This holiday weekend, there’s plenty to worry for investors about—sluggish economic growth, unappealing stock valuations, loose monetary policy, volatile markets. But there is at least as much to give thanks for.

"I think there’s less for investors to worry about, in a lot of ways, than there used to be," says James Cloonan, who founded the nonprofit American Association of Individual Investors in 1978. "There’s more opportunity to do well, and less opportunity to be cheated, than there was in the past."

Mr. Cloonan, now 82 years old, has never conformed to — or believed in — the stereotype of the individual investor as "dumb money." The son of one of Eliot Ness’s "untouchable" investigators for the U.S. Treasury Department, Mr. Cloonan earned an M.B.A. from the University of Chicago and a Ph.D. in marketing and quantitative methods from Northwestern University. He taught marketing at Loyola and DePaul universities and was running an options-brokerage firm when the idea of an educational organization for individual investors came to him around 1975.
In 1973-74, the stock market had fallen 40%. Inflation and interest rates were raging; investors were fleeing from stock mutual funds like rats from sinking ships.

"It probably wasn’t the exact best time" to start such an organization, Mr. Cloonan says. But he wanted to provide education and a social network that would make investing easier, cheaper and safer. “Finding other people who think the same way,” he says, "can be very helpful in sticking to a good decision.” He hoped at least 10,000 people might someday be interested; today, AAII has more than 160,000 members.

If you are pessimistic about investing, Mr. Cloonan says, you need to recognize how far individual investors have come. When AAII began, you had to spend hours in a public library or write away to a company just to see its financial statements. Brokerage costs and mutual-fund fees were outlandish; tax rates were larcenous.

Had you bought 100 shares of a stock trading at $20, you would have paid a commission of at least $42 in the late 1970s, according to historical data from Theodore Aronson of AJO, a money-management firm in Philadelphia. Research by Charles Jones, a finance professor at Columbia University, shows that you also would have incurred roughly 25 cents a share in “spread,” the difference between what the seller was willing to accept and what you had to pay.

All told, your trading costs probably exceeded 3%—and would have been much higher on less frequently traded stocks. The same trade today could cost you under $10, or 0.5%, at least 80% less than in 1978.

In 1978, most mutual funds charged “sales loads,” or commissions, up to 8.5%. You often had to pay the same to reinvest your dividends back into the fund. Total return—earning not only the change in market price but also the growth of your reinvested dividends, a concept that investors today take for granted—was almost entirely hypothetical.

If you did make any money, Uncle Sam took roughly half.

According to Roberton Williams of the Tax Policy Center and Eric Toder of the Urban Institute, both in Washington, if you were married, filing jointly and earned $250,000 in today’s dollars, you were in the 53% tax bracket in 1978. Gains on any stocks you had held for at least six months were taxed at rates of at least 26.5%.

Today you would be in the 33% tax bracket; your effective capital-gains tax on stocks held for at least one year or more is 18.8%. The Internal Revenue Service is no longer your majority partner.

What about volatility? The market certainly seems to bounce around worse than it used to. That’s probably because memories of 2008 and 2009 are still raw, and staring at stock prices moment-to-moment exaggerates the violence and frequency of their moves. The volatility of monthly returns for the S&P 500, or the extent to which they vary around the average, is 9.4% annually over the past 12 months, versus 13.7% in 1978, according to William Schwert, a finance professor at the University of Rochester. The average since 1833 is 15.1%.

But aren’t individuals at the mercy of high-speed traders and institutional investors with giant portfolios?

“I think a lot of that talk is nonsense,” Mr. Cloonan says. “Institutions are very short-term, constantly trading in and out. They’re more concerned about not doing worse than average than they are about trying to think originally as investors.”

For investors who are patient and disciplined, do their research and don’t get caught up in the Wall Street game of trading too much, “it’s easier than it’s ever been to do pretty well,” Mr. Cloonan says. “You just have to decide to do the right thing.”

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