The Rise of the Small Investor in the US and the UK,

1900 to 1960

European Business Association Conference

Bergen, Norway

21 – 23 August, 2008

Janette Rutterford,

Open University Business School

Michael Young Building

Walton Hall

Milton Keynes, MK7 6AA

First draft, please do not quote

j.rutterford@open.ac.uk

Although there is disagreement on the numbers involved, there is general agreement that, for much of the period from 1900 to 1960, the number of individual investors in financial securities grew on both sides of the Atlantic. This rise in the numbers of shareholders came to be called ‘people’s capitalism’, ‘shareholder democracy’ and ‘democratisation of investment’. In the United States, from the 1920s, companies trumpeted their rising shareholder numbers in advertisements; academics such as Harold Carver argued that, under ‘New Proprietorship’, the nation’s wealth would be redistributed more fairly; and employee and customer share ownership schemes sprang up to counter labour unrest, state regulation of utilities, and even the threat of nationalisation. In Britain, Ellis Powell, writing in 1920, referred to a more insidious and long-term democratisation ‘entirely compressed within the last half cantury’, but boosted by the sale of government bonds during and after World War I. He contrasted the relatively large individual shareholdings in the share register of the Alamillos Company in 1864 with the much smaller and more numerous individual holdings in 1920s share registers for Liptons, Harrods or Selfridge’s.[1] The democratisation debate in the United States resurfaced during enquiries into the causes of the Crash of 1929 but did not reappear in the UK until just after World War II, as an argument against nationalisation of industries and in an attempt close the gap between capital and labour. In the US, the New York Stock Exchange’s commissioned survey of shareholder numbers, published in 1952, triggered several marketing campaigns which benefitted from rising share prices. Employee share plans never recovered from the 1929 stock market crash..

The objective of this paper is to track the growing numbers of shareholders, in particular women shareholders, in the US and the UK, and the factors behind that growth. Recent work by Ott and Traflet on the US stock market has shown the importance of marketing techniques, by companies and the New York Stock Exchange in increasing shareholder numbers.[2] For the UK, Rutterford, Green Owens and Maltby have documented rising shareholder numbers for the period 1900 to 1930 but little work has been done on the post 1930 period but there is little evidence of growth after 1930, partly to do with nationalisations, partly to do with the failure of policies to bridge the capital labour divide.

Pre-World War I

In Britain, from the railway boom of the 1840s onwards, investors could turn to newspapers or periodicals to have information on railway passenger numbers, reports of annual general meetings, new issue prospectuses and associated commentary. As the number of securities listed on the London Stock Exchange increased, so the number of financial periodicals rose, in particular at the end of the nineteenth and in the early twentieth century. The number of financial periodicals rose from 19 in 1874 to 109 in 1914, boosted by cable communication, the growth in the number of limited liability companies and the increased demand for prospectus advertising.[3] One new issue, for preference shares and debenture stock in a Thames ship-building company, received comment from no less than 48 national and regional newspapers. But potential investors were not just targeted via the Press. In 1870, Chadwicks, a firm of accountants based in Manchester, began a monthly newsletter to prospective investors in envelopes marked ‘private and confidential’ inviting ‘friends’ to subscribe to the new issues discussed. By 1878, it is estimated that Chadwicks had 5,000 contacts.[4] Company promoters in the 1880s and 1890s used the services of professional mailing services. The first British mail order firm, G. Smith Dalby-Welch Limited, founded in 1868, listed 510,000 individual investors in Great Britain in its pamphlet, *Finding the Buyer*, published in 1911.[5] The company compiled and collated The Investors Register and was able to provide companies with lists of investors in different categories of companies, such as theatres and music halls or home railways. The names on their lists represented the 'modern investing public, its personnel numbered by hundreds of thousands, and representing every class of society except the absolutely destitute'.[6] By the early twentieth century, there was a boom in financial pamphlets and books, with titles such as *The Small Investor*, *Scientific Investment*, *How to Operate Successfully in Stocks*, *The Successful Investor*, *Everyone's Guide to Investment Matters,* and *Women as Investors*.

Also, by the 1890s, stock-broking firms were sending regular pamphlets and circulars to their clients, with suggestions of stocks and shares to buy. For example, a broker's circular was enthusiastic about a planned Guinness share placement, commenting: 'the dividend should therefore not be less than 18 per cent, for this year and the earnings should reach 24 per cent'. Brokers were beginning to replace bankers and solicitors as the financial adviser of choice. And, by 1910, there were 19 stock exchanges in the United Kingdom and Ireland where investors could buy shares.[7] Would-be small investors were also helped by the decline in partly-paid shares (removing the risk of further calls), the fall in the typical nominal value of each share to £5, £2 or even less, and the increased number of small 'hand to mouth' issues of corporate fixed interest stocks and shares, such as preference shares and debenture stock.[8] London stockbrokers Foster & Braithwaite made a decent living by applying for new issues of fixed interest securities on behalf of their growing list of clients.[9]

The influence of the small investor could also be felt in the pricing of stocks that they favoured. Lowenfeld complained in 1907 that with the tube and omnibuses in London bringing in crowds from the suburbs, the shares of drapery stores and light-refreshment establishments had rocketed to yield less than could be obtained on first class brewery debentures.[10] Whatever was the world coming to?

In the United States, early common stock investors were primarily bankers and industrialists. It was not until after the merger boom of 1897 to 1904 that common stocks began to be held by large numbers of investors.[11] Part of the attraction was the ability to buy low risk securities as well as common stocks – with bond issues outweighing common stock issues until the late 1920s. However, the nominal value of most common stock issues remained relatively high at $100 – Pennsylvania Railroad was an exception at $50. Shares were also typically traded in lots of 100 shares, with the 'odd-lot' system dealing, more expensively in relative terms, with smaller amounts.[12]

As in the UK, there were investment books and pamphlets – some published both in London and New York– and financial newspapers. [13] The use of mailing lists did not flourish in the US, as share registers were - and still are - difficult to get hold of. There was no requirement such as that of the UK's Companies Act 1867 for all limited companies to file an annual list of shareholders each year with the Registrar of companies, within fourteen days of the annual general meeting.[14] However, 24 US provincial stock exchanges allowed investors to invest in local banks, railroads and utilities from early in the nineteenth century.[15] By World War I, retail dealers in these markets kept lists of individual investors interested in a specific type of security, such as mortgage bonds, insurance company securities or oil companies.[16]

For new issues, which were substantial - $100 million bond issues were not uncommon - companies could turn to specific large groups of individual investors – customers and employees. The first customer ownership campaign recorded was the Central Maine Power Company in 1908. Another example is Pacific Gas and Electric Company which successfully sold its first issue of preference shares to customers. However, sales of stock to customers were still at an early stage by World War I; no more than 100,000 shares were sold by utility companies to customers before 1914. .Perks which would appeal to small investors were also tried. Emerson Drug Company gave away individual shares with a free sample of Bromo Seltzer when the company first floated. United Drug Company, in March 1914, sent out a circular offering stock to employees. By World War I, there were 53 companies with employee stock ownership plans (ESOPs).[17]

The rising numbers of US shareholders were commented upon as early as 1903. *The Economist*, noted the 'quiet distribution of securities of recognised value' increasing the number of shareholders of companies such as Union Pacific, Aitchison and United States Steel Corporation. It cited New York Central Railroad as having acquired 2,300 new stockholders in the past three months alone. Again, reporting on a *Wall Street Journal* survey of American stockholders in 1901, 1906 and 1910, *The Economist* noted an increase between 1901 and 1910 of 175%, or 125% if allowance were made for new companies and capitalisation increases. *The Economist,* arguing that '[c]apital has to a great extent been democratised', attributed this rise only in part to companies' efforts to interest their employees in investing and mainly to the 'independent small investor' who bought when prices were low after the 1907 fall.[18]

Lough, comparing shareholder numbers in 1900 and 1913, noted a fall in the average holding value for industrials during the period from $22,000 in 1901 to $8,500 in 1913. He cited the 'strikingly large' number of stockholders - 327 corporations had a total of 1,251,468 shareholders listed on their books in 1913 – even though these included duplications. United States Steel Corporation alone had 124,000 stockholders, including 40,000 employees.

Estimates of the total number of individual shareholders in the United States before World War I vary enormously. Hawkins, cited by Hannah, estimated 500,000 shareholders in 1900, rising to 2 million by 1920. Warshow, using a sample of 31 single stock companies, and extrapolating to the population of all companies, estimated 4.4 million stockholders in 1900, 7.4 million in 1910, 7.5 million in 1913, 8.6 million in 1917 and 12.0 million in 1920. The discrepancy between the two can partly be explained by the fact that Warshow confused stockholdings with stockholders (that is, ignored the fact that investors may hold more than one security in their portfolio), assumed that all shares, both preference and common, had a par value of $100, and also assumed that the average size stockholding was the same for the population of companies as for his large company sample.[19].

The average number of shares held by each investor is open to debate. Lowenfeld, writing about British investors in 1907, assumed that individual investors held between 5 and 100 shares depending on their wealth, suggesting an average of 15 as being appropriate.[20] This would not necessarily be the case in the US, with higher par value shares. Hannah, comparing British securities with US securities circa 1900, finds that of the 50 large non-railway corporations for which he could obtain shareholder details, only one – American Sugar – had more than 10,000 stockholders in total – 9,800 common shares and 9,200 preference shares. Not even AT&T came into that category, having only 7,535. Only four railroad companies – Pennsylvania, New York Central, Atchison, Topeka & Santa Fe, Union Pacific – and no banks - had more than 10,000 shareholders.[21] However, by 1913, the number of stockholders had increased, by Warshow's estimates, by 170%, and the companies with more than 10,000 shareholders now included General Electric, United States Steel Corporation, and AT&T.[22]

British management preferred profit sharing schemes to employee share schemes. For example, there were 138 profit-sharing schemes (including 10 employee share schemes and a further 30 with a partial share element) started by 1915 in Britain.[23]. Special shares were generally not issued to customers or employees, who were just included as potential investors along with existing shareholders, suppliers, and the public at large. However, customers and suppliers were particularly easy to target by mailing and could also be useful in testing the waters for a potential capital raising exercise. Claudius Ash, merchants and manufacturers of mineral teeth and dental materials, in a 1913 prospectus for £50,000 each of 5 ½% preference shares and ordinary shares, stated that they would allot preferentially to existing shareholders and to members of the dental profession. In the UK, the Chairman of Spratts Patent, at the 17th Annual General Meeting in 1903, commented on the fact that a considerable portion of the shareholders were trade customers, who readily subscribed to the new preference issue as soon as it was made.[24]

In Britain, the gas industry was the most active secctgor targeting employees and customers, well before its US counterpart. Dr Carpenter, Chairman of the South Metropolitan Gas Company, in evidence to the 1918 Select Committee on Gas Undertakings, stated that they reserved a certain proportion of new issues for employees, but employees had to pay the market price to obtain these shares.[25] However, the South Metropolitan Gas Company also specifically targeted customers. 'In the early days of the gas industry, and for many years afterwards, stock was held by comparatively few people. We felt, however, that it would be an advantage to our business if we could induce our customers, to whom we are necessarily bound in a somewhat different manner from the ordinary commercial undertaking, to take shares in our business; and with whatever new issues of stock we made during the last five-and-twenty or thirty years, we took care to give facilities for the purchase of smaller quantities, and to see that these facilities were brought under the eyes of the small investor. That policy proved very successful.'[26].

Hannah estimates that, circa 1900, four British banks and ten British railway companies had more than 10,000 shareholders, although he does not give a figure for industrial companies. This is more than the US equivalent at the time and there were several industrial companies with more than 10,000 shareholders around 1900. For example, J.P. Coats had 25,000 shareholders as early as 1896 and, at the first annual general meeting of Lipton, the tea company, floated on the stock market in 1888, the Chairman announced that there had been an enormous number of applications for shares, ‘as evidenced by the fact that there are now 74,000 shareholders’. He believed ‘that this was the largest number of shareholders of any British industrial company’.[27]

Michie cites an 1886 estimate of shareholders in British railway companies of 546,438. Hannah refers to a Board of Trade return of 700,000 to 800,000 railway holdings in 1902, which he estimates to be equivalent to 500,000 individual shareholders. Rutterford, Green, Owens and Maltby, in information contained in the Residuary Accounts and Death Duty Registers, suggest a figure of around 720,000 shareholders in all companies in the 1890s. In a survey of 1901, the Stock Exchange Gazette ran a series of advertisements for the London Share and Debenture Corporation, which on the basis of information taken from 6,000 company share registers, claimed its mailings would reach 3,369,000 shareholders or, after assuming one name per household and eliminating duplicate names, would, it claimed, reach a total of 499,000 households. Clapham suggests that, by 1914, there were 900,000 railway shareholders and 300,000 bank shareholders. This compares with 300,000 railroad shareholders in the United States in 1910 and 500,000 shareholders in all in 1900.[28] By whatever measure, there were more shareholders in the UK than in the US around 1900 when the population of the UK was half that of the US. However, the rate of growth in the United States before World War I looks to have been more rapid than in the UK. There may well have been more US shareholders than British ones on the eve of World War I but there certainly were ten years later.

Observers on both sides of the Atlantic also noted, although only anecdotally, the importance of women in their growing share registers. Lough commented in his 1917 text on corporate finance that, for both New Haven Railroad and Pennsylvania

Railroad, women represented almost half the shareholder base and held 38% of the stock in Pennsylvania Railroad. In the UK, the Chariman of Spratts Patent, at the 1903 annual general meeting, commented on the 1,482 shareholders including 585 'ladies, who were generally investors and who were therefore, as a rule, preferable to those who bought the shares merely as a speculation'.[29] Women attended annual general meetings, in varying numbers.[30] Indeed, the Americans were jealous of British annual general meetings. The *Wall Street Journal* commented on the fact that British stockholders' meetings were often held in London in a hall that accommodates two thousand people and it is frequently crowded. There is always a good attendance… The questions are shrewd and searching, and woe betide the director who tries to evade them'. This was not the view of the Chairman of Boots Cash Chemists (Eastern) who complained that shareholders only came in numbers when times were bad. Women who did attend annual general meetings were not afraid of asking critical questions about the share price or dividend performance. "It is said that where women are serious investors, they are generally conscientious shareholders, attending the meetings of companies in which they are interested, taking intelligent interest in reports, and faithful in using their votes."[31] Chairmen never failed to be polite in return.

Post World War I

After World War I, there was discussion of shareholder democratisation on both sides of the Atlantic. One factor was the impact of the sale of war savings certificates and government bonds during the First World War. The sheer size of the finance needed had led to advertising and publicity being used on a hitherto unprecedented scale to access the savings of the entire population: men and women, girls and boys, young and old, rich and poor, workers and those at leisure, to save as much as they could in the national interest. In Britain, by 1919 there were over 40,000 war savings associations, in workplaces, schools and post offices with a weekly subscribing membership of over 7 million people. 140 million certificates were sold between 1916 and 1918. In the United States, the US Treasury Department's War Loan Organization was responsible for the sale of Liberty bonds, Victory bonds, and War Savings stamps and certificates. A total of 21 million subscribed to the four Liberty Loans, with 85% for $50 or $100. A further 1 billion War Savings Certificates were sold. Women on both sides of the Atlantic were asked to think of themselves as Joan of Arc; there were only so many role models to go round. [32]

This need for finance did not stop in 1918. Americans were then encouraged to 'save and invest in restoring Europe to health'. In Britain, the War Savings Committee's work was maintained to 'teach and induce people to save who never saved before'. Advertising campaigns played on patriotic fervour. By June 1929, a total of 908 million certificates had been sold in Britain, representing a cash investment of £720 million.[33] In doing their patriotic duty, on both sides of the Atlantic, these new investors were viewed very differently from the previous hate figures - the 'bloated' American and the 'insatiable' British bondholders.[34]

In Britain, it was recognised that women investors 'of all classes' were now saving and investing as they 'consolidated for themselves well-paid occupations in quite a number of walks of life to which in earlier times they were strangers'. Women had also been educated to invest through the war loan prospectuses which had been ‘simply and clearly written, with many women receiving their first lesson in investment from these prospectuses’. [35]

US companies were keen to spread share ownership more widely after World War I to counter growing trade union power.. American utilities in particular were under pressure: for example, AT&T was threatened with nationalisation; and electric utilities needed support to maintain monopolies and were particularly keen to keep funding costs low as the rates of return they could earn were regulated. By directly targeting customers, they could save on an intermediary’s commission. Employee shares were also viewed as a less dependent approach to providing for old age than were pensions.[36] In addition, managers worried that heavy surtaxes imposed particularly by the Revenue Act of 1917 on ‘rich men’ might have ‘dimmed their appetite for further investment in stocks and bonds’. This was particularly the case in the US where it was possible to invest in tax-exempt bonds, real estate and insurance. Tax exempt securities totalled £4.1 billion at the end of 1921 and $12.3 billion at the end of 1923. The sheer number of employees in and customers of the new giant corporations was a tempting market for capital raisers, and the old ‘soulless’ image of the corporation had been dispelled through familiarity. By 1923, for example, over half of all American employees worked for firms with more than 250 employees. [37]

Techniques applied to the selling of War Loan were transferred to AT&T when the Treasury secretary, David Houston, resigned in 1921 to join AT&T’s share distribution subsidiary in 1921.[38] AT&T employees were targeted, not only to buy shares on their own account, but also to sell to customers. It was felt that customers would be happier to see high profits if they felt they were participating through high dividends.

> The telephone employee who assists his friend in acquiring the stock is not only helping to strengthen the credit of the company, but he is aiding his friend to become an investor in a security which is one of the soundest in the market. He is promoting thrift and the habit of safe investment. He is making friends for himself and for his company, and, in reality, is helping to make this country of ours a better one.'[39]

Although AT&T had proudly advertised the number of shareholders in the firm as early as 1910: '35,510 out of 35,823 hold less than 1,000 each', women were singled out for special attention by 1920. Presumably more of the telephone operators and customers were women than Mr Devereux realised.[40]

Other company executives soon followed suit. For example, New York Central Railroad in January 1925 offered 35,000 shares to employees at a price of $110, ten dollars less than the market price. 68,000 shares were allotted (out of 97,000 subscribed for) and subscriptions for small numbers of shares were favoured. This had the impact of increasing the number of shareholders at one fell swoop from 36,500 in January to 78,000 by April 1925. In an even more spectacular fashion, the number of AT&T stockholders rose from 60,000 in 1914 to 139,448 in 1920 and 469,801 by 1929, an average growth rate for the 1920s of 37.4%. The number of new employee share ownership plans in the United States between 1919 and 1927 averaged 33 a year, and, allowing for 89 earlier schemes, reaching a total of 386 by 1929.[41]

For employees, partial payment plans and investment support groups similar to those for war savings societies were common. Employee share schemes also involved some kind of benefit over and above that available to the normal investor, typically a small discount on the purchase price. This helped to overcome labour opposition. In 80 offerings made between 1925 and 1929, the median discount was 4 points lower than the market price, with 36 firms, including AT&T offering more than 4 points discount.[42] The number of stock sales to customers by public utilities also grew rapidly with 251 new customer plans adopted between 1914 and 1929. By 1929, the National Electric Light Association promoted the fact that it had more than 1 ½ million customer owners in 230 utility companies.[43]

Women became an important element in marketing to both employees and customers. AT&T used its mostly female telephone operators to sell to customers they spoke to. By 1920, AT&T was proudly boasting that it had more women shareholders than men.[44] In adverts, women were often represented as older – hence vulnerable – suggesting that investors warranted as much or more consideration than customers and workers. Companies used the image of the female shareholder, often depicted as old and helpless, to good effect. 'A company is known by the shareholders it keeps'.[45] Companies often included the number of shareholders in their marketing material.

> Who is Swift & Company? Swift & Company is not a one-man or one-family affair. It is a company owned by more than 40,000 people scattered over the face of the globe … Thirteen thousand of them are women. Nearly fourteen thousand of them are employees. The average individual holdings are small – about thirty seven shares apiece. . These shareholders are the men and women … jealous of the character and reputation of their organization, proud of what it is doing, proud to have a part in supplying to the world such products as Swift's Premium Ham and Bacon, Brookfield Sausage, Silverleaf Brand Pure Lard, Wool Soap, Swift & Company's fresh meats etc.

The coincidence of stock ownership with consumption opened up new vistas of advertising, as shareholders were encouraged to buy their company's products and to act as advertisers to friends and acquaintances. So the ‘customer owner’ became the ‘owner customer’.[46]

Companies were beginning to realise that, not only did customers allow them to reduce their cost of finance, but also gave them access to a captive audience to whom to sell their products. Taking this a step further, some companies realised that women shareholders were a positive bonus. Warshow, in his analysis of shareholder numbers from 1900 to 1923, quotes from a letter from the Secretary of the National Biscuit Company in 1924:

> There is only one class of stockholder we are really interested in keeping track of and that is, the number of women stockholders, as they are the real purchasers of this company’s product. On December 31, 1923, we had 7,283 women stockholders; virtually 50 per cent of the number of stockholders of the company are women. We have not tabulated the number of shares of stock being held by them; the only thing we are really interested in is to note the constant increase in the number of women stockholders. On January 1, 1914, we had but 4,140 women stockholders, so you can see there has been a handsome increase in nine years in the number of women stockholders.[47]

By 1929, *Good Housekeeping* had taken this on board.

> The woman shareholder should be given prominence in the classification for some companies, particularly corporations dealing in household products, food stuffs, and clothing, where such companies desire to develop the stockholder-customer idea.
>
> The woman of today is a *shareholder* in the well-managed industries that supply the wants of American life and the needs of her family. Today any director of any great company will tell you what a large shareholder she is. Also *good Housekeeping’s* Editor can show you thousands of letters from women with substantial means who ask advice about their investments.[48]

In the United Kingdom, companies were also under pressure to respond to labour unrest but were less willing to set up subsidised employee share ownership schemes. A Report on Profit-Sharing and Labour Co-Partnership in the United Kingdom, published in 1920 detailed 182 existing profit-sharing or co-partnership schemes of which 41 involved some form of employee share ownership (including 12 gas company schemes), with 29 new profit-sharing schemes, including 5 employee share schemes set up in 1919 alone.[49] At the 1920 Annual General Meeting of the Ebbw Vale Steel, Iron and Coal Company, a 'lady shareholder', Mrs Thompson-Price, put to the Chairman the possibility of the company starting an employee share ownership scheme:

> Probably you are aware, as I am myself, that quite a large number of companies - some of them new companies – have during the last year or two arranged for their employees to be paid a certain commission upon their earnings, such commission to be translated at the end of the year into shareholdings, and I think that in some cases the Board or a number of gentlemen who are trustees hold those shares for employees and pay them a certain amount of dividend thereon, to be arranged, of course, by the directors.

The Chairman replied that 'anything worth having is worth paying for' and that employees 'like everyone else' should buy shares at market price and take their chance.[50] The Chairman of J Lyons & Co., which owned a chain of restaurants, felt obliged at the 1920 Annual General Meeting to dismiss press comment that waitresses were inadequately paid, and countered 'agitators' claims' that the shareholder return on capital was too high at 47.5% by saying that it averaged out at a mere 9.4% or 5.4% after tax. All he could come up with to appease public opinion on the capital/ labour divide was to announce that both shareholders and staff would be given the same 'favourable consideration' if they wanted to apply for the forthcoming issue of preference shares. For these firms, there was no possibility of offering employee shares offered at a discount.

The J. Lyons Chairman's comments about labour and capital were typical of speeches at many Annual General Meetings, in particular after a lower rate of income tax was charged on earned rather than unearned income from 1907. The Chairman of Pearson and Knowles Iron Coal and Iron Company felt he spoke for many: ‘How about £631,186 of wages and £24,400 dividend? This is our own instance as you know and we represent many like companies.’ (Hear, Hear).[51] However, Shell Transport and Trading, as early as 1902, made a small concession by changing its shares from £100 to £1 nominal value to encourage the entry of ‘many agents and servants’ of the company onto the share register, with the splitting of the shares allowing placing the shares within reach of ‘men of moderate means’. This was not pure altruism. The Chairman revealed that the key reason for requiring a larger shareholder base was the company was constantly having to appeal to the government for facilities and protection around the world, and the larger the body of shareholders, the stronger its negotiating position.[52]

The antipathy between labour and capital increased after the War, with higher tax rates, as evidenced by the J. Lyons case above, causing resentment. Since income tax was deducted before the dividend was paid, many investors did not understand why they were suffering so. Mrs Ada Gurrin wrote frequently to the Secretary of the Prudential Assurance Company: ‘Is there any chance of getting my pre-war dividend? … I think your Board should remember that the shares are very carefully held by people with fixed incomes like myself’. Two years later, in 1921, she was openly complaining about how labour as well as capital should share the pain: ‘As one of the shareholders in your company I am writing to ask you to consider US in this new financial year… as the staff in other firms has to have its salary reduced now food is cheaper why not y[ou]rs, is it fair that long suffering shareholders should go on with a depleted income?’.[53]

It is worth remembering that a capital levy on wealth more than £1,000 was in the Labour Party manifesto for both 1919 and 1923 elections, with much concern as to how to reduce the disparities in income and particularly wealth occupying politicians' concerns throughout the 1920s.[54].It was feared that issuing too many shares to employees would lead to 'over capitalisation' and to too much voting power being transferred to employees if shares were created specially for issue to employees or customers.[55] To counter these risks, those shares which were issued to employees were limited in number or given as quasi shares; indeed, only one company in the survey allowed employee shareholders to attend the annual general meeting and then only if they held at least £200 nominal value of shares. After the 1920 Report on Profit-Sharing and Labour Co-Partnership, there were no more British investigations into employee share schemes.

In the United States, although the total number of employee shares represented only 4.26% of the share capital of the 20 large corporations studied by Princeton University in 1926, this was still much a more significant figure than anything in the UK.[56]

Investment trusts

Another route to increasing the number of shareholders was the investment trust or closed-end fund. These trusts allowed small 'investors of moderate means' access to a diversified portfolio. In the United Kingdom, the first investment trust units were offered to investors in 1868. Each £100 unit represented part ownership of an underlying portfolio of eighteen different government and colonial bonds. The issue was successful and followed by a rash of so-called ‘average investment trust’ issues. By 1875, 18 trusts were listed on the London Stock Exchange. There were further booms: between 1887 and 1890, seventy new investment trust companies were floated, with a further 44 between 1905 and 1914. They were considered appopriate for the ‘confused investor’.One such trust, launched in 1914, was the so-called ‘People’s Trust’. This was aiming not at investors of moderate means but at the ‘industrial and working classes’. As Powell commentated, this meant that such trusts were available to all who could save.[57] The largest boom of all was between 1924 and 1929, with 103 new investment trusts floated on the stock market.

In contrast, the US investment trust market did not develop fully until the mid-1920s; only 18 trusts were formed prior to 1924. However, by mid-1928, the US investment trust market had overtaken that of the UK, with an aggregate capital of $1.2 billion compared with an equivalent $1 billion for UK investment trusts. The pace quickened as the investment trust rose to a peak in 1929 with more than $7 billion invested in 675 investment companies of all types, of which 193 were investment management companies with assets of $2.7 billion. .

Retail brokerages followed in the wake of the mass marketing techniques used for customer and employee share plans in the United States. Although initially slow to capitalise on the number of potential investors, they did catch up, and even used the employee and customer share plans in advertising to increase their customer base. In particular, brokers benefited from selling shares in investment trusts, which offered an infinite supply of new shares to sell. The number of securities affiliates launched by banks grew from 11 in 1920 to 200 in 1929. In 1908, the National City Bank had 83 prospective investors on its books; by 1929, the bank's securities affiliate sold around $2 billion of securities to 150,000 investors. By the late 1920s, more than 7,000 securities dealers and 30,000 banks competed with each other for each new issue. As the supply of industrial and commercial stock began to dry up, new investment companies were floated to invest in the common stock of other investment trust companies, creating pyramid structures. Bonus shares were paid to promoters and management expenses rocketed. The radio was used to promote investment through such programmes as Old Counsellor on NBC. Stock prices were broadcast daily to 'even the most remote localities'.[58]

By 1932, a Senate committee estimated that there were 5 million brokerage accounts. Brokerage houses had women's rooms and banks opened women's departments, staffed by female bank employees. 'In 1915, one of the first banks representing this trend, the Columbia Trust Company of New York, appointed Virginia D.H. Furman as "Manager" of its new women's department. By the early1920s, women-run women's departments had taken off. Women's departments were observed throughout the country, although commentators noted regional variations with the Mid-west being more supportive than the East, while the South was the most resistant'. A 1928 study by the Investment Research Committee of the Financial Advertising Association credited women with buying between 15 and 20% of new securities issues.[59]

In the UK, the system continued in a more low key fashion, with new issues being marketed in the press and via circulars. Door to door selling or 'hawking' did however take place, banned by the Companies Act 1928.[60] But in the main, brokers continued to act for private clients, with firms such as James Capel acting directly or on behalf of bank clients for commission. Regular visits by James Capel partners to the bank Coutts in the West End were used to answer private client queries and save on correspondence. There was little effort at mass marketing. Clients had to be accepted by the broker rather than the other way round.[61]

The difference in marketing approaches between the UK and the US – with the US adopting a mass approach - are reflected in the shareholder numbers by the end of the 1920s. Richard Whitney, President of the New York Stock Exchange, in a speech broadcast on NBC, asserted that 15 million investors were direct owners of stocks and bonds, excluding government bondholders.[62] Gardiner Means, extrapolating from Warshow's 1924 analysis of stockholder registers and using the same sample of companies which appeared on all Warshow's lists from 1900 to 1928, estimated a figure of 18 million *shareholdings of record,* which Means called 'book stockholders' for 1928, compared with Warshow's figure of 12 million for 1920. Berle and Means, using the same flawed Warshow methodology estimated 20 million book stockholders for 1929.[63] Of the 8 million extra book stockholders, Means estimated that 1 million came from customer share plans set up in the intervening years, and a further 800,000 from employee share plans.[64] Means did point out some growth might have been due not to an increase in the number of individuals holding shares – shareholders – but rather to an increase in the number of share held by individual shareholders, that is, diversification. Joseph McCoy, an actuary working in the Treasury department, attempted to avoid the diversification problem inherent in studying share registers by estimating the number of shareholders through the dividend income disclosed in corporate and individual tax returns. He estimated 2.4 million individual stockholders in 1924, and 3.0 million by 1927 – equivalent to one in nine households. He also estimated, in 1927, a further 1.3 million individual bondholders.[65] The Fletcher Committee Report on Banking and Currency in 1934, estimated that there were only 1.5 million individual stockholders at the height of the boom out of a total population of 126 million.[66]

There were no equivalent studies of the number of shareholders in the UK at that time. In 1929, *The Economist* discussed an anonymous enquiry into the ownership of British capital which had 'found a scattered body of small holders'. The *Economist*'s survey of 18 industrial companies had found more than 500,000 shareholdings, with Imperial Tobacco having 77,200 and Dunlop rubber 51,600. These numbers pale into insignificance besides the US numbers. *Printers' Ink* magazine, for example, looked at 50 companies and found that they had in 1929 a total of 3,076,379 shareholdings of which 6 had more than 100,000 shareholdings each and a further 16 had over 50,000 shareholdings each.[67]

After the crash of 1929

The Crash of 1929 had a terrible impact on Wall Street. Brokerage houses and banks suffered with the almost complete collapse of the investment trust market which had been so profitable for them. The number of individual brokerage accounts fell. Women were reported to have been more emotional than men at their losses and 'on the verge of returning to bridge'. Traflet contrasts the 'masses of women who once crowded brokerage desks in the 1920s' with their virtual disappearance from the market in the 1930s and 1940s. Wendt, analysing a random sample of 1000 accounts in a Wall Street brokerage house during 1933 to 1938 found that 278 were women, including 102 classified by marital status and the remaining 176 in other occupations. Despite appearances, therefore, women were still active investors after the Crash, trading as much as the men, and professional women, as in the UK, were still attracted to stock market investment.[68] .

The number of US employee share plans plummeted. In a survey of employee share plans after the Crash, Eleanor Davis found that the median price of 18 preference shares and 17 common shares which had been the subject of employee plans and active in 1926 was 98 7/8 in 1926, peaked at 115 in 1929 and fell to 14 7/8 by 1932. Of the 50 plans which she studied, 31 had been terminated. Some concessions to the dramatic price falls in many cases were made by corporations, so that most employees who had not bought in the heady years of 1926 to 1928 did not lose out. For example, United Cigar Stores allowed employees to cancel their plans, but many were reluctant to cancel in case they lost their jobs. Most corporations suspended their plans indefinitely although there were six new plans in 1931 and 4 in 1932. The conclusion reached by Davis in 1934 was that employee share plans would in future be limited to senior executives. Corporations would not dare to put their employees at so much market risk again.[69].

US investment trusts also suffered, much more so than their UK counterparts, for a number of reasons. US trusts had diversified across US equities, rather than the global fixed interest portfolios of their UK counterparts. US investment trusts had more leverage and more cross-holdings and, with investments valued at market value rather than book value, were more vulnerable to a market downturn. In June 1931, *The Economist* reported that the Standard Statistics index of common stocks of 30 leading American investment trusts showed a fall of no less than 75% from their peak, whereas the Institute of Actuaries index of the shares of 15 leading British investment trusts showed a fall from their peak of only 17%. In Britain, in 1933, the worst year of the bear market, only seven pre-World War I and one third of post-World War I investment trusts passed their dividends.[70] In the US, by 1934, nearly 200 investment management companies had disappeared, and with them the savings of many small investors.

The reaction of US investors was to turn to so-called fixed trusts. These had several characteristics which differed from those of investment trusts, specifically to reassure the wary. The fixed trust portfolios were fully disclosed, the trusts were open-ended with no leverage, the units were priced at the value of the underlying portfolio's market value and, most importantly, the fund's managers were expressly prohibited from trading the shares in the portfolios.[71] Fixed trusts were highly successful with the American public – 150 fixed trusts worth a total of $400 million were launched I in the two years to March 1931.[72] They were less popular in the UK, where faith in British investment trust managers had not been destroyed by the crash of 1929. Within a few years, the lack of flexibility in the event of poor-performing stocks became evident. The first flexible unit trusts or open-ended funds were launched on both sides of the Atlantic in the 1930s. Legislation in the United States, in particular the 1936 Revenue Act and the 1940 Investment Company Act made the issue of open ended funds more attractive than investment trusts in the US. By that time, open-ended funds had overtaken closed-end funds by value. In the UK, investment trusts continued to thrive, switching more to equities to head off the unit trust challenge. Unit trusts did not overtake investment trusts by size in the UK until the 1960s..

In the United States, the Crash of 1929 led to a large number of government investigations into what had gone wrong. Interest in how many people had been caught up in the stock market was high, which led to a number of estimates, not least the 1.5 million Fletcher Committee Report estimate in 1934. Despite the Crash, estimates of shareholders increased in the early 1930s. For example, the Printers' Ink survey of 50 companies found 4,998,383 holdings in 1933 compared with 3076,379 in 1929.[73] Kimmel attributes this perhaps unexpected rise to two factors: switching from brokerage to own name accounts, and investors beginning to buy again when they thought stocks were relatively cheap.[74] The Twentieth Century Fund, for the most part using Berle and Means' methodology and making estimates of growth in numbers based on a sample of 69 sample companies, estimated 9.5 to11 million shareholders in 1931 and 10 to 12 million in 1932.[75] The Temporary National Economic Committee, Monograph 29, made estimates using four different methodologies for the year 1937. Two methods were refined versions of the tax return analysis used by McCoy; the third was based on estimates of shareholdings of record, as in Berle and Means, and the fourth on an estimate by Elmo Roper for the New York Stock Exchange. The different methods gave estimates of 6-7, 7-8, 10 and 9 million stockholders respectively. Cox takes a likely figure to be around 8 million shareholders and argues that this figure reflects a decline in stockholder numbers that began in 1933.[76]

The impact of the stock market crash was not as great in the UK. The London stock market reached 1929 levels again in 1934, whereas the same was not true for the New

York Stock Exchange until 1953. During 1935 and 1936, for example, there were 209 initial public offerings worth £97.7 million compared with 287 worth £96.7 million for 1928 and 1929.[77] There was no inquisition into the causes of the crash, and no attempted estimates of shareholder numbers until after World War II.

Post World War II

The concern about shareholder numbers in the United Kingdom after World War II was linked to two issues: nationalisation of major British industries, including coal, utilities and transport, and a resurgence of the labour capital debate. On the former, Hargreaves Parkinson had long championed the small investor. In his 1930 book entitled *The Small Investor*, he cited *The Economist*'s 1929 survey which showed that average holdings in major British industrial companies were often £300 or less. He pointed out that large numbers of orders of securities for £25 to £100 forwarded day by day to London stockbrokers' offices from bank branches all over the country.[78] He then wrote a series of articles for the *Financial News* entitled 'Who owns the Railways?' published in 1944. He sampled every tenth shareholder in each of the four remaining railway companies and found 98% of shareholdings were for a nominal value of £5,000 or less, with more than half the dividend warrants – after tax – for £10 or less. In 1951, he published *Ownership of Industry*, using 1944 and 1945 share registers – as being the latest available – and explored the ownership of the top 30 companies by market capitalisation included in the FT30 share index. Looking at both ordinary and preference shares, totalling £347 million in nominal value, he found a total of 1,112,970 shareholdings with 286,330 preference shareholders having an average nominal holding of £388, and 826,640 ordinary shareholders having an average nominal holding of £286. Parkinson also analysed the railway, coal and electricity companies and found, for a total capital of £850 million, a total of 1,047,780 shareholdings, with 618,489 preference shareholders having an average nominal holding of £883, and 429,291 ordinary shareholders having an average nominal holding of £758. Parkinson's concern was the distribution of ownership and not the characteristics of investors, except whether they were 'small'.[79] His anti-nationalisation view was that ownership could not be more democratic if the companies concerned were indeed nationalised.[80] However, he lost his case, with nationalisation of the railways, mines and transport replacing company securities with government or government-guaranteed stocks.[81]

The *Financial Times,* in a survey published in 1949, also analysed shareholdings in the FT30 share index – this time using 1941 registers.[82] The authors found total ordinary shareholdings of 815,977, which compares closely with Parkinson's estimate of 826,640. However, the FT survey went further. By comparing duplication of holdings between shareholders in a set of 40 companies chosen to be of different sizes and industries, and shareholders in two very widely held companies, the authors estimated that were in total over ten million shareholdings but only 1.25 million shareholders – a similar spread of risks as in the US.[83] The number of shareholders estimated was surprisingly similar to estimates made much earlier in the century. The *Financial Times* also noted that 47% of the holders were male, 40% female, 8% joint holders and 5 per cent charities, nominees, and corporate. Women were more important investors in certain types of companies: 'household names or which are reputed to be very safe, and low in, for example, mining concerns. The female investor is less venturesome than the male'.[84] As Sargant Florence commented, 'to judge from British evidence,]nearly half of them [shareholders] are women, many of them shy (without reason) of business'.[85]

After nationalisation of the railways, coal and utilities in the 1940s, the debate as to the number of shareholders continued, this time as part of the labour capital divide. It rose to a peak in the late 1950s after the market had tripled in value between 1948 and 1957, and after a succession of good years for company profits and dividends. The industrial and commercial sector more than compensated for the loss of company securities through nationalisation. Between 1946 and 1962, the nominal value of shares in that sector rose from £1,629 million to 5,930 million.[86] In fact, companies appeared to make large profits partly because dividends were declared on nominal and not market value. Inflation post World War II had also led governments to impose wage controls on labour and, encouraged by the trade unions, dividend controls on share-owning capitalists.[87] A pamphlet entitled *The Poor Man's Guide to the Stock Exchange*, published by the Labour Research Department, was sceptical of the wider ownership statistics:

> A vigourous attempt is now being made to persuade everyone to believe that British industry is really owned by a mass of small investors. Some of the biggest companies have published lists of their shareholders – details I mean – for example, in 1958 Imperial Chemical Industries had 261,663 shareholders with an average holding of £551 and 93,000 shareholders in Woolworth, F.W. & Co. with an average of £172 each.[88]

However, the publication went on to cite an Inland Revenue survey of incomes over £135 per annum in 1949/50 and found the number 'enjoying' interest and dividends was larger than 1.5 million. 'Allowing for wives of these taxpayers, we can assume no more than 3 million'. It also reported that in 1955-6, 'a mere' 19,000 surtax payers (income above £2,000 per annum) received 41% of the total investment income of surtax payers. In a 1958 book entitled *The Challenge of Employee Shareholding: How to Close the Gap between Capital and Labour*, Copeman cited MacRae's esimtates of the total number of shareholders being between 1.1 to 1.35 million in total, but this included holders of government and nationalisation of securities. Macrae specifically estimated that 500,000 to 600,000 of these earned less than £500 gross income a year. [89] The number of shareholders had again become a political issue by remaining steadfastly at around the 1.5 million mark.. By 1958, the president of Aims for Industry, Sir Ian Lyle, announced that Tate & Lyle and 20 other companies would set up shops to sell shares at their production sites.. The Wider Share Ownership Council, supported by a number of Conservative MPs, was also lobbying for bearer shares – to avoid onerous stamp duty on small trades.   However, the threat of further nationalisations was a factor. The Chairman of Rugby Portland Cement, in his annual general meeting speech in 1960, argued that wider share ownership was a superior form of nationalisation, with public ownership of shares giving people access to retained profits as well as dividends.[90]

In the United States, post World War II, the market did not recover its 1929 value until 1953, but this was twice the value of 1945. Attempts to revive employee share plans had proved unsuccessful. In a 1953 report, the National Industrial Conference Board found only 68 formal plans for selling shares to employees of which only 28 were active. All but two were for common stock whereas 1920s schemes had been evenly split between preference and common stocks. AT&T revived its scheme, closed in 1929, in 1947 and in 1949 International Harvester revived the scheme it had opened in 1930 and closed in 1931. The author of the report was gloomy on further growth in the sector. She believed that companies had been burned by having to compensate employees for losses incurred after the 1929 crash and, although they saw such plans as helping to shield employees from rising inflation, they would stick to senior executive plans in the future.[91]

The New York Stock Exchange, anxious to encourage more investors and hence more business for its members after a long and dark period since the Crash. It commissioned the Brookings Institution in 1952 to conduct a detailed survey of share ownership, of how many investors in publicly owned companies there were, who they were, where they lived. Kimmel, responsible for the study, estimated the total number of shareholdings of record for these companies of 24 million, close to the TNEC 1938 estimate of 22.3-25.3 million shareholdings of record, which had included privately held companies as well. Later estimates found the number of shareholdings of record to have risen to reach 38 million by 1959. Using survey data as well as lists of shareholders, Kimmel estimated the number of adult individual shareholders in 1951 at 6.53 million, equivalent to one 4.2% of the population. This was still higher than in Britain, with, say, 1.25 million shareholders representing only 2.5% of the population.

After the euphoric estimates of the late 1920s and early 1930s, the Brookings Institution was a disappointment to the NYSE showing half the number of shareholders expected.[92] But the big news from the definitive Kimmel survey was that there were more women investors than men. The NYSE had no clear idea as to why this was so, speculating that wives had inherited shares from their husbands.. 'But, whatever the reason, this fact was clear'.[93] The relatively low numbers in the Brookings Institution report led the NYSE to a major marketing campaign, first aimed at ordinary households, later at high income individuals, and by 1960 shareholder number estimates were 12 million, or one adult in eight, also aided by a series of stock splits which made round lots affordable for small investors.. Cox argues that this was probably an all-time high in absolute numbers, but that the ratio of stockholders to population was no higher or lower than it was in the late 1920s when there were perhaps ten million shareholders.[94]

The NYSE may not have expected there to be more women investors than men, but Kimmel in his book on the study, is candid on this point. He found the fact that there were 7.03 million male stockholdings of record as opposed to 7.62 million female stockholdings of record 'not unexpected' and argued that a partial explanation for female dominance was the AT&T stockholder register. This single register accounted for one half of the 'excess' of women in the figures. For preference shares, there was an even greater female dominance: 543,800 male and 812,100 female shareholdings of record. The average value of male and female holdings was $4,290 for men, $3558 for women for ordinary shares and $2,973 for men and $2,550 for women for preference shares.[95] So, although the NYSE did not expect female dominance, it was common knowledge. *Good Housekeeping* had already referred to 'what a large shareholder she is' in the 1920s. Elizabeth Kidd, in the foreword to her book, *Women Never Go Broke*, could write:

> With so much of the nation's wealth falling, by default and demise, into the dainty little fingers of females, this could be serious. In fact it is. Visualize for yourself 80% of the private life insurance, 70% of estates, 50% of the privately owned stock of corporations, 48% of railway and utility holdings, 40% of the nation's homes, 74% of suburban homes, 66% of mutual savings bank accounts, to say nothing of about 104 ½ billion dollars' annual spending money, all held in this fragile but febrile grasp.'[96]

Also, as early as 1950, brokers and companies were well aware of their female investor base. In 1950, three years before the NYSE even started its Own Your Own Share marketing campaign, Merrill Lynch held ladies-only investment seminars in 63 different cities, attracting an audience of over 30,000 women. Companies, particularly those selling consumer products, recognised that women shareholders were a positive attribute.. The National Industrial Conference Board conducted a questionnaire survey on shareholder relations in 1950; 217 companies replied, including 99 industrials, 63 utilities and railroads, 37 banks and investment companies, and 18 insurance companies. The aim behind the survey was to explore whether stockholders could be grouped into unions as were employees into trade unions, and whether stockholder associations could be used to good effect to lobby for such things as lower taxes on dividends via the Investors' League. Many firms had highly developed stockholder relations departments – AT&T's had a staff of 200 – and used their shareholder base to create customer loyalty and an effective lobbying group. Scott Paper Company sent a welcome letter to all new stockholders which included a gift package of their principal products. Borden Company asked new stockholders to complete a descriptive questionnaire. They were able to ascertain that more than 58% of their stockholders were women, and that the most common stockholding was from 10 to 24 shares. They found that one third of their shareholders derived very little income from stocks and bonds and another third derived less than one third of their income from this source, so that the majority of their shareholders had some form of occupation. Of their total of 52,000 shareholders, over half responded to offers of free coffee, and later, cheese.

Many of the companies responding to the questionnaire survey ensured that shareholder meetings included presentations and product displays which would appeal to the individual shareholder. General Mills had this down to a fine art. At a series of regional shareholder meetings, a motion picture was shown, employees and managers were in attendance to answer questions, sampling of Betty Crockers split pea soup proved popular and there were demonstrations of Tru-Heat irons by local home appliance representatives. Special chiffon cakes were presented to various stockholders. One went to the lady whose birthday fell on the birthday of General Mills, one to the lady stockholder who had held her stock the longest, one to the lady who had travelled furthest for the meeting, and finally one to the longest serving female employee. Such meetings for GM dated back to 1939 (although suspended during the War), with over one third of stockholders in areas visited attending, 'with about equal representation of men and women owners'.[97]

There is no equivalent market research on UK shareholders and how they were used if at all to promote the goods of the companies in which they invested. American firms asked their shareholders whether they wanted the annual report in black and white or in colour, whether they wanted more photographs or less. The nearest we can get in the UK is a 1960 advert, in *The Economist*, in 1960 by Simon-Carves, an engineering company, specifically replying to a lady shareholder who had written in to complain: "You build such hideous plants"' worte a lady shareholder to the Secrtary of Simon-Carves. "Don't send me any more annual reports because I hate the pictures. They then explain how essential their products are to her cutlery, radio, electric lighting, to which 'our hideous plants contribute in more ways than space allows us to mention'.[98]

In the US, as shareholder numbers and stock market prices rose, there was some attempt to revive the 'people's capitalism' argument, as happened in the UK. This was helped by the detailed surveys produced in the 1950s by Kimmel and others in the 1950s. Somehow, with all these millions of shareholders, the world must be a better, more democratic place. US corporations began to peddle this line in their advertisements. General Electric stated: 'People's Capitalism: the 376,000 owners with savings invested in General Electric are typical of America, where nearly every citizen is a capitalist'.[99] A.D.H. Kaplan wrote: 'The number of stockholders now equals or exceeds the number of employees in many large American corporations. The effect of prevailing tax rates on inheritance and income is toward progressive diffusion of the personal capital holdings in American corporations'.[100] High tax rates had driven high income earners to tax-exempt securities, requiring lower taxed individuals to take their place. The ability to split a husband's and wife's income from 1948, may also help to explain the dominance of 'housewives' on American shareholder registers. However, this diffusion did not lead to shareholder control, as Perlo demonstrated. Institutional investors were the major acquirers of new issues in the 1950s on both sides of the Atlantic. The more investors there were, the less powerful they were against larger investors, particularly in the event of a hostile takeover or reconstruction. The fact that there were large numbers of female shareholders in both US and UK companies, from as early as the 1920s, these women holding shares for long periods and concerned primarily with steady dividend flow or fixed interest securities, may well have had a significant impact on corporate financial strategy..

Conclusion

This paper has explored the factors behind the rise in importance of investors with small holdings on both sides of the Atlantic It has documented a substantial rise in shareholder numbers in the US, from around 500,000 in 1900 to 12 million or more in 1960. In the UK, numbers were initially larger, at over 1 million, but these do not seem to have increased substantially by the 1950s with estimates of 1.25 to 1.35 million ordinary and preference shareholders.

Part of this can be explained by the rise in importance of women investors, of which there was only a sporadic awareness by observers on both sides of the Atlantic until after World War II. In the United Kingdom, women appear to have acquired shares partly through inheritance, partly through financial advice and partly through directly investing in new issues as they were publicised in the press or through mailings. There were few employee share plans which might have favoured female investors. In the United States, mass marketing techniques and specific customer and employee share plans helped boost numbers of male and female investors, the latter particularly in household name product companies. By the 1920s, corporations were aware of the importance of female shareholders, well before the surveys of the 1950s revealed this, probably due to the customer share plan boom of the 1920s. In the UK, with very few such plans, the association of shareholders with customers was much less advanced. In the US, the customer shareholders of the 1920s became the shareholder customers of the 1950s. In the UK, shareholders were shareholders and that was that. But there is evidence that, despite the failure to target women investors as employees or customers as aggressively as in the United States, women when they did invest preferred household names to heavy engineering.

[1] J. Ott., 'From 'New Proprietorship' to New Era; Marketing a Shareholder Democracy, 1921-29, pp. 1-10. Powell, 'The democratisation of investment', pp 243-4.
[2] J. Traflet, J. Ott,
[3] See Porter, "A Trusted Guide", 1. These figures do not include the 'bucket shop' newspapers which had largely disappeared by the 1890s. Jefferys, *Trends in Business Organisation*, 355.
[4]Newton, in Wilson and Popp, 138. Jefferys, T*rends in Business Organisation*, p. 343.
[5] London Guildhall, Pamphlet 21957.
[6] Powell, cited in Porter, "A Trusted Guide", 1.
[7] Jefferys, T*rends in Business Organisation*, p. 357. Bailey 2003, cited in Rutterford, 'A History of US and UK Equity Valuation,', p.123. Michie, 'The London Stock Exchange and the British Securities Market, 1850-1914, p. 69.
[8] Lough, *Business Finance: A Practical Study of Financial Management in Private Business Concerns,* New York, Ronald Press, 1920, p. 137. Cottrell, *Industrial Finance,* ch.4.
[9] Foster & Braithwaite, 1894-1910, Guildhall Library, MS14269.
[10] Lowenfeld, 'The Investor's Mind', *Financial Review of Reviews*, 25 November, 1907, p. 21.
[11] Rutterford, 'A History', p. 118.
[12] Hannah, 'Divorce', p.7.
[13] G. Robb, 'Ladies of the Ticker': Women, Investment and Fraud in England and America, 1850-1930, in N. Henry and C. Schmitt, *Finance, Capital, Culture,*, Routledge, 2008.
[14] Lough, *Business Finance*, 1920, p. 37.
[15] The exchanges were in Baltimore, Boston, Chicago, Cincinnati, Cleveland, Colorado springs, Columbus, Detroit, Hartford, Indianapolis, Los Angeles, Louisville, New Orleans, Philadelphia, Pittsburgh, Providence, Richmond, Salt Lake City, San Francisco, Saint Louis, Seattle, Spokane, Washington and Wheeling. See Huebner. See, for example, R. Wright Reforming the US IPO Market: Lessons from History and Theory', *Accounting, Business and Financial History* vol. 12., no. 3, 2002. He cites more than 20,000 distinct individuals investing in Pennsylvanian banks and 23,000 distinct individuals in Pennsylvanian turnpike and bridge companies as early as 1821..
[16] Lough, *Business Finance,* p. 316.
[17] National Industrial Conference Board, *Employee Stock Puurchase Plans in the United States,* New York, 1928, p. 12, FN4. Lough, *Business Finance*, p. 295. Sears, *The New Place,* p.48. G. Means, 'Diffusion', p. 567.
[18] *The* Economist, September 12 1903, p. The *Economist*, August 19 1911, p. 374.
[19] H.T. Warshow, 'The Distribution of Corporate Stock Ownership in the United States, *The Quarterly Journal of Economics*, Vol. 39, No. 1, November 1024, pp. 15-38.
[20] H. Lowenfeld, *Investment practically considered,* London, Financial Review of Reviews, 1909, p.334.
[21] H. T. Warshow, 'The Distribution of Corporate Ownership in the United States', *The Quarterly Journal of Economics*, Vol. 39, no. 1. (Nov 1924, pp. 15-38. E.B. Cox, *Trends in the Distribution of Stock* Ownership, Philadelphia, University of Pennsylvania Press, 1963, G.C. Means, 'The Diffusion of Stock Ownership in the United States', *The Quarterly Journal of Economics*, Vol. 44, no. 4. (Aug. 1930), pp. 561-600.L. Hannah, 'Divorce', p. 10.
[22] Means, 'Diffusion', p. 594.
[23] Report on Profit-Sharing and Labour Co-Partnership in the United Kingdom, Cmd, 544, p. 166.
[24] Letter from George Trollope to Sir Everard Hambro, 5 February 1903, Guildhall, MS19097. , Applications for listing, MS18000/Claudius Ash..*The Economist*, March 14 1903, p. 477.
[25] Report on Profit-Sharing and Labour Co-Partnership in the United Kingdom, Cmd, 544, p. 20.
[26] Ibid, p. 21.
[27] Hannah, 'Divorce', pp. 25. *The Economist,* June 4 1888, p. 847.
[28] R. Michie, 2008, p. 4. Hannah, 'Divorce', p. 408. Rutterford, Green, Owen and Maltby, 'Why can't a woman be more like a man?': Trends in male and female shareholdings in England And Wales, 1870 – 1935, p. 12. *Stock Exchange Gazette* 2 March 1901. Harris, 'The diffusion', p. 379.
[29] *The Economist*, March 14, 1903, p. 477.

[30] Robb, 'Ladies of the Ticker', cites occasions when only one lady shareholder attended a railway company meeting. P. 7.
[31] Cited in Sears, 1929, p. 150. *The Economist, March 14 1903*, Mrs Creighton, Financial Review of Reviews, September 1910.
[32] Rutterford et al, 'Why can't a woman', pp. 6-7. National Industrial Conference Board, *Employee Stock Purchase Plans, pp. 11-12.*
[33] Fraser, *Women and War Work*, 1918. Cited in Rutterford, Green, Owens and Maltby, 'Why can't a woman be more like a man?', Working paper, 2008, p. 6.
[34] Ibid. p. 254. . *The Economist,* July 12 1919, p. 42.
[35] A. Wright, 'The State and the Small Investor', Financial Review of Reviews, Jan-March 1930, p. 34. J. Greig and M.V. Gibson, 'Women and Investment', *Financial Review of Reviews, June 1917*, p. 176.
[36] National Industrial Conference Board, *Employee Stock Purchase Plans*, p. 169.
[37] A. H. Harris, 'The Diffusion of Stock Ownership of the New York Central Lines', *Proceedings of the Academy of Political Science in the City of New York,* Vol. 11, No. 3, p. 379. G. Means, 'Diffusion', p. 586. National Industrial Conference Board, *Employee Stock Purchase Plans,* p. 4.
[38] J. Ott, 'From 'New Proprietorship'', pp. 8-9.
[39] The marketing system for employees and customers is well described in F.L. Devereux, 'The Development of the Ownership of the Bell System', *Proceedings of the Academy of Political Science in the City of New York,* Vol. 11, No. 3, pp. 63-69.
[40] *The Economist*, 2 April 1910,.
[41]A.H. Harris, 'The Diffusion of Stock Ownership of the New York Central Lines', *Proceedings of the Academy of Political Science in the City of New York*, Vol. 11, NO. 3, pp. 25-28. Ott, 'New Proprietorship', p.11.
[42] Ott, 'New Proprietorship', p. 21. E. Davis, *Employee Stock Ownership and the Depression*, 3rd edn., Princeton, New Jersey, 1935, pp. 10-11.
[43] Means, 'Diffusion', p. 593, p. 596.
[44] Ibid., 8 April 1921, p. 16.
[45] J. Ott, 'New Proprietorship', p. 13.
[46] J. H. Sears, *The New Place of the Stockholder*', Harper and Brothers, New York, 1929, p. 44.
[47] Letter from G.P. Wells, Secretary, to H.T. Warshow, February 29, 1924, cited in H.T.Warshow, 'The Distribution', Footnote 2, p. 33.
[48] Sears, *The New Place*, pp. 61-62.
[49] Report on Profit-Sharing and Labour Co-Partnership in the United Kingdom, 1920. Cmd. 544., p. iii, p. 166.
[50] *The Economist*, June 19 1920, pp. 1354-5.
[51] Report of Annual General Meeting, *The Economist*, 30 September, 1911, p. 666.
[52] Report of the Annual General Meeting of Shell Transport & Trading, *the Economist*, 25 January 1902, pp. 19-20.
[53] Letters dated 7 February 1919 and December 10 1921 from Mrs Ada Gurrin to the Secretary of the Prudential Assurance Company, The Prudential Archive, Shareholders' correspondence file, 1915-1924. In fact many women with a small income did not realise that they could claim the income tax back. See letter to *The* Times from Mr W G Scoty, August 10 1923.
[54] M. Daunton, *Just Taxes: The Politics of Taxation in Britain, 1914-1979*, Cambridge University Press, Cambridge, 2002, p. 50, 53, 66. H, Clay, 'The Distribution of Capital in England and Wales, Transactions of the Manchester Statistical Society, 1925, pp. 53-80..
[55] *The Accountant,* 1921.
[56] [56] Report on Profit-Sharing p. 44. J. Ott, 'New Proprietorship', p. 70
[57] Powell, 'The Democratisation of Investment, p. 247. Jefferys, *Trends in Business Organisation*, p. 377.
[58] J. Rutterford, Learning from one another's mistakes: closed end mutual funds, 1868-1940, working paper, p. 12. J. Ott, 'New Proprietorship', p. 70. J. E. Meeker, *The Work of the Stock Exchange, IRonald Pres, New York, p. 11*9.
[59] [59] N. Robertson, "'The Principles of Sound Banking and Financial Noblesse Oblige':
Women's Departments in U.S. Banks at the Turn-of-the-20th-century", in A. Laurence, J. Maltby and J. Rutterford, Women and Money, Routledge, 2009. quote from pp. 4-5 of typescript.
J. Ott, 'From New Proprietorship', p. 85.
[60] This did not get rid of the problem, which was eventually dealt with under the Prevention of Fraud (Investment) Act, 1939, effective 1944. See Morgan and Thomas, *The Stock Exchange: Its History and Functions*¸Elek Books, London, p. 210.

[61] M.c. Reed, *A History of James Capel & Co.*, Longman, 1975, p.p. 78-9.
[62] S.S. Huebner, *The Stock Market*, D. Appleton-Century, New York and London, 1934, p. 117. Richard Whitney, The Investor and Security Markets, pamphlet of address given over the NBC-WEAF Network of the National Broadcasting Company, Inc., 30 January 1935.
[63] A. Berle and G. Means, *The Modern Corporation and Private Property*, New York, Macmillan Co. 1933, Appendix H.
[64] Means, 'The Diffusion', pp. 568-9, 595.
[65] Joseph S. McCoy, 'The U.S. Legion of Capitalists', *The American Bankers Association Journal, Vol. XIX, No. 8 (February 1927), pp. 559-60, 626-8.* Joseph S. McCoy, 'Sources of Prosperity', *The American Bankers Association Journal, Vol. XX No. 7 (January 1930), pp. 643-4, 702-3.*
[66] Fletcher Committee Report on Banking and Currency, GPO 1934, p. 9.
[67] *Printers' Ink*, Counting Stockholders, October 25th 1934, p. 101..
[68] P. F. Wendt, *The Classification and financial experience of the customers of a typical New York stock exchange firm from 1933 to 1938. PhD Thesis. Maryville, Tennessee, Columbia University thesis.*
[69] E. Davis, 'Employee Stock Ownership', 1935.
[70] *The Economist*, 30 June 1931. Balogh and Doblin, *Report on Investment Trusts in Great Britain*, p.
[71] Even in the event of bonus issues or liquidation, any cash received could only be placed on deposit and not reinvested.
[72] Rutterford, 'Learning', p. 18.
[73] This takes no account of whether the number of shares in issue for these companies increased over the period.
[74] L. H. Kimmel, Share Ownership in the United States, The Brookings Institution, New York, 1952, p. 129.
[75] A.L. Bernheim and M. G. Schneider,eds., *The Securiities Markets*, new York, Twentieth Century Fund, 1935.
[76] Cox, Trends, p. 31.
[77] D. Chambers, 'Financial Dependence and Firm Survival in Inter-War Britain, Department of Economics Discussion Paper Series, no. 377, December 2007, University of Oxford, Table 1, p. 28.
[78] H. Parkinson, T*he Small Investor*, Blackie & Son, London and Glasgow, 1930, p. 78.
[79] H. Parkinson, 'Who Owns the Railways?', series of articles published by the *Financial News*, October 31, November 1,2,3 1944. H. Parkinson, *Ownership of Industry*, Eyre & Spottiswoode, London, 1951. Parkinson, 'Who Owns the Railways?', p. 14, p. 61..
[80] *Financial Time*s, The Owners of Industry, Feb 28 1949, p. 6.
[81] Morgan and Thomas, *the Stock Exchange*, p. 198.
[82] Sargant Florence, T*he Logic of Business and Industry: A Realistic Analysis of Economic Structure and Government*. Routledge and Kegan Paul, London, 1953, p. 156.
[83] Ibid. p. 156..
[84] *Financial Times*, III How many investors are there? 2 March 1949, p. 6.
[85] Sargant Florence, T*he Logic*, p. 179.
[86] Morgan and Thomas, *The Stock Exchange*, p. 283.
[87] Rutterford, Trends in Equity Valuation, pp. 126-7.
[88] Citing research by Gordon Cummings, published in *The Times*, *'How Many Small Shareholders?'November 13 1958, p. 18.*
[89] Labour Research Department, with an introduction by Jack Charlesworth, *The Poor Man'g Guide to the Stock Exchange*, LRD Publications, by Money Today, 1959. G. Copeman,*The Challenge of Employee Shareholding, How to Close the Gap between Capital and Labour*, Business Publications Ltd., London, 1958, p. p. 39-40.
[90] *The Times*, November 13, 1958, p. 18, *The Times*, April 25, 1960, p. 18.
[91] F. B. Bower, *Stock Ownership Plans for Workers*, National Industrial Conference Board, New York, 1953, pp. 5-7.
[92] J. Traflet, 'Apple Pie', p. 6.
[93] Traflet, 'Apple Pie', p. 6.
[94] Traflet, 'Applie Pie', p.11. Cox, *Trends*, p. 3.
[95] Kimmel, *Stock Ownership*, pp.16-17.
[96] E..J. Kidd (1948), *Women Never Go* Broke, Philadelphia and New York: J. B. Lippincott Company.
[97] NICB, Stockholder Relations, Report 43, Studies in Business Policy, April 1950, Conference Board, New York.
[98] *The Economist*, January 1960, p. 312.

[99] V. Perlo, '"People's Capitalism" and Stock-Ownership', *American Economic Review*, Vol. 48, no. 3, June 1958, p. 334.
[100] A.D.H. Kaplan, *Big Enterprise in a Competitive System,* Washington 1954, pp. 178-9. Cited in Perlo, '"People's Capitalism"', p. 334.