

## INVESTMENT, TRADE AND GAMBLING 3

this way a requirement of modern times, and represents in commerce the evolution of democracy. It brings with it the advantage that the small capitalist is enabled to participate directly in the profits derived from the use of his capital, instead of allowing the bulk (or the whole) of that profit to be acquired by his banker, or some trader to whom his capital may have been advanced by the bank. In other words he receives a direct personal share in the benefits which are derived by society as a whole from his having saved, over and above such advantage as he may receive *qua* member of society.

Assuming then that the present system will be maintained in its broad outlines for many years, what is it that may be described as its legitimate function? In our view its proper object is to stimulate and facilitate enterprise by increasing the activity of money, and affording to the greatest number of the public an opportunity of participating in, and influencing, industry. Primarily this opportunity is placed before the public when a limited company is by prospectus offering its shares for subscription; and when once an investor has received his allotment of shares, no doubt it is true that a definite amount of free capital thereby becomes fixed, whether those shares remain in his name or not. But, in a secondary degree and indirectly, the investor who purchases on the market shares of an already-established company also helps to influence the direction in which capital flows, although for present purposes it will be sufficient to deal with the original flotation of the company.

What then is the process of flotation? It is a sale to the general public or such of them as respond to the invitation in the prospectus. The vendors and promoters constitute as it were the manufacturers of an article which the public require; that is, they manufacture easily transferable interests in commercial enterprises. Now manufacturers are subject to the ordinary motives influencing mankind, and manufacturers of shares may, like the rest, produce and sell a worthy or a worth-