SEC Historical Society

Documents from the Lyndon B. Johnson Library and Museum: Key (Our Collection)

Correspondence and memoranda to and from the Johnson White House on Wall Street and securities regulation, 1963–1968: Council of Economic Advisers assessments of stock market swings, including after the Kennedy assassination and during the 1965–66 declines, along with Goldwater's candidacy and Federal Reserve margin requirements; NYSE and industry lobbying; SEC appointments and the debate over mutual fund reform; and efforts to open a dialogue with the investment community. 37 documents.

November 25, 1963
Walter Heller assures President Johnson that past presidential assassinations, deaths, and serious illnesses in the twentieth century caused only short-term stock market dips with no lasting impact, noting that Kennedy's shooting triggered a 3 percent drop in 26 minutes of trading

November 26, 1963
Walter Heller suggests that President Johnson privately call NYSE president Keith Funston to commend Wall Street for reassuring investors and handling the market's rebound efficiently after President Kennedy's assassination

January 23, 1964
NYSE president Keith Funston thanks President Johnson for his hospitality, requests a courtesy visit with Exchange leaders, and urges him to push Congress to restore the capital gains relief and dividend tax credit

March 20, 1964
NYSE president Keith Funston thanks Kenneth O'Donnell for arranging a March 25th meeting with President Johnson, explaining that the delegation will pay a courtesy call and also present the Exchange's case against the SEC's floor trading proposals

March 26, 1964
Walter Heller tells President Johnson that he largely agrees with Treasury Secretary Dillon that stock prices are high but not alarmingly so, while cautioning that the market remains vulnerable to sudden short-term drops

June 22, 1964
Ralph Dungan warns President Johnson that Senator Proxmire and others plan to grill Hamer Budge at his Senate Banking Committee confirmation hearing, and says the White House has given Budge materials to help him perform well

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July 13, 1964
NYSE president Keith Funston congratulates President Johnson on naming Manuel Cohen as SEC Chairman and Frank Wheat as a Commissioner, praising both as qualified and reporting positive reactions from the investment community

July 14, 1964
E. F. Hutton vice president John Shad congratulates President Johnson on appointing Manuel Cohen as SEC Chairman, praising him as a tough, highly experienced administrator

July 16, 1964
Walter Heller tells President Johnson that Goldwater's nomination has an unpredictable effect on the stock market

August 4, 1964
Walter Heller tells President Johnson that Wall Street sources, including columnist Sylvia Porter, report investors are growing hesitant and shifting out of stocks over fears that Goldwater's candidacy could trigger a sharp market break

January 28, 1965
SEC official Edmund Worthy responds to Colonel Chadwick's telegram to the President by explaining that Rock Island shares deposited in Union Pacific's exchange offer can't be traded because their deposit receipts are non-negotiable

February 5, 1965
CEA member Otto Eckstein tells President Johnson that although stock prices have risen sharply, earnings have risen too and price-earnings ratios remain reasonable, leaving the market sounder than before 1962 but still exposed to risks

February 25, 1965
White House aide Jack Valenti tells Dallas securities dealer Gaston Shumate that a Wall Street Journal article misread the SEC's court arguments

May 4, 1965
Bill Moyers tells Marvin Watson that NYSE president Funston plans a "courtesy call" on the President to introduce the new Chairman but really wants to warn of a looming SEC–Justice Department turf clash

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June 15, 1965
Gardner Ackley tells President Johnson that the recent 7% stock market drop is modest by historical standards and unlikely to hurt the broader economy, so he plans to stress the favorable economic outlook

June 25, 1965
John A. O'Brien of Investors Diversified Services in Jackson, Mississippi, urges President Johnson to calm the falling stock market by publicly encouraging ordinary investors not to follow the herd and sell their ownership in American industry

August 12, 1965
Gardner Ackley tells President Johnson that the SEC's Manny Cohen has been quietly working with the New York Stock Exchange, which agrees the Dow Jones Index should be revised or replaced

November 23, 1965
Joe Califano asks Henry Wilson and Mike Manatos for quick feedback on including SEC Chairman Cohen's planned mutual fund reform legislation, targeting sales commissions, management fees, and installment sales to protect small shareholders, in the Administration's next-year program

June 30, 1966
Council of Economic Advisers chair Gardner Ackley tells President Johnson that the stock market's recent sharp drop has no specific cause

August 22, 1966
Banker C. H. Goppert warns President Johnson that failure to restrain federal spending, including Vietnam costs, has fueled a frightening inflationary spiral that overburdens the Federal Reserve and leaves no policy "ammunition" left to fight the recession

November 29, 1966
Joe Califano to President Johnson warns that the SEC will release a report recommending tighter mutual fund regulation (covering sales commissions, management fees, and exchange commission rates)

December 13, 1966
White House aide Doug Nobles tells Marvin Watson, following an inquiry from Congressman Emanuel Celler, that Ezra Weiss, once considered for the SEC's New York regional director post, will instead join the SEC in Washington in January as Assistant Chief Counsel of the Division of Trading and Markets

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December 20, 1966
A broker-dealer named Hammers pleads with President Johnson to intervene against the SEC's proposed mutual fund legislation (apparently S. 4766), arguing that its cuts to sales commissions would destroy the family retirement business he spent sixteen years building

February 11, 1967
W. M. Blackburn asks several White House aides for their evaluations and any guest comments from the previous night's reception for Wall Street equity representatives

February 17, 1967
California mutual fund dealer William Rudd thanks President Johnson for his apparent reluctance to fully back the SEC's mutual fund regulation push

February 17, 1967
Donaldson, Lufkin & Jenrette's William Donaldson tells Treasury aide Charles Ravenel that the Administration has little dialogue with equity-market decision makers and proposes informal, policy-level exchanges with carefully chosen financial leaders

February 24, 1967
Texas mutual fund salesman John Williamson objects to President Johnson's support for the SEC's proposal to abolish the "front end load" and cap sales charges

February 27, 1967
State Street Investment Corporation's Peter Vermilye tells CEA chairman Arthur Okun that the Administration has little contact with investment managers despite their influence over the equity market

February 27, 1967
SEC Commissioner Byron Woodside tells President Johnson he is resigning effective April 30, 1967, after nearly seven years as a Commissioner and over thirty years with the agency

February 27, 1967
Fidelity president Edward C. Johnson 2d tells CEA chairman Arthur Okun that informal, face-to-face dialogue between White House staff and large-scale investment decision makers would be valuable

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February 28, 1967
White House aide Doug Nobles tells Marvin Watson that New York lawyer Richard Smith, a liberal Republican acceptable to SEC Chairman Cohen and endorsed by Senator Javits and others, is a well-regarded candidate for the Republican vacancy on the SEC

February 28, 1967
John Macy recommends that President Johnson fill the SEC's Republican vacancy left by Commissioner Woodside's retirement with Richard B. Smith, a 38-year-old liberal Republican New York lawyer

October 27, 1967
Council of Economic Advisers chair Arthur Okun to President Johnson reports on a Capitol dinner where Wall Street executives pressed nine Senators to pass a tax increase to cool the economy and avert market trouble

January 15, 1968
John Macy recommends that President Johnson reappoint SEC Chairman Manuel Cohen, whose term expires June 5, 1968, and announce it within 30 days, praising him as an effective, fair-minded regulator who has advanced a controversial reform program without generating hostility

March 25, 1968
SEC Chairman Manuel Cohen answers Congressman Stuckey's eleven questions on H.R. 14742, defending the SEC's proposals to cap mutual fund sales charges at 5% and impose a reasonableness standard on management fees

June 6, 1968
Arthur Okun tells President Johnson that the Federal Reserve may raise stock margin requirements from 70% to 80% the next day to curb growing market speculation, that the CEA doesn't object since the effects would be small, and that the plan must not leak in advance

June 26, 1968
Arthur Okun briefs President Johnson ahead of his meeting with young mutual fund equity managers, who want personal insight into his views on the economy and more attention from the Government, and suggests topics including the tax bill