Textiles Association. Yet, for most of its history it was self-sustaining. Dues were originally $12.00 with no initiation fee. In 1927 a $12.00 initiation fee was added to increase revenue. As the number of women increased and YMA activities expanded, money was tight. In 1930 there was a small financial crisis in the YMA.

O. A. Cole, YMA treasurer, reported that "last year [1929] going in the committee by week in small sums of dues had to draw on some of our reserve for this year's expenditure that to pay in advance on that is would leave the necessary funds to see us through."[4] This was postponed and later the dues were increased to initiation fees, then over this financial trouble, the association treasury

in the black with no serious financial troubles even during the loss in membership after the 1929 Crash.

The increase in services and the increase in members was generally met with an increase in dues. By 1935 there was a sliding scale for dues. For banks and trust companies with less than $500,000 capital, dues were $24.00; with less than $1,000,000 capital, $36.00; with less than $5,000,000, $48.00; with less than $10,000,000, $60.00; with less than $25,000,000, $75.00; with less than $50,000,000, $85.00; and for those with $50,000,000 or over, $100.00. There were other scales for investment banking institutions doing local or national business and for mutual savings banks with various assets. Dues for financial publications and others in the associate membership category were $40.00. Individual members paid only $12.00 in 1935.[41]

By 1947 each item in the scales had increased about 25 per cent. But, in 1922 when the Central Office was permanently established was the point in the FAA history that it really achieved financial stability.

Chicago was chosen as the site of the permanent Central Office because the average mail time between Chicago and the membership was shorter than it would have been from any other city. In addition Chicago was considered "an experimental laboratory" with 216 banks

In the short run, or perhaps financial analysts may decline the loan in economically after the 1929 crash.

The increase in services and the decrease in manufacturing was gradually but still an improvement in 1929. In 1929 there was a rising month for many. The Bank and trust companies with loans than $500,000 employed, more than $5M,00; with loans than $1,000,000 employed, $9M,00; with loans than $5,000,000, $46,00; with loans than $10,000,000, $80,00; with loans than $25,000,000, $72,00; with loans than $50,000,000, $03,00; and for those with $50,000,000 or over, $100,00. There were other reasons for increased lending institutions during loans of mortgaged property and for normal service banks with national charter. Even the financial institutions and others in the investment management varied from $40,00. Individual members paid only $12,00 in 1929.[1]

By 1940 many lies in the months had increased above 50 per week. But, in 1929 when the Depend Crisis was generally noticed was the point in the 7th Liability that is really analyzed financial stability.

Chicago has shown as the site of the processing Department office volume the average small than however Chicago and the commercial not whether than it would have been from any other city. In addition Chicago has positions "as significant investment" with 20% Dodge

ranging in size from under one million to over one billion dollars in deposits at that time.[42]

With the establishment of the Central Office and the hiring of Coon, the services to the members increased. A questionnaire program was instituted as a method of data collection. Each month for several months the Central Office distributed questionnaires to the members soliciting their opinions and ideas on a variety of subjects that included such topics as "Christmas Thrift Clubs" and "The Partial Payment Plan." The replies to the questionnaires were filed in the Central Office and a report was published in the Bulletin. The questionnaire program was not completely successful, however. Although the Central Office was able to collect some data, the response of the members in completing the questionnaires was disappointing to the executive secretary. Coon commented in the Bulletin, "We should have a more liberal response if we are to be successful in building a real service department in our Central Office."[43]

In February, 1923, the questionnaire program was discontinued because of a lack of response from the membership.[44] In its place the Central Office adopted a new method of obtaining data. Each month the Central Office asked five members, picked at random, one question which pertained to financial advertising or associated subjects. The five answers were published in the

succeeding issue of the Bulletin. Coon said, "It is our strong conviction that we will build up in the Central Office a fund of information on all advertising subjects for the benefit of our members."[45]

Coon resigned from the FAA in May, 1924, to take a more lucrative position with the Foreman Bank in Chicago.[46] In September that year Preston E. Reed was appointed executive secretary. Reed remained with the FAA until ill health forced him to retire in 1960. More than any other one man, perhaps with the exception of Holderness, Reed is credited with the development of the FAA. In a memorial to Reed in the Bulletin in 1960 it was stated, "By the inspiration he imparted, he molded our membership into a fraternity of kindred spirits each willing and anxious to help with the other's problems."[47] During his tenure the Bulletin was enlarged, the Folio Exhibit developed, a system of regional conferences instituted, and the annual convention increased from three to four days, featuring a series of lectures called "a school" in public relations and advertising. It was also through his efforts that a school for financial public relations men was established at Northwestern University in 1948.[48]

Reed, a short, slight man with round rimless glasses in 1924, came to the FAA with a great amount of energy and a background as a professional musician, educator, and advertising man. After graduating from

Albion College, Albion, Mich. in 1915, he was a featured musician on the Chautauqua Circuit in the summer and the Lyceum Circuit in the winter. After a few years as a musician, he returned to school, doing graduate work at the University of Chicago. Later he taught printing, literature, debating, drama, scientific management, and journalism at the high school and college levels. He became dean of the Central College of Commerce in Chicago before taking the job as secretary of the Chicago Advertising Club in 1922, the largest advertising club in the world at that time.

Reed came to the FAA from that position. During his 36-year career with the FAA he was elected president of the Association of Executives Forum of Chicago (1956-57). He was a lecturer on public relations for the National Institute at Lansing, Mich., the School of Banking of the South at Baton Rouge, La., and the New Jersey Bankers Public Relations School.

Within the FAA he was a stimulating force. During board meetings he acted as the devil's advocate. Leisurely smoking his pipe, he would take a position contrary to the prevailing one until a full exploration of the subject under discussion had taken place. He became known to the board members as "Provocative Pres." In 1948 when it looked possible to establish a school on financial public relations at Northwestern University, Reed called a

meeting of the officers and members of the board of directors to discuss the school. Thomas J. Kiphart, a board member, remembered in 1960 that Reed wanted to establish the school in the summer of 1948. It was then February, 1948. Kiphart stated, "Most thought it couldn't be done--it would take much longer to get established. For two solid days Pres kept us working from nine o'clock in the morning until the wee hours the next morning, and we came up with a curriculum that has required but little change since the School was started in 1948."[49]

During the 1930s Reed, through his column in the Bulletin, continually stressed the importance of public confidence in banks and of better public relations practices for banks. In 1933 he wrote: "Every banker now knows that the most important asset the bank has is the loyalty and patronage of a well informed, financially educated public. Ignorance is one of the greatest causes of fear. Fear destroys confidence. The public wants to know the facts."[50] And later that year he wrote: "There exists a need for better understanding between the bank and the public. Lack of confidence alone has closed hundreds of banks in the last few years and may close others. The fact that a bank is well managed and properly conducted, does not necessarily suffice to lift it above suspicion. Banks must not only deserve confidence, they must possess it. I do not hold with the school of thought

which believes in sitting quiet in the hope that the storm will blow over."[81]

Under Reed's leadership the services of the Central Office increased greatly. The Central Office acted as an "employment agency" for men in financial advertising and public relations. In September, 1921, this note appeared in the Bulletin:

> The Central Office has been the recipient of several letters from financial institutions who are interested in securing the services of live wire publicity and central file men.[82] While it is not our desire to act as an employment agency, we do believe we can be used advantageously as a medium through which desirable connections could be formed. If you know of men who can qualify for such positions and who wish to make a change or if you are in the market for such a man we would appreciate your writing to the secretary.[83]

By 1930 Reed was able to write in his column in the Bulletin:

> One of the valuable services of the organization, which gets little publicity, is that which pertains to employment and vocation. Each year the Association has been of assistance to banks, trust companies and investment houses in finding men and women in advertising, new business and publicity departments. Central files contain information concerning men and women who are seeking employment or those who want to make a change.[84]

In 1925 the Association began a buyers service for its members. If a member was in doubt as to where he could obtain a particular piece of advertising merchandise, the Central Office assisted him in finding the best buy.[85]

In an attempt to protect its members from disreputable companies the Central Office in April, 1925,

established a Confidential File on such subjects as reports of unfavorable dealings with service houses, reports of publications which did not maintain a one-price policy on space, facts and figures concerning services which have proven successful and those which have failed, and information on "fly-by-night" promoters who were "constantly originating panaceas." This information was available to members on request. The source of the information was not divulged. At this time there were about 110 companies that manufactured bank advertising material and had salesmen on the road."[68]

By 1930 the Central Office had become a public warning post for unethical operations in financial advertising operations. Reed wrote in that year: "What do you say that this year the Association make an attempt to clean up on some of these high pressure salesmen who are preying upon uninformed bankers. This can be done if every member will inform the Central Office when an unsatisfactory contact is made with a representative of a sales organization." He wrote that the following was a typical letter received in the Central Office: "He [the salesman] is reported to have used high pressure salesmanship, becoming abusive when the bank was not interested. He gave the names of two other banks whom he claimed were using their service. In writing to them, they disclaimed all knowledge of him."

When these complaints were received in the Central Office, the company in question was notified and, in several instances, the salesman was dismissed. If no action were taken by the company, the Central Office sent a notice to all of its members and often a warning would be printed in the Bulletin.[87]

This is an example of such a warning: "Warning--Word has come to Central Office that Bankers Cooperative Association and the Philadelphia Bank Note Co. have endeavored to sell two banks in the same city the same advertising material, on an exclusive basis. The salesman in this case was Mr. E. F. Sheridan. Any information from any of our members concerning either of these companies will be appreciated."[88]

In addition to conducting the day-to-day business of the Association and running these established service programs, the Central Office under Reed assisted the membership in other ways. For instance, in 1944 a member asked if it were permissible to photograph new ration tokens that were about to be placed in circulation. Reed researched the answer through the Secret Service and other government agencies and was finally able to answer the question. The tokens were not an obligation of the U.S. Government, such as currency, and they could be photographed, but only in black and white.[89]

The Central Office was, and is today, the hub

around which most of the activities of the FAA revolve and the point through which information on the activities of individual members and of the various committees of the FAA are funnelled to the members.

Association Committees

There was a plethora of committees within the FAA. Most, such as nominating committees, convention committees, and membership committees, were transitory. It would not be practical to chronicle the activities of all these committees. Therefore, this section will concentrate on what appeared to be the three most influential and active standing committees--and their subcommittees. These were the Extension Committee, the Research Committee, and the Standardization Committee.

The committees followed generally the theme and thrust of the FAA itself. That is, prior to 1933 their interests were primarily within the narrow definition of advertising and publicity. After 1933 these interests changed somewhat and broader aspects of banking and public relations were considered more thoroughly--particularly among the research subcommittees.

The Extension Committee with 24 members was a permanent committee that served as the long-range planning committee for the FAA. It was organized in 1924 at the suggestion of C. H. Handerson of the Union Trust Company

of Cleveland, a member of the board of directors. He believed that in the life of any organization there are periods when it becomes stagnant or unattractive to prospective members. He thought that there should be a committee within the FAA to develop plans and suggest means for the Association "to perpetuate itself and make it grow." The Extension Committee was the outcome of that suggestion."

Robert J. Izant of the Central National Bank of Cleveland was appointed as the committee's first chairman. The committee met twice in 1924, and as a result of these meetings ideas were generated that brought about changes in the portfolio service, the Bulletin, and increased members' dues.

The Extension Committee also as a result of these meetings recommended to the board of directors that a Research Committee with four divisions be organized within the FAA. The divisions were:

> An Appropriations Division. To recommend a standard form of detailing advertising appropriations (budgets); a standard method of fixing its amount and standard allocations to the various classes of media and services.
>
> Direct Mail Division. To procure and direct simultaneous test campaigns in various cities under conditions which will reduce variables to the minimum; to analyze the results of such campaigns; and to report the findings.
>
> Principles and Practices Division. To find the weight of well-informed opinion concerning moot questions and to promulgate conclusions thereon which shall have the authority of the Financial Advertisers Association.

Executive Division. To coordinate and carry into effect the word of the three research divisions"[1]

These recommendations were accepted by the board of directors, but no action was taken to appoint the Research Committee, and when the Extension Committee met again in 1925, Izant was disturbed by this inaction and threatened to adjourn the Extension Committee unless some action was taken. It was. The Research Committee was established in 1925 and continued work throughout the period covered by this thesis. Additional divisions, or subcommittees, were added from time to time to study subjects of interest to the members of the Association.

The Extension Committee also recommended that the FAA prepare and publish a book "which shall set forth the fundamentals of financial advertising."[2] By October of 1925 an outline of the book had been prepared. It consisted of 14 chapters that were to be written by 30 different authors, all but two of which were FAA members. This book was devoted almost exclusively to advertising in the narrow sense of the word. Public relations was not mentioned in the outline, but it did include some subjects pertinent to public relations.

This proposed advertising text included such topics as direct mail advertising, media for advertising, advertising for rural and small city banks, how to be individual in copy, and copy, layouts, and typography. It also

included, however, the psychology of the public, influence of local conditions on bank advertising, the bank as an integral part of its community, and the use of house organs as internal and external media of communications.

In considering the content of the book, it is well to consider the time frame in which it was proposed. During the 1920s the FAA was operating mostly under the terminology of advertising, and its principal themes were in advertising and publicity. It shifted principal themes, as has been pointed out, in 1933.

The text material for this book was written and illustrations were gathered, but a book was never published. The FAA felt that since the book was prepared by so many different authors, it was necessary to have some outstanding writer edit the book in order "to get a one-tone quality throughout the book and to coordinate the chapters."[3] Several different writers were employed to edit the book, but because of "unforeseen circumstances each in turn was unable to finish the work."[4]

In order to salvage the great amount of effort put into the book, the authors were asked in 1928 to revamp their chapters and bring them up-to-date for publication in the Bulletin. Beginning in November, 1928, one chapter a month was published in the Bulletin.[5]

Advertising for Banks by Don Knowlton with an outline similar to the one mentioned above was written under the auspices of the FAA in 1932.[6]

The Extension Committee's brain child, the Research Committee began work in 1925, and by November of that year the first reports were published in the Bulletin. The Principles and Practices Division, for instance, reported on a questionnaire survey in which it attempted to determine the opinions of FAA members concerning program advertising, special edition and special page newspaper advertising, the basis for advertising in financial publications, the proper attitude toward salesmen and the attitude toward syndicated advertising. This committee found, for example, that FAA members almost unanimously were opposed to advertising in event programs of other organizations. The majority felt, however, that for particularly good bank customers some contribution might be made, but without using the bank's name."[7] There were other reports on outdoor advertising, mass distribution, streetcar advertising, and direct mail.

By 1927 the subcommittees, or divisions, of the Research Committee had expanded in number to include new business contests, window displays, mortgage advertising, central file, internal bank advertising, exhibition advertising, advertising accounts, publicity, radio advertising, and motion picture advertising.

The following areas of research begun by the radio advertising subcommittee in 1927 are given as an example

of the work of these subcommittees. The research interests were:

1. To discover the purposes for which radio can be used successfully as a financial advertising medium.

2. To find out the reasons governing selection of stations used.

3. To investigate the methods which have been most successful in building a program.

4. To find out the relative attention value of different types of programs.

5. To find out the actual results accomplished by financial houses which have used radio, and to endeavor to find a comparison of this method with other media.

6. To investigate the hookups which have been made with other forms of advertising.

7. To investigate if any form of survey has been made to estimate the number of radio owners who appreciate the programs offered.

8. To obtain the specific opinions of those who have used broadcasting as to the value of same.

9. To investigate the possibilities of joint financial advertising through extensive broadcasting, nationwide, to educate the public in the uses of bank, trust company and investment houses.[8]

When these research objectives were outlined, radio was increasing in popularity as an advertising medium. The National Broadcasting Company and the Columbia Broadcasting System had begun operations, but radio had not hit its heyday that was to come in the 1930s and 1940s. Also to come in the 1930s was a systematic survey of the popularity of different programs. The Crossley Reports began in the early 1930s.[9] Up until that time fan mail

was relied upon as a measurement of program appeal. So, it would appear that the research interests of the FAA regarding radio were pertinent and perhaps somewhat ahead of their time when compared to the general application of survey techniques to radio audiences.

After the 1933 Bank Holiday the number of research subcommittees expanded again, as did the interests of FAA research. In 1935 a subcommittee studied the problem of promoting savings deposits during the period of recovery from the depression. This subcommittee found that there were many banks turning away people who wanted to deposit money in savings accounts because the banks already had too much money on hand with nowhere to invest it. These banks apparently felt that it would not be profitable to take in more money in savings. They were trying to promote more loans. The FAA Research Committee recommended that banks not continue this practice. It reported to the FAA members:

> As bank advertising and public relations men, we appreciate the viewpoint of the banker as a buyer of funds but we also realize that the depositor from whom he buys does not regard himself as one selling something to the bank, but as a customer of a bank. His experience with banks is that they have always been eager to accept his money. What is his reaction now when a banker hesitates to accept his money? The average depositor does not understand this banking problem from the viewpoint of the banker. . . . It is a major customer and public relations problem and deserves serious consideration."[c]

In 1935 there was a subcommittee designated to study public relations of banks. This committee reported

that 33 per cent of the banks questioned in a survey were conducting staff meetings to discuss bank public relations and 30 per cent were increasing personal calls on customers."[71]

In 1938 the Research Committee undertook a comprehensive study of the relationship of banks to their employees and their customers. It sent out 350 questionnaires to banks of varying sizes and obtained a 70 per cent response. It found that less than half of the banks replying paid particular attention to customer relations, which the committee felt was not "a high enough proportion." It found, however, that 203 of the 243 banks replying conducted meetings of officers and employees "regularly or occasionally to discuss banking problems."[72] This report was made available to all members of the FAA with the recommendation that more attention be paid to customer relations as a part of their public relations programs.

It is true that the greater part of the effort of the FAA Research Committee over the years was oriented toward advertising and not definitely toward public relations. However, there were findings that would be helpful in any public relations campaign. It is also true that the FAA was committed to the idea that research was necessary for banking in advertising, public relations, and business development. In 1938 the FAA invited Elmo Roper, a pioneer in survey research, to speak before the convention

on "Can Research Benefit the Banking Business?" He explained his method of survey research and told the delegates: "It is my belief that research can help banking. If it should turn out that you have to look for a broader market for the product you have now got for sale, it is the proper function of market research to help locate that broader market."[73] He also told them that in a recent survey done by Fortune Magazine bankers ranked second behind the press as groups who the public believed abused their power. He said the same survey showed that in popular esteem bankers rated at the bottom. Roper said he had done a survey in Terre Haute, Ind., in preparation for his FAA convention paper. He found that more people in that city would borrow from a savings and loan association or government lending bureau than from a bank to build, buy, or improve a home.[74]

An article in the Bulletin in March, 1938, also emphasized the importance of research:

> Public relations policies are distinct, planned, definite actions aimed at definite targets. Primary targets are grievances which the public or portions of it already holds against a company. These grievances may be imaginary or real; they range from the sublime to the ridiculous; but they have one thing in common--they're all important. The target is the imaginary "glassy eye and fishy heart" conception of banking, and its demolition is paying big dividends in new business.
>
> Experienced public relations men know, however, that the real causes of the most bitter grievances may be hard to find. They demand surveys, audits of a company's public relations position; or, as one

company has expressed it, "goodwill inventories," for targets must be seen before they can be hit. Surveys sometimes show that public relations programs are attacking targets which they cannot possibly demolish."[7]

The point here is that the FAA was emphasizing to its members the need for research in both advertising and public relations in order to more intelligently carry out their programs.

A statement by Cedric A. Morris, chairman of the FAA Research Committee in 1928 seems to capsulize the attitude of the FAA toward research. He speaks in terms of advertising, but the sentiment can be as easily applied to public relations. He said:

> Hanging on the wall in the research laboratory of the General Motors Corporation is a motto which reads: "Opinion will only be tolerated in the absence of facts." The advertising profession is a long way perhaps from applying such a motto to its manifold activities, but the handwriting is on the wall—faint, perhaps, and in places barely discernible—so the day is approaching when we must seek out and find the facts before we perfect our plans and spend our appropriations."[8]

Another committee which is of interest here is the FAA Standardization Committee. The committee began a continuing study of the difference in advertising rates charged financial institutions by newspapers throughout the United States in 1929 prior to the Crash. It found that there were newspapers that charged higher rates for financial advertising than for other forms of advertising. On the basis of this report the FAA went on record as

"unqualifiedly opposed to the present practice indulged in by a few daily newspapers of making a discriminating and higher charge to financial advertisers through the medium of a special financial rate."[77] Copies of this statement were sent to the offending newspapers, the American Newspaper Publishers Association, and to all members of the ABA, Investment Bankers Association, and the Reserve City Bankers. As a result some, but far from all, of the newspapers charging the higher rates to financial institutions revised their rate structure.[78]

One can see from the foregoing that the interest of the FAA committees discussed was primarily in advertising prior to 1933. However, after 1933 public relations shared the spotlight, except in the Standardization Committee.

Annual Convention

The FAA annual convention has been called "a university for three days" in financial advertising and public relations. From the first convention in 1916 the emphasis was on learning, exchanging ideas, and associating with fellow members.

Until 1924 the conventions were held in conjunction with those of the AAC&W because the FAA was a departmental of that organization. But, as was mentioned in Chapter III, in 1924 the FAA separated its convention from the parent

organization. Since 1924 the FAA held its conventions apart from the AAC&W.

By 1926 the convention pattern was fairly well established. There were general sessions with topics of interest to all members and there were special sessions for each of four basic departmentals--commercial banks, savings banks, investment banks, and trust companies. In addition to these sessions there were round-table discussions and clinics on a variety of subjects, which included in 1946, for instance, "Consumer Credit" and "Bank Quarters as a Public Relations Factor."[79]

The topics and the speakers varied from the very prosaic--"How to Build a Window Display" by a FAA member--to the more fundamental as when Edward L. Bernays spoke before the 1935 convention on "molding Public Opinion." There were also predictive speeches as in 1925 when Dr. David Friday, a consulting economist with A. G. Becker & Company, New York, told FAA delegates at Columbus, Ohio, "I am getting out of the stock market and buying bonds. If you have a slump in the building boom [in two or three years] . . . I think you will be back in a depression, like 1924, and for a longer period of time."[80]

There were reports on new forms of communications that might be of interest to FAA members. In 1923 R. S. Wright of the First Wisconsin National Bank, Milwaukee, gave a report to the FAA convention on radio as

a publicity and advertising medium. Commercial broadcasting at that time was in its infancy. The first sponsored program had been broadcast over WEAF in New York City in August, 1922. And, government regulation prevented direct product advertising during this period. Advertising over radio was not widespread.[1] Nevertheless, Wright reported to the assembled delegates that at least one bank had met with success in broadcasting and several were using receiving sets as a means of servicing their customers. He said the Union Trust Company of Cleveland had sponsored a concert and as a result received 2,000 letters complimenting the bank on the broadcast. Wright reported that one banker told him, "Our set cost us three hundred dollars and has saved us several times its cost by keeping in touch with the market at all times. . . . One afternoon last fall, the day cash flax dropped eight cents, we saved half of what our set cost us on the grain we took in after 1:30 p.m." Another bank reported that it provided its customers with forms on which they could copy market prices. Wright concluded:

> It is safe to say that first as to broadcasting there is at present a large publicity value to the institution which is large enough to pay the freight. Second as to receiving, there does not seem to be any great publicity value to the bank operating the receiving set; although in view of the low cost of such a set, its installation is justified because of the market reports service to customers and ample radio entertainment.[2]

The themes of the conventions followed the trend within the FAA mentioned several times before in this thesis. That is, prior to 1933 the emphasis was on advertising and publicity, but with some activities under those terms that could easily be classed as public relations. Prior to 1933 typical speech titles were: "The Performance of the Business Cycle: Its Effect upon Financial Advertising," "How to Build and Sell an Advertising Budget," and "An Advertising Failure." But, at the same time there were papers delivered on "Publicity and New Business Effort Attendant upon Opening a New Branch or New Bank," "Successful Methods in Securing the Cooperation of Directors, Officers, Employees and Stockholders," and "What Business Development Methods for Outlying Banks?" (This last speech in 1924 included the value of having sufficient parking facilities for bank customers.)

In 1933 the theme of the convention was "Public Relations." The titles of the papers delivered at this convention are representative of how the thrust of the FAA changed in 1933. Some of these papers were: "What the Alert Banker Should Expect of His Public Relations Man," "The Place of the Bank Employee in Public Relations Work," "Open-Handed Dealing with the Press," and "Roads to Public Favor."[63]

The topics of the speeches were not determined haphazardly. Speakers were asked by the convention

committee or by Reed to discuss a specific subject before the FAA membership. Several speakers at the conventions began their talks with phrases such as, "Your secretary has asked me to speak to you on . . . "

Beginning in 1937 the format of the convention changed somewhat. Part of the convention became a "school" in subjects pertinent to public relations or banking. In 1937 H. W. Hepner, a professor of psychology at Syracuse University, gave four one-hour lectures on subjects relating to the molding of public opinion. These included a discussion of introversion and extroversion as personality traits with which the public relations manager would have to deal in and out of the bank. Hepner also gave a report of a free association experiment conducted with 100 adults in Syracuse, N.Y. He told FAA convention delegates that some of those in the experiment commented: "Bankers are usually very wealthy men and have important positions. Many of them commit suicide if they know that their bank will fail," and "Bankers—big, fat, large limousine, ardent golfer, large mansion, intelligent and dignified looking." But, he said others associated banks and bankers more favorably—"Banks offer a superior type of employment" and "Bank presidents are usually respected citizens." The point was that individuals view banks differently and bankers must be aware of the differences in order to see where their problems lie."[4]

In 1938 Dr. James C. Dooley, professor of banking, University of Texas, gave lectures on economics and banking. In 1939 Hartford Powell of the Institute of Public Relations, Inc., New York, lectured on "Semantics." In 1940 Dr. Henry Miller Busch, professor of sociology and head of the division of social sciences at Cleveland College, Western Reserve University, Cleveland, spoke on "The World Today and the Public Mind." This feature of the convention continued through 1947 when in that year Dr. James F. Bender of the National Institute of Human Relations, New York, lectured on "Sincerity and Human Relations." During this particular convention "school session" Dr. Norman Vincent Peale, pastor of the Marble Collegiate Church of New York, spoke on "The Art of Living."

Conventions between 1916 and 1947 were held in the South, Southeast, Southwest, West, Middle West, North, and East. But, the location of the 1942 convention was unique. It was "By Mail." Because World War II had cut available travel facilities, the FAA decided that as a patriotic gesture it would hold its 1942 convention by mail. Those invited to deliver papers at the convention delivered them in writing. These papers, along with reports of FAA activities, were published in book form and mailed to each member of the FAA.

After each convention from the first in 1916, a <u>Report of Proceedings</u> was published. A <u>Report of</u>

Proceedings is essentially a transcript of a convention, including the papers delivered, the lectures given, and the discussions held in each of the group sessions of the convention. Each member of the Association received a copy of the Report of Proceedings, whether he attended the convention or not. These reports seemed to be popular both in and out of the Association. In 1916 the FAA president reported that the Report of Proceedings had been used "as a reference and textbook in some colleges. There were requests for the book outside the Association and additional copies have been forwarded to officers of financial institutions."[86]

In 1920 the secretary reported that these reports "have been pronounced by eminent critics as being the best and most authentic text books on financial advertising published." He did not report who were the critics. He said copies were requested by the New York Chamber of Commerce, the St. Louis Public Library, the American Bankers Association, and the Associated Advertising Clubs of the World.[88]

In addition to the annual conventions, the FAA in 1925 began regional conferences "as a means of better serving our membership and spreading the gospel of public relations to an ever widening circle of bankers."[87] In 1944 FAA officers conducted four one-day conferences in New York, Syracuse, Detroit, and Columbus. There was no

evidence that this "flying circus" was repeated after 1944."

In 1947 the PAA was planning additional services for its membership. In his first report to the members as PAA president, Robert Lindquist wrote:

> Our customer relations films are in production, a committee has been appointed to prepare a practical public relations manual, discussions are underway toward the establishment of a public relations school next summer, our annual advertising survey is underway, our organization of a new employee relations departmental is complete. Every week our members are bringing public relations messages to bank study conferences, conventions, group meetings. Committee appointments for the coming year are about ready. As you receive your assignments, I know I may count on your help with these fine projects and others to follow."

Notes

[1] "The Editor's Page," FAA Bulletin, January, 1920, p. 2.

[2] "Have You Been Getting Your Bulletin," FAA Bulletin, May, 1917, p. 3.

[3] H. M. Morgan, "Secretary's Report," Financial Advertisers Association 1920 Report of Proceedings, p. 173.

[4] FAA Bulletin, July, 1944, on the cover.

[5] "What the Financial Advertisers Association Can Do for You," FAA Bulletin, November, 1925, p. 149.

[6] "Our Greatest Problems," FAA Bulletin, November, 1916, p. 3.

[7] Marvin E. Holderness, "To Our Members," FAA Bulletin, December, 1916, p. 1.

[8] (no title), FAA Bulletin, June, 1917, p. 1.

[9] "What the Financial Advertisers Association Can Do for You," FAA Bulletin, November, 1925, p. 149.

[10] "Have You Been Getting Your Bulletin," FAA Bulletin, May, 1917, p. 3.

[11] W. R. Morehouse, "Editor's Page," FAA Bulletin, October, 1917, p. 2.

[12] J. N. Higley, "Nation's Work Is Bank's Opportunity," FAA Bulletin, October/November, 1918, p. 1.

[13] W. R. Morehouse, "Editor's Page," FAA Bulletin, June, 1917, p. 2.

[14] Philip J. Lawler, "School Savings Banks," FAA Bulletin, March, 1918, p. 5.

[15] Arnold J. Brunkow, "Should Banks Take the Public into Their Confidence," FAA Bulletin, January, 1925, pp. 87-88.

[16] G. H. Wetterau, (no title), FAA Bulletin, October, 1931, p. 1.

[17] "Repression or Expression," FAA Bulletin, March, 1932, p. 123.

"The Nation's Page," The Bulletin, January, 1[illegible], p. 2.

"Data for Page Yielding Your Bulletin," The Bulletin, Inc, 1[illegible], p. 3.

"E. G. Burgen, 'Economy's Expert,' Financial Advertisers Association 1[illegible] Report of Conventions, p. 1[illegible].

"The Bulletin, 1[illegible], 1[illegible], on the power.

"'Have the Financial Advertisers Association Can Do for You,' The Bulletin, November, 1[illegible], p. 1[illegible].

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"Morris L. Philadelphia, 'To Our Members,' The Bulletin, December, 1[illegible], p. 1.

"(No title), The Bulletin, June, 1[illegible], p. 1.

"'What the Financial Advertisers Association Can Do for You,' The Bulletin, November, 1[illegible], p. 1[illegible].

"'Have You Been Getting Your Bulletin,' The Bulletin, May, 1[illegible], p. 3.

"H. E. Pumphrey, 'Editor's Page,' The Bulletin, October, 1[illegible], p. 2.

"J. K. Blair, 'Bailey's Been to Zoom's Opportunity,' The Bulletin, [illegible], 1[illegible], p. 1.

"E. L. Pumphrey, 'Barter's Page,' The Bulletin, June, 1[illegible], p. 2.

"Philip J. Lasky, 'Annual Savings Bonds,' The Bulletin, March, 1[illegible], p. 3.

"Angela J. Bradley, 'Should Women Take the Public Into Their Confidence,' The Bulletin, January, 1[illegible], pp. 07-[illegible].

"J. H. Stevens, (No title), The Bulletin, [illegible], 1[illegible], p. 1.

"'Commercial or Sentimental,' The Bulletin, March, 1[illegible], p. 1[illegible].

[18]H. A. Lyon, "President's Message," FAA Bulletin, October, 1932, p. 2.

[19]Preston Reed, "Right across the Desk," FAA Bulletin, January, 1933, p. 96.

[20]FAA Bulletin, November, 1933, passim.

[21]Pierre Boucheron, "Radio and Television," FAA Bulletin, April, 1946, p. 221.

[22]Giraud Chester and Garnet R. Garrison, Television and Radio (New York: Appleton-Century-Crofts, Inc., 1956), pp. 42-43.

[23]"Have You Been Getting Your Bulletin?" FAA Bulletin, May, 1917, p. 3.

[24]John Ring, Jr., (no title), FAA Bulletin, March, 1916, p. 1.

[25]H. M. Morgan, "Secretary's Report," Financial Advertisers Association 1921 Report of Proceedings, p. 157.

[26]H. M. Morgan, "Secretary's Report," Financial Advertisers Association 1920 Report of Proceedings, p. 173.

[27]"The Portfolio," FAA Bulletin, June, 1924, p. 10.

[28]"The Old Portfolio and the New Folio," FAA Bulletin, November, 1924, p. 110.

[29]Ibid.

[30]Preston Reed, "Right across the Desk," FAA Bulletin, April, 1928, p. 217.

[31]Burl C. Howell, "Letters," FAA Bulletin, April, 1938, p. 242.

[32]C. C. Lincoln, "A Few Bouquets on Service," FAA Bulletin, February, 1927, p. 150.

[33]Financial Advertisers Association, "Constitution," (an unpublished document, 1915).

[34]"Editor's Page," FAA Bulletin, September, 1918, p. 2.

[35]Dwight Connor, "President's Message," Financial Advertisers Association 1922 Report of Proceedings, pp. 8-9.

[36] "Reference Bureau," FAA Bulletin, April/May, 1919, p. 7.

[37] Personal observation of Jack A. Garrow in researching office of Bank Public Relations and Marketing Association, 1969.

[38] F. D. Connors, "Foreword," Financial Advertisers Association 1922 Report of Proceedings, p. 6.

[39] Ibid.

[40] C. A. Gode, "Treasurer's Report," Financial Advertisers Association 1921 Report of Proceedings, pp. 147-56.

[41] Financial Advertisers Association, "Constitution and By-Laws," Financial Association 1935 Report of Proceedings, p. 318.

[42] Preston Reed, "How to Use the FAA," Financial Advertisers Association 1929 Report of Proceedings, pp. 37-41.

[43] "A Word Regarding Our Questionnaire," FAA Bulletin, October, 1921, p. 7.

[44] "Watch This Space," FAA Bulletin, February, 1923, p. 6.

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[46] Gaylord S. Morse, "President's Address," Financial Advertisers Association 1924 Report of Proceedings, p. 28.

[47] Thomas J. Kiphart, "We Walked the F.P.R.A. Road with Pres Reed," FPRA Bulletin, November, 1960, pp. 708-10.

[48] Ibid.

[49] Ibid.

[50] Preston Reed, "Right across the Desk," FAA Bulletin, April, 1933, p. 167.

[51] Preston Reed, "Right across the Desk," FAA Bulletin, May, 1933, p. 192.

[52] "Central File" is a term used by banks for "New Business" and "Advertising" departments.

[53]"More Service," FAA Bulletin, September, 1921, p. 8.

[54]Preston Reed, "Right across the Desk," FAA Bulletin, January, 1930, p. 63.

[55]"What the Financial Advertisers Association Can Do for You," FAA Bulletin, November, 1925, p. 149.

[56]Ibid.

[57]Preston Reed, "Right across the Desk," FAA Bulletin, January, 1930, p. 63.

[58]"Warning," FAA Bulletin, August, 1930, p. 294.

[59]Preston Reed, "What the Central Office Does," FAA Bulletin, January, 1944, p. 149.

[60]Minutes of a meeting of the Extension Committee, Financial Advertisers Association, Cleveland, Ohio, January 10-11, 1925 (an unpublished, typewritten document), p. 2.

[61]Ibid., p. 50. [62]Ibid., p. 133.

[63]Preston Reed, "Right across the Desk," FAA Bulletin, November, 1928, p. 43.

[64]Ibid. [65]Ibid.

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[71]Ibid., p. 119.

[72]Dale Brown, "Some Important Findings of FAA Research Committee," Financial Advertisers Association 1938 Report of Proceedings, p. 71-72.

[73]Elmo Roper, "Can Research Benefit the Banking Business," Financial Advertisers Association 1938 Report of Proceedings, p. 66.

[74]Ibid., pp. 64-67.

[75]Edwin Laird Cady, "Use Research to Find Major Targets," FAA Bulletin, March, 1938, p. 1. (Reprinted from Forbes Magazine.)

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[77]George Dock, Jr., "What Are We Doing about It?" FAA Bulletin, April, 1929, pp. 205-06.

[78]Ibid.

[79]Financial Advertisers Association 1946 Report of Proceedings, passim.

[80]Dr. David Friday, "How and Why Banks Grow," Financial Advertisers Association 1925 Report of Proceedings, p. 95.

[81]Chester and Garrison, op. cit., pp. 25-26.

[82]R. E. Wright, "Building Deposits with the Movies and Radio," Financial Advertisers Association 1923 Report of Proceedings, p. 127.

[83]Financial Advertisers Association 1933 Report of Proceedings, passim.

[84]H. W. Hepner, "Molding Public Opinion," Financial Advertisers Association 1937 Report of Proceedings, pp. 145-47.

[85]N. Baxter Jackson, "Secretary's Report," Financial Advertisers Association 1917 Report of Proceedings, pp. 11-12.

[86]H. M. Morgan, "Secretary's Report," Financial Advertisers Association 1920 Report of Proceedings, p. 178.

[87]Kiphart, op. cit., p. 709.

[88]"The FAA Invades and Conquers Detroit," FAA Bulletin, April, 1944, pp. 198-99.

[89]Robert Lindquist, "President's Message," FPRA Bulletin, December, 1947, p. 1.

CHAPTER V

INDICATORS OF PERFORMANCE AND INFLUENCE

The previous three chapters have been primarily descriptive of the antecedents of financial advertising and public relations, the development of the FAA, and the services it rendered from 1915-1947. This chapter will attempt to specify indicators of the quality of the performance of the FAA and its influence within the financial community.

The influence of a trade or professional association upon a specific field is an abstract entity, particularly when there are no scientifically collected data to support a specific conclusion. Such is the case with the FAA. There were no comprehensive surveys taken among members or nonmenbers during the period 1915-1947 to measure FAA influence or performance.

Therefore, this writer, during the course of his research, was constantly alert to indicators of influence or performance or factors that might be considered indicators. There seemed to emerge four indicators that might be constructively considered in making an evaluation of the influence of the FAA—either because of a direct or

CHAPTER V

INDICATORS OF EFFECTIVENESS AND EFFICIENCY

The previous three chapters have been primarily descriptive of the enforcement of financial administration and public industries, the development of the SOA, and the activities it conducted from 1919-1920. This chapter will attempt to provide indicators of the quality of the performance of the SOA and its influence within the financial community.

The influence of a trade or professional association upon such a specific field is an elusive entity, particularly when there are no administrative statistical data to support a specific conclusion. This is the case with the SOA. There seem to be conceptually strong ties between members of associations during the period 1919-1920 to measure its influence or performance.

Therefore, this writer, during the course of his research, has attempted to give an indication of influence or performance or factors that might be considered indicators. There seems to exist four indicators that might be statistically considered in making an evaluation of the influence of the SOA--either because of a direct or

an apparent link to that influence. These four indicators are:

1. The fluctuation in size and the nature of FAA membership.

2. The activities of the FAA before and after crisis periods in banking--more specifically before and after the 1929 Crash and the 1933 Bank Holiday.

3. The activities of the FAA and its members in association with other larger and admittedly more influential financial organizations.

4. Statements about the FAA by members and nonmembers.

Each of these indicators will be dealt with separately under subheadings in this chapter. During the discussion of these indicators, and as a corollary to it, the changing attitudes of bankers toward advertising and public relations and the changing emphasis within the FAA will be described.

Membership Fluctuation and Nature

If an organization ceased to exist because of a lack of membership, then one might assume it was not accepted as useful or influential in its area of interest. If, on the other hand, an organization rose dramatically in membership and contained the largest establishments in its field of interest, then one might assume that it had

on opposed lines so that harmonious, these four indicators were:

1. The flexibility in size and the nature of its membership.

2. The activities of the FAA before and after crisis periods in practice in practice—more specifically before and after the 1929 Crash and the 1932 Bank Holiday.

3. The activities of the FAA and the members in association with other larger and administratively more institutional financial organizations.

4. Statements about the FAA by members and nonmembers.

Each of these indicators will be dealt with separately under subheadings in this chapter. During the discussion of these indicators, and as a corollary to it, the changing attitudes of bankers toward advertising and public relations and the changing emphasis which the FAA will be described.

Membership Qualifications and Policies

If an organization caused by minor tremors of a lack of membership, then one might assume it was accepted in order to satisfy an individual in the area of interest. If, on the other hand, an organization view instability in membership and operation the factors affiliations in the field of interest, then one might assume that it had

attained some level of acceptability. And, therefore, it might prove profitable in the evaluation of an organization to look more deeply into membership fluctuation and nature to discover if it were due to the activities of the association or to some outside phenomena--or due to a combination of these two things. Furthermore, if there were indications that the organization itself used membership as a measure of its success, then one not only would be justified in investigating membership as an indicator of influence, but he would be forced to investigate it in order to reject or accept the judgment of the organization.

The FAA did not cease to exist because of a lack of membership. It did have dramatic rises and drops in membership and, as mentioned in Chapter III, among its members in 1945 were 73 of the top 100 banks in the country. And, the FAA itself mentioned the increase in membership as an indicator of its recognition within the banking community. In 1920 the FAA secretary reported to the members, "The association membership is full with several on the waiting list. We are attracting the attention of progressive bankers."[1] He said they had received applications from secretaries of state bankers' associations asking for membership.

Because of the above, this writer believes the size and nature of the membership should be investigated as an indicator of influence within the financial community.

As mentioned in Chapter III, membership in the FAA grew rapidly during its first few years. Starting with 47 members in 1915, it grew to more than 400 members by the end of World War I. Except for slight drops in 1920 and 1923 the membership increased steadily until it reached a peak in 1929. With the 1929 Crash the size of the FAA membership dove until it hit bottom in 1933. Beginning in 1934 the size of the membership rose again and continued to increase through 1947.

What phenomena might have been responsible, at least in part, for these crests and valleys in the FAA membership curve?

The FAA was founded in 1915 and held its first convention in 1916, not long before the United States entered World War I. And, World War I has been cited as having given the field of organized publicity and public relations great impetus. Cutlip and Center wrote, "World War I brought dramatic demonstrations of the power of organized promotion to kindle a fervent patriotism, to sell war bonds and to raise millions for welfare work."[7] Edward Bernays wrote similarly that "World War I gave emphasis to the development of planned techniques in professional public relations."[8]

The banking profession was not immune to this swirling promotional activity around it. Banks were heavily involved in selling Liberty Bonds. It became the

banker's patriotic duty to advertise bonds. And, he did see during World War I the value of advertising and publicity. The banker's behavior toward the public changed during and after World War I.

Robert Lindquist stated:

> The war period with its financing innovations served to wipe from the minds of bankers by common consent much of their former thinking as to the unethical nature of advertising and the direct solicitation of business, and also as to the restricted market for their services. The impetus of the Liberty Bond campaigns started banks on a new phase of promotion, in which they added many other forms of advertising to their former restricted use of newspaper space and adopted aggressive activities for the promotion of business.[4]

Statements by other bankers stress the influence the war had on them in their relations with the public. John S. Price of the People's Savings and Trust Company, Pittsburgh, Pa., commented in 1920, "It [the war] taught us that we had our heads too high and our noses too close to our business. Thousands of people visited our bank for the first time when they came to buy Liberty Bonds. In many cases it was their first trip to any bank. . . . One housewife confided in blushes that she did not know how to make out a check." Price's bank in response to this public interest instituted a Home Service Department to help teach people how to use a bank.[5]

W. R. Morehouse, a pioneer financial advertiser and public relations practitioner and president of the FAA in 1919, expressed the opinion that "the recent great

World War did more to bring financial advertising to the favorable attention of our bankers than what financial advertisers were able to do in all the years prior to the great struggle."[6]

There were many examples of the changed behavior and the lessening of inhibition on the part of the banker after World War I. Miss Jessamine G. Keagland of the National City Bank of Chicago told how her bank in 1919 gave out American flags to everyone who opened a new account of five dollars or more.[7] H. B. Grimm, third vice-president, St. Joseph Valley Bank, Elkhart, Ind., said his bank gave dances and parties and dinners for its employees in order that the officers of the bank could achieve a first-name relationship with employees.

Other banks were more dramatic. The First National Bank of Detroit in an attempt to publicize a new building moved 85 million dollars in securities in horse-drawn moving vans, guarded by 100 armed policemen. The move made the front pages of the Detroit newspapers.[8] These kinds of events would have been unlikely before World War I.

When this change in the behavior of bankers was taking place, it would seem natural for them to seek assistance in a field in which they had little experience and no tradition. The FAA was the only organization whose purpose was the study and the betterment of financial advertising and whose founders and early members were a

part of the financial community--however a minor part. The FAA also stood for truth and integrity, which was not altogether common in advertising and publicity at that time. And so, for the banker, searching for the best techniques and philosophies to advertise or publicize his bank, the FAA would seem to have been the logical place for him to gravitate.

Julius C. Peter, vice-president, Detroit Trust Company, Detroit, explained his joining the FAA in these terms. He said:

> It was June 16, 1916 . . . when our board of directors created a new business department to have charge of the company's advertising to secure new business. . . . I started writing advertisements and I fear the first ones were rather crude. . . . Early in the game I heard of the FAA. One of the strongest appeals this organization made to me was the opportunity to meet and exchange experiences with other men in this same line of work. My company joined the FAA and the first convention I attended was the one held in New Orleans in 1919. I would like to acknowledge here the benefits derived from attending this and subsequent conventions.[9]

The membership of the Association did grow rapidly after World War I, as we already have seen. It might be stated that the rapid and perhaps dramatic growth during this period was due as much to this phenomenon as to the performance or influence of the FAA. It is difficult, if not impossible, to say what were the exact causes of the rise in membership--whether it was due to the war or to an exemplary performance of the FAA, or some combination of the two.

If one accepts this, then he must ask what were the causes for the drop in membership after 1929 and the rise after 1933? What phenomena were present that might have contributed to this membership fluctuation? Was it lack of performance or influence on the part of the FAA in the first place and exemplary performance in the other? Or, was it due to some outside phenomena?

There are signs that the banker's conversion to advertising and a more open relationship with the public was not as deep as it would have seemed after World War I. The change in behavior during and after the war was apparently not indicative of a solid attitude change. When business continued good, bankers continued to be less inhibited, and the size of the membership continued to rise. When business went sour, some bankers reverted to their older behavior toward the public and the membership size went down. It seems it was not so much economy, but an aversion to communications with the public during these times.

What was the behavior of the bankers during those periods after the 1929 Crash and after the 1933 Bank Holiday?

Colonel Frank Knox, publisher of the Chicago Daily News, in 1932 said, "I think that the great proportion of the cowardice which characterized the banking profession

in the slump of 1932 was due to a guilty conscience because, prior to the slump, bankers as a class had forgotten some of the finest ideals and ethics of their profession and had resorted to methods of money making which, in their sober moments of second thought which came after the collapse, they recognized themselves as indefensible."[10]

United States Senator Carter Glass of Virginia seemed to feel almost the same when he said in 1932 that "the Federal Reserve Banks have not broken down. The member banks, through cowardice, have ceased to function. . . . The banking community is frightened."[11]

Whether these assessments of the banker's state of mind are true or not, it is apparent that a great many bankers retreated, or tried to, from public view. B. C. Forbes wrote in the Chicago Herald and Examiner in 1933 that "business man after business man has complained to me that bankers . . . have uncompromisingly opposed the spending of money on advertising . . . retrench, retrench, retrench was their dominating objective."[12]

I. I. Sperling, assistant vice-president, Cleveland Trust Company, in 1934 seemed to sum up the situation. He said, "Some banks have decided that the less you say or print about banks or banking the less criticism you will attract. They act like the man who refused to buy Listerine because he felt that even if he cured halitosis

in the crisis of 1929 [illegible] bankers, prior to the crisis, behaved as a group [illegible] none of the [illegible] ideals and ethics of their profession and had resorted to methods of [illegible] which, in their [illegible] after the collapse, they [illegible] themselves [illegible]."

United States Senator Carter Glass of Virginia seemed to feel almost the same when he said in 1933 that "the national [illegible] banks, through [illegible] . . . The banking community is [illegible]."

Whether these indictments of the banker's [illegible] were true or not, it is apparent that a great many business [illegible].

[illegible] wrote in the [illegible] in 1933 that "bankers and other [illegible] . . . have [illegible] the spending of money on [illegible] . . . [illegible]."

[illegible], assistant vice-president, Cleveland Trust Company, in 1934 seemed to sum up the situation. He said, "[illegible]"

nobody would like him anyway. They decided that the wisest policy is to leave the public strictly alone."[13]

During the period after the Crash when some bankers were apparently quiet, the FAA was recommending they speak up. In an editorial in the FAA Bulletin in 1932 members were told:

> For the most part, the men who occupy positions of financial leadership have maintained a policy of silence. Unquestionably, there have been many good reasons for such a policy; but there are also many good reasons why it is regrettable. Just at the moment when the right kind of financial publicity might do a vast amount of good, the sources of information and counsel all but dry up.[14]

Not all bankers were silent, however. Peter Michelson, manager, advertising and publicity, Bank of America, San Francisco, told the delegates at the 1932 FAA convention:

> Here among the delegates I hear stories of advertising appropriations cut or entirely eliminated, of difficulties experienced by bank advertising men in seeing bank presidents. To me, all of this is strange--it is bewildering--I can't understand. Even the calendar appears to be wrong. You can't be speaking of 1932--it must be 1890--why you are dealing with the most sensitive thing in the world--the public opinion that makes or breaks banks. You fellows know that, but your chiefs ought to know it and this association is one of the means for making it known to them. When you go back tell them the Bank of America spent $200,000 in three months advertising and added 130,000 new deposits. . . . And tell them that we are keeping right on spending and we are still gaining.

Michelson went on to tell the delegates that the plan of the Bank of America included not only advertising, but publicity, special events, and radio talks by prominent

industrial and civic leaders of California—all under the banner "Back to Good Times . . . California Can Lead the Nation to a Sound Prosperity."[14]

Even with this type of information available through the FAA, or perhaps because of it, the membership of the FAA dropped during this period—a period during which many bankers apparently reverted to pre-1900 habits. Of course, there were banks that failed and other that merged that could have accounted for some of the membership drop.

The 1933 Bank Holiday apparently shook the banking community to its foundation. Robert Lindquist has said that after the Bank Holiday the confidence of the people in banks had been completely destroyed and the idea among bankers was that they had to build back the respect, esteem, and confidence of the public in banks.[15] At this time business was also becoming better.

When this idea came to the banker the FAA was, as it was after World War I, the only bank organization whose specialty was communications with the public. The FAA membership began to increase in 1934. It is true that the membership curve of the FAA correlates almost exactly with the Business Index Curve and the Advertising Expenditure Curve between 1923 and 1936. (See Appendix A.)

It is difficult to state that FAA's degree of influence or the level of performance, or lack of it, is

indicated by the size of the membership at any one time. There is no way of telling in which direction the causal relationship goes--whether the influence of the FAA brought on greater advertising and public relations effort and so a greater membership, or whether a natural increase in business caused a lessening of inhibition on the part of bankers which in turn increased the interest in the advertising and public relations programs of the FAA. Because of this, this writer believes that the size and nature of FAA membership cannot be considered a direct indicator of influence. It is, however, of interest as a window into the behavior of bankers during the period. And, there is one other value. It apparently does indicate that bankers, after having been impressed strongly by an event that affected the level of business and the reputation of banks, were more inclined to join the FAA. It was after such impressions that the FAA, as the only banking organization dedicated to advertising, public relations, and new business developments, thrived. And, as we shall see later in this thesis the FAA and its members were called upon by other banking organizations to assist in advertising and public relations campaigns. It might be that membership fluctuation, although not a direct indicator of influence, is a tangential indication that the FAA served a useful purpose within the banking community.

FAA Activities Surrounding the 1929 Crash and the 1933 Bank Holiday

It seems apparent from the drop in FAA membership after the Crash, from the drop in advertising expenditures after the Crash, and the apparent reversion of many bankers to their silent pre-1900 posture regarding the public that bankers were not convinced of the importance of continued open communications with the public and were caught by surprise when confidence in banks that they thought was strong vanished so quickly. If this is true, and it seems reasonable to assume that it is, why were the bankers not prepared for such a crisis and what part did the FAA have in this lack of preparation? Were FAA programs and the ideas exchanged within the FAA unconcerned with public confidence and possible crisis situations? It would seem by investigating these questions one might uncover indicators as to the quality of FAA performance and quite possibly its influence, or lack of it. For, if the FAA was not concerned with the possibility of crisis, then one might say it should have been. And, if it was and most bankers were not accepting the advice, then one might say the message of the FAA was not being accepted.

According to John N. Edlefsen, vice-president, United States National Bank, Portland, Ore., in 1932, "For many years I have felt that by and large the advertising most banks do seemed to be aimless and almost

entirely lacking in coordinated appeal. Very little was aimed at actually acquainting the public with the bank's reason for existence and its fundamentals of operation. Very much was aimed at merely inviting patronage whether there was rhyme or reason therefor."[17]

Robert Lindquist explained, "Banks with their emancipation from old restraints and with newly found enthusiasms, were seeing results pyramid in number of accounts and dollars of profits. Actually they were by-passing the first step in good public relations--the realization that their business was with people and their biggest asset was the confidence and good will of the public."[18]

What part did the FAA play in this situation? How was its program oriented? Did it not consider the broader aspects of public confidence and public opinion? The answer is that FAA programs for the most part were oriented to business development and not to the cultivating of public confidence. But, there were voices within the FAA that did consider public confidence and public opinion.

In 1917 Francis Sisson told the FAA convention delegates:

> It [advertising] is the surest and most effective means, not only of reaching the public understanding, but also inspiring public confidence, which is the basis of all programs in a democracy. . . . One particular service to be rendered by helpful advertising of this character is to dispell the very general illusion that the financial institutions of

the country are all part of an organized system which, like a great juggernaut, moves about seeking whom it may destroy, when as we know, they are simply human institutions, rendering human service, manned by human beings, even as you and I.

The so-called prejudice against Wall Street which exists in some parts of the country is born largely of this same ignorance of the facts and the men behind them. Advertising which will dispell that ignorance can be only good in its effect. The leader of finance and the advertising man who expresses him must have broader views regarding the relations of business to society than ever before—and a certain amount of social sense.

Too often the course of legislation and litigation growing out of it in this country proceeds from the court of original error to that of ultimate conjecture, with no basis of knowledge or principle behind it. Only insistent and persistent publicity can furnish that background. Here is the great opportunity, to erect a statue of publicity to enlighten the world, our world, to dispell the shadows of ignorance and the brood of evils which they foster.[19]

Holderness, presiding at the convention, commented on Sisson's speech: "We consider [it] a profound interpretation of the ethics, as well as the service of which the Financial Advertisers Association thinks itself the standard bearer."[20]

Later in 1917 Guy W. Cooke, then FAA president, wrote in the Bulletin:

More than two decades ago the education of the American people in money and economics was undertaken by the financial interests to offset the propaganda for the free coinage of silver, then the paramount issue in national politics. With the elimination of that financial fallacy and its sponsors, bankers dropped the educational work so well begun and left the great mass of people to be a living example of the truism, "a little knowledge is a dangerous thing." That the work, while elemental was essential, needs no argument; but the cessation of educational activity when the immediate and dominant need had passed was unquestionably an error. . . . If precedent holds,

> such cries will recur again and again. . . . But, the great majority of bankers have yet to see the possibilities of continuous, concerted advertising and publicity tending to give the general public a better understanding both what a bank is and what are its functions. . . . To this work the Financial Advertisers Association is dedicated.'[1]

Herbert S. Houston, vice-president, Doubleday, New York, in 1919 told the FAA convention that "as immediate results are required, the education of the public should go forward at the same time. In educating the public, much can be done to educate the bankers themselves."[2]

In 1919 when the ABA initiated its public relations committee, the chairman and several of the members of that committee were FAA members, and at the 1920 FAA convention the FAA president emphasized the Association's role. He said, "The Public Relations Committee is designed to conduct a continuous campaign of intelligent, accurate, constructive education and our Association can cooperate closely with this committee . . . the result of which cannot fail to have a larger part in the solution of our social and economic problems."[3]

In 1923 Francis Sisson told the FAA convention again:

> I sincerely believe that today those who are engaged in financial advertising can be of more profit to the general public than ever before in helping them solve the problems which lie before them. . . . Under all efforts, either direct or general, there should be the appreciation that business rests upon a basis of public understanding for its final stimuli and ultimate profits and that business can prosper permanently only on a basis of sound economics."[4]

In 1924 FAA president Morse told the convention: "We want a clear and sympathetic understanding of banking among the masses. We want the masses supporting, not trying to destroy the capitalistic system. We want the sympathy, not the suspicion of the public."[illegible]

There were reminders, in fact, of the importance of public confidence and preachments of concern for public opinion in most issues of the Bulletin and in every convention of the FAA. But, at the same time, there was a great interest within the Association in the more immediate aspects of advertising and publicity techniques. And, as has been mentioned in Chapters III and IV, up until 1933 the preponderance of dialogue at convention and in the Bulletin concerned the development of more business for banks through advertising and publicity. Methods of advertising services rather than of educating the public about banking and the techniques of using the channels of communications for selling bank services rather than building public confidence in banks occupied the greater amount of FAA time--even if perhaps, it was not its most central philosophy.

An editorial in the American Banker stated, "Most of the members of the Financial Advertisers Association are primarily interested in getting new customers, and for that reason the association activities make a common meeting ground for new ideas and promotion plans."[illegible]

Business Week reported in 1934: "This year was the second real convention held by the Association [FAA] in 19 years of annual meetings. Prior to 1933 its members were too conscious of the traditions in bank advertising to go beyond round-table discussions of advertising techniques, and exchange of ideas and figures on results from different sized types and various styles of borders."[27]

Although both of these statements are exaggerations of the activities of the FAA, they do spotlight the main thrust of the Association prior to 1933.

But, perhaps there was a practical reason for this emphasis. The field of financial advertising was young, and advertising in other businesses was used primarily at this time for product promotion. So, why should the banks not also expect immediate results from their expenditures on advertising and publicity in the form of increased business and increased profits? They apparently did.

Walter Greenough, assistant to the president, Fletcher Savings and Trust Co., Indianapolis, in 1924 said a banker told him that "I recognize the bank has a responsibility to the community, in addition to the earnings and profits for their stockholders, but I fear that many advertising men are making their responsibility to the community paramount to their responsibility to the stockholders."[28]

Robert Lindquist remembered in 1969 that in the

1920s bankers were saying, "We are spending all this money for advertising. Are we getting any business out of it? Let's figure that our ads have to pay their own way."[37]

Put into this kind of situation, the financial advertising man in order to survive had to show some tangible results. Therefore, it seems likely he would be looking for new ways to produce those results, while perhaps submerging his desire to form a broader base of public understanding and confidence in his institution. And, the majority of the FAA programs reflected this dilemma of its members. It gave them mostly grist for short-range survival.

H. H. Lyon, advertising manager, Bankers Trust Company of New York and president of the FAA in 1932, said:

> We ourselves have been in part to blame for the years during which public relations was considered pretty generally unimportant. We have talked among ourselves, exchanged ideas and swapped experiences which have been helpful along many lines. We have made no genuine concerted effort to bring to the attention of seniors in our institutions the desirability--even the necessity--of an adequate public relations policy, and we have seen that unless this is done the public remains in ignorance which at its worst is translated into panic. It is our responsibility and our privilege to seize the opportunity for public enlightenment and to engender in our senior officers not only a tolerance of, but an enthusiasm for such a program. It is this new opportunity, this new conception which should aid us in putting the public relations job in each institution where it belongs--among the foremost problems that the institutions must face. For the sake of each of us I bespeak the cooperation of our membership in this task.[38]

The thrust and themes of the FAA began to change in 1933, and the quote above is evidence of that movement. Business Week wrote in 1934:

> Bank vice presidents in charge of public relations chose the psychological moment [to say] something they have been waiting long years to say. That was that the real purpose of bank advertising was to tell the story of banking to the public. This was the keynote of their [FAA] recent meeting at Buffalo. Upon conclusion of the program it drew up resolutions, mostly meaningless, but inserted clearly for the benefit of the boss were two of real significance. One stated that a "new" conception of their function had been perceived from the [convention] speakers. This "new" conception was that the public had a craving for light on the involved and intricate subject of banking. The second resolution dedicated the association to this.[31]

Business Week also wrote that for years the members of the FAA had "sweated under the collar to be at the real problem of promoting a broad understanding of banking problems, to start telling customers what a bank was, why and how it should be used. A year ago it was felt that the bank moratorium had cleared the air sufficiently that some frank discussion of a bank's relations with the press and the public might be undertaken. This year's convention was another step in the same direction."[32]

One bank public relations man expressed the FAA's role in his personal effort to cultivate public confidence in 1935:

> Our sole job becomes one of education and good will. For the last three years I have stressed this very thing in my annual recommendations. However, I don't think our president was really won to my side until I sent him, about two months ago, a mimeographed

report of a survey sent out by the FAA. The survey showed that out of 300, only eight per cent expressed any definite commendation of banks. As a result, our president feels that the preponderance of our advertising and publicity should be designed along educational and good will lines. Therefore, it was the FAA which really swung our president to my way of thinking--which way I thoroughly believe is right."[32]

The FAA continued to stress the need for comprehensive public relations programs after 1933.

FAA Cooperation with Other Financial Organizations

Another possible indicator of FAA performance and influence is its activities with other larger and more prestigious organizations within the banking community. If it could be shown that the FAA was influential in promoting the idea of the need for more and better advertising and public relations within larger banking organizations and if it could be shown that the FAA stimulated these organizations to action in promoting these ideas among their members, then one might reasonably conclude that the FAA had some influence upon the acceptance of these ideas among the banking community at large.

The senior and most influential banking association is, and has been, the American Bankers Association (ABA) with its American Institute of Banking (AIB). Another prominent bankers' organization is the Investment Bankers Association of America (IBA).

Business Week in 1936 wrote, "The ABA is the leader

in financial public relations in the country, followed closely by the state banking associations which cooperate with the ABA."[34] It emphasized that the ABA had evolved a series of advertisements to be used by local banks to explain their operations. It mentioned the efforts of the ABA in stressing customer relations among its members and the efforts of the AIB in stressing the importance of employee relations. Gurden Edwards, director of the ABA public relations department in 1936, wrote also of that series of institutional advertisements. He mentioned the publicity department of the ABA and its efforts in fostering publication of sound informative material about banking, and he reported on the ABA's Constructive Customer Relations program.[35]

There is evidence that the FAA had a prominent role in each of the programs mentioned in Business Week and by Edwards.

It would appear that the interest of the ABA in advertising and public relations began in 1919. ABA president Richard S. Hawes created the ABA Public Relations Committee (sometimes called commission) whose purpose was to keep the members of the ABA "acquainted with the association's vast work and thereby to make them more appreciative of their membership, to create a better understanding between the public and the bank and to foster and encourage the fine science of advertising by

in financial public relations in the country, followed closely by the state banking association which cooperate with the ad.[41] It emphasized that the ad had employed a series of advertisements to be used by local banks to explain their operations. It mentioned the efforts of the ad in stressing customer relations among its members and the efforts of the ad in stressing the importance of employee relations. Gordon Abbott, director of the ad public relations department in 1970, wrote also of that series of institutional advertisements. He mentioned the publicity department of the ad and its efforts in increasing publication of local informative material about banking, and he reported on the ad's constructive customer relations program.[42]

There is evidence that the ad had a prominent role in work of the program established in Portland and by Jackson.

It would appear that the interest of the ad in advertising and public relations began in 1969. ad president Gilbert H. Jones created the ad Public Relations Committee (subsidiaries called operational advisory groups) to help the members of the ad "negotiate with the association's view work and thereby to make them have appreciation of their membership, to create a better relationship between the public and the bank and to foster and encourage the free balance of advertising by

member banks and trust companies." The principal members of this committee were members of the FAA who were also members of the ABA. The chairman was Francis Sisson, and among the members were M. E. Holderness, W. R. Morehouse, and Fred Ellsworth, who at one time or another all served as FAA president. In addition more than 50 FAA members accepted appointments to the ABA publicity committee, created at the same time.[26] Sisson remained chairman for five years.

Francis Sisson has been quoted extensively in this thesis. He was an early member of the FAA, a frequent contributor to the Bulletin, and a speaker before several FAA conventions. He was a pioneer in financial advertising and public relations. Sisson, a native of Galesburg, Ill., graduated from Knox College and did graduate work at Harvard. He was the editor and publisher of the Galesburg Evening Mail and Peoria Transcript before going to New York as vice-president and general manager of the H. E. Lesan Advertising Agency. Prior to his becoming vice-president of the Guaranty Trust Company, New York, he was assistant chairman of the Advisory Committee of the Association of Railway Executives. In addition to being the chairman of the ABA Public Relations Committee, which was responsible for publishing the ABA Journal, he was president of the Trust Company Division of the ABA and chairman of the ABA Publicity Committee.[27]

In 1920 the FAA at the request of the ABA brought its advertising exhibit to the ABA convention in Washington, D.C. At the same convention advertising was given a place on the program. A conference of bank advertising and publicity was conducted the second evening of the convention and was presided over by Holderness. One of the chief speakers at the conference was Herbert S. Houston who congratulated Holderness from the podium saying, "I want to congratulate you on the great work that has been done. It is surely a crowning of your long and patient labor that the American Bankers Association today, in the capital of the Republic, has made possible this meeting where advertising and your advertising association are fittingly and properly honored."[38] Houston was less inhibited when he spoke at the 1921 FAA convention: "You achieved the impossible last winter in having a public session of the convention of the American Bankers Association devoted to advertising."[39]

The relationship between the ABA and the FAA continued to grow closer. In 1921 the ABA requested the FAA to prepare a special meeting on financial publicity for its Los Angeles convention. By 1921, following the lead of the ABA, many state bankers associations invited FAA members to speak before their conferences.[40] Haynes McFadden spoke at the Alabama State Bankers Convention,

William Rose spoke in Indiana, E. H. Kittredge in New England, and H. M. Morgan in Illinois. There were other FAA speakers at South Carolina and West Virginia meetings and at other state conventions throughout the years.[41]

In 1922 the ABA requested the FAA to prepare a set of advertisements that could be used by its State Bank Division. The advertisements were prepared by the FAA and accepted by the ABA. They were distributed not only to the State Bank Division but to all members of the ABA.[42] Sisson, as chairman of the Public Relations Committee, wrote to the FAA president: "I take this occasion to express my appreciation of the splendid work you and your associates have done in this matter and perhaps I understand better than most people how much hard work this sort of job involves. I am glad to express the thanks and appreciation of the Public Relations Commission and to that extent of the ABA for this efficient service which I wish you would please communicate to those who were associated with you in it."[43]

In 1923 Sisson was still chairman of the Public Relations Commission with Charles Casson, W. G. Baton, Ellsworth, Holderness, Morehouse, and Guy Emerson as members. All except Guy Emerson were FAA members. Guy Emerson, a pioneer bank public relations practitioner and vice-president, National Bank of Commerce, New York City, in 1919, who served as Director of Publicity for the

utilize less words in Indiana, i.e. fifteen in the England, and 2.5 in Oregon in Illinois. There were other TVA speakers at youth meetings and West Virginia meetings and at other state conventions throughout the years."[1]

In 1952 the TVA requested the TVA to prepare a set of advertisements that could be used by the state Extension. The advertisements were prepared by the TVA and accepted by the AAA. They were distributed not only to the state Farm Bureau Federation but to all members of the AAA."[2] Clearly, an objective of the Public Relations Department, aside to the TVA president: "I hope this will promote an appreciation or appreciation of the splendid work you and your associates have done in this matter and perhaps I misunderstand better than most people how much hard work this entails on job involved. I am glad to improve the climate and appreciation of the Public Relations Department and to that extent of the AAA for this efficient service which I wish you would please communicate to those who have been associated with you in it."[3]

In 1952 Alcoa was still absorbed of the public Relations Department with Charles Cannon, V. L. Jones, Elsworth, Bellmeyer, Vandeman, and the Director as members. All except the Director were TVA members. Mr. Emerson, a former TVA public relations director and vice-president, National Bank of Commerce, San Jose, in 1959, also served as Director of Publicity for the

World War I Liberty Bond drives, for some reason not ascertained chose to remain outside the FAA. Gurden Edwards at this time was secretary of the commission. Arthur Welton, Ellsworth, and Holderness had also been appointed to the ABA subcommittee on publicity and advertising.[44]

In 1924 at the Midwest Conference of the ABA Savings Bank Division in Chicago, financial advertising was featured. Several FAA members gave presentations on newspaper advertising, outdoor advertising, lobby and window displays. C. H. Handerson, publicity manager of the Union Trust Company, Cleveland, a FAA member, spoke on "Industrial Savings." Charles H. Deepe, president of the ABA Savings Bank Division, stated, "The chairman of the Midwest Conference was assisted by a committee in which FAA members took an active part. The conference was so successful that it bids fair to become an annual event."[45]

In 1931 W. R. Morehouse was appointed chairman of the Committee on Bank Promotion of the ABA Savings Bank Division. In 1935 the FAA prepared an employee relations manual for the ABA that became the basic text for a course at the American Institute of Banking.[46] That same year H. A. Lyon, then president of the FAA, told FAA convention delegates:

> The FAA was primarily responsible for the contents of the series of public relations conferences for the bank staff, now being distributed through the American

Bankers Association. In a number of cities it was through members of our Association that public relations matters were handled during the bank moratorium and other critical periods. Our aid, as a group, has been offered and accepted by officials of the American Bankers Association, The Association of Reserve City Bankers, local Corporate Fiduciary Associations and State and/or District Banking groups. And to that I might add recently the Federal Trade Commission, which asked our advice in drawing up rules and regulations covering the advertising of new securities."[7]

In 1934 the FAA cooperated with the ABA in the preparation of a book entitled Constructive Customer Relations. F. N. Shepherd, executive manager of the ABA at that time reported that "a copy of Constructive Customer Relations has been made available to every member of the Association [ABA]. Over three thousand banks have secured their book togother with lecture notes developed in actual practice."[8]

The FAA also worked with other banking organizations. In 1921 the FAA showed its exhibit at the IBA convention and placed a speaker on the program. Miss Ethel D. Sculley of Norris F. Fox and Company, Milwaukee, who was a member of both the FAA and IBA commented in 1923:

> Out of that exhibit and out of that first merchandizing speech which resulted from activities of the Advertisers Association there has grown the educational and publicity committee of the Investment Bankers Association which you know has now authorized and raised a quarter of a million dollars appropriation to put on their cooperative advertising campaign. The FAA was directly responsible for the increased interest in advertising and merchandizing on the part of the Investment bankers.[9]

E. H. Kittredge, FAA president in 1924, reported in the Bulletin that the FAA was represented on the IBA

committees to raise the $250,000 and to direct the plans for the advertising campaign."[50]

At the thirty-first annual convention of the American Institute of Banking in Chicago in 1933, two conferences were devoted to business development and advertising. Both were conducted by members of the FAA. H. A. Lyon spoke on "Public Relations" and W. H. Neal on "Trust Development."[51]

In 1930 the FAA prepared a series of advertisements in cooperation with the Chicago Journal of Commerce designed to revive confidence and stimulate buying in the securities market. The advertisements were sent to leading metropolitan newspapers throughout the United States.[52]

In 1947 the FAA, led by Dale Brown, a former FAA president and vice-president of the National City Bank, Cleveland, conducted a course in public relations for the Central States School of Banking at the University of Wisconsin. The course covered employee relations, customer relations, publicity, advertising, and research.[53]

Individual members of the FAA gained recognition both in and out of banking circles. In 1920 W. Frank McClure, Chicago manager of the publicity department of the Ft. Dearborn National Bank, became the chairman of the National Advertising Commission of the AAC&W. In that same year John Ring, Jr., an FAA founder, became a vice-president

committees to raise the $150,000 and to answer the plans for the advertising campaign."

As the subjectively named committee of the American Institute of Banking in Chicago in 1929, the conferees were charged to produce "campaigns and advertising. This was completed by members of the Ill. B. A. Lyon spoke on "Public relations" and W. H. Hunt on "Trust development."

In 1930 the IAA prepared a series of advertisements in cooperation with the Chicago Journal of Commerce designed to revive confidence and stimulate buying in the recession years. The advertisements were made to "melting methodical campaigns throughout the United States."

In 1932 the IAA, led by John Avery, a lawyer and president and chairman of the Bankers Club Chicago, "prepared, constructed a course in public relations for the Central States School of Banking at the University of Minnesota. The course covered employee relations, customer relations, publicity, advertising, and research."

Individual members of the IAA gained recognition here in and out of banking circles. In 1930 W. Frank Kelley, Chicago banker of the wealthy department of the Ill. National Bank, became the chairman of the National Advertising Committee of the AIBank. In that same year John Ziegler, Jr., in the Tribune, became a vice-president

of the AACW. R. S. Hecht, vice-president, Hibernia Bank and Trust Company, New Orleans, in 1918 was president of the American Institute of Banking. Dave S. Matthews, publicity manager, Farmers and Merchants Bank of Stockton, Calif., was elected vice-president of the Pacific Coast Advertising Club that year. Miss Jessimine G. Hoagland was president of the Women's Advertising Club of Chicago in 1921. Fred Staker, manager of the publicity department, Commerce Trust Company, Kansas City, was appointed chairman of the committee on publicity and advertising of the Missouri Bankers Association. In 1922 A. D. Welton, publicity director, Continental and Commercial Bank, was complimented by the American Academy of Political and Social Science for his work as editor and chief of the January, 1922, volume of The Annals which discussed the Federal Reserve System.[64]

This list could be extended, but the examples above seem sufficient to show that FAA members were active in positions of responsibility both in and out of the banking community.

It was, in fact, the policy of the FAA to become involved in the affairs of other organizations and to encourage individual members to do the same. In 1933 a Contact Commission was appointed within the FAA "for the purpose of working with the officers, directors and membership in spreading the philosophy of good public

of the AIDLU. M. A. Shaw, vice-president, Hamilton Beach and Scott Company, Ann Arbor, in 1956 was president of the American Institute of Banking. Dave D. Burkhead, publicity manager, Kansas and Southwestern Bank of Commerce, Salina, was elected vice-president of the Pacific Coast Advertising Club that year. Mike Gerlacher of Chapland was president of the Women's Advertising Club of Chicago in 1955. Tom Weber, manager of the publicity department, Commerce Trust Company, Kansas City, was appointed chairman of the committee on publicity and advertising of the Missouri Bankers Association. In 1948 M. M. Watson, publicity director, Continental and Commercial Bank, was designated by the American Academy of Political and Social Science for his work as editor and chief of the January, 1942, volume of The Annals which dismissed the National Recovery Program.[4]

This list could be increased, but the examples above seem sufficient to show that PAA members were active in positions of responsibility that is not yet of the banking community.

It was, in fact, the policy of the PAA to encourage involvement in the affairs of other organizations and to encourage individual members to do the same. In 1933 a Memorial Resolution was appointed which the PAA "for the purpose of working with the officers, directors and membership in promoting the philosophy of good public

relations and public education in matters of banking and finance; and for the purpose of coordinating our efforts and activities with those of other banking fraternities both state and national." A member from each state was appointed to act as liaison for the Contact Commission in that particular state.[55]

In 1933 the Federal Trade Commission requested the assistance of the FAA in formulating regulations in the Securities Act of 1933 "through which the law would be effective." Specifically, the FAA's assistance was requested regarding the drafting of the regulation concerning new issue advertisements. Joseph J. Levin of A. G. Becker and Company, Chicago, represented the FAA at the Federal Trade Commission meetings. He reported in detail about the Act at the 1933 FAA convention. He told FAA delegates what the Act would mean to financial advertisers in the investment business.[56]

From the foregoing one must state that the FAA was recognized within the financial community as a body of experts in advertising and public relations, and that it played a role in the programs of financial organizations larger and more prestigious than itself.

Statements about FAA

There were no surveys completed during the time period of this thesis on the quality of performance or

relations and public education in matters of banking and finance; and for the purpose of coordinating our efforts and activities with those of other banking institutions both state and national." A member from each state has appointed to act as liaison for the Bankers Association in that particular state."

In 1933 the Federal Trade Commission requested the assistance of the TAA in formulating regulations in the Securities Act of 1933 "through which the law would be effective." Specifically, the TAA's assistance was requested regarding the drafting of the regulation concerning new issue advertisements. Joseph A. Lewis of A. G. Becker and Company, Chicago, represented the TAA at the Federal Trade Commission meetings. He reported in detail about the TAA at the 1933 TAA convention. In such his delegates what the TAA would mean to financial advertisers in the investment business."

From the foregoing the most state that the TAA was recognized within the financial community as a body of experts in advertising and public relations, and that it played a role in the programs of financial organizations larger and more prestigious than itself.

Performance Audit TAA

There were no surveys conducted during the time period of this thesis on the quality of performance or

level of influence of the FAA within the banking community. There were, however, statements made about the Association during the course of its history by men both inside and outside the FAA, some of which have been reported earlier. It is realized that these are purely opinion and that many may have been influenced by a loyalty to the Association. However, others, though still opinion, seem to be unprompted by men who apparently did not have anything to gain by either critical or complimentary statements about the FAA. Although it is realized also that statements by individuals are not confirmation of the performance or influence of an organization, neither is it considered wise to ignore them entirely. For, combined with other indicators of performance and influence they could, if chosen with care, add another window into the value of the FAA. Therefore, it seems both prudent and proper to quote selectively individuals who have commented on the FAA over the years. In selecting the statements which follow, this writer took into consideration the position of the person quoted and whether or not a complimentary statement would enhance that position. Statements by officers of the Association who were either in office or going out of office were discarded because it was felt that what they might say about their Association would be colored to some degree by their positions. This is not to say, however, that such statements were colored. The

level of influence of the Ku Klux within the banking community. There were, however, statements made about the associations during the course of the interview by men both inside and outside the KKK, some of which have been reported earlier. It is realized that these are purely opinions and that many may have been influenced by a loyalty to the association. However, others, though still opinion, seem to be unprompted by men who apparently did not have anything to gain by either critical or complimentary statements about the KKK. Although it is realized also that statements by individuals are not conclusive of the prevalence or influence of an organization, neither is it considered wise to ignore them entirely. For, combined with other indications of prevalence and influence they could, if chosen with care, and another window into the value of the KKK. Therefore, it seems both prudent and proper to quote selectively individuals who have commented on the KKK over the years. In selecting the statements which follow, this writer took into consideration the position of the person quoted and whether or not a complimentary statement would indicate that position. Statements by officers of the Association who were either in office or going out of office were discarded because it was felt that what they might say about their Association would be colored to some degree by their positions. This is not to say, however, that such statements were valueless. The

statements chosen for the following were on the basis of probable impartiality and the position of the man making the statement.

Louis Wiley, business manager of the New York Times, in 1923 said, "I think the Association of Financial Advertising (FAA) has done more to develop truth in advertising than any other agency."[57] Frank H. Fayant, vice-president, Thomas F. Logan, Inc., New York, cited A. D. Welton, Frank Sisson, George Roberts, and Leonard Ayers as pioneers in trying to teach the public and bankers good economic principles. All but Roberts were members of the FAA.[58]

In 1927 Lawrence P. Smith, president, Central Savings Bank of Detroit, said, "I think this change in attitude on the part of bankers is due in no small measure to you, ladies and gentlemen of the Financial Advertisers Association."[59] In 1927 Herbert Shryer, editor of Burroughs Clearing House, said, "From each convention, this year in West Bend, we return in increasing wonder how any bank which recognizes the importance of profiting from the experience of others and keeping abreast of the times can afford to be without membership and accredited representation in the Association."[60]

There were also critical remarks. In 1921 J. A. Abernathy, vice-president, First National Bank of Fordyce, Ark., said, "For the Country Banker membership in

statements appear for the following years on the basis of probable liquidability and the problems of the men making the statements.

Louis Hilby, business manager of the *New York Times* in 1929 said, "I think the Association of Financial Advertising (FAA) has been more to develop truth in advertising than any other agency."[7] Frank E. Rogers, vice-president, Thomas F. Logan, Inc., New York, stated A. S. Walton, Frank Ellison, George Schwartz, and Leonard Ayers as pioneers in trying to teach the public and business good economic principles. All two members were members of the FAA.[8]

In 1927 Lawrence F. Smith, president, Central Savings Bank of Detroit, said, "I think this change in attitude on the part of bankers is due in no small measure to you, bankers and problems of the financial advertisers associations."[9] In 1927 Herbert Hoover, editor of *Successful Farming Journal*, said, "From such associations, this year in what land, we advise in businessing wealth for any bank which integrates the importance of publicity from the beginnings of affairs and keeping abreast of the times can afford to be without institutional and departmental representation in the associations."[10]

There were also political reasons. In 1928 F. A. Dalzell, vice-president, First National Bank of Toledo, Ohio, said, "For the country banker economically is

the ABA is just that, just the fact that he can say that he is a member of the ABA and also the same is almost true of the FAA. The FAA must devote more time to the problems of the country bankers."[81] And, one has already read in this chapter the 1934 Business Week criticism that the FAA conventions prior to 1933 lacked depth.

But, others were complimentary. James J. Pesicka, president, Depositors State Bank, Chicago, said of the FAA in 1926:

> It has helped us to form, in advance a definite advertising program. It has suggested concrete methods of building up each department. It has fortified policies about which we were doubtful. It has corrected mistakes of policy which we were making. It has saved us money by pointing out ineffective advertising often participated in by banks. From its conventions and meetings we have secured definite and tangible suggestions which we could fit into our own problems."[82]

In 1928 Henry R. Hayes, president, Investment Bankers Association of America, wrote of the FAA:

> Advertising is a great creative force, with educational and merchandising attributes, and has attained a high degree of specialization. It is for this reason that an organization such as the Financial Advertisers Association is of economic and social importance, to increase and apply efficiency and fair play, for the general good as well as for the prosperity of reputable financial institutions."[83]

Frank F. Brooks, president, Pennsylvania Bankers Association, and president of the First National Bank of Pittsburgh, said in 1935:

> I say, too, honestly, that merely coming to this convention [1935 FAA convention] has etched upon my mind a lesson in perspective that I shall not forget.

the ANA is just that, just the fact that he was not that is a member of the AA and also the area is almost like of the TAA. The TAA was never more alive to the problems of the society business." Not, one has already read in this chapter the 1974 Business Week criticism that the TAA governing policy to 1939 looked dopik.

But, others were complimentary. Owen D. Young, president, Development Bank Bank, Chicago, said of the TAA in 1969:

> It has helped us to know, in advance a matrix advertising program. It has suggested workable methods of building up good department. It has formulated policies every which we were dazzlyd. It has suggested statutes of policy which we were seeing. It has saved us money by pointing out limitations advertising often precipitated in by bumps. From its conventions and meetings we have acquired doctrine and humble suggestions which we could fit into our own problem.

In 1969 Harry S. Truman, president, Co-operative Business associations of America, wrote of the TAA:

> Advertising is a good creative force, with economical and sociological attributes, and has attained a high degree of specialization. It is for this reason that in organizations such as the Financial Advertisers Association is of economic and social importance. To increase and apply efficiency and fair play, for the general good as well as for the prosperity of reputable financial institutions."

Frank J. Jones, president, Tennessee Business Associations, and president of the First National Bank of Jefferson, said in 1970:

> I say, too, honestly, that nearly coming to this convention [1970 TAA convention] has stimulated my mind in what a lesson in perspective that I shall not forget.

> There is no banker in America, worthy of the name, who is not vitally interested in the problems and policies which are to be discussed here. It has taken me twenty years to discover that here is a superlatively intellectual, and vastly experienced forum, where I may bring one of my most important problems for clinical examination and constructive help."[22]

In 1940 Robert M. Hanes, president of the Wachovia Bank and Trust Company, Winston Salem, North Carolina, commented:

> I feel that the banks of this country are indebted to the Financial Advertisers Association for its pioneering efforts and accomplishments in a field which, until a few years ago was largely without appreciation or adequate recognition. Prior to the decade of the thirties, we heard very little of the functions of public relations in banking institutions. But—thanks to your persistence—to which of course was added the urgent necessities of the times, that function has now become a matter of major consideration by bank management."[23]

The foregoing indicators and other factors discussed in Chapters II, III, and IV of this thesis will be used in arriving at certain conclusions about the performance and influence of the FAA during the period 1915-1947. These conclusions will follow in the next chapter.

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[3]Edward L. Bernays, Crystalizing Public Opinion (New York: Liveright Publishing Corporation, 1961), p. xxxii.

[4]Robert Lindquist, The Bank and Its Publics (New York: Harper & Row, 1956), p. 6.

[5]John A. Price, "Why the Home Service Department Was Introduced," Financial Advertisers Association 1920 Report of Proceedings, p. 150.

[6]W. R. Morehouse, "President's Message," Financial Advertisers Association 1919 Report of Proceedings, p. 12.

[7]Jessimine G. Hoagland, "Our Flag," Financial Advertisers Association 1920 Report of Proceedings, pp. 139-40.

[8]Frank J. Campbell, "Publicity and New Business Effort Attendant upon Opening a New Branch or New Bank," Financial Advertisers Association 1924 Report of Proceedings, pp. 130-31.

[9]Julius C. Peter, "The New Business Department in Perspective," Financial Advertisers Association 1926 Report of Proceedings, p. 87.

[10]Frank Knox, "Has the Banker Lost His Fight?" Financial Advertisers Association 1932 Report of Proceedings, p. 12.

[11]Robert Carter, "Are Bankers Afraid of Their Shadows," FAA Bulletin, April, 1932, p. 150.

[12]B. C. Forbes, "Bank Opposition to Advertising Is Short-Sighted," FAA Bulletin, May, 1933, p. 173.

[13]I. I. Sperling, "President's Inaugural Address," Financial Advertisers Association 1934 Report of Proceedings, p. 94.

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[14]"That Now Neglected Financial Tool: Advertising," FAA Bulletin, January, 1932, p. 1.

[15]Peter Michelson, "Advertising Our Way Out of the Depression," Financial Advertisers Association 1932 Report of Proceedings, p. 42.

[16]Statement by Robert Lindquist, personal interview, October, 1969.

[17]John N. Edlefsen, "Bank Advertising," FAA Bulletin, September, 1932, p. 275.

[18]Statement by Robert Lindquist, personal interview, October, 1969.

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[20]M. E. Holderness, Financial Advertisers Association 1917 Report of Proceedings, p. 22.

[21]Guy W. Cooke, "Our Present Opportunity," FAA Bulletin, July, 1917, p. 1.

[22]Herbert S. Houston, "Financing Our Foreign Trade," Financial Advertisers Association 1919 Report of Proceedings, p. 140.

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[24]Francis H. Sisson, "Public Relations and the Advertising Man," Financial Advertisers Association 1923 Report of Proceedings, p. 32.

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[31]"For the Boss," op. cit.

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CHAPTER VI

CONCLUSION AND SUMMARY

This chapter will summarize the foregoing material and will state conclusions.

The pre-1900 banker did little communicating with the public and in general was little concerned with public opinion. Except when he was backed into a corner, as during the 1830's Biddle-Jackson Bank War or over the issue of the Sherman Silver Act in 1893, he did not try to sway public opinion nor explain his point of view or his business. He dealt generally with a limited clientele that did not include usually the "Mr. Average Man." And, because of this he saw no need to advertise or to court public favor. Generally he did his communicating face-to-face. What is more, he considered himself a professional man in league with the doctor and lawyer, rather than a businessman akin to the merchant and manufacturer. There were exceptions, but they only served as contrast to the more usual, which was responsible for an unfavorable stereotype of the banker.

CHAPTER XI

INDUSTRIES AND DEBART

This chapter will summarize the foregoing material and will state conclusions.

The pre-1920 Decker did little communicating with the public and in general was little concerned with public opinion. Though when he was backed into a corner, as during the 1920's Stable-Jackson deal and on over the issue of the Harmon Silver Act in 1923, he did not fear to sway public opinion nor explain his point of view or his business. He dealt generally with a limited clientele that did not include usually the "Mr. Average Man." Any because of this he was so used to advertising so to sway public favor. Generally he did his communicating face-to-face. When in case, he conducted himself a professional man in lawyer with the doctor and lawyer, rather than a businessman akin to the merchant and manufacturer. There were exceptions, but they only served as contrast to the more usual, which was stereotypic for an businessman stereotype of the header.

The banker considered advertising vulgar and crude and beneath his dignity. Even when the country was becoming more urbanized and industrialized near the turn of the twentieth century, the banker for the most part maintained this posture he called "conservative."

After the turn of the century the banker began to realize that his markets could possibly be larger, as well as his profits, if he could draw more customers to his bank. Competition with other banks became keener. The banker started to advertise and seek more publicity, however haltingly. A few hired specialists in advertising and publicity, usually ex-newspapermen, or they drew on personnel within their own organizations who showed an interest in the promotion field. During this period advertising, which had been "in the hands of charlatans" was becoming more respectable. This might have influenced the banker in his move into advertising and publicity, but more likely it was the realization that there were more profits to be made through advertising and publicity.

By the time the FAA was organized in 1915 there were many banks throughout the country that were advertising and who had men working in the capacity of advertising or publicity managers. The bank promotion men who founded the FAA and their colleagues felt they were the stepchildren of the advertising world and little appreciated in the financial community. They organized to

The banker considered advertising vulgar and crass and between his dignity. Even when the century was bounding more urbanized and industrialized over the road of the twentieth century, the banker for the most part maintained this practice he called "conservative."

After the turn of the century the banker began to realize that his earlier could profitably be larger, as well as his profits, if he would draw more customers to his bank. Competition with other banks became keener. The banker started to advertise and seek more publicity, however cautiously. A few hired specialists in advertising and publicity, usually ex-newspapermen, or they done so personal efforts their own organizations who showed an interest in the promotion field. Certain this "public advertising" which had been "in the hands of charlatans" was becoming more respectable. This might have influenced the course in the more long advertising and publicity, but more likely it was the realization that money were more profits to be made through advertising and publicity.

By the time the 1920 and especially in 1921 many more men began considering the country that were alive- ticing and who had had no training in the security of advertising or publicity management. The bank presidents who had founded the 1920 and their colleagues left they were the stepchildren of the advertising world and little appreciated in the financial community. They organized to

better both situations and to lift the caliber of financial advertising and publicity. They dedicated themselves to study advertising and to the proposition of truth in advertising. The founders of the FAA were ambitious men, who had a deep belief in the need for banks to tell their story to the public and to increase their markets through mass communications. They were almost evangelical in their desire to inculcate this feeling among the bankers of the country. They were definitely pioneers in a field that at the time the FAA was organized had little recognition within the banking community.

World War I with its widespread use of advertising and publicity techniques to sell Liberty Bonds seemed to convince many bankers that they should employ these techniques in their businesses after the war. They logically looked for assistance in a field in which they had little knowledge and no tradition. The FAA was the only banking organization devoted to advertising, publicity, and related fields. The membership of the FAA grew rapidly during and after the war. The reason for this rapid growth is difficult to pinpoint. It might have been the performance of the FAA. But, more likely it was due to outside forces caused by the war. The FAA was organized at precisely the right time to take advantage of a man-made phenomenon, World War I. But, if the rise in membership was not due to the performance or influence of the FAA

Other job attractions was to lift the caliber of financial advertising and publicity. They dedicated themselves to study advertising and to the properties of tools in advertising. The founders of the AAA were ambitious men, who had a deep belief in the need for books to tell their story to the public and to increase their markets through sale communications. They were almost prejudiced by their desire to translate this feeling among the business of the country. They were definitely pioneers in a field that at the time the AAA was organized had little recognition within the working economy.

Would that I might give enlightened way of advertising and publicity techniques to well library books essayed to convince men business that they should employ these techniques in their businesses after the war. They logically looked for assistance in a field in which they had little knowledge and no training. The AAA was the only training organization devoted to advertising, publicity, and related fields. The membership of the AAA grew rapidly during and after the war. The reason for this rapid growth is difficult to explain. It might have been the personnel of the AAA. But, more likely it was due to certain forces caused by the war. The AAA may suggested at precisely the right time to take advantage of a measurable phenomenon, social war I. But, if the AAA is seemingly was not due to the performance or activities of the AAA

entirely, it is still true that the FAA served a useful purpose in the financial community at this time. It provided a forum in which the financial advertiser and publicist could and did exchange ideas, learn more about his trade and receive inspiration from men with similar problems. It also provided a ready pool of experienced financial promotion men who could assist larger banking organizations in their programs relating to advertising, publicity, and public relations.

During its early years, until 1933, the FAA was for the most part an advertising association, but not entirely. Its interests, in fact, were broader than advertising and publicity. They encompassed functions that today normally would be classed as a part of public relations--community relations, employee relations, customer relations, pseudo events, press relations, and the concern about public confidence and trends of public opinion. Nevertheless, until 1933 one could not call the FAA a public relations association. After 1933, although still operating under the "advertising" label, the emphasis of the FAA was on public relations. As of 1933 it had become a national financial public relations association.

It is unfortunate that the FAA did not change its name sooner. For, operating under the title of "advertising," it not only drew people who were more interested in that field, but made the understanding of its broader

martyrdom, it is still true that the IAA served a useful purpose in the financial community at that time. It provided a forum for which the financial advertiser and politicians could use for endless hours. Learn many about the trials and results tangibvolves that was with analitic problems. It also provided a ready-pool of experienced financial promotion men who could assist larger banking organizations in their programs relating to advertising, publicity, and public relations.

During the early years, until 1973, the IAA was for the most part an advertising association, but not entirely. The honorarys, in fact, were broader than advertising and publicity. They encompassed functions that today usually would be classed as a part of public relations—community relations, employee relations, customer relations, public events, press relations, and the concerns about public institutions and trends of public opinion. Nevertheless, until 1973 one could say that the IAA a public relations association. After 1973, although still operating under the "Advertising" label, the emphasis of the IAA was on public relations. As of 1979 it had become a national financial public relations association.

In its beginnings that the IAA did not always its name honor. Yet, operating under the title of "Advertising," it was only like people who were quite interested in this field, but with the understanding of the broader

interests more difficult within the financial community. This may have contributed to its lack of preparation for the 1929 Crash and the 1933 Bank Holiday by creating an emphasis on the immediate techniques and results of advertising, rather than the more fundamental factors of judging and reacting to public opinion and creating public confidence in banks.

The FAA did not sufficiently prepare its members for the likely eventuality of a crisis, even though there was more than enough historical precedent. Furthermore, Dr. David Friday at the 1925 FAA convention actually predicted a depression. But, the FAA apparently did not take seriously this note of pessimism, and there was no attempt on the part of this professional association to develop programs for use in the event of financial crisis. The FAA, like the financial community, appeared to be concerned more with programs designed to increase patronage and profits than with the more unhappy thoughts of possible financial panic. The FAA did fail its membership and the financial community in this regard.

Even with the heavy blanket of advertising and publicity designed to bring people to the bank, there were enlightened opinions in the FAA during the 1920s that held banks should concentrate more heavily on educating the public about the business of banking in order to gain public understanding rather than just public participation. But,

Gateway's more difficult within the financial community, this was here exemplified by its lack of preparation for the 1929 Crash and the 1933 Bank Holiday by creating an organize on the immediate technology and results of advertising, rather than the more fundamental factors of judging and worthies to public opinion and developed public confidence in banks.

The VAA did not sufficiently prepare its members for the likely eventuality of a crisis, even though there was more than enough historical precedent. Furthermore, Mr. David Friday at the 1930 VAA conventions actually predicted a depression. But, the VAA apparently did not take seriously this form of potential, and there was no attempt on the part of this professional association to develop programs for use in the event of financial crisis. The VAA, like the financial community, reverted to economical more with programs designed to increase patronage and profits than with the more unhappy thoughts of possible financial panic. The VAA did feel its membership and the financial community in this regard.

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these opinions apparently were only cries into the wind of profit and expediency. They were vindicated, however, in 1929-1933.

The FAA membership took a deep dive after the 1929 Crash. There could be a combination of reasons for this decline. There were bank failures and mergers, there was a decrease in the use of advertising generally, and the banker seemed to retreat into his shell of public silence, circa 1890. One might also state that the membership declined because some of the members lost faith in the Association or were disenchanted with its services. But, there is no real evidence of this. It seems more likely that, as after World War I, when membership rose, membership declined after the Crash because of outside social and economic forces.

After the 1933 Bank Holiday, bankers seemed to realize that public confidence in banks had been destroyed and that it was imperative that they do something about restoring that confidence. The FAA membership began to rise again in 1934. It would be hazardous to say that it was the influence of the FAA that brought about this realization among bankers and that because of this influence membership rose. It does seem that the FAA was ahead of the banking community at large in voicing the need for restoring public confidence and the need for continuing, comprehensive public relations programs. And, as after

those opinions apparently were only active into the wind of profit and self-esteem. They were "relational, learner," in 1969-1970.

The PAA membership took a step-back after the 1969 events. Those could be a combination of reasons for this position. There were back failures and mergers, there was a decrease in the rate of urbanization generally, and the budget reduced by increased into the shell of public relations alone 1970. Our might also state that the membership decline because some of the members lost faith in the association for some disagreement with its services. But, there is no real evidence of this. It seems more likely that, as other years ago 1, when membership rose, membership declined after the crash because of multiple social and economic forces.

After the 1969-Mass Publicity, business through in realize that public relations in banks had been destroyed, and that it was imperative that they do something about restoring that confidence. The PAA membership began to rise again in 1970. It would be dangerous to say that it was the influence of the PAA that brought about this realization among bankers and that because of this influence membership rose. It also-was that the PAA was chosen of the banking community as large in violating the need for maintaining public confidence and the need for continuing, comprehensive public relations programs. And, as after

World War I, the FAA was the only banking organization devoted to advertising and public relations. Therefore, it seems likely that if its influence was not paramount in convincing bankers of the need for cultivating public confidence, it did serve a useful purpose once again as a forum for bankers and their public relations and advertising managers to learn more about public relations and advertising and to receive some inspiration in these fields.

The FAA heavily promoted more interest in public relations among its members and bankers in general and provided programs to increase the professionalism of its members in public relations after 1933.

The services the FAA provided its membership both before and after 1933, with the exception of a lack of a crisis plan, are the strongest accomplishments of the FAA. The Bulletin, Folio Exhibit, the many services provided through the Central Office, the Research Committee and the conventions, with their Reports of Proceedings, gave the FAA members a great opportunity to increase their proficiency in advertising and public relations and to learn more about banking and economics. In this regard the FAA was a valuable professional forum for financial public relations and advertising men. The degree to which it was valuable was dependent, of course, upon the bent of each individual member. But, the FAA did provide the opportunity for increased professionalism. As it can be

seen by some of the statements quoted in this thesis, some men did appreciate the work of the FAA.

The question still remains, though, what was the degree of influence of the FAA in developing the techniques of public relations and advertising and of instilling a belief in the need for advertising and public relations among bankers. Business Week has given the ABA the largest share of credit for stimulating public relations and advertising thinking within the banking community. It is likely that this is valid when considering the entire banking community. The ABA was much larger, richer, and more prestigious than the FAA and, therefore, was able to reach more bankers than the FAA. It did promote the use of advertising techniques and the need for comprehensive public relations and public education programs. Through its American Institute of Banking, it provided courses in employee and customer relations.

But, it does seem that the FAA played a significant part in the ABA programs and that it must share in the credit given the ABA. It does seem that it was the FAA and individual FAA members, who espoused the FAA objectives, which stimulated the ABA into action in regard to advertising and public relations. It was FAA members who provided the professional expertise to head and man the early committees within the ABA that initiated the ABA programs.

been by some of the stakeholders quoted in this study, some can also appreciate the work of the JCA.

The question will remain, though, what was the degree of influence of the JCA in heralding the beginning of public relations and advertising and of instilling a belief in the need for advertising and public relations among business. Business Week has given the JCA the largest share of credit for establishing public relations and advertising thinking within the business community. It is likely that this is valid when considering this relatively small community. The JCA was much larger, clearer, and more prestigious than the PAA and, therefore, was able to reach more business than the PAA. It JCA promoted the use of advertising, television and the need for comprehensive public relations and public education programmes. Through its institutional journals of business, it provided opinions to employers and corporate relations.

Now, it does seem that the JCA played a significant part in the AAA programme and that it must share in the credit given the AAA. It does seem that if was the AAA and individual AAA members, who represent the AAA objectives, which stimulated the JCA into action to present to advertising and public relations. If the JCA members who provided the professional expertise in good and sound business sometimes within the JCA that initiated the AAA programme.

The FAA wrote much of the literature that was used in the employee and customer relations programs of the ABA. It assisted the ABA in developing institutional advertising that could be distributed to ABA members.

In addition the FAA seemed to stimulate the Investment Bankers Association and many state banking associations throughout the country in their thinking about advertising and public relations.

The FAA also added to the literature of the fields of public relations and advertising. This literature includes the monthly FAA Bulletin and the annual convention Report of Proceedings, which, judging from the research this writer has done, are some of the most comprehensive works on financial advertising and public relations. They would seem to be of substantial value to scholars in public relations, advertising, and United States banking history.

Robert Lindquist in 1969 characterized the relationship between the FAA and the ABA concerning their respective influences on the banking community in advertising and public relations. He said, "The ABA had a broad influence, but the FAA's influence was deeper."[1] By this he seemed to mean that the ABA, through its large membership, reached more people in the banking community to stimulate their thinking. But, the FAA provided the professional expertise to make this possible and, in addition, stimulated a greater degree of professionalism

The APA study made of the literature that was used in the regions and customer relations programs of the ASA. It analyzed the ASA in terms of the institutional environment that could be directed to the ASA company.

In addition the ASA agreed to eliminate the Investment Bankers Association and many state banking associations throughout the country in their traditional annual activities and public relations.

The ASA also added to the literature of the field of public relations and advertising. This literature includes the monthly The Bulletin and the annual overview Report of Investment. Words, judging from the research this author has done, are some of the most impressive words in financial advertising and public relations. They would seem to be of substantial value to students in public relations, advertising, and United States Business History.

Robert Lamborn in 1967 characterized the relationship between the ASA and the ASA membership thus: "Everything influences on the banking community in advertising and public relations. In sum, "The ASA had a broad influence but the ASA's influence was deeper."

It has to be proved to some that the ASA, although its major membership, reached more people in the banking community to activate their thinking. Not, the ASA provided the professional community to make this possible and, in addition, activated a greater degree of professionalism

among those men who were the financial public relations and advertising managers.

In conclusion, it should be stated that the FAA was the pioneer national association in financial advertising and public relations. Although its interests were broader than advertising almost from the date of its foundation, it was essentially an advertising association until 1933. From 1933 through 1947 it was truly a public relations association. The FAA did stimulate the use of advertising and public relations techniques and a belief in a need for comprehensive public relations programs within the financial community, but it did this mostly through larger financial organizations. The FAA provided a forum in which financial advertising and public relations men could increase their knowledge of advertising, public relations, and banking and that, perhaps, was its greatest strength.

Note

[1]Personal interview with Robert Lindquist, October, 1969, Chicago, Ill.

EPILOGUE

This epilogue is written because this writer feels an obligation to give his opinions about the current trends in bank public relations and the trend within the Association.

The story of the FAA, which became the Financial Public Relations Association in 1947, is continuing. The Association, since 1965 called the Bank Public Relations and Marketing Association, has continued to grow and its interests to broaden. It is this writer's observation that the Association is moving now more and more toward something called marketing and in the process further from true public relations. There is at present some disagreement within the Association about the future course it should take. Some seem to feel it should become the Bank Marketing Association, dropping the term "public relations" from its title. Others, Robert Lindquist for one, sees this as a dangerous trend.[1] This writer is inclined to agree with Mr. Lindquist.

Marketing, ill-defined even by those using the term in the financial community, seems to be nothing more than the merchandising of a product. That is, in developing programs to sell the services of the financial

EPILOGUE

This epilogue is written because this author feels an obligation to give his opinions about the security issues in back public relations and the trend within the association.

The story of the PRA, which became the Financial Public Relations Association in 1957, is remarkable. The Association, since 1950 until the Best Public Relations and Marketing Association, has continued to grow and its interests to broaden. It is this author's observation that the Association is moving now more and more toward something called marketing and in the process drifting from public relations. There is my personal more disappointment within the Association since the future growth it should take. Some seem to feel it would lengthen the Best Marketing Association, dropping the term "public relations" from its title. Others, Robert included for one, seem this as a dangerous trend.[1] This writer is inclined to agree with Mr. Lindquist.

Marketing, if defined even by those using the term in the financial community, seems to be nothing more than the merchandising of a product. That is, in developing programs to sell the services of the financial

institution, rather than informing and educating the public. Mr. Lindquist has said that bank marketing men feel that public relations is a tool of marketing.[7]

If this is an accurate assessment of the trend in the Association and in the financial community, it is, in the opinion of this writer, most unfortunate. For, in observing this trend and the preponderance of bank advertising and publicity, which seems to be a high-pitched search for patronage almost to the exclusion of institutional considerations, one can only think of the similar psychology that prevailed during the 1920s under the umbrella of advertising.

It is the opinion of this writer that if this trend toward marketing--and the use of the term to include public relations--continues, there will be a serious drifting away from the precepts of public relations, away from the overt seeking of public confidence through understanding, to the less socially conscious activities of product promotion that prevailed in the 1920s. If this should happen, then banks will have retrogressed in their relations with the public. And, if the Bank Public Relations and Marketing Association should be a part of this trend, in the opinion of this writer, it will have contributed to eventual trouble for the financial community. For, even if it is only partially true that history repeats itself, banks may find themselves in the same position in

institution, rather than informing and educating the public. Mr. Lindquist has said that such activities are not that public relations is a tool of management.[7]

If this is an accurate assessment of the trend in the association and in the financial community, it is, in the opinion of this writer, most unfortunate. For, in observing this trend and the preponderance of mass advertising and publicity, which seems to be a single-minded search for patronage almost to the exclusion of institutional communications, one can only think of the similar psychology that prevailed during the 1920s under the heyday of advertising.

It is the opinion of this writer that if this trend toward marketing—and the use of the term by institute public relations—continues, there will be a serious drifting away from the concepts of public relations, away from the every awaking of public conviction through understanding, to the less noble mercenary motivation of product promotion that prevailed in the 1920s. If this should happen, then banks will have retrogressed in their relations with the public. And, if the term public relations and marketing associations should be a part of this trend, in the opinion of this writer, it will have contributed to unwanted results for the financial community. For, even if it is only partially true that history repeats itself, banks may find themselves in the same position in

which they were in 1933—if not economically, then at least with regard to congressional and public opinion.

For this reason, continued study of financial public relations and the Bank Public Relations and Marketing Association by scholars in public relations would seem warranted.

Notes

[1]Personal interview with Robert Lindquist, October, 1969, Chicago, Ill.

[2]*Ibid*.

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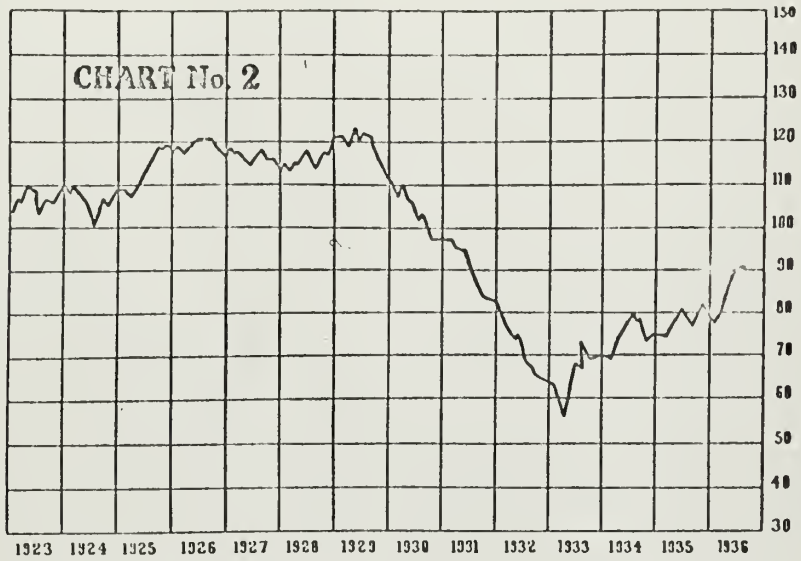
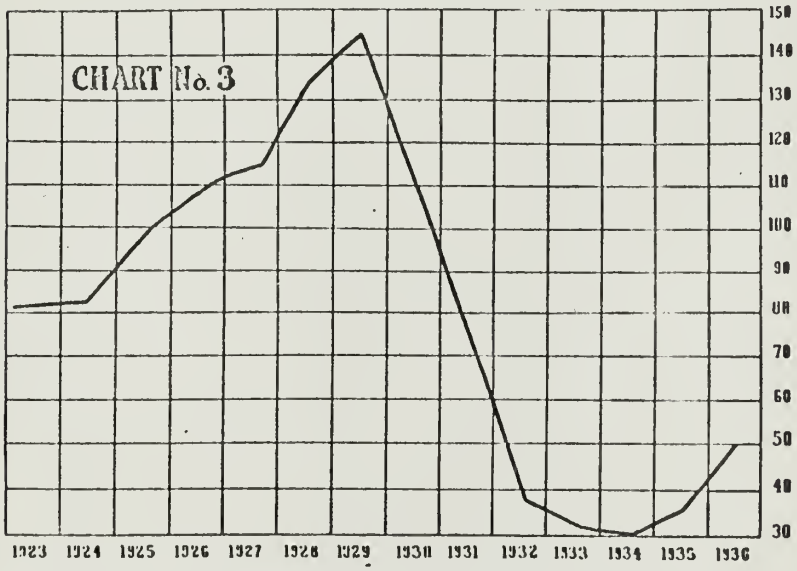
APPENDIX A



CURVE OF ADVERTISING ACTIVITY From Printers' Ink Weekly



CURVE OF FINANCIAL ADVERTISING APPEARING IN NEW YORK TIMES