

I am grateful for the opportunity to take part in this discussion because our entire national welfare depends upon the affirmative answer to the question: "Can Business and Government Work Together Today?" Present world conditions are such that it is imperative that every citizen do all in his power to make the answer "Yes."

Our government is one established by the consent of the governed, not a government of coercion. There must be something radically wrong indeed when antagonism exists between government and business. Government is not a success unless it is a friend of business, and business cannot exist without the help of government. They must be friends and they will be friends if government sticks to government and business sticks to business.

Our forefathers who created our Constitution were desperately afraid of government. They came to America because they objected to being told how to worship and what they must do and what they must not do. And while they knew that government was necessary, at the same time they also knew from their own bitter experiences that the tendency of government was to take to itself more power at every opportunity. Hence they created our system of checks and balances. They felt that slow movement was much safer than emergency movement, even though results could be obtained more quickly by emergency measures. Their wisdom is evident from what has happened in Europe in ^{the} recent past.

It is true that business has at times sought to influence government to its own advantage and to the disadvantage of the general public. Thus, conditions sometimes arise where it is necessary, for the welfare of business itself and of the public, that supervisory powers be vested in government. This is what brought into being the Securities and Exchange Commission.

The New York Stock Exchange has recognized that such a Commission performs a useful function and it has been and is our desire to cooperate with it fully in the interest of the public. That Commission's function, however, is one of supervising and not operating.

It would be asking too much of human nature to expect that men could fashion such an instrument as the Securities and Exchange Act and do it in such a way that it would be perfect at the first effort. There is no Act that I know of that has ever reached ^{that} standard in its original creation. And the reason often is that, as in the establishment of the Securities and Exchange Commission, there were flagrant derelictions that invited legislation. So great was the emphasis upon these derelictions that the thousands of honest and competent brokers were overlooked. Just how much they were penalized, perhaps unwittingly, cannot be known except from experience.

The Securities and Exchange Commission, all of us agree, serves a purpose, but the Commissioners themselves must, more than once, have had doubts in their own minds as to whether some of the provisions of the Act really remedy an evil, or work a hardship. The Securities and Exchange Act is so new a law that it is certain to contain some defects and it would seem that the Commission, in the interest of the public, would be glad, after five years of operation, to discuss with the exchanges of the country possible revisions in the direction of an improved regulatory law.

Any conflict between Government and business must be an uneven one because Government always has the advantage. But it is the public which suffers most in such a conflict. Therefore, no greater service can be rendered to the American people than to have groups such as the Town Hall of the Air discuss these questions openly and freely. My purpose, in the few minutes at my disposal, is to get across a viewpoint rather than to argue political or business

science.

During the last seven years many new laws regulating business have been passed. This was in accord with changing times and conditions. Dishonest bankers, dishonest utility magnates and dishonest brokers had undermined the confidence of people in business, But I seriously question whether there is an informed man or woman in this audience who really believes these isolated examples were representative, any more than that breaches of trust in Government were representative. The record shows that Government has had its share of dishonest men and has made its share of mistakes.

Let me take this opportunity to say, as President of the New York Stock Exchange, that I take great pride in my present associates and have complete confidence in the integrity and honesty of the overwhelming majority of Exchange members. I would have no hesitation in matching the men of my community with those of any other - and that includes government - when it comes to the desire to do right and promote the public welfare.

The present management of the Exchange has accepted the Securities and Exchange Act as the law of the land. It has made every effort to improve its organization and its services. It has undergone a complete reorganization and has added so many additional rules in the interest of the public that it is difficult for even those in our business to be familiar with all of them. Study is being made of the possibility of other improvements, but it would seem the part of wisdom for the Securities and Exchange Commission, in administering the law, to credit the Exchange with good faith and not to take the position that honest brokers must be burdened with experimental restrictions which may or may not be good for the public. The securities business badly needs an opportunity to catch its breath.

The members of the Exchange and the Exchange itself are today losing money, in spite of steady and protracted contraction. The morale of those in our business is low. The efficiency of our market, which is essential to American business, is threatened. In our time of need we have the right to expect our Government to help us preserve our market, to help us keep the house from burning down and not to heap fuel on the flames. If we are to continue to have an efficient and serviceable market, and this is vital to the country, it is imperative for us, and for the Government itself, to give more attention to ways and means of maintaining our operations on a self-sustaining basis.

I would be less than frank if I did not make these observations at this time. The opportunity exists, in the relations between the New York Stock Exchange and the Securities and Exchange Commission, for a practical test of the ability of business and government to work together.

In conclusion, I would like to say that, in my judgment, the greatest impediment to the successful cooperation of business and government today lies in the wide area of discretionary power vested in administrators. I recognize that emergencies arise which require unusual methods, but government by law is always superior to government by men. Government and business can work together if government by consent is not permitted to become government by coercion.