

Who Owns Industrial America

Around the world, Soviet "agitators"—the evangelists of Communism—harp on the theme that U.S. capitalism is the avowed archenemy of the people. In America, says the agitators' key handbook, all corporations are "in the power of a small handful of billionaires—the Morgans, Rockefellers, du Ponts, Mellons—the '60 families' of contemporary slave owners . . ."

Like so much of the Red gospel, this is not only hokum, but badly outdated hokum. In this week's SPOTLIGHT ON BUSINESS, Associate Editor John A. Conway focuses on the millions of men and women who are now the true owners of American business.

A New York City bootblack checked the stock-market listings last week with a warm glow of satisfaction. His precious stacks of quarters (all invested in IBM common) had grown over the years to \$80,000. A Park Avenue maid went about her work secure in the knowledge that the \$4,000 she had salted away since early World War II in such stocks as Cities Service, Union Carbide, and Sperry Rand was worth a tidy \$40,000.

In brokers' offices from Boston's Milk Street to San Francisco's Montgomery Street, the telephones jangled as steadily as the quote boards clicked. In Atlanta, a housewife called up to find out how her General Motors was doing (it was doing just fine). In Salt Lake City, with everyone from street cleaners to schoolteachers in the market, Utah's oldest brokerage house, J.A. Hogle & Co., had been forced to double its staff and floor space. Things were humming so in Texas that E.O. Cartwright, resident partner in the Dallas office of Merrill Lynch, Pierce, Fenner & Beane, was planning a new series of lectures on the ABC's of investing. He gave some last fall that drew crowds of 1,200 a night.

Ready-Made Buyers: The market for stocks was so broad that giant American Telephone and Telegraph, planning the biggest stock issue in history, figured that it would not even have to leave its own back yard to find buyers. President Cleo F. Craig seemed confident last week that he would have no trouble in selling the 5,750,000 shares (worth \$575 million) to his own stockholders—and Wall Street agreed with him. Yet AT&T's ownership list is no roll call of moguls. The company figures that the average holding among its 1,418,000 stockholders is only 38 shares; the most popular figure is ten.

It was plain to see that no "60 families" or "handful of

billionaires" controlled America's industrial resources. In the process of building a \$400 billion economy what had emerged in the U.S. was a new economic system in which millions of men and women share the ownership of America's vast industrial resources. This week, New York Stock Exchange president Keith Funston presented a full-scale progress report on the new economic order that might be called "everybody's capitalism." Funston's 1956 "Census of Shareowners," the first head count of the nation's stockholders since 1952, showed that in four years the number of stockholders had jumped by a thumping 33 per cent. The new total: 8,630,000. Among them, these

fortunate people have an interest in some 4,600 companies worth an estimated \$350 billion.*

The investor sketched in the 32 pages of Funston's new report adds up to something far different from the bloated capitalist with the \$2 cigar who is the Soviet caricaturist's favorite target. The true vital statistics▶

▶Two-thirds of the adult Americans owning stock earn less than \$7,500 a year and half of them are in households with incomes between \$3,000 and \$7,500. Almost a million shareowners are in the under-\$3,000 income bracket, a 50 per cent increase for this group since 1952.

▶Stockholders are getting younger. The average age is 48 vs. 51 in the 1952 census. And the median age for the 2,140,000 names added to the brokerage rosters in the past four years is only 35.

▶For the first time, the ladies are solidly in the majority—51.6 per cent of the total—and housewives (34 per cent) are the biggest single group of investors. Men, however, still carry the bigger portfolios.

▶The market is moving into the grass roots. The average owner today lives in a

town of about 25,000 and the greatest rise in owners since 1952—125 per cent—was clocked in communities of from 2,500 to 25,000. New York's share of stock transactions is steadily decreasing.

▶One in twelve adults now owns some stock (four years ago it was one in sixteen). The greatest concentrations are in New York (1,699,000 stockholders), California (1,011,000), and Illinois (732,000).

The stockholder army obviously was mighty in numbers. But how was its morale?

The report on that was written in ticker tape. The market took a pasting last September—Dow Jones industrials off 23 points—following President Eisenhower's heart attack. After steadily winning back the lost ground, it took another brief drubbing when the President went under the knife following his ileitis attack. Last Friday, however, the Dow Jones industrial index hit 514, only seven points below the all-time high set last April. De-

*These figures tell much but not all of the story of everybody's capitalism. Some 1.4 million Americans own shares solely in privately held companies—and 100 million are indirect owners through savings in life insurance, pension funds, mutual savings banks, and other institutions that invest in equities.

8.6 MILLION = \$350 BILLION

How many stockholders in publicly-owned companies?

8.6 million

How rich is the average investor?

Income under \$7,500 a year

How old is the average investor?

About 48

Where does he live?

In a city of 25,000

How many women own stock?

Some 4.5 million—almost 52%

What is the biggest single group of investors?

Housewives—34.2%

What are the investments worth?

Some \$350 billion