The Very Man
By George Creel

PRESIDENT ROOSEVELT never beamed more effusively than on that fair June day, back in 1934, when he affixed his signature to the Securities and Exchange Act. A short-lived joy, however, for almost on the instant he was confronted by the necessity of selecting a chairman for the Commission.

The period of painful brooding, and then the smile came back to smooth away every little care line.

The face of the joyful eye that rang through the White House, causing all to look up from the magazine or newspaper they were working. "The very man!"

Mr. Kennedy, it may be explained at this point, was hard-chiselled, freckled Irishman of forty-six with a pair of hot blue eyes lighting up a face that was not dour and unsmiling. Also a millionaire, having managed to bite and kick a way to the top from a rich-quick base.

Called to the telephone, he received the President's suggestion with a smile, and kicked a leg in the air. "Joe Kennedy!" It was a joyful admission.

"It goes way back to smooth things that must be done. Now, Mr. Kennedy, you are to be sure, but a little thing."

Mr. Roosevelt answered cheerily, "But it doesn't seem a bad idea to have a chairman of a Securities and Exchange Commission who knows something about securities and exchanges. See you Monday."" Joe Kennedy went

Joe Kennedy left New York with the derivitive "yab-yab" of the investment world ringing in his ears, and reached Washington to find an atmosphere only a little less rigorous. Others on the Commission, you see, were James M. Landis, a brilliant young product of the Brandeis-Frankfurter school of thought; Ferdinand Pecora, the fiery Italian who had just "pulled the plug" on stock exchanges for a Senate committee; George C. Mathews, a hard-bitten Wisconsonian; and George Ross.

Mr. Kennedy needed no time on interview, radio, or newspaper space. After long, comprehensive look around, he disappeared from view.

This period of silence was devoted to a searching study of the law, and the building and testing of an organization of experts. These things done, Joe Kennedy emerged from concealment, and, seeking out thesalon, recital and dinner parties, blandly demanded to know what was eating them.

Courteously but firmly, Mr. Kennedy begged them to remember that they were not talking a "come on" from the sticks. He had been in the game himself. He knew it all as any of them. If he had made money, it was because he never risked a thin dime without a thing about the stock, spending money and time on investigators and accountants. What chance, he asked, did the average investor have to get that information? And why wasn't it his right to have it?

For frightening investors and destroying confidence, the scrum-topped visitor intimated plainly that such talk gave him a pain in the neck. What scared investors off was a steady succession of bare-faced swindlers that robbed the poor sufferers of their savings. Of course there was no security market now. People had been stung too often. But what better way to restore confidence than for honest men to get behind a law that had no other object than the elimination of swindlers and swindling? In the matter of governmental interference, they would kindly tell him when they had ever shown any disposition to clean house themselves? Was there even an attempt at investigation and reform that they hadn't fought tooth and nail?

And what was that about the law being radical? Would any of them say that the English were radical? Well, then, England has had laws for the protection of the investor since 1844, and a good deal stricter than the American statute. And enforced, too!

Nothing to Worry About

Crisply but still politely, he asked them to cut out the guff and talk sense. As much as anybody else, himself wanted the law to work. Let them point out the stupid, the unnecessary, and the unjust, and changes would be made. At the risk of being personal, he mentioned the fact that he had a wife and nine growing children, and sincerely trusted that no one present would think him fool enough to take part in anything that would menace their future.

A detail that seemed to agitate the investment men to the point of fever was the criminal and civil liability of directors for false or misleading statements. Mr. Kennedy refused to share this sense of outrage. If a man wasn't willing to accept responsibility, then let him stay off the board.

Protests against the publicity features of the law failed to bring tests to Joe Kennedy's eyes. The government had no concern with corporations that borrowed their money privately, but when they went out into the open and asked men and women for their savings, the minute they ceased to be private in any honest sense of the world.

With respect to delays and expense. Mr. Kennedy admitted that the Commission had already found things that could be improved. He pledged expedition and improvement. Anything else? All right, then. If they were on the square, they'd play ball. If they weren't on the square, they couldn't play at all.

He kept his word. When every possible reform had been effected, the Commission was back promptly and happily for business. None came. Weeks went by, and no corporation showed up with a fine issue ready for the oven. There were still doubt and distrust. And then the break came.

On March 7, 1935, Swift & Company knocked at the door with a $48,000,000 issue. On March 8th, Pacific Gas and Electric walked in with a $15,000,000.

Joseph P. Kennedy, chairman of the Securities and Exchange Commission

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