

Draft Form

Dec. 19, 1938.

The decision of the New York Stock Exchange to take no action against its various members who were involved in the Whitney episode does not necessarily indicate that the ideal of self-regulation is impossible. It does, however, suggest the kind of limitation under which even the ablest and most upright management presently functions, as respects self-policing. It also suggests that the appropriate balance (by statute or otherwise) between stock exchanges and the federal government has not yet been attained. It will not be attained until rules are applied to the little fellow and the big shot alike.