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Kieran Heinemann

Investment, Speculation and Popular Stock Market Engagement in 20th-Century Britain*

The idea of enfranchising »ordinary people« in the economy via the stock market has a long political, social and cultural trajectory in 20th-century Britain. Inter-war financial observers expected the »democratisation of investment« to radically change the social and economic outlook of Britain. Likewise, commentators of the 1950s and 1960s envisaged the coming of an »age of the small investor«, and in the 1980s, the Conservative governments of Margaret Thatcher claimed that their »popular capitalism« had turned Britain into a »share-owning democracy«. This article explores how the idea of a society of small shareholders and petty capitalists came to be seen as politically, socially and economically desirable in 20th-century Britain.

Seminal histories of the City of London and the London Stock Exchange have neglected the relevance of popular investment for most of the 20th century due to the growing dominance of financial institutions over British security markets in this period.¹ Recently, however, business historians have developed a quantitative-based interest in small investors' »widening participation in financial investments« in the 19th and 20th century without denying the trend of institutional dominance.² In another strand of research, political historians of Thatcherism have addressed the contested nature of Margaret Thatcher's »popular capitalism«, the term coined by her Conservative Party for efforts to achieve »wider share ownership« through the privatisation of nationalised industries during the 1980s.³

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- 1 See for example *David Kynaston, The City of London, vol. IV: A Club No More 1945–2000*, London 2001, p. 101: »In practice, over the next twenty years, the decline of the individual investor would be as steep as the rise of the institutional investor was irresistible. The trend would mean, among other things, that the City seemed an irrelevance in the day-to-day lives of most people.« *Ranald Michie*, the eminent historian of the London Stock Exchange, notes that »the period between the mid-nineteenth century and the 1930s was one when the individual investor reigned supreme«, *Ranald Michie, Gamblers, Fools, Victims, or Wizards? The British Investor in the Public Mind, 1850–1930*, in: *David R. Green/Alastair Owens/Josephine Maltby et al. (eds.), Men, Women, and Money. Perspectives on Gender, Wealth and Investment 1850–1930*, Oxford/New York etc. 2011, pp. 156–183, here: p. 157. By the 1950s and 1960s, however, small investors would only »dabble occasionally in the market«, *Ranald Michie, The London Stock Exchange. A History*, Oxford/New York etc. 2001, p. 206.
- 2 Quote from *Janette Rutterford/David R. Green/Alastair Owens et al., Who Comprised the Nation of Shareholders? Gender and Investment in Great Britain, c. 1870–1935*, in: *The Economic History Review* 64, 2011, pp. 157–187, here: p. 158. See also *Janette Rutterford, The Evidence for »Democratization« of Share Ownership in Great Britain in the Early Twentieth Century*, in: *Green/Owens/Maltby et al., Men, Women, and Money*, pp. 184–206; *Janette Rutterford, The Shareholder Voice: British and American Accents, 1890–1965*, in: *Enterprise and Society* 13, 2012, pp. 120–153.
- 3 *Amy Edwards, »Manufacturing Capitalists«. The Wider Share Ownership Council and the Problem of »Popular Capitalism«, 1958–92*, in: *Twentieth Century British History* 27, 2016, pp. 100–123; *Matthew Francis, A Crusade to Enfranchise the Many. Thatcherism and Property-Owning De-*

This article draws attention to the competing notions of share ownership overlooked in these narratives. On the one hand, politics, the financial industry and large sections of the press fashioned private share ownership as a prudent way of having a stake in the economy by providing capital for business, thereby allowing ordinary citizens to participate in the nation's wealth. At the same time, however, shares could be treated not as a form of joint property, but as an object of speculation. In the popular press and a flourishing advice literature, the buying and selling of shares could be linked to risk-taking, profit-seeking and advertised as a source of excitement for the small investor who sought to anticipate the movement of stock prices. The latter notion caused particular concern among British financial elites, who upheld a clear distinction between »professional« and »amateur« involvement in the stock market. It is within this discursive field that the participation, integration and education of the small investor was negotiated. It is therefore necessary to scrutinise how the relationship between discourses and practices of investing, speculating and gambling in financial securities as well as concepts of »professionalism« and »amateurism« have shifted over time.⁴ The ongoing struggles over the boundaries between these concepts are revealed in the popular financial press, advice guides, political debates and personal testimonies which historians have not studied closely before.

This article argues that the investing public should be seen as more than just an economic sphere. Ordinary peoples' involvement in the stock market needs to be explained within the wider context of political, social and cultural change in 20th-century Britain. The realm of popular share ownership was alternately entangled with war financing, inter-war patriotism, Protestant morality, anti-socialism, gender relations and the world of gambling. These broad ramifications, and the diversity of actors who engaged in the issue, demonstrate the social and cultural embeddedness of this chapter in the history of capitalism. Focussing on these aspects of share ownership alters our perspective on the trajectory of financial capitalism in 20th-century Britain and foregrounds mass participation as an aspect of its legitimacy.

The case for entrenching the investment habit as widely as possible in society needs to be explained in the context of the moral outrage the stock market caused in 19th-century Britain and, to a lesser extent, in the following century. Therefore, the first section of this article will outline the moral tensions that surrounded the emergence of an investing public in Victorian Britain. The following section examines how inter-war Britain's horizon of expectation was shaped by the incipient »democratisation of investment« and how the idea of »wider share ownership« took intellectual shape. I will then discuss the economic, social and cultural factors for the continued growth of private share ownership in the post-

mocracy, in: *Twentieth Century British History* 23, 2012, pp. 275–297; Ben Jackson, Property-Owning Democracy. A Short History, in: *Martin O'Neill/Thad Williamson* (eds.), *Property-Owning Democracy. Rawls and Beyond*, Hoboken 2012, pp. 33–52.

4 In the vein of recent contributions by sociologists and historians, I pay close attention to the affinity between financial practices and gambling. See for example *Urs Stäheli*, *Spectacular Speculation. Thrills, the Economy, and Popular Discourse*, Stanford 2013 (first ger. 2007); *Marieke de Goede*, *Virtue, Fortune, and Faith. A Genealogy of Finance*, Minneapolis 2005; *Alexander Engel*, *Spiel*, in: *Christof Dejung/Monika Dommann* (eds.), *Auf der Suche nach der Ökonomie. Historische Annäherungen*, Tübingen 2014, pp. 263–285; *Edward Chancellor*, *Devil Take the Hindmost. A History of Financial Speculation*, London 1999. For Victorian Britain see in particular *David C. Itzkowitz*, *Fair Enterprise or Extravagant Speculation: Investment, Speculation, and Gambling in Victorian England*, in: *Nancy Henry/Cannon Schmitt* (eds.), *Victorian Investments. New Perspectives on Finance and Culture*, Bloomington 2009, pp. 98–119; *Paul Johnson*, *In Pursuit of Prudence. Speculation, Risk, and Class in Victorian Britain*, in: *Clare V. J. Griffiths/James J. Nott/William Whyte* (eds.), *Classes, Cultures, and Politics. Essays on British History for Ross McKibbin*, Oxford/New York etc. 2011, pp. 59–69.

war decades as well as early but unsuccessful efforts to make wider share ownership a political agenda. The final section focuses on the tension between Thatcher's moral ambition of rejuvenating Britain's ›Victorian values‹ and the acquisitive stock market culture of the 1980s that shaped her project of »popular capitalism«.

I. VICTORIAN BRITAIN: THE EMERGENCE OF AN INVESTING PUBLIC AND ITS MORAL ANXIETIES

In the wake of several speculative frenzies during the 1840s and 1850s, Britain witnessed the emergence of a broad investing public. Expanding capital markets, rising incomes and the circulation of financial knowledge through the press and advice literature drew ever more Britons to invest in stocks and shares.⁵ Recent work has highlighted the complex social structure of Victorian stock markets, particularly the hitherto ignored, yet substantial involvement of women.⁶ Traditionally a prerogative of the upper classes, by the end of the century a »growing number of individuals in Britain from a widening social spectrum, including the less affluent« had come to own financial securities.⁷

At the outset of the 19th century, however, only few Britons would have distinguished between stock market transactions and outright gambling. The emergence of the joint stock company in the late 17th century and its legal confirmation in the Limited Liability Act of 1855 had contributed to enormous financial growth and imperial expansion.⁸ However, the very concept of limited liability – property rights becoming objects of intangible trade – was held to promote fraud.⁹ Bourgeois social and cultural mores condemned horse racing, card games or lotteries as they »subverted the meritocratic principles of the Puritan work ethic, in which capital is earned by hard work, talent and deferred gratification«. ¹⁰ Likewise, because speculative dealings in company shares seemed to rely heavily on chance, Victorian economists and public moralists like Richard Cobden, John Ruskin or Thomas Carlyle condemned this conduct for »discouraging honest enterprise and promoting gambling and the base pursuit of wealth«. ¹¹ Even free-trade proponents and anti-Corn Law campaigners like William Cobbett would deplore »[t]he talk about ›speculations‹; that is to say, adventurous dealings, or, rather, commercial gambings« as »the most miserable nonsense that ever was conceived in the heads of idiots«. ¹² By the same token, betters would equate their actions with stock market operations in efforts to legalize gambling as an 1829 pamphlet on horse racing exemplifies:

5 *Alex Preda*, The Rise of the Popular Investor. Financial Knowledge and Investing in England and France, 1840–1880, in: *The Sociological Quarterly* 42, 2001, pp. 205–232, here: p. 205.

6 *Janette Rutterford/J. Maltby*, ›The Widow, the Clergyman and the Reckless‹. Women Investors in England, 1830–1914, in: *Feminist Economics* 12, 2006, pp. 111–138; *J. Maltby/Janette Rutterford*, ›She Possessed Her Own Fortune‹. Women Investors from the Late Nineteenth Century to the Early Twentieth Century, in: *Business History* 48, 2006, pp. 220–253.

7 *Rutterford/Green/Owens* et al., Who Comprised the Nation of Shareholders?, p. 157. See also the contribution of Jürgen Finger in this volume.

8 On early joint-stock companies see *Anne L. Murphy*, The Origins of English Financial Markets. Investment and Speculation before the South Sea Bubble, Cambridge/New York etc. 2009. The 19th-century legal framework is examined extensively in *James Taylor*, Creating Capitalism. Joint-Stock Enterprise in British Politics and Culture, 1800–1870, London 2006.

9 *G. R. Searle*, Morality and the Market in Victorian Britain, Oxford/New York etc. 1998, pp. 82–86.

10 *Mark Clapson*, A Bit of a Flutter. Popular Gambling in England, c. 1820–1961, Manchester 1992, pp. 19f.

11 *Taylor*, Creating Capitalism, p. 73.

12 *William Cobbett*, Rural Rides in the Counties of Surrey, Kent, Sussex, London 1830, p. 294.

»As to *betting*, if we are to enter into the subject as a moral question, it will be but fair that we should begin at the fountain head, and also examine the branches of the stream; we may therefore commence with the Stock Exchange, the general transactions of which are as analogous as possible to betting; yet, even the ›*Saints*‹ themselves hesitate not to join in this species of traffic; and, if unsuccessful, to ›*waddle out of the Alley*‹, after the manner of the ›*Levanten*‹ of the turf.«¹³

This perception, however, began to change towards the second half of the century. Desperate to cast off their social stigma, speculators conceptualised their practices as a genuine economic and purposeful operation far removed from gambling. Eventually, late-Victorian economists and politicians came to view stock market operators as daring entrepreneurs and rational, calculating bearers of commercial risk.¹⁴ According to Charles Duguid, City editor of the conservative »*Morning Post*« and author of a bestselling classic on the Stock Exchange, for instance, without the speculator's aid »commerce and industry would make none of those rapid strides which are for the welfare of the world, for speculation is the handmaid of enterprise.«¹⁵ The loosening of religious apprehensions against speculation was key in this process. The gambling pamphleteer's quotation alludes to the clergy's (›*Saints*‹) traditionally hostile attitudes towards the stock market and the double moral standards resulting from clergymen's engagement in this realm. By the turn of the century, however, organised religion had somewhat come to terms with the Stock Exchange but continued to condemn excessive time bargains and the betting on stocks and shares in so-called bucket shops – betting shops in which clients could wager on falling or rising share prices – as »illegitimate speculation.«¹⁶ As a social and cultural consequence of this »domestication of speculation«, gambling was further stigmatized as the very opposite of prudent financial behaviour and increasingly outlawed.¹⁷

The political confirmation of this distinction came in 1887. That year, the epicentre of British security markets, the London Stock Exchange, faced growing pressure from investors who had suffered losses and accused the »House« of promoting gambling and fraud. A Royal Commission was appointed to assess these accusations, which eventually acquitted the Exchange of any wrong-doing. Instead, it blamed »people of limited means«, who lost their savings in share dealings, for bringing the stock market into disrepute.¹⁸ The Commission supported the Exchange's view that a privately organized securities market was a vital economic pillar of the nation and the empire. Backed by this political legitimization, the City of London entered the »Golden Years« of Victorian and global *laissez-faire* capitalism.¹⁹ Britain's financial elites had won the struggle over the boundaries between legitimate speculation and wasteful gambling. The boundaries between investment

13 C. F. Brown, *The Turf Expositor. Containing the Origin of Horse Racing, Breeding for the Turf, Training, Trainers, Jockeys; Cocktails, and the System of Cocktail Racing Illustrated; the Turf and Its Abuses; the Science of Betting Money, so as Always to Come off a Winner, Elucidated by a Variety of Examples; the Rules and Laws of Horse Racing; and every other Information Connected with the Operations of the Turf*, London 1829, pp. 93f.

14 Johnson, *In Pursuit of Prudence*; Michie, *Gamblers, Fools, Victims, or Wizards?*. Similar developments played out in the United States, see Goede, *Virtue*. For Germany see Alexander Engel, *Vom verdorbenen Spieler zum verdienstvollen Spekulanten. Ökonomisches Denken über Börsenspekulation im 19. Jahrhundert*, in: *Jahrbuch für Wirtschaftsgeschichte/Economic History Yearbook* 54, 2013, issue 2, pp. 49–70.

15 Charles Duguid, *The Stock Exchange*, London 1904, p. 131. Charles Duguid's book became a classic and reached its 5th edition in 1926.

16 Anon., *The Stock Exchange and Gambling*. Pan-Anglican Papers, London 1908.

17 Itzkowitz, *Fair Enterprise or Extravagant Speculation*; Colleen Lannon, *Gambling and/on the Exchange. The Victorian Novel and the Legitimization of the Stock Market*, Diss., Boston 2009.

18 Michie, *The London Stock Exchange*, pp. 83–135; Johnson, *In Pursuit of Prudence*, p. 67.

19 David Kynaston, *The City of London*, vol. II: *Golden Years 1890–1914*, London 1996.

and speculation, however, remained blurred. Even when explaining the »technicalities of the Stock Exchange« to »inexperienced investors«²⁰, financial experts like the stockbrokers »W. W. Duncan & Co« would acknowledge that »[i]nvestment and speculation are twin sisters, and so nearly alike that it is almost impossible to discriminate between them. All investments of money are more or less speculations as surely as that all speculations are investments of money.«²¹

In spite of the hazy lines between these categories, the financial establishment made very clear its view that purposeful speculation was to be the sole preserve of a »professional« stock market audience. The British writer Arthur Crump provided the first attempt of a comprehensive »Theory of Stock Exchange Speculation« in 1874, laying out the classical economic argument in favour of speculation for stabilising prices, thereby benefiting markets and society.²² In order for this to work efficiently, however, only the »professional speculator who has the right sort of head, sufficient capital, patience, perseverance, coolness, and a business-like aptitude for laying down the elaborate machinery that is necessary for mercantile success« should be allowed access to the market.²³ The professional's counterpart was the »haphazard« or »amateur speculator«. This »person of flabby character« with »a taste for the excitement of dabbling in the markets [that] grows into a thirst, and from that into a mania« had to be excluded, in order for speculation to be respectable.²⁴

On one level, the Stock Exchange welcomed the growth of private share ownership as a business opportunity. The question of whom it dealt with, however, was decided along class lines. When self-proclaimed professionals conjured up categories such as »right sort of head«, »patience« or »coolness«, they drew on a contemporary reservoir of bourgeois virtues of financial prudence.²⁵ The only *measurable* criterion was »sufficient capital«, meaning that the affluent middle-class investor's capital was welcome as long as he didn't embark on unbridled speculation. By contrast, the impecunious, unqualified amateur was framed as a reckless gambler and a threat. Yet because the line between investment and speculation was so difficult to define, and because the »amateur« speculator could degenerate into haphazard gambling, the Stock Exchange remained deeply anxious about a mass inclusion of investors. At the turn of the century, a growing popular financial press challenged this socially exclusive organisation of the stock market:

»If the public wish to bet on the stocks and shares by all means let them do so, it is not one whit worse than betting on a horse. [...] In almost every other country of importance the Bourse is open to the public. Tom, Dick, and Harry can go to the public gallery and see their business done: but in our most law-abiding land all this is enveloped in a nimbus of mystery. The entrance to the Stock Exchange is as jealously guarded as are the gates of Mecca. The speculating public wonders what hocus pocus is being transacted within, and the majority hold aloof!«²⁶

On the one hand, statements like this reveal the extent to which investment and speculation were treated arbitrarily, and that popular perception could still see these categories as similar to gambling. At the same time, the financial press polemicized against the financial establishment's nervousness about this circumstance and its »clubbish« character.

20 Preface to *William Wallace Duncan*, *Duncan on Investment and Speculation in Stocks and Shares*, London 1894.

21 *Ibid.*, p. 5.

22 »The undue inflation or depression of prices will be counteracted by speculative operations [...] and in that sense speculation is directly of immense benefit.« *Arthur Crump*, *The Theory of Stock Exchange Speculation*, London 1874, p. 129.

23 *Ibid.*, p. 16.

24 *Ibid.*, p. 50.

25 *Johnson*, *In Pursuit of Prudence*.

26 *H. Sidney Muller*, *Scientific Speculation*, London 1901, p. 11.

Nevertheless, the political and economic consensus of the Victorian Era persisted that the Stock Exchange should be organized in the fashion of a private club of the moneyed classes – not of a democratic institution open to the public.²⁷

II. THE BRITISH INVESTING PUBLIC BETWEEN THE WARS – »DEMOCRATIZATION OF INVESTMENT«

Shortly after the outbreak of World War I, Britain's financial community expected the plutocratic outlook of the stock market to change. The wartime Liberal and Coalition governments oversaw three major issues of »War Bonds« that attracted over 13 million Britons. Suddenly, investment was fashioned into a patriotic duty. Essentially a bet on the outcome of the war, the German equivalent of »Kriegsanleihen« naturally proved less successful.²⁸ In the US and Britain, however, »Liberty Bonds« and »War Bonds« respectively triggered an interest in other financial securities, not least stocks and shares.²⁹ Shortly after the war, the Liberal politician and tax lawyer, Arthur Comyns Carr, envisaged the social consequences of this phenomenon:

»We have seen during the war a remarkably widespread diffusion of money, and a wonderful growth in the habit of investment, among classes of the population to whom both are a novelty. [...] After the war it is expected that a large number of people who never were investors before will be willing to trust their savings to commercial to commercial companies, but will not be very well equipped to select those which are worthy of their confidence.«³⁰

Writing in 1919, the editor of the »Financial News«, Ellis Powell, struck a similar note.³¹ Inspired by the recent act of »financial patriotism«, he called »to enhance to an altogether unforeseen extent the democratisation of investment«.³² He conjured up a shift in public opinion in that »persons who, by thrift, self-denial, and skilful investment, have created

27 This notion was by no means confined to Britain. In his essay on European stock exchanges, the German sociologist Max Weber called for »an organization of the [European] exchanges more along the lines of the English«. He hailed the London Stock Exchange for being »organized ›plutocratically‹ in that a significant amount of wealth and security deposits are required as pre-conditions for admittance to business on the exchange«. Weber maintained that necessarily the »exchange is the monopoly of the rich, and nothing is more foolish than to disguise this fact by admitting propertyless, and therefore powerless, speculators and in that way to allow large capital holders to shift responsibility away from themselves and onto those others«. (Emphasis in original) *Max Weber, Stock and Commodity Exchanges [Die Börse (1894)]*, in: *Theory and Society* 29, 2000, pp. 305–338, here: pp. 333f.

28 See Thomas Adam's contribution in this volume.

29 *Michie, Gamblers, Fools, Victims, or Wizards?*, p. 181: »Many of these new investors were soon drawn towards joint-stock company shares [...]. In addition, investors continued to be drawn into smaller and more speculative concerns offering the prospects of large capital gains«.

30 *Ibid.*

31 A staunch imperialist and social Darwinist, Dr. Ellis Thomas Powell, sometimes writing under his *nom de plume* Robert Ludlow, believed that »the ever-increasing stability and potency of modern finance were attributable to something in the nature of organic development, operating by means of Natural Selection, and therefore completely on accordance with the main postulate of the Darwinian theory«. Quote from: *David Kynaston, The Financial Times. A Centenary History*, London 1988, p. 59. After Powell's sudden death in 1922, obituaries praised him as a »voluminous« and »prolific writer on economic and public questions«, in: *The Times*, 2.6.1922; *The Financial Times*, 2.6.1922.

32 *Ellis Powell, Democratisation of Investment*, in: *The Financial Review of Reviews* 14, 1919, pp. 243–258, here: p. 250.

and accumulated these financial stores are really the backbone of the community, not thieves exploiting other people's labour«. ³³ In a similar vein, »The Economist« declared in 1926 that »capital ownership in this country is truly a democratic business«. ³⁴ By then, 1.3 million Britons were estimated to own shares directly and be responsible for about 80% of Stock Exchange transactions. ³⁵

Recent scholarship, however, has pointed out the limits of the inter-war narrative of the »democratisation of investment«, arguing that, to a certain extent, contemporaries misinterpreted the phenomenon. Janette Rutterford et al. state that the trend identified by Powell and »The Economist« »seems not to have been the arrival in the share market of a new group of non-traditional investors, but rather a change in behaviour by the classes who had been investors from the mid- to late nineteenth century onwards«. ³⁶ However flawed the notion of »democratisation« may be empirically, it nevertheless had a very real impact on inter-war finance and politics. The financial media and public intellectuals actively reframed share ownership as politically, socially and economically desirable by re-drawing the defining lines between investment, speculation and gambling. Speculation remained to be viewed as an affair of professionals, furthermore retaining its brand of being a potential social menace. However, the small investor's participation in the Nation's and Empire's wealth was fashioned as the paragon of modern citizenship. Gradually, stocks and shares lost their social stigma of being suitable only for financial professionals and the upper classes. For the first time in British history, the idea of spreading share ownership more widely among all social classes became a normative project.

Anticipating an increased demand for popular investment knowledge, the financial press now set out to educate and advise the new investors. Financial journalism had already expanded rapidly between the 1870s and 1914. ³⁷ In the 20th century, various formats of financial journalism began to converge. Highbrow newspapers and journals like the »Financial Times«, »The Economist« or the »Investors' Chronicle« shed their technical approach to financial affairs and began to address a broader audience in a more accessible style. Simultaneously, the popular press, led by the »Daily Mail« and the »Daily Herald«, expanded their coverage on money matters and combined serious financial journalism with a populist appeal. ³⁸

There were a number of reasons why the financial media promoted wider share ownership. Early proponents like Ellis Powell considered it a matter of economic efficiency to tap small holdings of capital for industry in order to end the »continual withdrawal of the

33 Ibid., p. 255.

34 Quoted after: *Rutterford/Green/Owens et al., Who Comprised the Nation of Shareholders?*, p. 162.

35 *Michie, The London Stock Exchange*, p. 171; *David Kynaston, The City of London*, vol. III: *Illusions of Gold 1914–1945*, London 2000, pp. 294f.

36 *Rutterford, The Evidence for ›Democratization‹ of Share Ownership in Great Britain in the Early Twentieth Century*, p. 206; *Rutterford/Green/Owens et al., Who Comprised the Nation of Shareholders?*, p. 157.

37 *Preda, The Rise of the Popular Investor*, p. 211; *Michie, Gamblers, Fools, Victims, or Wizards?*, p. 168; *Itzkowitz, Fair Enterprise or Extravagant Speculation*.

38 *Dilwyn Porter, ›Where there's a Tip there's a Tap‹. The Popular Press and the Investing Public, 1900–60*, in: *Peter Catterall/Colin Seymour-Ure (eds.), Northcliffe's Legacy. Aspects of the British Popular Press*, London 2000, pp. 71–96; *Wayne Parsons, The Power of the Financial Press. Journalism and Economic Opinion in Britain and America*, New Brunswick 1989, pp. 34–44 and 48–78. For a more recent comparative perspective on the strong tradition of financial journalism in Great Britain see *Marion Fourcade, Economists and Societies. Discipline and Profession in the United States, Britain, and France, 1890s to 1990s*, Princeton 2009, pp. 129–184.

life-blood of the body economic into stagnation and unfruitfulness«.39 In addition, a »constantly augmenting financial public«, in close touch with the capitalist system, was seen as an effective method against the spread of socialism.40 Last but not least, Powell and fellow campaigners, such as the reform-minded »Economist« journalist and author Hargreaves Parkinson41, awarded moral authority to the investor. According to Parkinson, a spread of the investment habit would foster the key middle-class virtue of thrift. Under the heading »The Moral Aspect«, he argued:

»Thrift teaches a man dependence on himself rather than on the pity and charity of others. It overcomes the tyranny of chance and misfortune. It confers freedom from anxiety and forms an appropriate background for a serene mind. It enhances self-reliance, and supplies the motive power for the putting forth of one's best in all the affairs of life.«42

In order to assert this moral high ground, however, the small investor's actions had to be rid of the taint of speculation and, to an even greater extent, gambling. More than ever, clear distinctions were needed:

»To put the matter in broad terms, the investor deals in certainties, or, at least, what appear to be such within the limits of this somewhat uncertain world. The speculator takes risks and knows that he takes them, but seeks at the same time to reduce the element of uncertainty to a minimum by ascertaining whatever is ascertainable regarding the matter in hand. He speculates in the light of knowledge. The gambler – the real villain of the piece – risks all on some casual ›tip‹ which may have come to his ears without any real understanding of the merits of the case.«43

There were moral as well as economic motives for Parkinson to argue that »the small investor should never allow himself to ›speculate‹ in securities, to buy or sell for a quick profit«.44 Firstly, speculation could still attract moral opprobrium, having not fully cast off earlier, Victorian notions of its infamy. This can be exemplified by debates over the ethics of investment carried out in the same journal in which Powell's seminal democratisation essay had been published. One intervention came from H. J. D. Astley, an Anglican vicar and church historian from Norfolk, who attempted to erect a moral barrier between »the proper use of money« on the one hand and the speculator's »greed and selfishness« on the other.45 Writing in 1918, he hailed war loans as a »prudent and patriotic act« leading to »peace and quiet« but condemned the »speculation involved in the holding of ordinary shares« as sinful.46 Unlike the investor, to whom »worry and anxiety« are unknown, for the speculator »there lies in wait too often not only loss of goods and loss of self-respect, but the felon's cell or the suicide's grave!«47

A similarly dramatic note was struck in an article titled »The Nemesis of Speculation« by the eugenicist Caleb Saleeby a year later. Saleeby had become an internationally acclaimed authority on social problems such as »venereal disease, insanity, and, in particu-

39 *Powell*, *Democratisation of Investment*, p. 250.

40 *Ellis Powell*, *Letters to a Small Investor. A Straightforward & Non-Technical Introduction to the Science of Investment*, London 1916, p. 5.

41 *Kynaston*, *Illusions of Gold*, p. 487, *ibid.*, p. 505, denotes Parkinson a »reform-minded financial journalist«.

42 *Hargreaves Parkinson*, *The Small Investor*, London 1930, p. 112.

43 *Id.*, *The A B C of Stocks and Shares. A Handbook for the Investor*, London 1925, pp. 30f.

44 *Id.*, *The Small Investor*, p. 84.

45 *H.J.D. Astley*, *The Morality of Investment*, in: *The Financial Review of Reviews* 13, 1918, pp. 243–260, here: p. 260.

46 *Ibid.*, p. 254.

47 *Ibid.*

lar, alcohol« by the early 20th century.⁴⁸ In 1919, he identified speculation as another such »racial poison« and declared the »temper of the hour [to be] speculative and inclined to take risks«. ⁴⁹ »Lending our money to win the war« may have been entirely legitimate, but now Saleeby sensed a widely held expectation among the British people to »make money without working for it, by means of speculation and the harassing exploitation of the something-for-nothing instinct«. ⁵⁰ In the vein of Victorian critics of finance, the trained physician listed addictive behaviour, alcoholism and suicide among the »deplorable consequences to mind and body of speculation«. Deeply influenced by a contemporary language of social hygiene, he urged to eradicate this »injury to the body-politic and to the mind-politic«. ⁵¹ Acutely aware that »speculation is a much-abused word«, the likes of Hargreaves Parkinson likewise discarded it for the »ordinary investor«. ⁵² It was not the latter's »business to dabble in speculative share transactions, but to build railways and roads, create industries and equip them with their necessary resources«. ⁵³

This integration of shareholding into a 20th-century model of citizenship had found its political expression in 1923. That year, »The Spectator« published a series of essays entitled »Constructive Conservatism« by the Scottish Unionist politician Noel Skelton.⁵⁴ Skelton envisaged investment – not in the sense of stock dealing, but of share *ownership* – as a suitable means of bridging the gap between capital and labour. Keen to offer a Conservative alternative to the rise of socialism, he wrote that

»To the wage-earner, co-partnery brings a new incentive and a new kind of interest in his work, arising out of his new relation to it; a union of his thrift effort and his work effort; a wider industrial outlook, since, as his savings in the business increase, so does his interest in its general prosperity, for that prosperity affects him directly as a shareholder.«⁵⁵

Eventually, Skelton envisaged, »workers would become capitalists« and therefore not only politically, but economically enfranchised citizens of a »property-owning democracy«. ⁵⁶ Under the term »co-partnery«, he subsumed profit-sharing and employee share schemes, which had already begun to flourish in some industries around the turn of the century.⁵⁷ Before his own Conservative Party took up Skelton's ideas, however, the Liberal Party made co-partnership a key social policy of its inter-war turn away from classical *laissez-faire* towards social liberalism.⁵⁸ However, Skelton is to be credited with coining the term

48 G. R. Searle, Saleeby, Caleb Williams Elijah (1878–1940), in: The Oxford Dictionary of National Biography (ODNB), 2004, URL: <<http://www.oxforddnb.com/view/article/47854>> [7.11.2016]; for Saleeby's impact on eugenics in Britain see Grant Rodwell, Dr Caleb Williams Saleeby. The Complete Eugenicist, in: History of Education 26, 1997, pp. 23–40.

49 Caleb Saleeby, The Nemesis of Speculation, in: The Financial Review of Reviews 14, 1919, pp. 20–41, here: p. 26.

50 Ibid., pp. 29f.

51 Ibid., p. 36.

52 Parkinson, The A B C of Stocks and Shares, p. 30.

53 Ibid., p. 33.

54 Philip Williamson, Skelton, (Archibald) Noel (1880–1935), in: ODNB, 2008, URL: <<http://www.oxforddnb.com/view/article/40226>> [7.11.2016]; David Torrance, Noel Skelton and the Property-Owning Democracy, London 2010.

55 Noel Skelton, Constructive Conservatism IV. Democracy Stabilized, in: The Spectator, 18.5.1923.

56 Ibid.

57 Edward Bristow, Profit-Sharing, Socialism and Labour Unrest, in: Kenneth Douglas Brown (ed.), Essays in Anti-Labour History. Responses to the Rise of Labour in Britain, London 1974, pp. 262–289; Derek Matthews, The British Experience of Profit-Sharing, in: Economic History Review 42, 1989, pp. 439–464.

58 »Profit-Sharing« loomed large in the Liberal Party's 1928 manifesto »Britain's Industrial Future«. It also discussed the technical differences between essentially two types of schemes: »In

»property-owning democracy«. The concept was picked up and refined by inter-war intellectuals such as Hilaire Belloc and Gilbert Keith Chesterton and was to have a long career in British politics.⁵⁹ In the process, however, the question of which *type* of property should be diffused in what manner always remained contested. The possibility that stocks could be treated as an object of speculation was not envisaged in a »share-owning democracy«. In similarly paternalistic manner to Powell and Parkinson, Skelton fashioned the shareholder as a passive holder of equity.

Yet there is evidence that many people were attracted to the stock market not for the income-producing properties of shares, but because speculating on price movements offered superb excitement. The inter-war history of »bucket shops« is highly illuminating in this regard. As mentioned above, bucket shops were betting offices in which clients could bet on share prices going up or down without actually dealing in the underlying securities.⁶⁰ This practice hardly differed from time bargains on the »real« Stock Exchange, where two participants agree on a transaction in the future based on a price settled in the present without intention of delivery. It is the latter aspect that gives time bargains the character of a mere bet on price movements. Having emerged as a transatlantic phenomenon in the 1880s⁶¹, bucket shops more or less vanished during the War, but they were rekindled in the 1920s, reflecting the nascent consumer society's increased demand for entertainment. Since the very concept of these establishments blurred the carefully drawn line between legitimate speculation and gambling, financial reformers held them to be »systematically undermining the commercial probity of the financial sector«. ⁶² Hence, the established financial press spearheaded a campaign to crack down on bucket shops with Hargreaves Parkinson condemning them as »a species of parasitic growth on the main body of stock and share business«⁶³ that brought honest investment into disrepute.

Revealingly, the Stock Exchange did not support this campaign until political parameters began to shift to the detriment of financial capitalism in the wake of the global stock market crash of October 1929. Forced to counter the Labour Party's socialist critique of high finance, the »House« was keen to avoid its business being confused with gambling. Until then, however, the Exchange remained a *laissez-faire* stance in the question of bucket

the first, which may be called profit-sharing proper, the dividend is distributed in cash to the beneficiaries; in the second, which is usually known as co-partnership, the divisible surplus is *re-invested in the business*, and credited to the beneficiaries *in the form of shares*.« (My emphasis.) The manifesto stressed that the Party »should especially desire to see an extension of the second type, in all suitable cases, because it helps to bring about a wider diffusion of ownership«. This would mean »a real advance towards that goal of Liberalism in which everybody will be a capitalist, and everybody a worker, as everybody is a citizen«. Liberal Party of Great Britain, *Britain's Industrial Future. Being the Report of the Liberal Industrial Inquiry*, London 1928, pp. 198–204 and 249–261.

59 Jackson, *Property-Owning Democracy*; Francis, *A Crusade to Enfranchise the Many*.

60 Itzkowitz, *Fair Enterprise or Extravagant Speculation*; Dilwyn Porter, »Speciousness is the Bucketeer's Watchword and Outrageous Effrontery his Capital«. *Financial Bucket Shops in the City of London, c. 1880–1939*, in: John Benson/Laura Ugolini (eds.), *Cultures of Selling. Perspectives on Consumption and Society since 1700*, Aldershot/Burlington 2006, pp. 103–125.

61 For bucket shops in the United States see David Hochfelder, »Where the Common People Could Speculate«. *The Ticker, Bucket Shops, and the Origins of Popular Participation in Financial Markets, 1880–1920*, in: *The Journal of American History* 93, 2006, pp. 335–358; Ann Fabian, *Card Sharps, Dream Books, & Bucket Shops. Gambling in 19th-Century America*, Ithaca 1990; Cedric B. Cowing, *Populists, Plungers, and Progressives. A Social History of Stock and Commodity Speculation*, Princeton 1965.

62 Porter, »Speciousness is the Bucketeer's Watchword and Outrageous Effrontery his Capital«, p. 108.

63 Parkinson, *The A B C of Stocks and Shares*, p. 44.

shops and referred to its mantra »caveat emptor« – let the buyer beware.⁶⁴ After all, from a »professional« perspective it was deemed much less harmful for the functioning of the market if the investing public indulged in stock gambling in bucket shops instead of on the actual Exchange. Certainly some of the 177 shops that operated in the City between 1910 and 1936 were of a criminal nature.⁶⁵ Litigations against bucket shop operators, however, reveal that they attracted a socially highly diverse clientele. One bucketeer, who was »adjudicated bankrupt in 1935« and incarcerated the following year, counted »among his victims 220 women and 120 clergymen«.⁶⁶ Until bucket shops were outlawed by the Prevention of Fraud (Investments) Act of 1939⁶⁷, they remained a popular haunt for those who wanted to »avoid the tiresome formalities of dealing with a member of the Stock Exchange«.⁶⁸ However vicarious this form of financial participation was, there is evidence suggesting that it popularised investment and speculation. Every »gullible« investor deceived by a bucket shop had to be offset against the thousands of clients who voluntarily sought to enjoy the excitement of anticipating market fluctuations.⁶⁹

The rigorous eradication of bucket shops reinforced the traditional notion held by high finance and wide sections of the media that stock market activity had nothing to do with gambling and that the »highly specialized business« of speculation was in any case »more suitable for the professional financier than for the ordinary investor«.⁷⁰ But what did it actually mean to be a »professional« in the inter-war stock market? David Kynaston's post hoc interviews with Stock Exchange members give an idea of the constructive character of the concept of »professionalism«. George Aylwen, for instance, of the stockbrokers »J. & A. Scrimgeour«, remembered his professional life in the 1920s as follows: »Most members were merely passers on of information and gossip, there was little or no attempt to sift information, to analyse prospects of equities, or indeed to justify the recommendation of the many and various tips toddled out by the market.« Aylwen's colleague, Daniel Cobbett, had similar memories of working on the trading floor of the London Stock Exchange: »The average stockbroker merely conjured a few current ideas out of his topper and trusted to the excellent fino sherry at Short's or the Jamaica to impart an impression of high promise.«⁷¹

64 *Porter*, »Speciousness is the Bucketeer's Watchword and Outrageous Effrontery his Capital«, pp. 120f.

65 Numbers from *ibid.*, p. 104.

66 See for example the case of one bucket shop operator who »was adjudicated bankrupt in 1935, his liabilities being shown at £270,000 and his assets £75. There was no doubt, said counsel, that the bulk of that vast sum represented money he had received from persons whom he had circularized with attractive propositions regarding the purchase of shares or gambling on the rising of shares. Among his victims were 220 women and 120 clergymen. He appeared to have been gambling in American securities, which depreciated. Proceedings against him had been taken as an example to persons who might be minded to start ›bucket shops‹ and as a warning to members of the investing public not to be deluded by these circulars.« *Bucket Shop Frauds. Penal Servitude for Outside Broker*, in: *The Times*, 24.6.1936.

67 Due to the outbreak of World War II, the law did not become effective until 1944. *Bucket-Shop Law*, in: *The Financial Times*, 2.2.1944; *Bucket Shop Adieu*, in: *The Financial Times*, 8.8.1944.

68 *Porter*, »Speciousness is the Bucketeer's Watchword and Outrageous Effrontery his Capital«, p. 116.

69 See *Hochfelder*, »Where the Common People Could Speculate«, p. 336: »Despite the fictitious nature of bucket shop transactions, the shops functioned as a shadow market by providing a cheap and accessible way for people of limited means to speculate, however vicariously, in stocks and commodities«.

70 *C. R. Stiles*, *The Alphabet of Investment*, London 1918, p. 22.

71 Both quotes are taken from: *Kynaston*, *Illusions of Gold*, p. 295.

The impression that regular stock market activity was not always a sound, prudent and calculating affair is borne out in the case of Sydney Moseley, a leading journalist and later pioneer of British television. After a spell with the City engraving house »Waterlow & Sons«, Moseley changed career paths and joined the »Evening Standard« in 1910.⁷² However, he maintained close ties to inner City circles, which he employed to make his mark as an author of critically acclaimed investment guides during the inter-war period.⁷³

Moseley was not a member of the Stock Exchange, but, commanding sufficient capital and having access to insider knowledge, he was a professional by Arthur Crump's standards. In 1960, Moseley published his private diaries, and they give a rather different impression of his stock market dealings than the investment guides he famously wrote. On April 7th, 1927, only days before his first book was published, Moseley was in fact »[s]till trying hard to close down on [his] Stock Exchange dealings« and complained that it was »as hopeless as ever to make money by speculation«.⁷⁴ In October that same year, Moseley was found speculating heavily with borrowed money when the market turned against him:

»What I find so heartbreaking is that the money I have made by hard work in writing is simply thrown down the Stock Exchange drain. For some years now I have been trying to reduce my market commitments, but I am no better off for the effort. [...] What's the use of earning a few guineas when one loses hundreds? That, I suppose, is one of the particular evils of speculation: it distorts one's sense of values.«⁷⁵

In July 1934 – his second investment bestseller, which he advertised as a »safety-first book« that had »nothing whatever to do with speculation or speculative investment«⁷⁶, had appeared in the meantime – Moseley was »still in deeply« although he had cleared his »three biggest stockbroking accounts«. He had six altogether. He promised himself »that, given the chance, I will get free of the Stock Exchange altogether. At any rate, no more buying! ... Get out! Get out!«⁷⁷ No improvement, however, was in sight by March the following year when Moseley was »tired of ›deals‹, tired of the Stock Exchange, and [hated] to say what else [he was] tired of«. His diary entry of the 26th reveals the enormous leverage of his dealings:

»I must really stop this speculating. [...] My present position is that in one firm I have some £20,000 of stock open for which I am paying a nice interest! [...] I owe my bank about £10,000. And that is not the whole story. So, I repeat, it is very necessary for me to clear out of the Stock Exchange once and for all.«⁷⁸

Come September, however, Moseley had found excuses for plunging into shares once again: »I *would* put that money I have into the Insurance companies, [...] but look at the silly rates they offer!« Instead, he »went bang into the gilt-edged market and the so-called high-class investment shares, [buying] 500 Pearl Insurance, followed by another 100 or more.«⁷⁹

Moseley's personal writings of that time are not the notes of a rational stock market agent. Instead, they reveal a nervous gambler who enjoyed and suffered from the thrills

72 Kynaston, *Golden Years*, pp. 255–257.

73 Sydney A. Moseley, *Money-Making in Stocks and Shares. A Popular Guide for Investors and Speculators*, London 1927; *id.*, *The Small Investor's Guide*, London 1930. See the appraisal of his first book as »sound advice for those who desire to have a flutter now and then« in: *New Investors' Guide*. Review of Sidney Moseley, *Money Making in Stocks and Shares*, in: *The Financial Times*, 12.8.1927.

74 *The Private Diaries of Sydney Moseley*, London 1960, pp. 282f.

75 *Ibid.*, pp. 286f.

76 Moseley, *The Small Investor's Guide*, pp. x–xi.

77 *The Private Diaries of Sydney Moseley*, p. 331.

78 *Ibid.*, pp. 345f.

79 *Ibid.*, p. 348.

of playing the stock market and who showed many of the symptoms – addiction, suicidal thoughts – his contemporary critics attested to what they saw as the social evil of speculation. The growth of private stock market investment in inter-war Britain was driven by an idiosyncratic melange of socioeconomic change, financial patriotism and a certain gambling spirit. Within this process, the lines between investment, speculation and gambling were re-drawn. With educational fervour, the financial press sought to moralize and reframe investment as a civic virtue by distinguishing it more clearly from speculation. While the latter remained ambiguous, the financial community was successful in severing entanglements between speculation and gambling.

III. WIDER SHARE OWNERSHIP IN POST-WAR BRITAIN – »THE AGE OF THE SMALL INVESTOR«

The dynamics that had grasped Britain's inter-war investing public were halted by the outbreak of the Second World War. After the war, Britain had ultimately lost its role as a global economic power, and the City of London faced the decline of sterling as an international reserve currency. July 1945 brought a political earthquake in Britain, when Labour won a large majority in the general elections and launched a full-scale programme of nationalisation. The programme, which affected key sectors such as coal, the railways and the Bank of England »at a stroke wiped out significant areas of popular investment«.⁸⁰ The City as a whole and the Stock Exchange in particular came under immense political scrutiny and feared to share the central bank's fate.⁸¹ Many facilities of speculation – dealing on account, carrying over of stock, options trading – had been suspended during the war and were only gradually restored in the late 1940s. The Stock Exchange's situation hardly improved when Conservatives returned to power in 1951, since the Tories did not dismantle, but more or less adhered to the post-war settlement of nationalised industries and the Welfare state for electoral reasons.⁸²

By 1955, however, Britain began to witness its first post-war bull market. Full employment, high wages and economic growth provided a breeding ground for numerous new company issues, drawing an unforeseen amount of small investors into the market. Hargreaves Parkinson estimated 1.1 million Britons to own shares directly in 1950 – more or less the pre-war level.⁸³ By 1963, a survey by the London Stock Exchange found this number had risen to 2.5 million, of which about 40% were women.⁸⁴ Furthermore, social sur-

80 *Kynaston*, *A Club No More*, p. 9.

81 *Michie*, *The London Stock Exchange*, pp. 326–362; *Ronald Michie*, *The City of London and the British Government: The Changing Relationship*, in: *id./Philip Williamson* (eds.), *The British Government and the City of London in the Twentieth Century*, Cambridge/New York etc. 2004, pp. 31–56; *Jim Tomlinson*, *Labour Party and the City 1945–1970*, in: *ibid.*, pp. 174–192.

82 *Jim Tomlinson*, »Liberty with Order«. *Conservative Economic Policy, 1951–1964*, in: *Martin Francis/Ina Zweiniger-Bargielowska* (eds.), *The Conservatives and British Society, 1880–1990*, Cardiff 1996, pp. 274–288; *Ewen Green*, *The Conservative Party, the State and the Electorate, 1945–64*, in: *Jon Lawrence/Miles Taylor* (eds.), *Party, State and Society. Electoral Behaviour in Modern Britain since 1820*, Aldershot 1997, pp. 176–200.

83 *Hargreaves Parkinson*, *Ownership of Industry*, London 1951. Due to lack of availability, Parkinson had to use 1945 share registers. By then editor of the »Financial Times«, which had merged with his »Financial News« in 1945, he deceased in 1950. *Obituary. Mr. Hargreaves Parkinson*, in: *The Times*, 25.5.1950.

84 *London Stock Exchange*, *How Does Britain Save? A Summary of the Results of a Survey Conducted for the London Stock Exchange by the British Market Research Bureau Limited*, London 1966; *Alec G. Ellinger*, *The Art of Investment*, London 1971

veys conducted throughout the late 1950s and the 1960s sought to enquire the social background of private investors. In 1959, it was claimed that the »typical small investor [...] is probably a member of the lower middle class, or possibly the upper working class.«⁸⁵

Certainly, members of the upper and upper-middle classes were far more likely to own shares and commanded over larger holdings, but as a 1962 survey pointed out:

»[B]ecause of the differences in size of social grade it is a mistake to think of share owning as a predominantly upper middle class activity. In absolute numbers there are as many share owners in the lowest white collar grade as there are in the highest grade and skilled manual workers account for ten per cent of all share owners.«⁸⁶

In a similar vein to the inter-war decades, various financial observers now welcomed the »new army of investors«⁸⁷, anticipated a »popular capitalism«⁸⁸ and the dawning of an »age of the small investor«.⁸⁹ In March 1960, even the largest working-class tabloid, the »Daily Mirror«, launched a regular »money page« and declared »that there has been a revolution in the savings habits of Britain. No longer is The City the exclusive domain of Big Money.«⁹⁰

The dynamic of the late 1950s and early 1960s led to a political revival of Noel Skelton's call for a »property-owning democracy«. Prime Minister Anthony Eden built his 1955 election campaign around this term. But because the Suez disaster cut short his time in office and due to the reluctance of his senior ministers in this area, the following two years saw no major legislation in favour of profit-sharing schemes.⁹¹ Eden's successor Harold Macmillan (1957–1963) retained a rhetorical commitment to the concept, but focussed on spreading ownership of houses rather than shares.⁹² The government's inactivity in this regard, among other policy fields, caused growing discontent in the Tory rank and file. At the party's base, many regarded the leadership's commitment to the post-war settlement as a surrender to socialism.⁹³ Calling for a more openly capitalist profile, some Conservative backbenchers founded the Wider Share Ownership Council in November

85 Acton Society Trust, *Wider Shareholding*, London 1959, p. 51.

86 Research Services Limited, *Savings and Attitudes to Share Owning*, London 1962, p. 3.

87 *Edward Lowndes Westropp*, *Invest £100. A Guide to Investment*, London 1956, p. 7.

88 *Widening Share Ownership*. Meeting at Westminster, in: *The Times*, 21.11.1958; *Giving Small Savers a Stake in Industry*, in: *The Times*, 29.4.1959; »Changing Face of Thrift«, in: *The Guardian*, 24.9.1961.

89 *Arthur H. Throver*, *How to Invest for Profit in Stocks and Shares. A Guide for the Small Investor*, Preston 1961, p. 7.

90 *Dilwyn Porter*, »City Slickers« in Perspective. *The Daily Mirror, Its Readers and Their Money, 1960–2000*, in: *Media History* 9, 2003, pp. 137–152, here: p. 141.

91 On Eden and his attachment to the »property-owning democracy« see *D. Richard Thorpe*, *Eden. The Life and Times of Anthony Eden*, London 2003, pp. 340–342; *John Ramsden*, *The Age of Churchill and Eden, 1940–1957*, London/New York 1995, pp. 141, 175 and 255f. On Conservative reluctance on legislation see *Peter Dorey*, *British Conservatism and Trade Unionism, 1945–1964*, Aldershot 2009, pp. 68–70. It was Eden's first Chancellor of the Exchequer, Rab Butler, who asserted that »co-partnership schemes were often a consequence, rather than a cause, of good industrial relations« and therefore »any attempt to force them on people [...] is likely to do more harm than good«, *ibid.*, p. 70.

92 *Aled Davies*, »Right to Buy«. *The Development of a Conservative Housing Policy, 1945–1980*, in: *Contemporary British History* 27, 2013, pp. 421–444. Macmillan's reluctance might have been caused by his antipathy towards the financial sector and his inter-war Keynesian influence. See for this line of argument *Ewen Green*, *The Conservatives and the City*, in: *Michie/Williamson*, *The British Government and the City of London in the Twentieth Century*, pp. 153–173, here: pp. 162–170.

93 *Ewen Green*, *Thatcher*, London/New York 2006, pp. 86–88.

1958 – the founding chairman ironically being the Prime Minister’s son, Maurice Macmillan.⁹⁴ Embedded in the intellectual network of the libertarian ›New Right‹, including think tanks like the ›neoliberal‹ Institute of Economic Affairs⁹⁵, the wider share ownership movement lobbied for tax benefits on and liberalisation of small share purchases.⁹⁶

The wider share ownership movement called on the government to abolish the 2% stamp duty on stock transactions and, after its introduction in 1962, to curb capital gains tax.⁹⁷ It was particularly critical about the distinction between ›earned‹ and ›unearned‹ income inherent to Britain’s tax system, which taxed investment profits at a higher rate than ›industrious‹ income.⁹⁸ In a similar fashion to their inter-war predecessors, post-war libertarians challenged the prevailing moral consensus that investors and speculators were ›profiting at other people’s expense‹.⁹⁹ Seemingly, economic debates had a crucial moral and political dimension. In a Skeltonian line of thought, advocates of wider share ownership like Conservative MPs Maurice Macmillan and Edward du Cann or the businessman George Copeman designed a Capitalist roadmap towards a ›classless society‹.¹⁰⁰ Not a mixed economy, but a ›truly people’s capitalism‹ seemed furthermore the most effective bulwark against socialism.¹⁰¹ Last but not least, post-war ›affluence‹ and consumerism were seen as deeply problematic. According to the movement’s ›high finance man‹, William Clark, the country spent too much ›income on expendable goods and not enough on investment in modernising Britain‹.¹⁰² Spreading the ›investment habit‹, therefore, was put forward as a viable means for remedying Britain’s lagging international competitiveness.¹⁰³

94 Encouraging Wider Shareownership. Meeting in the City Next Week, in: *The Times*, 13.11.1958.

95 *Richard Cockett*, *Thinking the Unthinkable*. Think Tanks and the Economic Counter Revolution 1931–1983, London 1995; *Ben Jackson*, *The Think-Tank Archipelago*. Thatcherism and Neo-Liberalism, in: *Ben Jackson/Robert Saunders* (eds.), *Making Thatcher’s Britain*, Cambridge/New York etc. 2012, pp. 43–61.

96 *Toby Low*, *Everyman a Capitalist*. Some Proposals for the Small Saver in Industry, London 1959; Wider Share Ownership Council, *The Growing Popularity of Share Ownership*, London 1960; Wider Share Ownership Council, *Growth in a Responsible Society*, London 1961.

97 In his 1962 budget the Conservative Chancellor, Selwyn Lloyd, introduced a short-term capital gains tax in a bid to ›counter criticism of the Conservatives as the party of speculators and shady financiers‹. *Martin Dauntton*, *Just Taxes*. The Politics of Taxation in Britain, 1914–1979, Cambridge/New York etc. 2002, p. 260.

98 This ›differentiation‹ dated back to the Liberal Party’s 1907 welfare reforms and was abolished in 1984 by Margaret Thatcher. See *Clare Munro*, *The Fiscal Politics of Savings and Share Ownership in Britain, 1970–1980*, in: *The Historical Journal* 55, 2012, pp. 757–778, here: p. 758.

99 *J. Enoch Powell*, *Saving in a Free Society*, London 1960; *Richard Kellett*, *Ordinary Shares for Ordinary Savers*, London 1962.

100 *Edward Du Cann*, *Investing Simplified*. A Guide to Unit Trust, Investment Clubs and Other Sharepurchase Schemes, London 1959, pp. 9f.

101 *George Copeman*, *The Challenge of Employee Shareholding*. How to Close the Gap between Capital and Labour, London 1958, p. 4: ›For some time it has been increasingly clear in western countries that an important step in the initial task of staying the tide of collectivism is to broaden the base of capitalism, make it a truly people’s capitalism‹.

102 Owning capital. Proposals of a study group formed by the Political Council of the Junior Carlton Club, London 1963, p. 5. In an obituary, the ›Daily Telegraph‹ denoted Clark as ›man who understood high finance‹ and ›an early advocate of council house sales and wider share ownership‹. *Daily Telegraph*, 7.10.2004.

103 *Patrick Sergeant*, *Budget Should Help Share-Buyers*, in: *Daily Mail*, 23.2.1960: ›Conservatives stand for larger private savings and share ownership. The wider these habits spread, the better for our economy, and the less chance have the Socialists with their dreary policies of public ownership‹.

However, the Conservatives remained reluctant on the issue down to 1964 and neither did Edward Heath take any initiatives after his 1970 victory. Labour, in the meantime, was even less likely to pursue the issue under Harold Wilson (1964–1970, 1974–1976) and James Callaghan (1976–1979), although the idea appealed to some »Revisionists« on the party right.¹⁰⁴ Whiting argues that there was a lack of working-class demand for shares, as equity would not protect its holders from, but actually expose them to the inherent risks of financial capitalism. There were, however, also flaws on the supply side, caused particularly in the conservative attitude of the Stock Exchange. Its Council stubbornly upheld the fixed commission system, which made it unattractive for stockbrokers to process dealings of smaller clients. Furthermore, the majority of Council members refused to lift the ban on stockbrokers to advertise, arguing that this »could all too easily attract the wrong type of client, the outright small speculator«.¹⁰⁵ This structural conservatism impeded the establishment of an American-style retail market for shares.¹⁰⁶ Apart from opening a Visitors' Gallery in 1953, the Stock Exchange hardly encouraged »popular capitalism«.¹⁰⁷ Hardly anyone in the City welcomed the unsolicited entry of ever more small investors into the stock market. In 1960, the Chairman of the Stock Exchange, Lord Ritchie of Dundee, was asked for his view on the investing newcomers. His reply encapsulates the financial establishment's continuously strict attitude towards »amateur« involvement: »Nothing could be better than a large number of small investors – but nothing worse than a large number of small speculators.«¹⁰⁸ In 1969, even the Conservative Research Department critiqued this approach as entirely counterproductive for creating a nation of shareholders:

»There is, however, in this country a great toffee-nosed tradition against the ›bucket shop‹, but I am sure that if we want to get what Ian Macleod [then Conservative Shadow Chancellor] calls a ›capital-owning democracy‹ we must make share purchasing becomes something less of a solemn mystery understood only by top people.«¹⁰⁹

In one way, the City did see a business opportunity behind the post-war growth in popular investment. The mid-1950s saw a massive boost in the unit trust industry, the origin of which dates back to the 1930s. Unit trusts are mediated investment vehicles that pool their clients' small amounts of capital and re-invest them in a wide array of securities for a premium, allowing smaller investors, who normally could not afford to maintain a diversified share portfolio, to spread their risk. Hence, unit trusts were advertised as a vehicle *enabling* the ›small man‹ to enjoy the benefits of equity investment.¹¹⁰ Yet the idea of this investment vehicle was fundamentally paternalistic. In 1955, the unit trust pioneer Ian Fairbairn acknowledged these companies were founded and promoted because »most responsible and well-informed people in the City were on principle against equity invest-

104 Ben Jackson, Revisionism Reconsidered. ›Property-owning Democracy‹ and Egalitarian Strategy in Post-War Britain, in: Twentieth Century British History 16, 2005, pp. 416–440; Whiting, The City and Democratic Capitalism, p. 101; Edwards, ›Manufacturing Capitalists‹, p. 105.

105 The Stock Exchange Grapples with a Social Revolution, in: The Times, 24.10.1960.

106 On commissions see Michie, The London Stock Exchange, pp. 442–445; on the advertising ban *ibid.*, pp. 432f.; Kynaston, A Club No More, p. 158.

107 As David Kynaston notes, the Gallery became »a magnet over the years for amateur sociologists and anthropologists, *ibid.*, p. 157. See for example Paul Ferris' 1960 field study of the City and the Stock Exchange by Paul Ferris, The City, London 1960. By 1960, it counted 500,000 visitors all in all, meaning an average of 200 per day.

108 Helping the Small Investor, in: The Sunday Times, 28.2.1960, p. 7.

109 Richard Whiting, The City and Democratic Capitalism, in: Michie/Williamson, The British Government and the City of London in the Twentieth Century, pp. 96–114, here: p. 104.

110 Michie, The London Stock Exchange, pp. 178f.

ment for any but those experienced enough to look after themselves«. ¹¹¹ Fairbairn's colleague, and from 1956 Conservative MP for Taunton, Edward du Cann, manager of the Unicorn unit trust, advertised this device in a similar fashion when he claimed that »[t]he swift, ever-changing market-place of stocks and shares is no place for the amateur or do-it-yourself investor«. ¹¹² Therefore, from a high finance perspective, unit trusts had the double benefit of channelling the disposable incomes of the newly affluent into equity while at the same time keeping them and their supposedly irresponsible investment behaviour at bay.

The case of the unit trust also reveals an interesting tension within the wider share ownership movement. Staunch libertarians like Enoch Powell, for example, remained suspicious of this indirect form of investment as they saw the educative function of share ownership to be lost in the unit trust: »The investor is not brought into touch as a shareholder with the fortunes or management of firms; and he has no concern with or knowledge of the problems and prospects of the businesses or industries whose securities underlie the units.« ¹¹³ Yet, the growth of the unit trust movement illustrates a larger trend of financial institutions acquiring an ever more dominant position in Britain's securities markets. In the late 1940s, some pension funds and insurance companies began to shift their clients' savings from gilt-edged securities to equities as a hedge against inflation – a development that took off in the 1950s and which contemporaries described as the »cult of the equity«. ¹¹⁴ The rise of the institutional investor meant the relative decline of his private counterpart. Absolute shareholder numbers remained steady at approximately 2.5 to 3 million as 1966 numbers show. ¹¹⁵ By 1963, however, the market value of their holdings had declined to 51% – from 61.8% in 1957. ¹¹⁶

This meant that indirectly ever more people's economic fate became affected by the performance of the stock market. Systematically, however, the actions of private investors, small and large, became less and less relevant for the market. As the ordinary investor's economic impact became less significant, the non-economic aspects of investment increasingly came to the fore. A closer look at the flourishing advice culture strongly suggests that the stock market appealed widely as a source of excitement and entertainment. While the wider share ownership movement stressed the prudence and responsibility of financial securities, a more vernacular, less coercive and outspokenly playful language of the stock market emerged in the financial press and the steadily growing genre of advice literature. The former treated shares as a form of property. The latter acknowledged that shares were a tradeable object that could be turned into profit and that the timing of buying or selling according to market fluctuations could be a highly entertaining affair. Perhaps because the opportunity of gambling on stocks and shares in bucket shops was no longer available, more and more people discovered the »entertaining and spectacular surplus« ¹¹⁷ of the actual stock market.

It is difficult to determine the motivations and the investment behaviour of Britain's small shareholders empirically. Certainly, less affluent shareholders tended to look for

111 Unit Trusts – Past and Future I, in: *Investors' Chronicle*, 13.8.1955.

112 *Du Cann*, *Investing Simplified*, p. 8.

113 *Powell*, *Saving in a Free Society*, p. 106.

114 *Kynaston*, *A Club No More*, pp. 160–165; *Aled Davies*, *The City of London and British Social Democracy, c. 1959–1979*, Diss., Oxford 2014, pp. 25–51; *Ranald Michie*, *The City of London. Continuity and Change since 1850*, London 1991, p. 129.

115 London Stock Exchange, *How Does Britain Save?*

116 By 1970, this figure had gone down to 47.4. See *John Moyle*, *The Pattern of Ordinary Share Ownership 1957–1970*, Cambridge 1971, p. 8.

117 *Stäheli*, *Spectacular Speculation*, p. 29.

relative safety and gradual capital appreciation, while wealthy investors could afford to run higher risks by speculating on quick capital gains. The question, however, whether the average investor was a passive holder of shares or an active speculator is complicated by the fact that he or she could hold several shares for dividends but also deal in more speculative securities in one and the same portfolio. There is evidence that Britain's small investors were not as passive as many observers suggested. Surveys revealed that not dividends, but capital gains were the main financial motives of shareholders, the latter being the difference between the buying price and the selling price if stock value had increased.¹¹⁸ Furthermore, as Richard Whiting notes, »[o]ver a third of the respondents of the [1960] Gallup survey reported in the *News Chronicle* bought shares to take a gamble«.¹¹⁹

In line with this, a close reading of the flourishing advice literature on investment strongly suggests that the ludic character of stock market engagement appealed to a wider audience.¹²⁰ The increased ratio of risk and reward that went along with active trading could provide »the pleasure of knowing that you have played the game successfully«.¹²¹ Playing the stock market was presented as »a pleasant as well as a profitable hobby«¹²² providing an »exciting daily interest«.¹²³ No guide actively encouraged the investing public to engage in reckless gambling on the stock exchange. But it is important to note that post-war attitudes towards gambling had become more permissive, resulting in liberalising reforms under Macmillan in the late 1950s.¹²⁴ In the course of this development, reservations towards the stock market game also collapsed and share dealing was advertised in candid analogies: »There are no ›certainties‹ on the Stock Exchange any more than at a race meeting« held one author and praised »the uncertainty [as] one of the fascinations of investment«.¹²⁵ Accordingly, the line between investment and speculation could not be

118 Research Services Limited, *Savings and Attitudes to Share Owning*, p. 3.

119 Whiting, *The City and Democratic Capitalism*, p. 105.

120 Surely, this type of source bears the problem that we cannot deduce its audience's attitudes or actions from its content. However, the sheer quantity of this kind of literature and the fact that many guides reached several editions testifies of their wide circulation and their ›throw‹. Here I follow Peter Mandler, who urged cultural historians to »evaluate not only the meanings of a text but also its relations to other texts, its significance in wider discursive fields, its ›throw‹, its dissemination and influence; that is, the conditions not only of its production but also of its distribution and reception.« Peter Mandler, *The Problem with Cultural History*, in: *Cultural and Social History* 1, 2004, pp. 94–117, here: p. 96.

121 *Thrower*, *How to Invest for Profit in Stocks and Shares*, p. 7.

122 *Investors Chronicle*, *Beginners, Please*, London 1960, p. ix.

123 Barry H. Barrada, *How to Succeed as an Investor*, London 1966, p. 17. Investment was often referred to as a hobby: »To learn the investment trade takes a little time and a little trouble, but it can become one of the most fascinating hobbies in the world for the retired man or woman or, in fact, for anyone who wishes their money to work for them.« Westropp, *Invest £100*, p. 9.

124 Mark Jarvis, *Conservative Governments, Morality and Social Change in Affluent Britain, 1957–64*, Manchester/New York 2005, pp. 66–73.

125 Brian Whitehouse, *Investing Your Money*, London 1961, p. 64 and 41. The racing analogy was frequently made use of to explain the essence of investment and speculation: »A speculator has much in common with a man who backs horses – and no one expects to find a winner every time.« Charles Gifford/John Austin Stevens, *Making Money on the Stock Exchange. A Beginner's Guide to Investment Policy*, London 1960, p. 222; »Anyone who resents the fact that others make money by investment in stocks and shares is dishonest with himself, because he is as likely as anyone else to enjoy personal gain, and it is as easy for him to set about getting it by means of sound investment as it is for him to do so by means of football pools, horse racing and so on. The fundamental difference is that sound investment is safer and in the long run infinitely more profitable.« John Patrick Warren, *Pounds, Shillings and Sense. A Guide for the New Investor*, London 1959, p. 6.

drawn as clearly as the political rhetoric suggested: »An investment which looks safe is often most dangerous, and conversely that which may appear a wild gamble can turn into an almost gilt-edged stock.«¹²⁶

As British post-war society embraced individualism and became less inclined to adhere to traditional social hierarchies or paternalism¹²⁷, moral anxieties about investment and speculation were cast off alongside. From a financial perspective, investment held the prospect of higher returns on disposable incomes at times of inflation. Politically and socially it could be a middle-class statement against socialism, »an assurance of independence at a later stage in life, an independence from too many hand-outs from the State«.¹²⁸ At the same time, playing the stock market became a popular hobby for those who could afford it, and tacitly it became socially acceptable to enjoy the occasional flutter in stocks and shares. Increasingly, only the Labour Party saw a moral problem in this. In a seminal House of Commons debate on wider share ownership, Maurice Edelman, Labour MP for Coventry, condemned »the very lucrative encouragement which is given to the ordinary man in the street to take part in the gamble for quick wealth through speculation«. He conjured up the »emergence of the ›gamblers' State‹ as a successor to the Welfare State« and saw »two Nations in Britain – that which creates wealth and that which seeks to speculate in the product of that labour«. ¹²⁹ Not even religious fervour was noticeable in the post-war debates over the stock market as it had been the case between the Wars. Instead, investment even seemed to be compatible with Protestant morality as stock market expert Gordon Cummings reminded his readers: »Then, as the parable of the forty talents so forcefully reminds us, money hidden away is sterile. It earns nothing for its owner; it does no useful work.«¹³⁰

In spite of the deeply conservative and paternalist outlook of the Stock Exchange, the face of Britain's financial community and the social and cultural attitudes towards finance changed profoundly during the post-war era. The shifting gender balance was an important aspect of this story. Now women became more *visible* as actors in and of finance. Firstly, women gradually acquired positions in financial journalism, with Margot Naylor being the first British female financial journalist. She joined the renowned »Investors' Chronicle« in 1952, where she started her regular column »Investment Pathfinder« in 1960¹³¹, followed by spells at »The Observer«, »The Statist« and the »Daily Mail«. By

126 Westropp, *Invest £100*, p. 11. See also *P. J. Naish, The Complete Guide to Personal Investment*, London 1962, p. 18: »To some extent all dealings in money and investment contain an element of speculation«.

127 *Jon Lawrence, Class, »Affluence« and the Study of Everyday Life in Britain, c. 1930–1964*, in: *Cultural and Social History* 10, 2013, pp. 273–299; *id.*, »Paternalism, Class and the British Path to Modernity«, in: *Simon Gunn/James Vernon (eds.), The Peculiarities of Liberal Modernity in Imperial Britain*, Berkeley 2011, pp. 147–164.

128 *Jack Medomsley, Opportunities for the Small Investor*, Durham 1978, p. 8.

129 HC Deb vol. 625, c. 832, 24 June 1960. In a similar vein, the later Labour Prime Minister, Harold Wilson, frequently condemned the Stock Exchange as a casino: »Are we really to counter the Soviet industrial developments with an economic system the higher manifestations of which are the take-over bid and a Stock Exchange behaving like a casino run mad?« 28.10.1959, HC Deb, vol. 612, cc. 242–364.

130 *Gordon Cummings, The Complete Guide to Investment*, Harmondsworth 1963, p. 10. For this type of legitimization see also *Medomsley, Opportunities for the Small Investor*, p. 7: »The Stock Market is really one of the few places where the reader, if so disposed, can take literally and put into practice the exhortation in the parable of the talents. Go out and do something with your spare capital; do not dig a hole to put it in.«

131 *Investment Pathfinder*, in: *Investors' Chronicle*, 23.9.1960. On this occasion she earned the wrath of one of her female readers, when she suggested »that housewives should use their shopping experience to invest in those firms which make their favourite products.« Two weeks

securing an »acceptance in the masculine stronghold, the City of London«, she paved the way for fellow female journalists like Louise Botting of the »Daily Mail« or Margaret Dibben of »The Guardian«.¹³²

These careers were remarkable achievements considering that the City still largely recruited itself from a handful of all-male public schools and Oxbridge colleges, making it even more resistant to gender equality than other spheres of post-war British society.¹³³ It took the Stock Exchange until 1973 to grant membership to female applicants. A 1962 standard work on the »House« quotes a poem titled »Fair Shares« of a »poetically inclined member« that summed up the Exchange's stance on women membership: »We'll share with you gladly/our homes and our hearths/[...] Our pleasures, and treasures/THOUGH NEVER ›THE HOUSE««¹³⁴

Among the wider financial community, misogyny and sexist stereotypes were rampant.¹³⁵ A senior stockbroker shared his view on women investors with a female reporter of the *Investor's Guide*, a City supplement of the »Evening Standard«:

»Women as buyers of securities are too hysterical [...]. They don't study market conditions. If things are going up, they plunge in headlong and don't know what they're buying. The minute the price goes down they start screaming and want to sell. And that goes for about 95 pc of them. Women are the poorest managers of money.«¹³⁶

This attitude was still prevalent in 1978, when the preface of an investment guide assumed its readership to be male, since »ladies tend, perhaps because of their maternal and protective instincts, to avoid situations of more than average risk«.¹³⁷

How simply incorrect these views were can be shown by the example of investment clubs, several of which had female-only membership. In the late 1950s and early 1960s, privately organized investment clubs of hobby investors mushroomed across the country. In May 1959, the newly founded National Association of Investment Clubs (NAIC) presided over 70 registered clubs, together disposing over capital of about £50,000.¹³⁸ By September the following year, there were 400 investment clubs and the funds invested through them estimated at £600,000.¹³⁹ Pooling their members' money and investing it

later, Mrs Violet Gladwell from Cullompton, Devon, protested against this patronising advice: »As a regular, and very interested reader of the IC I feel that the articles addressed to women readers by Margot Naylor are an affront to their intelligence and bring a flavour of ›Peg's Paper« into a very informative and adult magazine. Most of my women friends [...] are keenly interested in the stock market, and are shrewd investors. Am I not correct in thinking that nearly 50 per cent. of investors in Ordinary shares are women? Why single them out for this infantile talk? I don't think such ›nit wits« as Margot Naylor appears to be talking to would ever have the common sense to read a paper like the IC, so the articles are a waste of precious space.« Letters to the Editor. »Investment Pathfinder«, in: *Investors' Chronicle*, 7.10.1960.

132 Quote from her obituary, Margot Naylor. An appreciation, in: *The Times*, 30.9.1972. See also Margot Naylor, in: *The Observer*, 24.9.1972.

133 The strong grip of Old Etonians on top positions in the Bank of England, the Stock Exchange and the leading merchant banks was particularly striking. See *Kynaston, A Club No More*, pp. 201, 332, 422 and 514.

134 *Edward Victor Morgan/William Arthur Thomas, The Stock Exchange. Its History and Functions*, London 1962, p. 259.

135 See *Kynaston, A Club No More*, pp. 148–150 and 419–420 among countless incidences.

136 *Doreen Chaundy, Woman's Angle. Dictum Meum Pactum*, in: *The Investor's Guide 2*, 1960, p. 11.

137 *Medomsley, Opportunities for the Small Investor*, p. 7.

138 *Growing Number of Investment Clubs*, in: *The Times*, 5.5.1959.

139 *Clubs for Small Capitalists*, in: *The Times*, 5.9.1960; *Investment Club X-Ray*, in: *Investors' Chronicle*, 4.11.1960; *Kellett, Ordinary Shares for Ordinary Savers*, p. 25.

collectively, investment clubs essentially worked by the same logic as unit trusts. The difference of this non-institutional equivalent was that members could socially interact, devise common strategies and engage more actively with the intricacies of the stock market by deciding over the club's portfolio democratically. Direct involvement, whether individually or collectively, was furthermore celebrated as a more stirring experience than institutional investment: »Investing through the medium of a management company takes the thrill out of backing one's own judgment against that of the market and, although it minimises likely losses, investing in this indirect way also minimises the gains that can be expected from a successful investment policy.«¹⁴⁰

By 1964, the even NAIC published a monthly newsletter, the »Stockholder«, which kept members up to speed about investment opportunities, social events and served as a discussion forum for all kinds of questions surrounding the stock market.¹⁴¹ Curiously, the National Association's annual meeting brought regular embarrassment to all-male clubs as they were repeatedly »soundly beaten by the women in a test of investing skill«. ¹⁴² For the »interesting fact that on average all-female clubs outperform their all-male opposites«¹⁴³ two reasons were given: women's »chariness of anything that might be considered speculation« and their choice of investments in »companies they are familiar with from shopping«. ¹⁴⁴

The share fever of the 1950s and 1960s began to ebb away in the 1970s. The continuing dominance of financial institutions, the global bear market following the collapse of the Bretton Woods system in 1973 and Britain's generally deteriorating economic condition, made the 1970s a bleak decade for Britain's investing public. But although the small investor was pushed to the margins by rapidly expanding pension funds and life insurance companies, there remained a lively investment culture in form of both individual and collective participation, in any way outside of financial institutions. Certainly these investment clubs and private investors, whether affluent or less well off, were out for a profit or a higher than average return on their savings, particularly at times of inflation. However, it was about more than that. Private investment provided entertainment and excitement, not because dealing in stocks and shares necessarily *was* gambling, but because it promised similar thrills of risk and reward than betting on horses, football or dog races.

IV. CONCLUSION: THATCHERISM – POPULAR CAPITALISM?

Thatcher's three governments between 1979 and 1990 are widely famed – or disdained – for their wide-ranging privatisation programme that saw nationalised industries sold in heavily advertised give-away flotations.¹⁴⁵ As a way of concluding on the issue of private

140 *Russell Taylor*, *Investment*, London 1963, p. 55. See also *Gifford/Stevens*, *Making Money on the Stock Exchange*, p. 180: »I must admit they [unit trusts] don't sound very exciting. Why does anybody buy them?«

141 In 1970, the newsletter was renamed »The Shareholder and New Investor«.

142 Congenial Talk about Money. Investment Clubs in Conference, in: *The Times*, 26.9.1960.

143 Female Clubs in the Lead, in: *The Times*, 5.9.1967.

144 In the Money. Investment Clubs, in: *The Times*, 9.7.1962. These explanations may sound patronizing. Behavioural economists, however, would argue that a strategy of passive shareholding while focussing on stocks of companies one is acquainted with is the best investment strategy, *Brad M. Barber/Terrance Odean*, *Trading Is Hazardous to Your Wealth. The Common Stock Investment Performance of Individual Investors*, in: *The Journal of Finance* 55, 2000, pp. 773–806.

145 See Sina Fabian's contribution in this volume and my recent article: *Kieran Heinemann*, *Aktien für alle? Kleinanleger und die Börse in der Ära Thatcher*, in: *VfZ* 64, 2016, pp. 637–663.

investment, it is worthwhile to pick up on how the competing notions of share ownership that structured the interest of this article played out in the Thatcher years.

Thatcher revived and exaggerated Noel Skelton's rhetoric of a property- and share-owning democracy. Like the Scottish Unionist, she framed wider share ownership primarily as a social policy intended for fostering responsibility and economic enfranchisement. Thatcher furthermore linked these terms to her vision of reinvigorating ›Victorian values‹ of thrift, hard work and honest money, the alleged demise of which she and many of her allies had identified as the root-cause of Britain's supposed moral and economic decline.¹⁴⁶ Her 1985 speech to Conservative trade unionists gives an impression of the moral diligence of privatisation beyond its aim of »rolling back the frontiers of the state«:

»But there is another purpose behind privatisation: Wider share ownership. It should be as natural for people to own shares as to own their home or to own a car. [...] All of this helps to build a more robust and more responsible society. The strength of our policies is that they are founded on the basic instincts of our people. An instinct: for ownership, for thrift, for honest work, for fair rewards, and for helping others.«¹⁴⁷

One side effect of privatisation was that it brought down the City's conservative attitude towards small investors. In a 1992 speech, the leading Thatcherite, John Moore, noted how the government's plans to spread share ownership by floating British Telecom on the Stock Exchange in 1984, when Moore was Financial Secretary to the Treasury, were perceived by »a senior City figure«: »But John«, he said in a shocked voice, »we don't want all those kind of people owning shares, do we?«¹⁴⁸ By the end of the decade, however, privatisation had proven a hugely successful business for British investment banks like »Kleinwort Benson« and »N. M. Rothschild«. Furthermore, even the spectacular growth of shareholder numbers did not turn back the tide of institutional dominance, meaning that the private investor's investment decisions hardly influenced the market anymore.¹⁴⁹

In many ways, however, Thatcher's privatisations were not an incentive to invest on the long-term, but to speculate on the short-term. The government deliberately undervalued the issue price of each initial public offering, which was at odds with »neoliberal« economics, but allowed ministers to orchestrate the oversubscribed flotations of nationalised industries as a political success of free-market capitalism.¹⁵⁰ Due to the sales of state assets like British Telecom, Airways, Gas etc. the number of individual shareholders in Britain reached 11 million in 1990.¹⁵¹ However, it was widely known that the issues were undervalued. Many did not apply to hold the shares on a long-term basis, but merely to

146 Take, for example, Thatcher's closest ally, Keith Joseph, arguing in 1974 that Britain needed to »re-moralise [its] national life«: »If we cannot restore the family and civilised values to health, our nation can be utterly ruined, whatever economic policies we might try to follow, for economics is deeply shaped by values, by the attitude towards work, thrift, ethics, public spirit.« *Matthew Grimley*, *Thatcherism, Morality and Religion*, in: *Jackson/Saunders*, *Making Thatcher's Britain*, pp. 78–94, here: p. 82.

147 Speech to Conservative Trade Unionists Conference, 30 November 1985, Margaret Thatcher Foundation website, URL: <<http://www.margaretthatcher.org/document/106185>> [7.11.2016].

148 *John Moore*, *Privatization Everywhere. The World's Adoption of the British Experience*, London 1992, p. 27. The passage is also mentioned in *Francis*, *A Crusade to Enfranchise the Many*, p. 292.

149 By 1989, the market value of small shareholdings had declined to 20%. Office for National Statistics, *Share Ownership. A Report on the Ownership of Shares at 31st December 1997*, London 1997, p. 8.

150 *John Vickers/George Yarrow*, *Privatization. An Economic Analysis*, Cambridge 1988, pp. 171–194.

151 *A Nation of Shareholders. Report of the CBI Wider Share Ownership Task Force*, London 1990. This boost in absolute numbers did not turn back the tide of institutional dominance.

»stag« the issue. The »stag« is a speculator who targets new issues by subscribing for as many shares as possible without having an interest in the underlying company. Knowing that an artificially low issue is bound to go up, stags merely aim to re-sell allotted shares swiftly and cash in an easy profit.¹⁵² Each privatisation showed the similar pattern of being »staged« on a large scale.¹⁵³ »The Sunday Times'« City editor, Graham Searjeant, polemicalised that the term »small investor became a euphemism for thousands of ordinary newspaper readers who can spot a no-loss speculation«.¹⁵⁴ The critique of privatisation by a liberal newspaper that was otherwise ardently Thatcherite is highly revelatory for perceived developments in the investing public leading up to »popular capitalism«:

»Genuine mass participation would require a much more imaginative approach. Today's residual active small shareholders are, by and large, not pink-nosed rabbits inhabiting a vanishing habitat and waiting for kindly ministers to set up financial nature reserves. They survived in a hostile environment by natural selection, by learning to be more like speculators.«¹⁵⁵

Elsewhere, the state-funded business of »staging« was promoted in an entirely unabashed manner. The »Daily Mail«, for example, urged its readers to cash in on »a quick, easy profit in early trading«.¹⁵⁶ The paper's City editor, Michael Walters, who authored several popular stock market manuals during the 1980s, promoted a fairly simple view on privatisation issues: »What matters is the chance of quick, fat profits. [...] Never mind the industrial strategy; enjoy the thrill of a soaring share price.«¹⁵⁷

However, this attitude not only lays bare an individualistic mentality of self-enrichment characteristic of the Thatcher era. This mentality is deeply embedded in the emergence of »short-termism« that saw financial behaviour become ever more myopic in the 1980s. As the average holding period on the London Stock Exchange dramatically declined, securities were less and less seen as an ownership form in the sense that Ellis Powell, Noel Skelton, Hargreaves Parkinson or Thatcher had all championed. One classic investment guide of the 1980s could not that defied the concept of a property-owning democracy more openly when he pinned down the *Zeitgeist* of the 1980s: »Firstly, we must only treat company shares as pieces of paper, and form no other relationship with them other than that they are a means of making a profit.«¹⁵⁸

In the realm of private share ownership, the great transformation of the 1980s is not the creation of a »genuinely popular capitalism«¹⁵⁹, which the former Prime Minister, David

152 J. T. Stafford, *The Share-Owner's Guide. How to Invest Profitably and Safely in Shares*, Cambridge 1987, p. 75: »New issues of shares have always been popular with some investors, especially because of their scope for making a quick profit – called ›staging‹. But the Government's most recent privatisation issues have elevated staging to something of a national sport. It seems well nigh impossible to make a loss on the privatisations – whether you're a stag or a long-term investor – but this is not the case with all issues of new shares«.

153 »The number of shareholders in British Aerospace fell from 158,000 initially to 27,000, Cable & Wireless from 150,000 to 27,000 and Amersham International from 63,000 to 10,000 in the months following flotation.« David Parker, *The Official History of Privatisation*, vol. 1: *The Formative Years 1970–1987*, London 2009, pp. 160f.

154 Graham Searjeant, *The Joys of Making a Quick Profit*, in: *The Sunday Times*, 21.2.1982.

155 Graham Searjeant, *The Wit to Woo Small Investors*, in: *The Sunday Times*, 2.5.1982, p. 53.

156 Michael Walters, *Time for Sid to Turn on to Gas*, in: *Daily Mail*, 28.11.1986, p. 41.

157 Michael Walters, *How to Make a Killing in the Share Jungle*, London 1987, p. 72. See also *id.*, *How to Make a Killing in Penny Shares*, London 1987; *id.*, *How to Make a Killing in New Issues*, London 1988.

158 Brian J. Millard, *Stocks and Shares Simplified. A Guide for the Smaller Investor*, Chichester/New York 1989, p. 71. Previous editions were published in 1981 and 1986.

159 David Cameron, 19 January 2012. Full speech at URL: <<http://www.businesszone.co.uk/deep-dive/future/david-cameron-calls-for-popular-capitalism-the-full-speech>> [7.11.2016].

Cameron, singled out as the main achievement of Margaret Thatcher's administration. Instead, this decade saw former taboos around profiteering, speculating and personal enrichment collapse and saw investment becoming increasingly unhinged from social and economic contexts.