

# 'Manufacturing Capitalists': The Wider Share Ownership Council and the Problem of 'Popular Capitalism', 1958–92

Edwards, Amy

DOI:  
[10.1093/tcbh/hwv041](https://doi.org/10.1093/tcbh/hwv041)

License:  
Creative Commons: Attribution (CC BY)

*Document Version*  
Publisher's PDF, also known as Version of record

*Citation for published version (Harvard):*  
Edwards, A 2016, 'Manufacturing Capitalists': The Wider Share Ownership Council and the Problem of 'Popular Capitalism', 1958–92', *Twentieth Century British History*, vol. 27, no. 1, pp. 100-123.  
<https://doi.org/10.1093/tcbh/hwv041>

[Link to publication on Research at Birmingham portal](#)

## General rights

Unless a licence is specified above, all rights (including copyright and moral rights) in this document are retained by the authors and/or the copyright holders. The express permission of the copyright holder must be obtained for any use of this material other than for purposes permitted by law.

- Users may freely distribute the URL that is used to identify this publication.
- Users may download and/or print one copy of the publication from the University of Birmingham research portal for the purpose of private study or non-commercial research.
- User may use extracts from the document in line with the concept of 'fair dealing' under the Copyright, Designs and Patents Act 1988 (?)
- Users may not further distribute the material nor use it for the purposes of commercial gain.

Where a licence is displayed above, please note the terms and conditions of the licence govern your use of this document.

When citing, please reference the published version.

## Take down policy

While the University of Birmingham exercises care and attention in making items available there are rare occasions when an item has been uploaded in error or has been deemed to be commercially or otherwise sensitive.

If you believe that this is the case for this document, please contact [UBIRA@lists.bham.ac.uk](mailto:UBIRA@lists.bham.ac.uk) providing details and we will remove access to the work immediately and investigate.

Amy Edwards\* *University of Birmingham*

.....

# ‘Manufacturing Capitalists’: The Wider Share Ownership Council and the Problem of ‘Popular Capitalism’, 1958–92

## *Abstract*

Popular capitalism has been widely recognized by contemporaries and historians alike as an integral part of Thatcherism. The growth of the number of private shareholders was a defining feature of the 1980s, one undoubtedly facilitated by successive Conservative government policies such as privatization and deregulation. However, historians have yet to fully explore the underlying drives and mechanisms of Thatcherism in the realm of popular share ownership. This article takes a small pressure group, the Wider Share Ownership Council (WSOC), as a case study to demonstrate that Thatcherism entailed a set of institutional reforms which favoured certain interests in the City, at the expense of the individual consumer. The WSOC’s ideology was based on an ardent belief that wider share ownership was the best way to create a nation of well-informed capitalists, enfranchised in the economic life of the country and supportive of a free-market system. However, loyalty to this agenda eventually served to alienate it from the project of Thatcherism and certain financial institutions by the end of the 1980s. Although relatively small, the Council calls into question current narratives of the 1980s. Its alternative vision of wider share ownership demonstrates the institutionally constructed nature of popular capitalism as a vehicle for individual share ownership. Its institutional narrative also has implications for how historians perceive consumer society in the 1980s. It suggests that the consumer of financial services became increasingly inhibited by the range of products on offer by a small but dominant group of financial conglomerates.

\*axe885@bham.ac.uk I am indebted to many friends and colleagues for their time and helpful advice, in particular, Matthew Hilton, Gavin Schaffer, Matthew Francis, Chris Moores and James Vernon. I am also thankful to the anonymous referees from *Twentieth Century British History* for their generous comments on previous drafts of this article. This work was supported by the Economic and Social Research Council [grant number ES/J50001X/1].

It is possible that when historians look back at social change in the late twentieth century, they will identify this widening and increasingly popular basis of ownership or wealth-creating assets as one of the most significant developments of the era.

The Wider Share Ownership Council, Report on Future Policy (November 1987)<sup>1</sup>

Popular capitalism has been widely recognized by contemporaries and historians alike as an integral part of Thatcherism.<sup>2</sup> The growth of the number of private shareholders was a defining feature of the 1980s, one undoubtedly facilitated by successive Conservative Party policies such as privatization and deregulation. However, historians have yet to fully explore the underlying drives and mechanisms of Thatcherism in the realm of popular share ownership.

This article takes a small pressure group, the Wider Share Ownership Council (WSOC), as a case study to demonstrate that for the private investor the 1980s were characterized by the defence of financial capitalism, as opposed to the advancement of consumer capitalism.<sup>3</sup> The apparent growth in individual investors was matched by an even more marked movement of equities into institutional hands with the result that the revolution in the financial services market did not produce free market conditions in which the 'consumer is ultimately "king"'.<sup>4</sup> Instead consumer choice in this domain was limited by the institutional concerns of banks, pension funds, life assurance firms, unit trusts, and so forth.

As Neil Rollings suggests, there is a great deal of consensus regarding the 'basic framework' of the development of neoliberalism, which has largely been characterized as the rise of the right.<sup>5</sup> Histories

<sup>1</sup> Material from the London School of Economics Library, London, Wider Share Ownership Council Collection (hereafter, LSE, WSOC) is uncatalogued. As much detail as possible is given but there are no available reference numbers. LSE, WSOC, Wider Share Ownership Council, Report on Future Policy (November 1987), 1.

<sup>2</sup> Thatcherism is used here as an analytical term to delineate the concurrence of a series of economic, ideological and political conditions in Britain during the late-twentieth century. The term should not be conflated with the Conservative Party and the New Right. Rather it should refer to a range of institutions and actors which contributed to the creation of an institutional structure geared towards the individualization of responsibility in private life.

<sup>3</sup> Here financial capitalism refers to the interests and control of large financial institutions (predominantly pension funds, insurance companies, unit trusts and large clearing and investment banks) over the UK equities market.

<sup>4</sup> Edward Gardener, Barry Howcroft and Jonathan Williams, 'The New Retail Banking Revolution', *The Services Industry Journal*, 19 (1999), 87.

<sup>5</sup> Neil Rollings, 'Cracks in the Post-War Keynesian Settlement? The Role of Organized Business in Britain in the Rise of Neoliberalism before Margaret Thatcher', *Twentieth Century British History*, 24 (2013), 638; Keith Tribe, 'Liberalism and Neoliberalism in Britain, 1930–80', in Philip Mirowski and Dieter Plehwe, eds, *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective* (London, 2009); David Harvey, *A Brief*

such as Daniel Stedman Jones' *Masters of the Universe* take academic and political groups as their focus and view neoliberalism either in the abstract, or as 'an intellectual and a political movement for concrete social and economic change'.<sup>6</sup> In the British case, the Conservative Party and think tanks such as the Institute of Economic Affairs (IEA) and the Centre for Policy Studies (CPS) have garnered most attention. Analyses focus on their roles as vehicles for neoliberal ideology, manifested in the policies and politics of Thatcherism.<sup>7</sup> Academics have thus tended to afford Thatcherism a certain ideological coherence, with many taking the rhetoric of the Conservative Party as starting point for investigation.<sup>8</sup>

Yet, as Robert Saunders indicates, Thatcherism was by no means a fully formulated ideology, especially during the 1970s when it tended to be explanatory rather than offering a definitive policy programme.<sup>9</sup> Dolowitz et al. also argue that in addition to New Right ideology, economic and political factors, and the position of powerful interests were key drivers of Thatcherism.<sup>10</sup> Restricting analyses of Thatcherism to the ideology and rhetoric of the Conservative Party thus carries a danger of excluding the activities and will of other institutions and actors. Yet, such groups frequently provided the mechanisms for Thatcherism, and in doing so, shaped the form that it took in practise. So whilst it is no great revelation to argue that the intentions and rhetorical promises of a political party do not always match reality as policies and ideologies encounter the real world, that does not mean that the evolution of popular capitalism at the hands of financial institutions is of no consequence. This article considers the impact of institutional struggle and competition over the individual investor on

*History of Neoliberalism* (Oxford, 2007); Dennis Kavanagh, *Thatcherism and British Politics: The End of Consensus?* (2nd edn, Oxford, 1990).

<sup>6</sup> Daniel Stedman Jones, *Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics* (Princeton, 2012), 331.

<sup>7</sup> Andrew Denham and Mark Garnett, "What Works? British Think Tanks and the 'End of Ideology'", *The Political Quarterly*, 77 (2006), 157–160; Andrew Denham and Mark Garnett, 'Influence without Responsibility? Think-Tanks in Britain', *Parliamentary Affairs*, 52 (1999), 48–53; Monica Prasad, *The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States* (Chicago, 2006), 154; Richard Cockett, *Thinking the Unthinkable: Think-Tanks and the Economic Counter-Revolution, 1931–1983* (London, 1994).

<sup>8</sup> E.H.H. Green, 'Thatcherism: an Historical Perspective', *Transactions of the Royal Historical Society*, Sixth Series, 9 (1999); Jim Tomlinson, 'Thrice Denied: 'Declinism' as a Recurrent Theme in British History in the Long Twentieth Century', *Twentieth Century British History*, 20 (2009), 235; Colin Hay, 'Chronicles of Death Foretold: The Winter of Discontent and Construction of the Crisis of British Keynesianism', *Parliamentary Affairs*, 63 (2000).

<sup>9</sup> Robert Saunders, "Crisis? What Crisis? Thatcherism and the Seventies", in Ben Jackson and Robert Saunders, eds, *Making Thatcher's Britain* (Cambridge, 2012), 26.

<sup>10</sup> David Dolowitz et al, 'Thatcherism and the 3 'Rs': Radicalism, Realism and Rhetoric in the Third Term of the Thatcher Government', *Parliamentary Affairs*, 49 (1996), 467, 469.

the trajectories of competing visions of popular capitalism, arguing that in this domain Thatcherism entailed a set of institutional reforms that favoured certain interests in the City.

Academics such as Kim Phillips-Fein, Ben Jackson, Neil Rollings and Matthew Hilton have demonstrated that accounts of the neoliberal 'counter-revolution' cannot ignore the role of the business community.<sup>11</sup> This is also true of the financial community. Links between neoliberalism and the finance industry have not been left unexplored by academics. There is a significant body of Foucauldian-inspired work that considers the relationship between individual investors and ideas such as popular capitalism, enterprise culture, risk and regulation.<sup>12</sup> This has much to tell us about how the language used by and applied to the financial services industry has served to transform individuals 'into particular kinds of consuming subjects'.<sup>13</sup> However, this body of work has less to say about those factors that allowed particular discourses to become dominant at the expense of others. By considering one failed institutionally backed trajectory of wider share ownership, located in the WSOC, it becomes clear that material factors were also at play.

Formed in 1958 as group intent on 'spread[ing] enlightenment about the processes of Saving and Investment' the WSOC held at its core a belief that wider share ownership was the best way to create a nation of well-informed capitalists, enfranchised in the economic life of the country. Its concern lay predominantly with employee share ownership as a means of encouraging industrial democracy and efficiency. Throughout the 1960s and 1970s, it became attuned to a series of debates within the Conservative Party concerning the potential for capital ownership to transform popular attitudes to the free-enterprise

<sup>11</sup> Kim Phillips-Fein, *Invisible Hands: the Making of the Conservative Movement from the New Deal to Reagan* (New York, 2009); Ben Jackson, 'The Think-Tank Archipelago: Thatcherism and Neo-liberalism', in Jackson and Saunders, eds, *Making Thatcher's Britain*; Rollings, 'Cracks in the Post-War Keynesian Settlement?'; Matthew Hilton, *Prosperity for all: Consumer Activism in an Era of Globalization* (New York, 2009).

<sup>12</sup> Damian Hodgson, *Discourse, Discipline and the Subject: A Foucauldian analysis of the UK financial services industry* (Hampshire, 2000); Christopher Grey, 'Suburban Subjects: Financial Services and the New Right', in David Knights and Tony Tinker, eds, *Financial Institutions and Social Transformations: International Studies of a Sector* (Hampshire, 1997); David Knights and Andrew Sturdy, 'Marketing the Soul: From the Ideology of Consumption to Consumer Subjectivity', in Knights and Tinker, eds, *Financial Institutions and Social Transformations*; David Knights, Andrew Sturdy and Glenn Morgan, 'The Consumer Rules? An Examination of the Rhetoric and "Reality" of Marketing in Financial Services', *European Journal of Marketing*, 28 (1994); François Ewald, 'Insurance and Risk', in Graham Burchell, Colin Gordon and Peter Miller, eds, *The Foucault Effect: Studies in Governmentality* (Chicago, 1991); Paul Langley, 'The Making of Investor Subjects in Anglo-American Pensions', *Environment and Planning D: Society and Space*, 24 (2006); Paul Heelas, 'Reforming the Self: Enterprise and the Characters of Thatcherism', in Russell Keat and Nicholas Abercrombie, eds, *Enterprise Culture* (London, 1991).

<sup>13</sup> Knights and Sturdy, 'Marketing the Soul', 159.

system.<sup>14</sup> However, loyalty to its wider share ownership agenda meant that the 1980s was marked by a waning coherence between the activities of the Council, the Party and the designs of large financial institutions.

The Council's institutional trajectory mirrors many of the changes being wrought by Thatcherism in the domain of personal finance more broadly. Clearing banks, pension funds and unit trust companies capitalized on political reform in order to gain a competitive edge in the provision of services to the private investor, inserting themselves at the very heart of capital acquisition. Individuals were encouraged to see capital as a form of asset management to be carried out through increasingly complex financial instruments. The Council and its competing model of popular investment, meanwhile, were marginalized. The result was that Thatcherism, seen as the outcome of this institutional struggle, failed to endow the individual with a meaningful role in a 'property-owning democracy'. For the Council, it meant dissolution in 1992.

The analysis that follows is split into three main sections, the first of which accounts for the Council's ideology and particularly its concern with employee share ownership. The second section explores the Council's activities competing for funds, influence and resources in the City, demonstrating the institutional struggle over the private investor that defined the course of wider share ownership in Britain. The final section of this article discusses the WSOC's disappointment in the failure of its goal to materialize and its growing concerns with consumer protection in the face of growing institutional investment at the expense of the individual investor. This reflected wider problems concerning the unequal distribution of financial competence and knowledge in society.<sup>15</sup>

Although relatively small, the WSOC calls into question current narratives of this period. Its alternative vision of wider share ownership and eventual alienation from Thatcherism and the financial service industry demonstrates the institutionally constructed nature of popular capitalism. It also uncovers alternative trajectories of popular capitalism and consumer empowerment in this period.

### **Manufacturing Capitalists: The Ideology of the WSOC**

From its founding in 1958, the WSOC saw its role largely in terms of educating the British public and British business in capital ownership,

<sup>14</sup> Matthew Francis, 'Not Too Many Capitalists but Too Few: The Conservative Party and the Property-Owning Democracy, 1945–70', paper presented to the School of History Modern Research Seminar (Leeds, 2013).

<sup>15</sup> Håkan Johansson and Bjørn Hvinden, 'Welfare Governance and the Remaking of Citizenship', in Janet Newman, ed., *Remaking Governance: Peoples, Politics and the Public Sphere* (Bristol, 2005), 109–10.

not merely to expand ownership, but in order to train the nation in the practices of capitalism. In a discussion paper entitled *The Crisis of Capitalism in Britain and Corporate Governance* it asserted that the best way to ensure the survival of the capitalist system and allow it to flourish was to 'manufacture' 'new capitalists', primarily through spreading capital ownership.<sup>16</sup> In particular, the Council's vision of wider share ownership was predicated on the creation of an informed, knowledgeable and active base of private share-owners with experience of direct ownership of capital.

This vision and the Council's formative years were heavily influenced by its founding members, a small group of city figures and politicians. Its ambitions consequently largely reflected elite and political attitudes towards wider share ownership in the mid-twentieth century. The political make-up of the Council was predominantly Conservative with notable members including Maurice Macmillan and Sir Toby Low.<sup>17</sup> Low was simultaneously a member of the Conservative Party's Policy Committee on Share Ownership which contained another WSOC member, Edward du Cann. He would go on to become Conservative Party Chairman in 1965 and his Unicorn Trust was instrumental in revitalizing the unit trust industry in the late 1950s. However, the existence of such strong links to the Conservatives should not produce an understanding of the WSOC as merely an off-shoot of the Party. It was formed on an all-party basis at Macmillan's behest and boasted a strong Liberal contingent.<sup>18</sup> These individuals provided an important moderation of what would otherwise have been, politically speaking, an almost-entirely Conservative organization, and it is necessary to acknowledge their input.

The number of Liberals in the WSOC's ranks should not come as any great surprise given liberalism's traditional concern with the sanctity of private property and individual liberty.<sup>19</sup> Stuart White has pointed to ongoing attempts by 'revolutionary liberals' to offer an alternative to both capitalism and socialism based on a 'liberty-promoting, dispersive

<sup>16</sup> LSE, WSOC, The Wider Share Ownership Council, *Discussion Paper: The Crisis of Capitalism in Britain and Corporate Governance* (undated, c.1975).

<sup>17</sup> Low was a co-author of the Conservative pamphlet, *Everyman a Capitalist* (Bodleian Library, Oxford, Conservative Party Archives (hereafter CPA), PUB 167/22, Conservative Political Centre, *Everyman a Capitalist: Some Proposals for the Small Saver in Industry*, 201 (April 1956)).

<sup>18</sup> Given that the WSOC consistently struggled to maintain Labour Party representation on its committee, the influence of the Liberal and Conservative Parties are undoubtedly of greater significance. Liberal Party members included M.P. Harry Ball-Wilson (who was Chairman of the Institute of Management Services and involved in the Trade Union movement), Lady Seear, Lord Falkland and Philip Goldenberg (a member of the CBI's London Regional Council between 1989 and 1995).

<sup>19</sup> Alan Ryan, *The Making of Modern Liberalism* (Princeton, 2012), 23–4.

approach to property'.<sup>20</sup> In this the Liberal Party drew on the work of WSOC founding member and Deputy Chairman, George Copeman,<sup>21</sup> who addressed the Liberal Summer School in 1958, and whose ideas were developed and popularized by another WSOC member and Liberal MP, Richard Wainwright.<sup>22</sup>

As Fair and Hutcheson discuss, the solidifying of a Conservative 'ideology' throughout the twentieth century came largely as a result of the inroads made by socialism (notably after election defeats in 1923 and 1929), and a fear that Conservatism was comparatively ideologically void. That the 'threat of socialism continued to govern the course of Conservative thought' is demonstrated by Baldwin's construction of an 'anti-Socialist' bloc in the inter-war years by appealing to floating voters who had Liberal sentimentalities.<sup>23</sup> As E.H.H. Green suggests, the Conservative electoral revival of the early 1950s also relied on a strategy of targeting (generally Liberal) floating voters.<sup>24</sup> The WSOC inherited these contemporary concerns. It understood socialism to be a realistic threat to capitalism and saw the potential for common ground to be found between Liberal and Conservative ideologies.

Although not entirely static, the Council's executive committee was fairly consistent throughout its life. The formative years of these members, who had largely been born at the beginning of the century, were thus significant. In particular, the WSOC's vision of share ownership betrayed an intellectual debt to the experiences of profit sharing in Britain during the early twentieth century. As Derek Matthews suggests, until the 1930s profit-sharing schemes were almost exclusively implemented as a means of reducing industrial tension.<sup>25</sup> Harvie Ramsay similarly argues that worker participation appears cyclically, rising in periods when management authority is perceived to be under threat.<sup>26</sup> Support for such an analysis can be found in government discussions concerning the potential of compulsory

<sup>20</sup> Stuart White, 'Revolutionary Liberalism? The Philosophy and Politics of Ownership in the Post-war Liberal Party', *British Politics*, 4 (2009), 165.

<sup>21</sup> Copeman completed his PhD at the London School of Economics on the relationship between the distribution of ownership and human freedom. He credited Hayek's *The Road to Serfdom* (1944) as an inspiration for the formation of the WSOC (LSE, WSOC, George Copeman, 'Introduction,' *An Illustrated History of the Wider Share Ownership Council, 1958-92: with special emphasis on the development of Employee Share Ownership* (unpublished), 1).

<sup>22</sup> White, 'Revolutionary liberalism?', 178.

<sup>23</sup> John D. Fair and John A. Hutcheson, Jr, 'British Conservatism in the Twentieth Century: An Emerging Ideological Tradition', *Albion: A Quarterly Journal Concerned with British Studies*, 19 (Winter, 1987), 559; Green, 'Thatcherism', 24.

<sup>24</sup> Fair and Hutcheson, *Albion*, 559; Green, 'Thatcherism', 24.

<sup>25</sup> Derek Matthews, 'The British Experience of Profit-Sharing', *The Economic History Review*, New Series, 42 (November 1989), 446.

<sup>26</sup> Harvie Ramsay, 'Cycles of Control: Worker Participation in Sociological and Historical Perspective', *Sociology*, 11 (1977).

profit-sharing, followed by a failed Tory campaign to gain tax assistance to profit-sharing in the 1920s.<sup>27</sup> It was in this period that Unionist MP Noel Skelton's original conception of a 'property-owning democracy' was borne. Skelton saw co-partnership and profit-sharing as a way to distribute property more widely, and consequently improve industrial relations as part of 'a Conservative response to the social and political challenges of the 1920s'.<sup>28</sup> It is no surprise, therefore, that the WSOC's president, Lord Shawcross, praised the role that such schemes could play in providing a mechanism for quelling worker discontent by 'Killing the "us" and "them" syndrome before it kills us'.<sup>29</sup>

Employee share schemes were a focus of the Council's wider share ownership agenda from its founding, forming one of the Council's two main divisions.<sup>30</sup> They were seen as the ideal way to introduce a simple yet structured access point to share ownership which could provide the necessary education in capitalism whilst also addressing problems of industrial tension. This concern drew from the example of employee stock ownership plans in America, with George Copeman citing their pioneer, Louis Kelso, as an inspiration.<sup>31</sup> Copeman asserted that employee share schemes encouraged efficiency in the workplace and discouraged unionization by giving employees a direct say in company matters. He understood employee share schemes as providing 'a stake in the business, not a change in control'.<sup>32</sup> As such, popular capitalism, according to the Council, could be achieved through such schemes in which, unlike 'traditional capitalism', 'the great bulk of employees . . . participate in both the income rewards and the capital rewards of success'.<sup>33</sup> As Andrew Pendleton suggests, employee share schemes developed on this basis encourage individual remuneration as opposed to any attempt to reform corporate governance.<sup>34</sup> It was expected that shares would be owned by individual employees, invested in the company's fortunes due to an individualistic concern with greater growth and profits. It is, perhaps, for this reason that the Council had little to say on the matter of co-operatives

<sup>27</sup> Matthews, 'The British Experience of Profit-Sharing', 442.

<sup>28</sup> Matthew Francis, 'A Crusade to Enfranchise the Many: Thatcherism and the Property-Owning Democracy', *Twentieth Century British History*, 23 (2011), 2.

<sup>29</sup> LSE, WSOC, Lord Shawcross, Appendix II, Chairman's Address, minutes of the 1979 WSOC Annual General Meeting (19 June 1979), 2.

<sup>30</sup> The second division, headed by Chairman Edgar Palamountain took the stock market and the plight of the individual investor as its focus.

<sup>31</sup> LSE, WSOC, George Copeman, 'Employee Share Scheme Development in Britain', in *Key Dates and Source Documents Relating to the Recent History of Employee Share Schemes* (unpublished), 2.

<sup>32</sup> LSE, WSOC, George Copeman, 'Profit Sharing in Perspective', *Personal Management* (January 1979).

<sup>33</sup> LSE, WSOC, George Copeman, 'The Chief Executive's Master Contract; for Staff Motivation and Reward' (working title) (unpublished, undated), 5.

<sup>34</sup> Andrew Pendleton, *Employee Ownership, Participation and Governance: A study of ESOPs in the UK* (London, 2001), 3.

or the mutual business model provided by the likes of John Lewis. The Council's intention was to protect, not undermine, a capitalist system and its vision was intended to undercut, rather than support the solidaristic vision of industrial democracy partly institutionalized in post-war corporatism.

The Council's belief in the importance of direct experiences of ownership was derived from a belief that ownership had the potential to transform the individual. In its 1960 launch publication—'The Growing Popularity of Share Ownership'—the Council predicted that instalment payment systems and tax concessions would encourage 'those who have no capital but... steady incomes to be shareholders and thus become full participants in the workings of a free industrial society'.<sup>35</sup> It was felt that the spread of employee shareholding would encourage 'a new and increased sense of personal responsibility' and so help employees 'to develop "the owner's eye"... [and] begin to think like owners'.<sup>36</sup> For the WSOC the widening of direct share ownership was not an end, but a means to an 'enlightened' capitalist society.

This understanding of share ownership as a transmutative experience seemed to provide common ground with Conservative Party thought on ownership, certainly as it was developing in the course of the 1950s and 1960s. As Matthew Francis suggests, during this period the Conservatives were engaged in a consistent search for policies which would broaden property ownership, particularly of industry. This, he argues, offers an insight into the Party's growing understanding that ownership of capital assets could be part of a transformative project to reshape popular attitudes to capitalism.<sup>37</sup> The Council would have been keenly aware of such debates, not least because of the role played in them by members such as Edward du Cann. Nonetheless, despite these mid-century intellectual explorations by the Party, there was a general lack of political will to carry them out as thinking on the property-owning democracy was dominated by home-ownership initiatives until the late 1970s.<sup>38</sup> Furthermore, there were many within the finance industry who remained uninterested in popular share ownership on the grounds that private investors presented an uneconomic prospect. Discussing the reception he received during the late 1950s to the idea of popularizing investment facilities with the 'man on the street', Edward du Cann described his assumption that City leaders would find the objective 'immediately attractive' as 'hopelessly wrong'.<sup>39</sup>

<sup>35</sup> Quoted in, 'Britain Needs Wider Share Ownership', *Financial Times* (23 February 1960).

<sup>36</sup> Quoted in, 'Help for Workers to Buy Shares: Case for Tax Concessions', *Birmingham Post* (23 February 1960).

<sup>37</sup> Francis, 'Not Too Many Capitalists, but Too Few'.

<sup>38</sup> Francis, 'Not Too Many Capitalists, but Too Few'.

<sup>39</sup> Edward Du Cann, *Two Lives: The Political and Business Careers of Edward Du Cann* (Worcester, 1995), 60–1.

Consequently, the Council spent much of the 1960s and early 1970s in the 'doldrums'.<sup>40</sup> It struggled to make any concrete progress in advancing greater tax concessions for investment practices or employee share schemes. If anything, moves towards wider share ownership suffered legislative set-backs, including the extension of capital gains tax to employee share option schemes by Heath's Conservative Government. However, with the arrival of Thatcher as leader of the Conservative Party in 1975, there seemed reason for optimism that Britain could become a nation of investors as the WSOC envisaged. The rhetoric of popular capitalism and Thatcherite presentations of the property owning democracy would have held a great deal of promise for the Council. So too would the emergence of the One Nation and the Bow Group. The Council's insistence 'that the establishment of a share owning democracy will necessitate a large increase in the availability of shares' was complemented by the challenge Conservatives such as Geoffrey Howe were mounting against the nationalizations of the Labour governments.<sup>41</sup> There is evidence that the Council even had some success in representing to the Party as part of the similarly named 'Wider Share Ownership Committee' set up by Keith Joseph in 1975 under the chairmanship of David Howell. The Liberals too played a part in encouraging the Council's optimism in this period, by pushing 'an unwilling [Labour] administration' into offering tax concessions for employee profit-sharing schemes under the 1978 Finance Act.<sup>42</sup>

The WSOC's willingness to work closely with the Conservatives under Thatcher is unsurprising. Several individuals on the Council demonstrated especially right wing sympathies. Edward du Cann had been a potential right-wing contender for the party leadership in 1975 before he declined to put himself forward for candidature, and several other members of the council would go on to become ardent Thatcherites. After abandoning early links with the Labour Party, having been Attorney General under Attlee, the WSOC's President, Lord Shawcross, moved to the right during his time on the Council, having resigned as a Labour MP in 1958. Although he joined the Social Democrat Party in 1983, Shawcross demonstrated an obvious sympathy towards the aims of Thatcher's governments, writing in his memoirs that 'The extortions and impositions by the trade unions not only blemished individual freedoms but helped to destroy British

<sup>40</sup> Copeman, 'Introduction', *An Illustrated History of the Wider Share Ownership Council*, 2.

<sup>41</sup> LSE, WSOC The Wider Share Ownership Council, *Discussion Paper: The Crisis of Capitalism in Britain and Corporate Governance* (undated); Stedman Jones, *Masters of the Universe*, 150.

<sup>42</sup> CPA, PUB 108/23, Nicholas Goodison, 'Shares for all: Steps Towards a Share-owning Democracy', Centre for Policy Studies, Templeton Lecture (London, 1986), 8.

competitiveness in world markets—a situation only recovered by Margaret Thatcher’s courage and legislation’.<sup>43</sup>

These points of overlap demonstrate the complex nature of Thatcherism in the financial domain, with different institutions at different times driving forward change. For a short period of time in the 1970s the WSOC acted as a source of support, although perhaps not a vehicle for Thatcherism. Nonetheless, the Council would ultimately find itself at odds with the more radical aspects of the Conservative Party’s economic revolution and the interests its reforms served. In particular the issue of direct and indirect capital ownership would become the main point of departure between the Council and the form that popular capitalism took in the hands of institutional purveyors of individual investment products.

The WSOC’s loyalty to this element of its ideology was evident in its reluctance to promote pension schemes and unit trusts as suitable forms of investment for first-time investors, despite links to both these industries. Unit trusts in particular were frequently advertised by financial institutions as the most suitable investment vehicle for novice investors.<sup>44</sup> They were a less risky prospect which required less knowledge due to the involvement of trust managers. However, they also represented form of financial intermediation, occupying the space between the individual and the direct ownership of capital. For the Council this was problematic, reflecting an underlying struggle between the economic interest and pragmatism of financial institutions on the one hand, and the WSOC’s idealistic vision of individual ownership on the other.

In pushing the issue of direct ownership, the WSOC required the public to become risk-assuming, active citizens, rather than risk-averse, passive consumers. However, the complexity of financial products and the high levels of risk associated with individual investment often made institutional investment instruments more appealing. The Council thus understood that it would have to compete with the interests of larger financial institutions if it wanted to direct the path of wider share ownership in Britain.

### The WSOC and the City

In developing its intellectual agenda, the WSOC sat at an intriguing intersection between different political traditions and interests.

<sup>43</sup> Baron Hartley Shawcross, *Life Sentence: The Memoirs of Lord Shawcross* (London, 1995), 325.

<sup>44</sup> Unit trusts are a form of collective investment which allow individual investors to pool their money by buying units in a single fund. This pool of money is invested across a range of investments by a fund manager. Profits are distributed based on how many units each individual owns. Investor spread their risk without the need to invest in several companies.

However, in putting its vision into practice, the WSOC turned not to the support of political parties, but to the institutions of the City of London, from which many of its members were drawn. Exploring how the Council sought to expand its sphere of influence offers a unique insight into the material factors which acted as limitations on rival visions of wider share ownership. It also draws our attention to the Council as a type of peripheral pressure group not hitherto explored by historians in any great detail, which lie outside of traditional narratives concerning the rise of neoliberalism.

The plight of organized political lobbying by the financial community in the twentieth century has been one marked by fracture rather than unity.<sup>45</sup> The 1960s proved to be a pivotal moment for the ways in which the City managed its relationship with the government. As David Kynaston suggests, there was a perceived ineffectiveness attached to the Bank of England which by the end of the 1950s had found itself increasingly 'marginal to the ever-growing Whitehall machine'.<sup>46</sup> Various institutions began to move away from the Bank as a voice of representation, instead operating beyond its established domain of control.<sup>47</sup> This is unsurprising given the diverse and frequently divided nature of the financial sector. In line with its growing role in its own political efficacy, the financial sector went through a process of gradual professionalization across its various sectors, with trade associations developing a degree of sophistication.<sup>48</sup> The prominence of a creed of self-regulation in the City meant that the role of these groups in regulating markets became indivisible from their function in representing markets to the Bank of England.<sup>49</sup>

This political and institutional climate inherently shaped the organizational structure of the WSOC which took on many of the characteristics of trade associations. Several of its members were simultaneously representatives of these groups, no doubt bringing their experiences of trade association organization to their activities in the WSOC. But despite appearances, the WSOC more accurately fits Wyn Grant's model of a peripheral 'insider' pressure group than a trade association. These are groups recognized by government as a legitimate

<sup>45</sup> Michael Moran, 'Finance capital and pressure group politics in Britain', *British Journal of Political Science*, 11 (1981), 381.

<sup>46</sup> David Kynaston, *The City of London, Volume IV: A Club No More, 1945 – 2000*, Pimlico Edition (London, 2002), 247.

<sup>47</sup> Moran, 'Finance Capital and Pressure Group Politics in Britain', 396.

<sup>48</sup> Wyn Grant, *Business and Politics in Britain* (2nd edn, London, 1993), 78; Michael Moran uses the term 'meso-corporatism' to define the key features of the City at this time: 'the appropriation of a regulatory role by private interests; the transformation of private, voluntary associations into authoritative bodies; the restriction of political and economic competition' (Michael Moran, *The Politics of the Financial Services Revolution: The USA, UK and Japan* (London, 1991), 15).

<sup>49</sup> Moran, 'Finance Capital and Pressure Group Politics in Britain', 387.

voice for specific interests, and hence permitted to participate in formal consultation processes, but which in reality enjoy little influence.<sup>50</sup>

Part of the problem was the continuing lack of interest in the individual investor amongst large sections of the City. Divisions between the Stock Exchange Council and its members attest to the extent of the disagreement between the diverse interests of the City over the issue of wider share ownership. In a 1971 *Financial Times* article discussing the lack of enthusiasm of stockbrokers for the small investor, Kenneth Gooding highlighted the irony of the situation given that 'the activities of the London Stock Exchange's publicity department and the Wider Share Ownership Council are all likely to produce the kind of business which many brokers admit is loss-making'. He claimed that around half of the Stock Exchange member broking firms were reluctant to even make their names available to small investors.<sup>51</sup> The problem was that smaller firms were unable to justify their dealing expenses in the case of small transactions, whilst larger London-based banks and insurance companies were often unwilling 'to pay higher charges... even if it did encourage the private investor by subsidizing their buying and selling'.<sup>52</sup>

In the face of such disinterest, the Council relied on the prestige and personal connections of many of its members to try and further its ambitions in the City. In a pattern mirrored by its corporate membership, the Council maintained a diverse committee, run as it was by City figures, businessmen, financial journalists, and politicians. For instance, Chairman Edgar Palamountain was also chairman of the M&G group from 1977, and of the Unit Trust Association between 1977 and 1979. His successor, John Harvey-Jones, was also one-time chairman of Imperial Chemical Industries. Yet, despite the influential positions of such individuals, the WSOC persistently fails to receive as much attention from decision makers, or to stimulate as much support amongst financial institutions, as it might have wished. This was reflected by its longstanding disappointment with the financial restrictions placed upon its activities. The available accounts are marked by a steady growth from humble balance of £217 in 1976 to £31,622 in 1988. However, this failed to match the Council's expectations and Palamountain stated in 1983 that its 'main problem' since its founding in 1958 'has been, and continues to be, the problem of attracting financial support'.<sup>53</sup> The sense of frustration was palpable, with Palamountain lamenting that

<sup>50</sup> Grant, 'Pressure Politics', 408–9.

<sup>51</sup> Kenneth Gooding, 'Stockbrokers and the Size of Individual Deals', *Financial Times* (2 August 1971), 14.

<sup>52</sup> Ranald C. Michie, *The London Stock Exchange: A History* (Oxford, 1999), 492–3.

<sup>53</sup> LSE, WSOC, Edgar Palamountain, Appendix 1, Chairman's Address, minutes of the WSOC 1983 Annual General Meeting (29 June 1983), 1.

[O]ur output, however praiseworthy in the circumstances, has inevitably carried no great conviction. Neither the official establishment nor the press give us the consideration we deserve. In short, we have prestige, but we have no clout.<sup>54</sup>

Ben Jackson demonstrates that organizations such as the IEA and the CPS relied on donations from business for operational success because alternative sources of revenue (such as the sale of publications) did not cover costs.<sup>55</sup> Much the same can be said for the WSOC. Consequently, its persistent struggle for funding must be seen as a reflection of a low profile in the City and amongst businesses. As a measure of comparison the IEA was able to rely on donations amounting to £76,574 in 1974 and as much as £210,343 in 1979, dwarfing the paltry sums relied on by the WSOC.

The Council's failure to draw greater interest from the City was not through lack of trying. It persistently pursued alternative ways of increasing its influence in an attempt to place itself at the heart of wider share ownership initiatives, notably through developing partnerships with more powerful bodies. The latter half of the 1970s and the early 1980s saw the Council attempting to harness the forces around them in order to direct the trajectory of wider share ownership as it came increasingly to the forefront of the Conservative Party's political agenda. For instance in 1984 it was involved in extensive discussions regarding the possibility of 'strengthening the Council and enlarging its activities' through a merger with the Investor Relations Society.<sup>56</sup> Given the hopes that the merger would draw in £200,000 annual support from the City there must have been much disappointment when this failed to materialize, leading to its failure. Such schemes nevertheless reveal the WSOC's desire to network and draw support from sympathetic areas of the finance industry in support of its campaign.

In addition to money, the Council also coveted more active and consistent engagement from business and the City in the project for wider share ownership. It focused no small effort on converting companies to the idea of employee ownership as demonstrated by its annual forum for companies interested in running profit-sharing schemes. This was accompanied by the regular publishing of pamphlets and guides with titles such as 'Employee Share Schemes', 'The Shareholder's Rights and Responsibilities', 'Making your Money Work

<sup>54</sup> LSE, WSOC, Edgar Palamountain, 'Future of the Council: Memorandum by the Chairman' (21 August 1984), 1.

<sup>55</sup> Jackson, 'The think tank archipelago', 46.

<sup>56</sup> This was a membership organization established in 1980 to promote best practice amongst financial institutions involved with investor relations. It was run by members largely drawn from financial service providers, FTSE 100 companies and investor relations advisers.

for You' and 'Growth in a Responsible Society'.<sup>57</sup> As the education of the young was seen as of central importance for creating a nation of informed share-owners, the Council also made several attempts to train the nation in 'money management' from an early age. This included various ventures towards founding a 'Money Management Association' to teach financial management in schools. In the course of this endeavour the WSOC sought links with the Open University and The National Savings Committee, thus offering a point of contact between academia and financial trade associations.<sup>58</sup>

One area in which the WSOC did have some joy was in its relationship with the London Stock Exchange Council. Although likely one-sided, with the WSOC forming only a minor interest for the London Stock Exchange Council, there are regular examples of the two institutions working together on projects and events. Here the Council relied largely on executive committee member, Stuart Valentine. A former employee of the Economics Department at Midland Bank, Valentine joined the London Stock Exchange in 1976. The value of this connection was epitomized by the creation of a London Stock Exchange 'Wider Share Ownership Unit' in June 1986, under the guidance of Valentine who was at that time head of the Public Affairs Department. Its role was to 'encourage, through the Stock Exchange, wider share ownership and to help member firms market themselves effectively'.<sup>59</sup>

Despite these efforts, the Council's vision of wider share ownership based on employee share schemes proved difficult to translate into concrete support from external institutions. This vision thus remained tied to the fortunes of the WSOC. On the one hand, the willingness of important figures to attach their name to the Council is indicative of a well-connected organization. On the other hand, a distinct lack of material denoting any meaningful communication with notable and powerful groups suggests a failure to push beyond these immediate networks and personal connections. This was nowhere more evident than in the decreasing level of interest expressed by the Conservative Party in the WSOC. After the Council's perceived successes in working with the Party in the mid-1970s, its relationship became increasingly one-sided. The only record held by the Conservative Party of any significant communication during the 1980s concerns a paper submitted

<sup>57</sup> LSE, WSOC, *The WSOC, Employee Share Schemes* (The Riverhead Press, 1979); LSE, WSOC, *The WSOC, The Shareholder's Rights and Responsibilities* (The Riverhead Press, 1977); LSE, WSOC, Christopher Hill, *Making your Money Work for You* (The Riverhead Press, undated); LSE, WSOC, The Wider Share Ownership Committee, *Growth in a Responsible Society* (London, 1961).

<sup>58</sup> LSE, WSOC, minutes of the WSOC Executive Committee meeting (21 September 1977); LSE, WSOC, minutes of the WSOC Executive Committee meeting (12 December 1977), 2.

<sup>59</sup> LSE, WSOC, minutes of the WSOC Executive Committee meeting (20 October 1986), 3.

by Copeman to the Prime Minister in 1981 on the subject of share incentive schemes. Following a meeting between Copeman and officials from the Treasury, Inland Revenue and the Department of Employment, it was reported that Geoffrey Howe simply did 'not find them attractive'.<sup>60</sup>

Much the same can be said of the Council's relationship with the press. After a spate of interest during the early-1960s, when the Council was at the forefront of the wider share ownership agenda, coverage of its activities had swiftly waned. By the 1980s, infrequent reports on the Council's activities paled in comparison to the numbers of features dedicated to the rapidly expanding numbers of products and services on offer to new and small investors. In a decade headlined by popular capitalism, privatizations, deregulation, and City scandals, the Council found itself relegated to providing the odd quote on relevant issues. This was both a symptom and a cause of the Council's disillusionment with its inability to shape the lines along which popular capitalism was proceeding.

As it entered the 1980s, the Council had been optimistic about the potential for a share-owning democracy to emerge under the auspices of Thatcherism. However, it quickly became aware that its position was not a strong one as it found itself increasingly excluded from decision-making processes in Westminster. Despite numerous attempts to establish links with more well-financed or influential groups in the City, the Council was persistently inhibited in its activities by a lack of funding. It remained only a small institution, something that had negative implications for its vision of wider share ownership. Although it had been a predominant and consistent voice in favour of wider share ownership throughout the 1950s, 1960s and 1970s, as the 1980s progressed it began to fall out of favour as larger institutions took centre stage in driving forward popular capitalism.

### **The 'Big Bang' and the Rise of 'Parasitic Intermediation'**

In the last few years of its life, the WSOC's executive committee put plans in motion to create a charity in the form of the Wider Share Ownership Educational Trust (WSOET). In a 1987 outline of the Council's intentions on this front, it was stated that 'while the environment has undoubtedly changed dramatically in favour of wider share ownership, an enormous amount remains to be done. Although wider ownership is now wide, it is still very shallow'.<sup>61</sup> This

<sup>60</sup> Margaret Thatcher Foundation Website (hereafter MTFW, followed by [Unique document ID], 124560, Letter from Peter Jenkins to Michael Scholar (19 February 1982).

<sup>61</sup> LSE, WSOC, The WSOC, *Future Policy* (November 1987), 2.

description referred to the changing patterns of ownership in Britain during the 1980s. Levels of private shareholding had been in decline since the mid-twentieth century, with individual ownership falling from 54 per cent of the total value of UK shares in 1963 to 37.5 per cent in 1975.<sup>62</sup> Given the dramatic rise in the number of shareholders under Thatcher (the number of investors rose from 3 million in 1980 to 11 million in 1991), it would be reasonable to expect this trend to be reversed.<sup>63</sup> However, as the Council feared, this represented a shallow kind of ownership, with the total percentage of shares owned by individuals continuing to fall, reaching just 21.3 per cent in 1989.<sup>64</sup> Although there were now more shareowners, they collectively owned less. As the 2012 Kay Review of UK equity markets suggested, this declining function of individual shareholders was 'paralleled by an explosion of intermediation' represented by the growing percentage of equities owned by life assurance companies and unit trusts and notably pension funds whose proportion of shares increased from 16.8 per cent in 1975 to 31 per cent in 1989.<sup>65</sup>

In the face of these patterns of ownership, the Council proceeded in laying out a series of new objectives for the WSOET. It wanted to counter the rise of financial intermediation as reflected by calls to 'promote and protect the interests of personal shareholders'.<sup>66</sup> Thus although the Council remained committed to spreading 'enlightenment' about share ownership through education, it also recognized that a new relationship had developed between the financial services industry and the private investor. It was clear that investing had come to be seen as a form of asset management, with the result that financial products were being sold as such. The creation of the WSOET thus represents the plight of the WSOC in the mid- to late-1980s, and in particular the disappointment that it had begun to experience with the realities of popular capitalism. The changing role of the WSOC in this period provides an in-depth exposition of the failed reconciliation between the responsible consumption of shares and the forms ownership fuelled by the forces of deregulation, privatization and the subsequent ways that large financial conglomerates catered for the individual investor. In particular its concept of ownership was undermined by the financial products being provided and promoted by such institutions, which

<sup>62</sup> Office for National Statistics (ONS), 'Statistical Bulletin: Ownership of UK Quoted Shares, 2012' (25 September 2013), 12 <[http://www.ons.gov.uk/ons/dcp171778\\_327674.pdf](http://www.ons.gov.uk/ons/dcp171778_327674.pdf)> accessed 12 July 2015.

<sup>63</sup> Michie, *The London Stock Exchange*, 591.

<sup>64</sup> ONS, 'Statistical Bulletin', 12.

<sup>65</sup> ONS, 'Statistical Bulletin', 11; John Kay, *The Kay review of UK Equity Markets and Long-Term Decision Making* (London, 2012), 30.

<sup>66</sup> The WSOC, *Future Policy*, 2.

tended to be designed specifically to minimize the required level of financial knowledge by the individual.

Part of the problem was that despite the popularity of privatization share offers (the sale of British Telecom (BT) in 1984 drew over 2 million applications), shareholders frequently quickly offloaded their newly acquired shares or failed to demonstrate a continued interest in investing thereafter. As one contemporary commented, privatization had 'elevated staggings to something of a national sport'.<sup>67</sup> However, the Council's main concern at this time related to the underlying issue of investor ignorance. This was seen as problematic in a situation where individuals were being integrated into a progressively information-heavy relationship with the finance industry. Responsible share ownership was meant to be built upon a foundation of investors who were well-informed about the financial products they purchased. Conversely, economics literature indicates the dangers of 'information asymmetries' in which certain groups of investors 'extract value from the market' to the detriment of less informed ones.<sup>68</sup> Unsurprisingly, it is small investors who are seen as more vulnerable to information asymmetries at the hands of larger financial institutions, often having to make decisions based on incomplete information, exposing themselves to risk and jeopardizing their long-term financial security.<sup>69</sup> There is no doubt that the Council was aware of these potential dangers, and it felt that the continued engagement of a new class of small investors depended 'on the confidence which the individual can place in the institutional framework within which his savings are going to be handled'.<sup>70</sup> Such reflection was not unfounded, with the 2012 Kay Report indicating that one of the main factors fuelling the growth of intermediation has been a 'decline of trust and confidence in the investment chain'.<sup>71</sup>

Lamenting that most small shareholders 'simply have no contacts, [and] no knowledge', the Council envisaged itself more and more as an advocate for individual and employee share-owners.<sup>72</sup> It understood that the 'growing public appetite for financial news, an expected rapid increase in the numbers of investment practitioners, of investment

<sup>67</sup> J.T. Stafford, *The Share-Owner's Guide: How to Invest Profitably and Safely in Shares* (Cambridge, 1987), 75; Copeman, History; 'The Future of the Wider Share Ownership Council' (c. June 1990), 1.

<sup>68</sup> Information asymmetries are caused by the incomplete information that various players involved in financial transactions might have about the true value of resources and assets (J. A. Roels, *Information Asymmetries and the Creation of Economic Value* (Amsterdam, 2010), 5, 48).

<sup>69</sup> Mark Huberty, 'Testing the Ownership Society: Ownership and Voting in Britain', *Electoral Studies*, 30 (2011), 792.

<sup>70</sup> LSE, WSOC, Edgar Palamountain, Appendix I, Chairman's Address, Minutes of the 1984 WSOC Annual General Meeting (25 June 1984), 2.

<sup>71</sup> Kay, *The Kay review*, 30.

<sup>72</sup> LSE, WSOC, 'The Future of the Wider Share Ownership Council' (c. June 1990), 1.

products and of shareholders' [sic] meant that it was now dealing with share-owners who could be perceived as consumers of capital.<sup>73</sup> These consumers were encouraged to engage with capital ownership as a means of assuming financial responsibility through the management of their assets in the form of pensions, life insurance and investment. In a memorandum to the Chancellor of the Exchequer in 1988, the Council stated that this had 'produced new challenges in the areas of education and investor protection'.<sup>74</sup> It thus began to act in the capacity of a small investors' consumer association—fielding complaints and advocating on behalf of small investors.<sup>75</sup> This progression in the Council's identity mirrors the changes being wrought by Thatcherism in the field of personal finance more broadly; the more that capital was assigned the role of a commodity to be consumed by the public, the more the WSOC came to view itself as a consumer service.

As a result of this interest in consumer protection, at the moment when the Thatcher administration was pursuing deregulation, the WSOC found itself acting in opposition. It 'welcomed' the 1982 Gower report, which called for a new Investors Protection Act.<sup>76</sup> In doing so it claimed to have 'dissented from the negative attitude which many City institutional bodies adopted' towards regulation due to fears that any intervening body could pose a threat to profits.<sup>77</sup> Of particular interest are the Council's discussions in its 1984 Annual general meeting (AGM). In keeping with City traditions the WSOC called for the kind of self-regulation that had characterized City practices throughout the twentieth century, but it also asserted the need for a 'master agency or self-regulatory body in the securities industry'.<sup>78</sup> Palamountain lamented that it was 'sad to see the Stock Exchange apparently embark on a course which seems to many of us likely to prejudice the interests of the personal investor'.<sup>79</sup>

The Council rejected outright the proposed deregulation of the stock market in 1986, which for the Conservatives was of central importance for the realization of a free-market economic system. According to Conservative rhetoric, the increased level of competition introduced into the stock market through the abolition of fixed-rate commissions in 1986 would remove 'the controls which hampered success'.<sup>80</sup> In reality, the deregulation of the financial sector provided the means for

<sup>73</sup> LSE, WSOC, *Outline Merger Proposals: The Wider Share Ownership Council and the Investors Relations Society* (March 1985), 2.

<sup>74</sup> LSE, WSOC, *The WSOC, Sustaining the Momentum* (1988), 1.

<sup>75</sup> LSE, WSOC, minutes of The WSOC Executive Committee meeting (20 October 1986), 4.

<sup>76</sup> LSE, WSOC, *The WSOC, 'Comments on the Gower Report' (Second Draft)* (c.1982); Palamountain, *Chairman's Address, 1984 WSOC AGM*.

<sup>77</sup> LSE, WSOC, *The WSOC, 'Comments on the Gower Report'*.

<sup>78</sup> LSE, WSOC, *The WSOC, 'Comments on the Gower Report'*.

<sup>79</sup> LSE, WSOC, *The WSOC, 'Comments on the Gower Report'*.

<sup>80</sup> MTFW, 106512, Margaret Thatcher, *Speech at Lord Mayor's Banquet* (10 November 1986).

institutions such as banks and building societies to insert themselves into the middle of the relationship between the individual and the ownership of capital. As Ranald Michie suggests, deregulation led to 'a sudden jockeying for position by outside finance houses, as they saw opportunities to create integrated banking and broking operations in London'.<sup>81</sup> The removal of fixed commission rates led to rises in dealing costs, rendering the cost of small investment relatively high and uneconomical and the Council feared 'an inferior service for the individual investor... at a higher price'.<sup>82</sup> It also maintained that the removal of the jobbing system would eradicate 'a major source of protection for the investor'.<sup>83</sup> It is for this reason that it made an extended plea to the government to ensure the 'better treatment of private investors' in 1988.<sup>84</sup>

The issue of investor protection was not the only way that financial practices in the 1980s fell short of the WSOC's idealistic vision of wider share ownership. Part of its resistance was cultural, reflecting a struggle for hegemony between a 'new enterprise culture' promoted by the Conservative Party and an older 'City Culture' of gentlemanly capitalism.<sup>85</sup> This resistance is evident in Shawcross' complaints that 'When I started in the City, everyone accepted... the rule that "my word is my bond"... now... There is the "yuppie" phenomenon; there have been the very grave scandals that have come to light'.<sup>86</sup> Underlying this distaste for the changing dynamics and perceived irresponsibility in the City, was a more fundamental disappointment in the forms of ownership emerging at this time. The reality was that people owned shares for a whole variety of reasons, many of which had nothing to do with the desire to become 'good' capitalists. The investment vehicles on offer to individual investors also transgressed the WSOC's desire to see direct share ownership. The majority of the products created by new alliances of banks and brokers were simply not designed to educate individuals in investment, but rather sought to allow them to invest with minimal understanding of the stock market. For instance, share shops opened in Debenhams stores by stockbroker Quilter Goodison offered little in the way of instruction for the 'Sids' seeking to sell their privatization allocations, aside from the provision

<sup>81</sup> Michie, *The London Stock Exchange*, 555.

<sup>82</sup> LSE, WSOC, The WSOC, 'Response to the Stock Exchange Discussion Paper' (31 May 1984), 2.

<sup>83</sup> LSE, WSOC, The WSOC, 'Response to the Stock Exchange Discussion Paper', 1.

<sup>84</sup> WSOC, *Sustaining the Momentum*, 2.

<sup>85</sup> Christopher Stanley, 'Cultural Contradictions in the Legitimation of Market Practise: Paradox in the Regulation of the City', Leslie Budd and Sam Whimster, eds, *Global Finance and Urban Living: A Study of Metropolitan Change* (London, 1992), 146.

<sup>86</sup> LSE, WSOC, Lord Shawcross, Appendix II, President's Address, Minutes of the 1988 WSOC Annual General Meeting (9 June 1988), 3.

of a few in-store pamphlets.<sup>87</sup> As a consultant who worked at the launch of the share shop indicated, people 'didn't really quite understand the concept of owning a part of a company and what that gave you in terms of being able to vote at meetings and so on'.<sup>88</sup> So even as such services were lauded for their attempts at 'dispelling the mystique of shareholding', the reality was that their *raison d'être* had little to do with educating the public in securities or engaging with them as serious investors.<sup>89</sup>

Such products encouraged a model of consumer empowerment which encouraged passive consumption and risk aversion. Barclayshare, the share dealing service launched by Barclays in 1987 was promoted precisely on the basis that 'You don't have to be accustomed to reading the *Financial Times*...to be a stock market investor'.<sup>90</sup> Associated marketing campaign literature lauded the service's provision of quick and easy dealing, simplified tax returns, and minimal paperwork.<sup>91</sup> This was not a form of ownership designed to transform the individual into an active participant in industrial democracy. The initial service offered by Barclayshare enabled people investing in Personal Equity Plans<sup>92</sup> to do so simply by 'transferring money from your Barclays account to your Barclayshare account', promising that 'Barclayshare will look after the rest'.<sup>93</sup> This service included a discretionary managed portfolio, meaning that investment decisions were made by managers. Aside from paying the annual management fee and other associated costs, the individual was more or less uninvolved, not even required to complete paperwork or keep share certificates.

Financial institutions such as these worked to minimize the input of the individual investor, channelling their savings into institutional hands instead. The desire of individuals to purchase these services perhaps reflected a recognition that information asymmetries came at the expense of the private investor. Nevertheless, for the WSOC the rise in such intermediation was seen as one of the major disappointments of

<sup>87</sup> Interview with Robert Hodge, Birmingham (29 September 2014).

<sup>88</sup> Interview with Robert Hodge, Birmingham.

<sup>89</sup> Richard Wainwright, cited in, A. Hamilton, 'Soft Selling Shares beyond the Lingerie Counter', *The Times* (10 September 1985), front cover.

<sup>90</sup> Manchester, Barclays Group Archive (hereafter BGA), HC 13 A/ 3/ 1, 'Share Ownership Made Easy with Barclayshare' Brochure (undated).

<sup>91</sup> BGA, HC 107/3, Barclays Financial Services Co-ordinated Campaign No. 3 (21st March 1988 to 29th April 1988); BGA, 1318/7690 'Unit Trusts: How to become a Stock Market Investor for £500 or £20 a Month' Brochure (January 1986), 1.

<sup>92</sup> PEPs were first announced in the 1986 budget as a tax-privileged account to encourage wider share ownership and could include collective fund investment instruments such as unit trusts.

<sup>93</sup> Richard Thomson, 'Family Money: Banks set to Jump on the Bandwagon', *The Times* (2 August 1986).

its campaign. It deplored the occurrence of 'substantial institutional control over the financial assets of the personal sector'.<sup>94</sup> Copeman surmised that although privatization had precipitated the rapid increase of private shareholders, the 'cult of the equity for employee pension funds, led by Mr Ross Goobey of the Prudential... also won'.<sup>95</sup> This was because the rise to 2.25 million employee shareholders since the WSOC's creation in 1958 had been dwarfed by a much larger movement of employee pension money into equities.<sup>96</sup> The struggle to win the private investor away from institutional investment and to create an equal legislative footing for direct investment would remain an aim of the Council until its dissolution. Former council member and one-time chief executive of Barclayshare, Gavin Oldham, lamented some of the negative outcomes of the Big Bang:

'Anyone who is interested in providing the most direct link possible between people in a community and the businesses which drive the economy... want to make that intermediation process as efficient and slim-lined as possible... [I]f you are genuinely interested in retail stockbroking, then you are passionate about disintermediation, about trying to cut down that middle process... [T]he Big Bang process itself, in my view, was one of the key ingredients behind building up intermediation to a really parasitic level.'<sup>97</sup>

This undoubtedly refers to the ability of large financial institutions to occupy the gap between the individual and the direct ownership of shares, thus undermining a trajectory of wider ownership based on enfranchising individuals in the economic life of the nation.

Such issues were also recognized by some in the Conservative Party. In a CPS pamphlet, Nigel Vinson (Chairman of the Wider Ownership Group) wrote,

[G]iving pension funds tax exempt status has led to the greatest shift of ownership from individuals to institutions since the opposite happened at the time of the Dissolution of the Monasteries... it runs clean contrary to a fundamental principle of Tory philosophy, namely that the diffusion of economic power, and the multiple sources of patronage which flow from it, are prerequisites of a free society.<sup>98</sup>

<sup>94</sup> LSE, WSOC, George Copeman, *A Third of a Century of Wider Share Ownership* (Unpublished), 4.

<sup>95</sup> Copeman, *A Third of a Century of Wider Share Ownership*, 1.

<sup>96</sup> LSE, WSOC, George Copeman, 'The Wider Share Ownership Council and Corporate Governance', Speech (13 January 1992).

<sup>97</sup> Interview with Gavin Oldham, former WSOC member and current Executive Director of Share PLC, Aylesbury (2 October 2014).

<sup>98</sup> CPA, PUB 109/20, Nigel Vinson, 'Foreword', Philip Chappell, *Pensions and Privilege: How to End the Scandal, Simplify Taxes and Widen Ownership*, CPS Policy Study, 96 (Surrey, 1988), 5.

Similarly, writing in 1986, David Howell challenged the ‘rhetoricians’ of the Party to pursue ‘decisive measures’ to promote the ‘truly capitalist revolution’. By this he meant to critique the ‘dominance’ of financial institutions, calling for an equalization of the fiscal advantages between institutions and individual savers.<sup>99</sup> Howell saw this as vital if ‘popular ownership and a significant spread of economic power really are the social aims in our society’, perhaps suggesting that at that moment—at the height of popular capitalism—they did not appear to be.<sup>100</sup> Thus even within the Conservative Party there were those who became uncomfortable with the patterns of ownership that had arrived alongside deregulation. Thatcherism it appeared was about financial capitalism not consumer capitalism and so it failed to create cultural change. As the result of institutional struggle over the provision of services to the private investor, it was predicated on economic reorganization in the interest of large investment firms rather than in the interest of a shareholder democracy.

## Conclusion

Popular capitalism ought to have been the perfect companion to the WSOC’s ambitions to broaden the basis of share ownership in Britain. Instead it caused an increasing distance between the Council and those groups to whom it had previously aligned itself. Popular capitalism, in other words, became a problem, at least as far as the WSOC was concerned.

Understood as a defence of interests, rather than as a uniquely ideological undertaking intended to broaden the basis of ownership amongst the British public, it is clear that the Council acted not as a vehicle for Thatcherism, but as a counterpoint to it. By the late 1980s, it was clear that its vision of wider share ownership no longer matched the reality created by the political and institutional reforms of the decade. Within this context, it continued to make the diffusion of capital about ‘little people’, adopting a defensive position based around the protection of investor rights. It sought to advocate on their behalf in order that privatization would fulfil its claims to enfranchise the nation in the economic life of the country. This reflected a recognition that such policies, when combined with the profit-driven rather than ideological motives of the financial services sector, would damage, not bolster, the vision of popular capitalism outlined in Conservative Party rhetoric. For the Council, its ideological conviction meant that it ended the decade

<sup>99</sup> David Howell, *Blind Victory: A Study in Income, Wealth and Power* (London, 1986), 127.

<sup>100</sup> Howell, *Blind Victory*, 127.

planning a merger with government and business-backed organization, Proshare. It was subsumed into the establishment, and with its dissolution in 1992, the Council's vision of a share-owning democracy underpinned by extensive employee share ownership died.

The WSOC brings into focus the importance of individual share-ownership as a site of political, ideological and institutional contestation, the outcome of which was by no means inevitable. Its institutional narrative exposes the shift in understandings of capital ownership away from a form of industrial democracy and towards individualized financial asset management. This shift was ultimately moulded by the consolidation of patterns of wider share ownership which, rather than encouraging mass democratic participation in British industry and business (either through employee share ownership or widespread active and informed investment by new classes of individuals), was predicated on uninitiated investment in institutional investment instruments. Through this lens, Thatcherism appears less the result of a coherent ideological project, and more the outcome of institutional competition in which political reform was used to advance specific economic interests.

In particular, this case study has implications for how historians perceive consumer society in the 1980s. The 'parasitic intermediation' which developed in the financial services industry in the 1980s belied any ideological endeavour to encourage a cultural shift in British society based on the premise of a 'share owning democracy'. The consumer of financial services instead became increasingly inhibited by the range of products on offer from a small but dominant group of financial conglomerates. Thatcherism entailed the rise of an economic form of consumption, governed not by consumer demands, but rather by the designs of an institutional elite.