

James Burk

Values in the Marketplace

*The American Stock Market
Under Federal Securities Law*



Walter de Gruyter · Berlin · New York 1988

Table of Contents

List of Tables	IX
Part I: Introduction	
Chapter 1: Markets, Moral Order, and Regulation	3
Markets and Moral Order	7
Regulation as a Means of Control	12
Plan of the Work	17
Part II: Reconstructing Normative Order	
Chapter 2: The Origins of Federal Securities Regulation	23
Federal Securities Regulation and the First New Deal	25
Limitations of the Market Failures Hypothesis	28
Depression, Electoral Pressure, and Government Intervention	33
The Role of Political Contingency	38
Chapter 3: Market Ideology and the Organization of Trading	45
Before the New Deal: Materialist Ideology Organizes Trading	47
Ideological Shift from Materialist to Pragmatic Beliefs	54
Undermining Materialist Beliefs	54
The Rise of Pragmatic Ideology	56
Securities Analysts and the Pragmatic Organization of Trading	60
Chapter 4: The Rise of Institutional Stock Investing	
The Origins and Effects of Boundaries Limiting Access to the Market	71
Historical Origins of the Boundaries	71
Effects of Limiting Access to the Market	74
Removing Boundaries to Stock Investing	76
Material Factors Weakening Support for Limits on Stock Invest- ment	77
Debating the Idea of Stock Investing	79
The Role of Federal Securities Law	82

Part III: Unintended Consequences for Market Control

Chapter 5: Unraveling Regulatory Control 89

Traditional Accommodations Subject to Challenge 90

 Three Regulatory Principles 90

 Challenging Anticompetitive Practices 94

The Catalyst of Market Strain 96

Ineffective Regulatory Response 102

 An Imbalance of Power 103

 Moving Toward the Brink of Collapse 105

Chapter 6: The Limits of Regulatory Reform 111

Movement to Create a Competitive National Market System 112

 What Congress Sought to Do 114

 A Limited Reform 118

Commission-Focused Explanations of the Failure 121

Opposing Reform Within a Fragmented Regulatory Structure 124

Part IV: Conclusions

Chapter 7: A Normative Assessment of Stock Market Regulation . . . 137

Why Consequences of Market Regulation Are Unintended 139

When Market Regulation Weakens Social Control 141

Prospects for Market Regulation in a Democratic Society 144

Appendices

Appendix A: Descriptive Statistics 153

Appendix B: Diffusion of Individual Stockholding 160

Appendix C: Early Securities Regulation 167

Appendix D: A Note on Sources 174

Selected Bibliography 181

Author Index 197

Subject Index 201