

1935

For Release in Papers of March 19 - 1:30 P.M

SECURITIES AND EXCHANGE COMMISSION
Washington

SECURITIES ACT 1933
Release No. 317

Joseph P. Kennedy, Chairman of the Securities and Exchange Commission, today urged New York City to throw off its pessimism and assume its proper place in the leadership of the country towards financial recovery.

Speaking before the American Arbitration Association, Mr. Kennedy asserted that New York City is lagging behind the rest of the country in recognizing the more cheerful economic outlook.

"Those whom I have been meeting recently in other sections of the country are unanimous in declaring that New York is the 'bluest' spot in the country with respect to business morale," he said. "And when New York is blue, every other section of the country is confused and confounded. And in all frankness I must say that this ace of American cities is not giving a good account of its stewardship as the pace-setter of business enterprise."

Attacking the lack of self-confidence shown by business leaders recently, Mr. Kennedy said:

"Things never are quite as hopeless as they are made to appear by fear, and never in the past two years has there been such fearing of fear itself, as there is today. It is the cold hand of death on business initiative. Men see business sustained at a rate which would have been considered impossible two years ago yet they continually cry out against the uncertainty of things.

"Business is still not only better than confidence; it is better than we deserve to have it. We have not matched results with our courage. We have not been grateful enough for a 34% increase in general business, for the practical rehabilitation of the great motor industry and for the sound revamping of other industries."

He further assailed the tendency of business men to blame their own timidity on the bogey of growing Federal bureaucracy. He recalled the prediction made almost 20 years ago by Elihu Root that, 'as any community passes from simple to complex conditions the only way in which government can deal with the increased burdens thrown upon it is by the delegation of power to be exercised in detail by subordinate agents, subject to the control of general directions prescribed by superior authority,' and that, 'there can be no withdrawal from these experiments because such agencies furnish protection to rights and obstacles to wrongdoing, which under our social and industrial conditions cannot be practically accomplished by the old and simple procedure of legislatures and courts.'

Referring to the registration of two large securities issues by Swift and Company and the Pacific Gas and Electric Company, Mr. Kennedy said: "These, I am hopeful enough to believe, mark a turn in the road. Only a trickling little stream of private corporation finance as yet, where before there was a flood tide. But the stream is large enough and representative enough to justify the statement that there is no longer any excuse left to the corporation which has hitherto hesitated to go forward with confidence".

After pointing out the workability of the present requirements of the Securities Act, the Chairman urged American business to "accept the fine example of these business leaders and resist the small-minded critic who sees evil in every government agency. Wherever you lead, the rest of the country will follow and sixty days before anyone knows it the victory over doubt and despair will have been won".

The Chairman pointed out that politics has always been an unescapable incident of American business life. He urged the listeners to subordinate politics to business, saying, "Instead, let us stick to the one formula we all know - 'business as usual'. Never did this country need that slogan more than it does today. Box the compass of your own industry. Plan your future requirements. Cut your cloth according to your pattern as the motor industry has done. Invest in America. Its people have purchasing power, cash reserves, bank balances, and savings accounts. Hoarding, mental hoarding, and spiritual hoarding, keep these resources in hiding. The great American people whose common sense solved every crisis in their history have never failed to respond to sane, courageous, business leadership".