

# SEC Charges Wealth Monopoly

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## Says Three Families

### Rule Big Business

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A political time-bomb, bearing the New Deal imprimatur of the Securities and Exchange Commission, exploded mysteriously in the Capital yesterday.

The blast charged in general that the nation's wealth was concentrated in the hands of a few American families. Specifically, it declared that the concentrated power of the du Pont, Rockefeller and Mellon families shareholdings valued at \$1,400,000,000 gave them "considerable influence, if not control over 15 of the 200 largest non-financial corporations" in the United States.

#### Eight Per Cent of Stock

Ten other family groups, associated with the du Pont-Rockefeller-Mellon money, triumvirate "have holdings worth \$2,700,000,000, representing 8 per cent of the stock of the 200 corporations," the Securities and Exchange report continued.

The 200 corporations represent the bulk of America's activities "in manufacturing, mining, electric and gas utilities, transportation and communication," the SEC experts declared.

"Foreign investors have a considerable stake in the ownership of these 200 largest non-financial corporations," the investigators found. "At the end of 1937 their holdings of common stock totaled \$1,800,000,000 and of preferred stock, \$200,000,000.

#### 'Substantial Holdings'

"Foreigners, however, have a majority control of only one of the 200 corporations, the Shell Union Oil Corporation, although their holdings are very substantial in Allied Chemical and Dye Corporation and the American Metals Company, Ltd."

All responsible officials in the Capital pleaded pious ignorance of the manner in which the report was "allowed to leak out." None disputed the political significance of the content of the report or the timing of its publicity.

Politically, the SEC findings revived the "Sixty American Families" issue which Secretary of the Interior Ickes made the theme of his "concentrated wealth" attack on New Deal critics in the past. The wealthy families mentioned are supporters of Willkie.

#### Submitted to Probers

The report, bearing the title "The Distribution of Ownership in the 200 Largest Nonfinancial Corporations," was submitted by the SEC to Senator O'Mahoney's (Democrat of Wyoming) Monopoly Committee.

It remains a technically secret document until it has been accepted by his committee. That formality is to be attended to probably within a week. After that, newspapermen will be permitted to read the only copy now on file, pending later printing. They were not allowed to see the document yesterday.

O'Mahoney declared that "it had not been intended to release the report until in the interest of a fair appraisal of the very important issue of ownership of this vast segment of American industry, the 200 corporations studied had been given the fullest opportunity to examine it and make such reply as they deem desirable."

#### Comments To Be Bared

He said the study did not represent the views of his committee, since it had not yet been accepted. Any comments by the corporations concerned will be made a part of the printed record, he added.

A mere 1 per cent of the stockholders have majority control in the "average corporation" among the 200 studied, the report revealed.

#### It continued:

"In 40 per cent of the 200, one family or a small number of families exercise their absolute control because of ownership of the majority of the voting securities or working control through ownership of a substantial minority of the voting stock.

"About 60 corporations, or 30 per cent of the 200, are controlled by one or more other corporations.

"Thus in only 30 per cent of the corporations does the small group of dominant security holders fail to appear."

The dead hand of inherited wealth is shown by the finding that "only one-half of the large shareholding of individuals in the 200 corporations are in the direct form of outright ownership. The other half is represented by trust funds, estates, and family holding companies."

#### Misconceptions Blasted

In answering the question of who is boss of the nation's productive facilities, the SEC study exploded some popular misconceptions, such as the theory that the American public, through stock ownership, owns the huge wealth-producing corporations.

The report stated that the number of individual Americans owning corporation stock is much smaller than generally believed and probably does not exceed nine million persons. The great majority of this number, it said, hold such small amounts of stock that they receive only a minor fraction of total dividends paid. For example:

Half of the nine million stockholders have annual dividends of less than \$100. In contrast, about 500,000 persons depend on stock dividends for a substantial part of their income.

#### Concentrated Wealth

The following figures were offered to prove that ownership of stock is in reality highly concentrated: 10,000 persons (0.008 per cent of the population) own one-fourth; 75,000 (0.06 per cent of the population) own half, of all corporate stock held by individuals.

Officers and directors of the 200 corporations are merely hired hands of the very wealthy who actually have control, the study showed. It pointed out that these guiding heads own only 6 per cent of the common stock and less than 2 per cent of the preferred stock of the 200.