Just a Minute, Mr. Senator

Baird's signature offering in the 1950s was retail equities. The glamour of stock ownership re-emerged among the American public during this decade. However, the Crash of 1929 was still visible in the rear-view mirror, so Wall Street had to regain investors' confidence.

Baird joined in the effort to promote common stock ownership. Our early 1950s newspaper advertisement – presented as a full-page editorial – argued responsible investing was unlike gambling.

Just a minute, Mr. Senator, we'd like to testify.

[Testifying before the "Kefauver" committee of the U.S. Senate on March 24, 1951, a witness was asked if he knew of any homes broken by gambling.

"No more than homes broken by playing the stock market," the witness retorted.]

We can't agree with the casual manner in which our business has been linked with gambling. Not that we blame the witness exactly. It seems a lot of people are confused about what is involved in buying common stocks.

Maybe it's a hangover from the old days of uncontrolled market manipulation. Or maybe it's just because we haven't done a very good job telling our story.

Look at it this way. Suppose we take 13,368 people in Milwaukee County. All those people bet on a basketball game, with half of them picking each team. One half of the group stands to double its money – the other half to lose all its bets.

Then take another group of 13,368 people – the actual number in the county who own stock in Wisconsin Electric Power Co. None of them expects to make a "killing" – or to suffer any significant loss.

Or for illustration, we could use Wisconsin Power & Light Company's 19,000 stockholders in the state. In both cases, these people have received substantial dividends on their investment. Somehow that doesn't seem much like gambling to us.

We think that expression "playing the stock market" is unfortunate. When a man buys a share of common stock he's not buying a policy slip or a two-dollar place ticket on a filly in the fifth.

He's buying a piece of an American business. He owns a share of that business – its tools, factories, everything it has. He can help elect its directors. He has an interest in everything the company does – in the profits it may earn, the dividends it may pay.

The buyer of common stocks plays an important part in the process that helped to make America great, the process that has built and is building the companies that provide millions of jobs and create billions of dollars of peacetime wealth, the process that has led to the world's highest standard of living.

Yesterday's investors supplied the money to build General Motors, Allis-Chalmers, Standard Oil, and A.O. Smith.

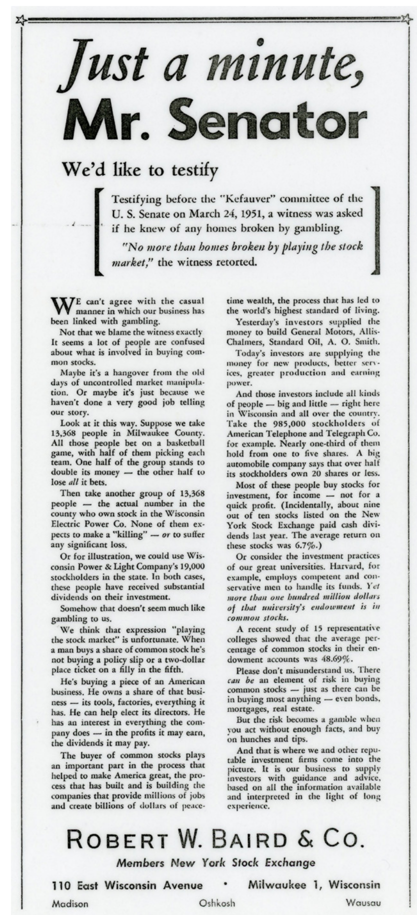
Today's investors are supplying the money for new products, better services, greater production and earning power. And those investors include all kinds of people – big and little – right here in Wisconsin and all over the country. Take the 985,000 stockholders of American Telephone and Telegraph Co. for example. Nearly one-third of them hold from one to five shares. A big automobile company says that over half its stockholders own 20 shares or less. Most of these people buy stocks for investment, for income – not for a quick profit. (Incidentally, about nine out of ten stocks listed on the New York Stock Exchange paid cash dividends last year. The average return on these stocks was 6.7%.)

Or consider the investment practices of our great universities. Harvard, for example, employs competent and conservative men to handle its funds. Yet more than one hundred million dollars of that university's endowment is in common stocks.

A recent study of 15 representative colleges showed that the average percentage of common stocks in their endowment accounts was 48.69%.

Please don't misunderstand us. There can be an element of risk in buying common stocks – just as there can be in buying most anything – even bonds, mortgages, real estate.

But the risk becomes a gamble when you act without enough facts, and buy on hunches and tips.



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And that is where we and other reputable investment firms come into the picture. It is our business to supply investors with guidance and advice, based on all the information available and interpreted in the light of long experience.

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