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Eastman House
Oxford, England
23. v. 34.

23 May

Dear Mr. President:

What follows has relevance only if you have not yet filled the new commissionerships created by the final form in which the Stock Exchange Control Bills will come out of conference. Not that I shall tell you anything that you don't know. But it has been my business to study closely for more than twenty years the work of regulatory bodies both national and state, and perhaps you will forgive me some general observations.

No one knows better than you that in the last analysis legislation means predominantly administration. Prendergast is a good shorthand name for that truth, and a whole chapter could be written about the paralysis of the Federal Power Commission until your Presidency. The recent Supreme Court decision in the Chicago Telephone case is a dramatic illustration of what unaggressive and unresourceful regulation means, in dollars and cents and well-being, to the ordinary man and woman. More than \$20,000,000 would have been unjustly taken from the telephone users of Chicago through the hocus-pocus of corporate accountancy, but for the pertinacious and powerful fight, on behalf of the public, by one of the lawyers of the public, against whom were thrown all the obstacles that usually wear men down. The lack of moral zeal and intellectual capacity to meet the powerful resources on the other side on the part of public service commissioners throughout the country have, without a doubt, led not only to unfair charges to consumers but, what is worse, have been responsible for the grave abuses in the capitalization

of public service enterprise and for the building up of concentrated financial power to thwart the public interest.

Now the administration of the Stock Exchange Act will, I am sure, be even more difficult and call for greater skill, resourcefulness, firmness as well as fairness of temper, a will not worn down by fatigue, than has been the work of the older regulatory commissions. The problems are more subtle, the abuses less obvious, the public more misleadable and the consequences of non-action more far reaching. What will matter most to Wall Street indeed is what the Commission will refrain from doing, in view of what the law might enable a courageous and knowing commission to do. I don't know, of course, what the final terms of the Act will be, but I do know that the extent and effectiveness of the powers conferred by the legislation will depend largely upon the understanding of the possibilities under the statute by those charged with its administration.

And what is involved is not merely the Stock Exchange Control Act. Nothing less is involved than to keep Wall Street in its place, to furnish a counterpoise against its aggrandisement of power, by which the Street all along the line resists efforts by the government for the common interest. And so, plainly, you need administrators who are equipped to meet the best legal brains whom Wall Street always has at its disposal, who have stamina and do not weary of the fight, who are moved neither by blandishments nor fears, who in a word, unite public zeal with unusual capacity.

To turn to a totally different matter - Sir John Simon's conduct of foreign relations. If you have not seen it, you may be interested in the enclosed account of a recent speech by Lord Lytton on the British Government's policy towards Japan.

Always with warm regards,

Faithfully yours,

Wm. D. Rockefeller

Hon. Franklin D. Roosevelt
Enc.