

June 16, 1937.

MEMORANDUM TO MR. J. M. B. HOXSEY:

I would be inclined to raise the point that we have been making progress in this field of work for some time, and that I would be afraid of the effect upon corporations' attitude toward more regulation when reasonably satisfactory progress seems to be certainly in the process of being attained now without additional rules. A study of actual abuses would seem to be the way to develop whether there is a need for any more regulation.

I would be inclined to emphasize somewhat more than you or Mr. Berle have the possible forcing of securities off the Exchange.

We have been all striving for years in our own ways to get stockholders to assume responsibility, and it is a very difficult job. I am convinced that this rule is not going to head in that direction at all.

It seems to me that the cost of the operation under the rule will be all out of proportion to any benefits attained by carrying out the rule. I detect a very strong desire on the part of corporation officers to give stockholders more information than ever before. I think it would be very harmful to lessen this spirit of cooperation that is now developing. One marked instance of this is that corporations which fought very hard against the revealing of sales figures are gradually withdrawing opposition. This process will result if progress is made slowly and if we do not attempt to change the world over at once.

JOHN HANCOCK

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