## Appendix. Most Prominent Companies Included in Study of 1929 New Issues [1]

### INDUSTRIAL COMPANIES

| Name of company | Type of issue | | |
|---|---|---|---|
| | Common | Preferred | Bond |
| Abbot Laboratories | x | | |
| Allis-Chalmers | x | | |
| American Cyanamid | x | | |
| American I. G. Chemical | | | x |
| American Metal Company | x | | |
| American Radiator Company | x | | |
| American Rolling Mill | x | | |
| American Steel Foundries | x | | |
| American Tobacco Company | x | | |
| Anaconda Copper | x | | |
| Atlantic Refining Company | x | | |
| Bendix Corporation | x | | |
| Bethlehem Steel | x | | |
| Borg Warner Corporation | x | | |
| Bulova Watch | | x | |
| Case, (J. I.) | x | | |
| Continental Can | x | | |
| Cooper Bessemer | x | x | |
| Crown Zellerbach | | x | |
| Cudahy Packing | x | | |
| Diamond Match Company | x | | |
| Dow Chemical Company | x | | |
| Eastman Kodak | x | | |
| Firestone | | x | |
| First National Stores | x | | |
| General Mills | x | | |
| General Steel Castings | | | x |
| General Theatres Equipment | x | | x |
| Goodrich | x | | |
| Goodyear Tire & Rubber | x | | |
| Grant, (W. T.) | x | | |
| Gulf States Steel | x | | |
| International Combustion | | x | |
| Kelvinator | x | | |
| Koppers Gas and Coke | | | x |
| Kreuger and Toll | | | x |
| Lorillard, (P.) | x | | |
| Lautaro Nitrate | | | x |
| Ludlum Steel | | x | |
| Macy, (R. H.) | x | | |
| Mid-Continental Petroleum | x | | |
| Minneapolis Moline | x | x | |
| Montgomery Ward | x | | |
| National Dairy Products Company | x | | |
| National Tea Company | x | x | |
| Oliver Farm Equipment | | x | |
| Penney, (J. C.) | x | | |
| Pittsburgh Coal | | | x |
| Procter & Gamble Company | x | x | |
| Radio-Keith-Orpheum | x | | |
| Richfield Oil | | | x |
| Schulte-United 5c to $1 Stores | | | x |
| Sharp and Dohme | | x | |
| Shell Union Oil | | x | |
| Simmons Company | | | x |
| Spicer Manufacturing | | x | |
| Texas Corporation | | | x |
| Thermoid Company | | x | |
| Ulen and Company | x | | x |
| Union Carbide and Carbon | x | | |
| United Aircraft and Transport Company | x | | |
| United Carbon | x | | |
| United States Steel Company | x | | |
| Warner Bros. Pictures | x | | x |
| Warner Quinlan | x | | x |
| Wesson Oil and Snowdrift | | x | |
| Westinghouse Electric & Mfg. Company | x | | |

[1] The 838 issues traced in the study amounted to $5.6 billions at the time of flotation in 1929. Of this amount $3.0 billions, or 54%, was floated by the 100 companies listed in the appendix.

APPENDIX. MOST PROMINENT COMPANIES INCLUDED IN STUDY OF 1929 NEW ISSUES—Continued

PUBLIC UTILITIES

| Name of company | Type of issue | | |
|---|---|---|---|
| | Common | Preferred | Bond |
| American Telephone & Telegraph Co. | | | x |
| Associated Gas & Electric Company | | x | x |
| Cities Service Company | x | | x |
| Columbia Gas & Electric | x | | |
| Commonwealth Edison (Chicago) | x | | |
| Consolidated Gas of New York | x | | |
| Consolidated Gas, El. Lt. & Pr. Co. of Balto | x | | |
| Detroit Edison | x | | |
| El Paso Natural Gas | | | x |
| Electric Bond and Share | x | x | |
| Engineers Public Service | x | | |
| International Hydro Electric System | x | | x |
| International Telephone & Telegraph Co. | x | | |
| Long Island Lighting | | x | |
| Montana Power | | x | |
| New York Steam | | | x |
| Pacific Gas and Electric | x | | |
| Pacific Lighting Corporation | | x | |
| Penn-Ohio Edison | | | x |
| Public Service of New Jersey | x | x | |
| Southern California Edison Company | x | | x |
| Standard Gas and Electric | x | x | |
| United Corporation | x | | |
| United Gas Company | x | x | |
| United Gas Improvement | x | | |
| Utilities Power & Light | | | x |
| West Penn Power Company | | x | |

RAILROAD COMPANIES

| | | | |
|---|---|---|---|
| Alleghany Corporation | x | x | x |
| Canadian Pacific | | | x |
| Chesapeake and Ohio | x | | x |
| Missouri Pacific | | | x |
| New York Central | x | | |
| Pennsylvania | x | | |

EVALUATION OF INVESTMENT TRUST SERVICE TO INVESTORS BY COMPARISON WITH PERFORMANCE OF INVESTMENT RATED EQUITY RECOMMENDATIONS AS OF SEPTEMBER 30, 1929, AFTER INITIAL MARKET BREAK

(Issued in support of statements made by Mr. Arthur H. Bunker, before a subcommittee of the Committee on Banking and Currency of the United States Senate in connection with bill S. 3580)

The preeminent position acquired by investment rating and advisory services as conservative investment counselors to institutional and individual investors dates back to the pre-war period. Banks, insurance companies, and trust funds have accepted the rating system of securities and its criteria of investment rank as the most reliable source of information. After the crisis in the banking system in 1933, the governmental regulative bodies also adopted investment-rating methods, thus giving official recognition to investment-rating agencies.

In view of the leadership secured and retained by these services, their recommendations at any time represent the contemporaneously accepted sound and experienced investment judgment. It is, therefore, significant to compare the performance of investment trusts with the recommendations of one of the best known investment rating and advisory agencies.

As a vantage point we take the recommendations made on September 30, 1929, after the market had broken from the Labor Day highs and canceled the greater part of the year's gains. At that time this investment service deemed the stock market level particularly attractive for investors and submitted a list of about 50 stocks—of which 37 were given specific ratings—with half rating A or better (Aa in stocks corresponding to Aaa in bonds). The preponderance of the list that was given a rating was in industrials with considerable representation for railroads and for utilities, and, as a supplement, there were other stocks without rating.[1] But this supplement was, in turn, dominated by bank stocks at that time regarded to be on a parity with high-grade bonds.

We have taken that list in two forms (with and without unrated stocks), and computed the market vlaue of the list for the dates used in the S. E. C. investigation, namely, the end of 1929 and the end of 1935, after making due adjustments for rights and other capital changes. In order to reinforce the emphasis upon investment standing, we have weighted the list in accordance with the above rating by giving the A issues a triple weight, the Baa and Ba a double weight and everything below a single weight. In the list, inclusive of the issues that are not accorded a rating in the recommendations of September 30, 1929, we have given these unrated stocks a single weight, even though many of them were bank stocks which, judging by specific comments in prior letters during that year, were deemed of the highest grade. For convenience, we shall call the list confined to stocks with specific ratings portfolio No. 1, and the larger list, inclusive of the nonrated stocks, portfolio No. 2.

The performance of such portfolios constitutes a proper measure of what an "unmanaged fund" performed between the dates chosen by the S. E. C.

It is, therefore, noteworthy that the first portfolio of these investment rated and weighted common stocks, recommended in 1929, if held through 1935 had at the end of that year a value of 47.9 percent of the year end 1929 value; and that the second portfolio, augmented by another dozen issues, had a value at the end of 1935 of 46.6 percent of the year end 1929 valuation.[2] By comparison, the S. E. C. itself found that the performance of typical closed-end investment trusts, aggregating 49 such organizations, had at the end of 1935 a price value (exclusive of intervening distribution) of 69 percent of the end of 1929. The performance of the closed management investment trusts was, thus 44 percent higher than a typical investment portfolio selected by one of the outstanding public investment advisors of the period and since.

To illustrate the validity of the method adopted herein of using the 1929 recommendations as a dual index of investment funds—first of what a well chosen 1929 investment fund was, and, secondly, what would have happened to such a fund if retained without management to 1935—we need only call attention to the differential behavior of the constituents of the list by investment rating. The summary table of these recommendations records for the period from the year end 1929 to the year end 1935 the performance of the total portfolio as well as by respective investment rating classes.

*Summary performance records year end 1929–35 of investment recommendations in 1929 as unmanaged portfolio by total and by investment classes*

[Adjusted for stock dividends, stock splits and rights, but not for cash dividends]

| | Weights | Weighted totals | | Percent decline |
|---|---|---|---|---|
| | | Dec. 31, 1929 | Dec. 31, 1935 | |
| List of recommendations of September 1929: | | | | |
| Aa | 3 | $1,200 | $736.50 | −38.6 |
| A | 3 | 3,900 | 2,004.00 | −48.6 |
| Baa | 2 | 2,000 | 856.00 | −57.2 |
| Ba | 2 | 1,000 | 472.20 | −52.8 |
| B | 1 | 400 | 46.00 | −88.5 |
| Caa | 1 | 100 | 7.30 | −92.7 |
| Total | | 8,600 | 4,122.00 | −52.1 |
| Total nonrated stocks | 1 | 1,300 | 495.50 | −61.9 |
| Combined list augmented with nonrated stocks | | 9,900 | 4,617.50 | −53.4 |

[1] The large representation of railroads constitutes in itself a definite market judgment as to group selectivity. The service was obviously acting on historic precedent—good for previous cycles—that the railroad industry would be less cyclical than the general industry.

[2] Detailed tabulation attached.

The orderly gradation of the depreciation from under 40 percent for the Aa, or the highest rated stocks, with a triple weight, to about 90 percent for the B and Caa, with a single weight of one, clearly suggests that the more seasoned securities of investment merit had a higher survival ratio than those of low investment standing. The depreciation in the nonrated stocks approximates the shrinkage in the Baa rated equities, confirming the opinion conveyed earlier herein, that they contained a large number of stocks, which in 1929 had a fairly high investment standing.

The correspondence between the ratings and the capital conservation is thus incompatible with the popular notion of Wall Street critics that in 1929 everybody's judgment was no good and all valuations worthless. While the Ba group turned out to be somewhat better than Baa stocks, the fact remains that the rating ranges to which we accorded a weight of one, experienced a decline double that of the groups with a weight of three. The depreciation was inescapable, because of the economic and monetary events of the American and world major depression and deflation on the greatest scale that we and the world at large had previously experienced, with attendant debt repudiation, currency devaluation, and all around scaling down of capital values.

*List of common stock recommendations as of Sept. 30, 1929, converted into an unmanaged portfolio [1] for the period end 1929 through end 1935, weighted in accordance with their investment rating and adjusted for capital changes*

| Common stock recommendations as of Sept. 30, 1929 | 1929 rating | Prices Dec. 31, 1929 | Prices Dec. 31, 1935 | Adjusted Dec. 31, 1935, prices | 1935 as percent of 1929 | Weighted investments | | Adjustments necessary to make 1935 prices comparable to 1929 (not adjusted for cash dividend). Stock dividends and stock splits. | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Dec. 31, 1929 | Dec. 31, 1935 | Rights | Remarks |
| Atchison | Aa | 224 | 59¾ | | 26.7 | 300 | 80.1 | | |
| General Electric | Aa | 61⅞ | 38¼ | | 61.9 | 300 | 185.7 | | |
| Standard Oil of New Jersey | Aa | 66⅛ | 51¾ | | 78.3 | 300 | 234.9 | | |
| American Telegraph & Telephone | Aa | 222½ | 155½ | 174.88 | 78.6 | 300 | 235.8 | 22⅝-16 | |
| Total | | 574.50 | | 324.63 | | 1,200 | 736.5 | | |
| Alabama Great Southern | A | 123 | 37¾ | | 30.7 | 300 | 92.1 | | |
| Atlantic Coast Line | A | 167 | 30½ | | 18.3 | 300 | 54.9 | | |
| Norfolk & Western | A | 227¼ | 209 | | 92.0 | 300 | 276.0 | | |
| Pennsylvania R. R | A | 74¼ | 31⅜ | | 42.3 | 300 | 126.9 | | |
| Allied Chemical | A | 265 | 157⅝ | 165½ | 62.5 | 300 | 187.5 | | 5 percent stock dividend 1930. |
| Borden | A | 66½ | 26½ | 27⅜ | 41.2 | 300 | 123.6 | | 3 percent stock dividend 1930. |
| International Harvester | A | 80½ | 61¼ | | 76.1 | 300 | 228.3 | | |
| Union Carbide | A | 79 | 71¾ | | 90.9 | 300 | 272.7 | | |
| United States Steel | A | 171 | 48½ | | 28.4 | 300 | 85.2 | | |
| Westinghouse Electric | A | 144½ | 97½ | 106¾ | 74.0 | 300 | 222.0 | | ½ share Radio Corporation in 1933; ¼ share in 1935. |
| Consolidated Gas of New York | A | 100⅛ | 31¾ | | 31.7 | 300 | 95.1 | | |
| Shawinigan Water & Power | A | 74⅜ | 20 | | 26.9 | 300 | 80.7 | | |
| United Gas Improvement | A | 33½ | 17¾ | | 53.0 | 300 | 159.0 | | |
| Total | | 1,606 | | 859.25 | | 3,900 | 2,004.0 | | |
| Baltimore & Ohio | Baa | 116½ | 16¾ | 17⅞ | 15.4 | 200 | 30.8 | 1⅝-½ | |
| Chicago & Northwestern | Baa | 85 | 3 | | 3.5 | 200 | 7.0 | | |
| New York, Chicago & St. Louis | Baa | 132 | 17½ | | 13.3 | 200 | 26.6 | | |
| Southern Ry | Baa | 136 | 14¼ | | 10.5 | 200 | 21.0 | | |
| American Smelting | Baa | 72⅞ | 60½ | | 83.0 | 200 | 166.0 | | |
| International Business Machines | Baa | 162 | 177 | 198¼ | 122.4 | 200 | 244.8 | | 5 percent stock dividend 1930, 5 percent 1931, 2 percent 1934. |
| Johns Mansville | Baa | 125 | 95¼ | | 76.2 | 200 | 152.4 | | |
| Sears Roebuck | Baa | 89¼ | 65¾ | 69¾ | 78.2 | 200 | 156.4 | | 4 percent stock dividend 1930, 2 percent 1931. |
| United States Realty & Improvement | Baa | 60⅝ | 11 | | 18.1 | 200 | 36.2 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Electric Bond & Share | Baa | 85⅝ | 16⅛ | 6⅜ | 7.4 | 200 | 14.5 | | Four 1½ percent stock dividends in 1930, 1931, 1932, and reverse split of 1 for 3 in 1932. |
| Total | | 1,064.88 | | 493.75 | | 2,000 | 856.0 | | |
| Bangor & Aroostock | Ba | 64 | 42 | | 65.6 | 200 | 131.2 | | Each share Drug, Inc., received 4/10 share United Drug. |
| Chicago Rock Island & Pacific | Ba | 114½ | 1⅝ | 3¼ | 2.8 | 200 | 5.6 | 2¼–⅞ | Each share Drug, Inc., received 5/10 share Sterling Products. |
| Drug Inc. (United Drug) | Ba | 79⅝ | 13¼ | 58 | 72.8 | 200 | 145.6 | | Each share Drug Inc., received 2/10 share Bristol Myers. |
| International Telephone and Telegraph. | Ba | 74¾ | 13⅛ | 15⅝ | 20.9 | 200 | 41.8 | 3½–1½ | Each share Drug, Inc., received 2/10 share Vick Chemical. |
| Pacific Lighting | Ba | 76 | 51½ | 56¼ | 74.0 | 200 | 148.0 | 5⅝–3¾ | Each share Drug, Inc., received 1/10 share Life Savers. |
| Total | | 408.88 | | 175.13 | | 1,000 | 472.2 | | |
| Erie R. R. | B | 56½ | 12¼ | 12⅝ | 22.4 | 100 | 22.4 | ¾–1/16 | |
| New York, New Haven & Hartford | B | 111¼ | 4 | | 3.6 | 100 | 3.6 | | |
| St. Louis-San Francisco | B | 107⅝ | 1⅜ | | 1.3 | 100 | 1.3 | | |
| Engineers Public Service | B | 40¾ | 7½ | 7⅝ | 18.7 | 100 | 18.7 | | 2 percent stock dividend 1930. |
| Total | | 316.12 | | 25.63 | | 400 | 46.0 | | |
| Boston & Maine | Caa | 100 | 7¼ | | 7.3 | 100 | 7.3 | | |
| American Superpower | No rating | 25⅝ | 2⅝ | | 10.3 | 100 | 10.3 | | |
| Stone & Webster | do | 81 | 14⅝ | | 18.1 | 100 | 18.1 | | |
| United Corporation | do | 32¼ | 7⅛ | | 22.1 | 100 | 22.1 | | |
| American International | do | 38¼ | 10⅝ | 11 | 28.8 | 100 | 28.8 | | 4 percent stock dividend 1930. |
| General Public Service | do | 35⅞ | 3⅞ | 4⅛ | 11.5 | 100 | 11.5 | | 6 percent stock dividend 1930. |
| Continental Insurance | do | 59¾ | 42¼ | | 70.7 | 100 | 70.7 | | |
| Fidelity Phoenix | do | 63 | 43½ | | 69.1 | 100 | 69.1 | | |
| Home Insurance | do | 42½ | 40½ | | 97.5 | 100 | 97.5 | | |
| National City | do | 212 | 39 | | 18.4 | 100 | 18.4 | | |
| Chase National | do | 155½ | 43 | 44¼ | 28.5 | 100 | 28.5 | | 1 share Amerex for each 10 shares of Chase. |
| Guaranty Trust | do | 675 | 309½ | | 45.9 | 100 | 45.9 | | |
| Bank of Manhattan | do | 120 | 32½ | | 27.1 | 100 | 27.1 | | 1 share New York Title & Trust for each share Bank of Manhattan (Dec. 4, 1935). (No value.) |
| New York Trust | do | 256 | 121½ | | 47.5 | 100 | 47.5 | | |
| Total | | 1,975.75 | | 712.50 | | 1,300 | 495.5 | | |

[1] Converted by the present compilers.

Senator WAGNER (chairman of the subcommittee). Will you proceed, please, Mr. Quinn?

## STATEMENT OF CYRIL J. C. QUINN, VICE-PRESIDENT, TRI-CONTINENTAL CORPORATION AND PARTNER OF J. & W. SELIGMAN & CO., NEW YORK CITY

Mr. QUINN. Thank you, sir.

Senator WAGNER. Mr. Quinn, you represent the Tri-Continental system?

Mr. QUINN. Mr. Chairman, I should like to begin by explaining that I am a vice president and director of Tri-Continental Corporation and of the four other investment companies that are associated with it. I am also a member of the firm of J. & W. Seligman & Co.

Like Mr. Bunker, in my discussion I shall confine myself to only the closed-end companies. I am not going to talk about open-end companies, unit-certificate companies, or those other types of companies with which I am not familiar.

I am proceeding on the assumption that you are not interested in generalities, neither are you interested in any extended discussion of the detailed, technical draftsmanship of the bill—although I must say that in some sections it is rather ambiguous, in a few sections it is rather contradictory, and in many places it is so vague that it is very difficult to comment successfully upon it.

I assume that what you really are interested in is in knowing what is our position with respect to regulation—that is the first thing; second, what sections I think are in the bill that should not be in it—that is the second thing; third, what, as a person with some practical experience, I think of the way that some principles with which we agree have been worked out, in those cases where we disagree with the manner of working them out.

In other words, I am proceeding on the assumption—and this is confirmed by the way the hearing has gone—that you welcome an honest and sincere attempt to help you gentlemen work out workable and reasonable regulations.

Let me cover the first point, as to my position with regard to regulation.

Senator HERRING. Mr. Chairman, I wonder if Mr. Quinn cannot address the Secretary, and then we shall all hear better, down here, and I think you will hear just as well, will you not?

Senator WAGNER. Yes, of course. Incidentally, I do not want to be critical at all; I know we all do it; but if we could refrain as much as possible from conversation, we shall all be helped very much.

I am as much guilty of that as anyone.

Senator HUGHES. I wonder if the Senator would not be in a better position up here at this end of the table.

Senator HERRING. I can hear all right; I am just thinking about some of the rest.

Mr. QUINN. I am sorry.

If I may readvert to our position with respect to regulation, Senator: In 1937, we, like Mr. Bunker, appeared at a public hearing of the S. E. C. in connection with the investigation and hearing on our companies. That was part of the general investigation of all investment companies. The chairman of the companies I represent at that time stated that he felt some measure of governmental regulation of investment companies was desirable; he said he felt that if it was done on a proper basis, it would result in benefits to the holders of investment-company securities and to the public.

That was our position then, and that is our position now.

I might add that the statement of policy, which contains certain specific recommendations and certain general recommendations about what a proper regulatory bill ought to be, was sent out to all the shareholders of the companies. Some 40,000 shareholders got that statement at that time.

Now I come to the second question which I think you are interested in: That is, What parts of the present bill do I think have a proper place in a sound regulatory bill?

Mr. Bunker has set down certain principles. I shall try to elaborate those somewhat and to tie them in to the specific bill under discussion. I must add, however, that these things which I think should be in a regulatory bill, I think should be there in principle. I say that because I think there are many reservations with respect to the way in which they are put in there.

However, in principle I think a proper regulatory bill should contain (1) a provision for the registration of investment companies; (2) a provision for classification and subclassification of investment companies, although I think that the classifications used in this particular bill are illogical and absolutely misleading. I refer to the fact, for instance, that a company is called a trading company, for instance, because it has senior securities outstanding—which has nothing to do with whether or not it is a trading company. However, that is a further detail.

The third point that I have in this connection is I think a proper regulatory bill should contain provisions requiring the approval of stockholders for any change in fundamental policy. However, this is not a subject which is easy of solution; and Mr. McGrath, another one of our group, will later explain to the committee some of the difficulties encountered in this respect, under the provisions of this bill.

Fourth. I agree that there should be a prohibition against short sales and participations in pools or similar accounts.

Fifth. I think there should be prohibition against any direct sales or purchases of securities or other property between the investment companies on the one hand and their officers, directors, sponsors, and 10 percent shareholders, on the other hand. I say "10 percent," because that is the rule laid down in the other laws as to the person who has to report his holdings. This should not, of course, prevent the payment of salaries, management fees, and customary charges for agency services; and you will also hear from some other gentlemen, who are going to appear later, that a flat prohibition of this kind has certain disadvantages to particular companies. I think you gentlemen ought carefully to consider their viewpoint in connection with that.

Sixth. I think there ought to be requirements for adequate representation on boards of directors of persons independent of the management or sponsors.

Seventh. I think there ought to be a prohibition on loans by investment companies to officers, directors, or sponsors.

Eighth. I think there ought to be a requirement that all management or investment advisory contracts be submitted to stockholders. I cannot, however, agree that the basis of compensation under such contracts or the compensation of officers and directors should be limited in the manner prescribed in the proposed legislation. Furthermore, I see no reason why certain existing contract rights should not be recognized and respected.

Ninth. I think you might well put in provisions along the lines of section 16 of the bill with respect to changes in the board of directors, which should go far toward preventing the transfer of control without the stockholders' knowledge and consent; and in that connection I think you will recall that the witnesses on the other side said that went to the root of one of the principal cases that they cited.

Senator WAGNER. You approve of that?

Mr. QUINN. I think that is right, sir.

Tenth. I think there should be provisions with respect to proxy regulations, partly because I believe some form of proxy regulation is desirable and partly, I am afraid because the companies in the group that I represent are already subject to the proxy regulation which now applies to companies listed on national securities exchanges. However, I should like to say, parenthetically, that the present proxy regulations, to my mind, work out to the utter confusion of the poor stockholder; because it seems to me that this regulation requires so much information that the stockholder does not get a clear picture of it. Nevertheless, that is quite apart from this discussion.

Eleventh. I agree with the attempt to provide for underwriting by investment companies, but I think the present provisions ought to be tuned in carefully to the actualities of how that thing works out.

Twelfth. I approve whole-heartedly of the theory of those sections of the bill which are designed to provide shareholders and the public with full, complete, and periodic information. I disagree very strongly, however, with some of the methods proposed in this bill to achieve that objective.

I wish to make clear that when I say I agree in principle with this not inconsiderable portion of the bill, I must honestly point out that neither I nor any experienced person can agree with the way it is all worked out. The present bill is extremely intricate—perhaps necessarily so, although I doubt it. It does seem to me possible for draftsmen to work out a bill which would embody the above prohibitions and requirements, in order to prohibit certain things, and require certain other things in a way that would be clear, specific, and understandable. You would then have a bill which in my opinion would go as far as legislation can go to protect the investors against the abuses that have been revealed and against possible repetition of those abuses, without putting the management in strait jackets and without treating the investors like incompetent children.

I realize that this is not an easy task. I should like to be able, Senator, to come here and say that here are a few amendments which we propose and which, if accepted, would in our opinion make this much of the bill reasonable and workable.

That, however, is not really possible. There is hardly a paragraph and certainly not a section which, in my opinion, does not require revision; and the real point I want to make is that no one will get