THE FUTURE OF THE SECURITIES INDUSTRY

An Address by

Harold M. Williams, Chairman
It is an honor to have been invited to give the first Gustave L. Levy Memorial Lecture. The invitation carried special significance for me since Gus was a close personal friend for 20 years. Thus, the opportunity to join in honoring him today, and in being honored by continued association with his name, is one I could not let pass by.

Gus Levy was many things -- he was a former Chairman of the New York Stock Exchange, he was a leader in so many civic and charitable organizations, and, indeed, it is rumored that he played a role in the in the success of Goldman, Sachs. He had an incredible capacity for doing and for giving. We served together on the board of Norton Simon and its predecessor companies for 15 years during which he missed only two monthly meetings -- once to accept an honorary degree at Tulane University and once because of a trip to Europe. And when I became Dean of the Graduate School of Management at UCLA, Gus accepted by invitation to serve on the Board of Visitors -- another task to which he characteristically contributed generously both his time and his support. I miss him as a friend and colleague. I miss his wisdom and compassion.

The subject of my talk today, the future of the securities industry, is a topic on which Gus spent many hours -- including some during which he and I debated the issues in less than total agreement. As most of you know, Gus was the Chairman of the Securities Industry Association’s National Market System Committee. That Committee was formed in January 1976, in order to formulate a plan for the development of a national market system during a period when it was rapidly becoming clear that the future of the securities industry would represent a sharp break with its past: On May 1, 1975, 200 years of fixed rates of commission had come to an end. Congress had, during the summer of 1975, passed the Securities Acts Amendments of 1975 which gave the Commission broad regulatory authority to facilitate, and if necessary mandate, the implementation of a national market system. During the Fall of 1975, the Commission has held hearings regarding off-board trading rules. In December of that year, the Commission had announced the adoption of Rule 19c-1 permitting execution of agency
transactions with third market makers and block positioners and deferred action on the
most troublesome question presented at the hearings -- whether exchange members
should be permitted to make markets upstairs.

It was in this environment that Gus’s National Market System Committee did its
work. In June 1976, the Committee issued its report to the SIA, and, in his transmittal
letter, Gus noted that the task “seemed awesome both in its significance and complexity.”
After nine months at the Commission, much of which I have spent considering how best
to facilitate the establishment of a national market system, I can well appreciate that
characterization. Nevertheless, despite the complexity of the task, the Committee offered
several far-reaching proposals, including open access to every exchange, multiple
competing specialists, and a pilot program to test the feasibility of a “consolidated limit
order book.”

Unfortunately, however, the proposals suggested by Gus’s Committee were not
implemented. Had they received the consideration they merited, it might have made all
of our tasks a bit easier, the industry’s future a bit clearer, and this talk both a bit shorter
and considerably more laudatory. As I noted in my recent speech to the SIA in Boca
Raton, however, the Commission cannot today -- almost 3 years after passage of the ’75
Act Amendments and almost 2 years after the issuance of Gus’s report -- draw
satisfaction from the current rate of progress toward national market goals. And, in large
measure because industry progress toward that system has been slowed and hampered by
the inability of the self-regulatory organizations and the discrete segments of the
securities industry to settle on a common course of action, the shape of the industry’s
future remains much more shrouded than many anticipated in 1975.

For that reason, I may disappoint those who expected from the title of this talk a
definitive picture of the industry’s future. Although Congress directed the Commission
to facilitate creation of a national market system, it was, I believe, most everyone’s desire
that as much as possible of the responsibility and opportunity for developing and
implementing that structure rest, in the first instance, with the industry and its self-regulatory organizations. I would, however, like to offer some insights into the Commission’s role in the development of the national market system and particularly to describe the program directed toward that goal which the Commission announced last Thursday afternoon. While the Commission’s policy statement may not itself define the future of the securities industry, it does, I believe, identify tools with which the industry can and must build the national market system part of that future.

The Role of the Securities Industry

In examining the industry’s future, it is key that we bear in mind the role which the securities industry and those who comprise it play in our overall social fabric. The securities markets serve as the vehicle through which capital is channeled from private hands into what are, ultimately, national priorities -- the creation of jobs, the provision of equipment and facilities necessary to produce the goods and services which define our standard of living, and the assurance of economic security for our citizens. In that sense, the securities markets are at the heart of our society; those markets are the stimulus and the source of life blood for the most successful economic system in the history of the world. We cannot afford to let the public lose confidence in the fairness and integrity of our capital markets or of the corporations and businesses which those markets have financed and which they sustain. Our markets must continue to be -- and must continue to be perceived as -- the fairest, the most open, and the most liquid -- in short, the best -- in the world. At bottom, those objectives are the only goal of the restructuring in which we are now involved.

Liquidity is a product of money and confidence in the markets. Unfortunately, however, public confidence in our markets has been shaken. Questions have been raised, for example, about the integrity of corporate earnings, about whether American business is run in the best interests of its shareholders and the larger society of which it is a part,
about whether our equity markets are an attractive and fair place for the individual investor to place his after-tax investment dollars, and about the inability of small businesses to gain vital access to capital markets. The challenge then, which we face together during my five year term as Chairman, is how we contribute to enhancing the integrity of the capital formation process and of the private enterprise system generally.

The Challenges Facing the Securities Industry

The challenges facing the securities industry today stem in part from the abolition of fixed commission rates on May 1, 1975, and will extend through the creation of the Congressionally-mandated national market system. As May Day approached, some suggested that Wall Street’s population would quickly dwindle to a few predominant firms, none of them members of the New York Stock Exchange; a massive shakeout was foreseen as firms scrambled for market-share, and, because of their cost structures, were successively priced out of competition.

Although these analysts proved to be unduly alarmed, the very real costs which have been borne by members of the industry during the transition to price competition cannot lightly be dismissed. Since May 1, 1975, something on the order of 100 New York Stock Exchange member firms have disappeared. Further, firms which had depended on one type of service for the bulk of their revenues were forced to explore the feasibility of providing, through one means or another, a wider range of financial products and services. There is, however, much we do not yet know about the consequences of negotiated rates, and better information from the industry would assist us in understanding their real impact, the way in which the business is changing, and how to deal responsibly and timely with potential problems. The Commission’s economic staff is presently engaged in accumulating the basic financial data which will aid my colleagues and me in better understanding the economics of the post-May Day securities industry.
While there is a lot left to learn, it is, I think, clear that the securities industry is enduring a period of economic uncertainty and change unprecedented since the depression. The combined results of a national economy not particularly inviting or conducive to investment, and of unfixed rates of commission, have worked important changes in the industry -- but have not crippled it; more than two years after the unfixing of commission rates, the industry remains viable and resourceful.

While the economic challenges facing the securities industry are complex, in many ways the structural challenges may be more difficult and unsettling. In 1975, Congress, by statute, directed the Commission, “having due regard for the public interest, the protection of investors, and the maintenance and fair and orderly markets, to use its authority to facilitate the establishment of a national market system for securities” and to do so in accordance with with specific Congressional findings and objectives.

Obviously, the purpose of the Congressional mandate is to enhance the quality and integrity of the markets, not to diminish them. The legislative history is replete with this message, for example:

“[I]nvestors should be able to obtain the best, most economic and fair execution of their orders and be assured that, because of open competition among market makers, the total market for each security is as liquid and orderly as the characteristics of that security warrant.”

And:

“[E]very effort should be made to design the national market system in such a way that public investors [in securities which are suitable for auction trading] receive the benefits and protections associated with auction-type trading.”

Finally, the Act states:

“The linking of all markets for qualified securities through communication and data processing facilities will foster efficiency, enhance competition, increase the information available to brokers, dealers, and investors, facilitate the offsetting of investor orders, and contribute to best execution of such orders.”
Facilitating a national market system is among the most difficult and challenging
of the many tasks that the Congress has assigned to the Commission, and the
Commission has moved cautiously, both in the interest of encouraging private sector
initiative and also because changes that affect structure must be carefully considered.
The costs and consequences of such change frequently seem so substantial -- and,
paradoxically, so difficult to quantify -- that the Commission has to weigh carefully, in
each instance and in advance, how feasible and essential each system change it might
consider requiring is.

During the Commission’s recent hearings on off-board trading rules, however, a
number of witnesses suggested that an important reason for delay in achieving our
national market goals was lack of leadership on the part of the Commission. I believe it
highly preferable that the development of the national market system be essentially an
industry undertaking -- not one to be solved by government fiat. It has, however, become
clear that the Commission must play a more active role in guiding the development.

This past Thursday, the Commission issued a statement which describes our
national market system program for the coming year and serves, I believe, to respond to
the demands for more Commission leadership. The purpose of that statement is to
eliminate the substantial questions which have been raised as to what the Commission’s
views and priorities are concerning the elements of a national market system and what
role the Commission is prepared to play in securing implementation of those elements.
Since the particular initiatives announced in that statement are a very real part of the
future of the industry, I think it appropriate for me to devote much of the balance of my
remarks to those initiatives.

The Development of a National Market System
At the outset, it is useful to emphasize that elements of a national market system -
if they are to survive as permanent components of a mature system -- must be tested for
consistency with the following criteria: Do they provide for interaction of all orders? Do
they contemplate the linkage of all markets and market makers in the same security?
And do they provide for and create, or tend to lead to the creation of, a truly national
auction based on price and time priorities? With these criteria in mind, I will turn to the
Commission’s recent statement.

I view the Commission’s program for 1978 as consisting of six distinct elements.
The first is the prompt establishment of a composite quotation system. To further that
end, the Commission announced on Thursday the adoption of a Rule to improve the
quality and reliability of quotation information which exchanges and their market makers
furnish to securities information vendors.

A composite quotation system has long been viewed as one of the essential
building blocks of a national market system. Indeed, almost every proposed approach to
a national market system envisions the availability of firm quotation information. The
rule the Commission adopted will require quotations to be firm at the prices and sizes
displayed, subject only to limited exceptions. The Commission expects that
comprehensive, firm quotation data from all markets will provide opportunities for more
informed order routing among competing market centers, foster improvements in existing
methods of routing orders, enhance fair competition among markets, and help promote
the linkages which are also vital to the creation of a national market system.

As important as a composite quotation system is as a building block of the
evolving national market, the maximum benefit of that system cannot be realized until the
composite quotation system is complimented by a best execution rule and comprehensive
market linkages. The definition of best execution is, in turn, influenced by the ready
availability of firm quotations. Thus, when the firm composite quotation system is
operational, the industry will have to devote serious and careful attention to what constitutes best execution.

The prompt development of the comprehensive market linkages which I mentioned a moment ago is the second element of our program. Linkage facilities and order routing systems which permit efficient transmission of orders among various markets, and from any broker or dealer to any market, are necessary to provide the means by which a broker can secure the best execution of his customers’ orders. Those linkages are also necessary to ensure competitive opportunity to all markets. Two types of mechanisms are necessary to accomplish the linkage which the Commission seeks of qualified markets and of brokers to those markets -- an intermarket order routing system and a universally available message switch linking orders to all markets and enabling brokers to route orders from their upstairs offices to any market with equal convenience and efficiency.

The intermarket order routing system must afford order transmission at least as efficient as that proposed for the Intermarket Trading System, or ITS, currently under development by the Boston, Philadelphia, New York, American, and Pacific Exchanges. If the ITS were made available to and used by all markets on a non-discriminatory basis, this element of a national market system could be implemented in the near future.

We recognize that the ITS itself may not necessarily reward those who make the best markets because, for example, a specialist in the market which initially receives an order can retain order flow merely by matching the best bid or offer available anywhere else in the system. However, the second linkage mechanism -- an electronic order routing facility, providing access to all markets from upstairs offices -- should help offset that aspect of an intermarket order routing system. As with the ITS, upstairs order switching capacity of the kind the Commission contemplates is already available, although its applications have been limited to orders of limited size, and enhancements will be necessary to enable orders to be sent from upstairs to any market.
There does not appear to be any technological reason why both of these national market system mechanisms cannot be implemented rapidly. Accordingly, the Commission has requested that the self-regulatory organizations advise it, by April 15, 1978, of whether they will undertake jointly to create the linkages I have described by September 30, 1978. If, however, the self-regulators are unable or unwilling to provide comprehensive order routing systems voluntarily, the Commission is prepared to initiate appropriate rulemaking.

The third element in the Commission’s program is creation of a central file for public agency limit orders. The objectives of a central file are relatively simple: to make available a mechanism by which public limit orders can be entered and queued for execution, in accordance with the auction trading principles of price and time priority, and to assure those orders receive execution prior to the execution of any other order in any market at the same or an inferior price. In this area, as in the two I have already mentioned, there do not appear to be any significant technological obstacles. In fact, in its release last week, the Commission noted that, with respect to the technology employed, the Regional Market System linkage presently operated in a pilot phase by the Midwest, Pacific, Cincinnati, and Boston Stock Exchanges, with appropriate modifications, may well provide a basis from which a central file could be developed.

The Commission is, of course, aware of the concern expressed by some that a central file will inevitably lead to an electronic market -- the so-called black box. That is neither the intent nor the likely consequence of the Commission’s proposal; our goal is rather to provide a single mechanism protecting all public agency limit orders in all markets while at the same time linking together the various competing markets as efficiently and as fairly as possible.

Here again, the Commission has called upon the various self-regulatory organizations to take joint action. If the various self-regulators are not willing to, or capable of, agreeing on how to develop and implement promptly a central limit order file,
then the Commission intends to commence rulemaking to consider compulsory development of that mechanism and whether the task should be assigned principally to a single self-regulatory organization.

While they are also vital, I will not today devote any extended discussion to the fourth and fifth basic elements of the Commission’s newly-announced program. One of these steps is the refinement of the consolidated transaction reporting system. Suffice it to say that we must ensure that dissemination of last sale information occurs in an even-handed manner consistent with the objectives of a national market system and that we do not believe that this is occurring under present circumstances.

The fifth element of our program is the designation of the types of securities which will be “qualified” for trading in a national market system. The Commission is just beginning to address this matter and intends to initiate formal action in this regard by June 30, 1978. This problem is far from simple. Whatever the intermediate steps may be, however, it does seem clear that the “qualified” category should ultimately include, not only certain listed securities, but also some stocks currently trading exclusively in the over-the-counter market. Indeed, a primary objective of the Commission’s initiatives with respect to both the consolidated tape and the definition of qualified securities -- and throughout its efforts to develop the national market system -- is to eliminate bias toward or against any existing marketplace not based on the operation of competitive forces.

The sixth important initiative treated in the Commission’s recent statement concerning development of a national market system is the ongoing public proceeding focused on the abrogation of exchange restrictions such as New York Stock Exchange Rule 390. Although the issue of removal of off-board trading rules is very significant, it has, unfortunately in my view, been propelled into a position of prominence and currency to the point where it has taken on a life of its own independent from the overall purposes of the Exchange Act, including achievement of a national market system. Since the commencement of the Commission’s consideration of this issue, there has been
considerable controversy surrounding the Commission’s proposed action and its impact on existing structure in the securities industry. We are not unaware of the adverse consequences, which many predict, of removing these rules today. But neither are we oblivious to the fact that, in other respects, removal could foster many of the objectives of the Exchange Act by freeing competitive forces and energies in the securities industry and directing them toward ends which may not be achievable by other means.

Because of concern over the asserted consequences of removing those restrictions in the absence of greater progress toward a national market system, and because we believe that the attainment of a national market system must be the Commission’s fundamental purpose under the Act, we have determined to defer further action on off-board trading in order to provide time to evaluate the responses to the initiatives the Commission announced on Thursday. No later than September 30, 1978, however, the Commission will address the question again. In the context of the responses of the industry and the self-regulatory organizations to our market system program, the Commission will review whether retention of remaining off-board trading restrictions, in addition to imposing burdens on competition, is impeding further progress toward a national market system.

I must make one thing very clear: The Commission’s decision to defer further consideration of off-board trading restrictions at this time does not mean that the Commission has determined that the purposes of the Act justify retention of those restrictions nor that we are willing to postpone removal of these restrictions indefinitely. The rules of the game have not changed. If we are not persuaded that removal of off-board trading rules will interfere with achievement of the objectives of the Exchange Act, or will degrade the markets, the law requires that the restrictions be eliminated. We will not, however, require removal of those rules if we determine that, by doing so, we would diminish existing opportunities for investor orders to be executed without the participation of a dealer, make the execution of securities transactions less efficient than
they are today, make competition between and among markets and securities professionals less fair than is now the case, or diminish the competitive capacity of all brokers to serve their customers properly. But you must not in any event expect, and the law does not permit, the Commission to refuse to make a final determination in this matter. And I have stated before, and must emphasize again, that, as an ultimate matter, I find it difficult to conceive of a national market system, as Congress envisaged it in 1975, which is encumbered by parochial, individual market-centered restrictions on the competitive process such as those embodied in the existing off-board trading rules.

Other Emerging Questions: Subsection 11(a), Clearing, Options, and Fair Competition

While the six elements I have described are the heart of the Commission’s recent statement, mention must also be made of several other matters which are closely intertwined with the evolution of the national market system. One important issue -- somewhat collateral to national market system initiatives -- which may have a very significant impact on the future of the securities industry is Subsection 11(a) of the Securities Exchange Act. That statute will, effective May 1, 1978, prohibit any member of a national securities exchange from effecting any transactions on that exchange for its own account, the account of an associated person, or an account with respect to which the member exercises investment discretion. It has been suggested that, if Subsection 11(a) becomes effective without complimentary action by the Commission, the prohibition will cause a significant and adverse restructuring of the securities industry of a sort unintended by Congress at the time of the passage of the 1975 Amendments. The relevance of the restrictions contained in Subsection 11(a) to an environment of negotiated commission rates and in an emerging national market system is a subject of legitimate concern. Subsection 11(a) will be receiving the Commission’s closest
attention during the coming weeks, and the industry can expect that the Commission will express itself publicly on that issue before the end of February.

Another topic, supplementary to the emerging national market system, is development of a national system for the clearance and settlement of securities transactions. The paperwork crisis of the late 1960’s demonstrated that the ability of the securities industry to process securities transactions efficiently is basic to the functioning of the of the markets themselves. During the past decade, great strides have been made in the clearance and settlement area. The use of depositories has expanded significantly. Between 1968 and 1978, the number of shares evidenced by certificates maintained in securities depositories increased from approximately 400 million to over four billion, and over 95 percent of the transactions on the New York and American Stock Exchanges are today settled by book entry. Moreover, the industry has demonstrated in the past two years that it can now routinely process daily transaction volumes which would have brought the industry to a standstill a few years ago. For example, during January 1976, the industry handled an average New York Stock Exchange daily transactions volume of over 30 million shares as compared to the 11 to 12 million shares processed daily during the paperwork crisis.

These strides are impressive, but a great deal more remains to be done. In January 1977, the Commission granted registration to the National Securities Clearing Corporation, an entity organized to perform the processing functions previously performed by the clearing arms of the New York and American Stock Exchanges and the national Association of Securities Dealers. During the past year, some -- but not all -- of the conditions to NSCC’s registration were met, and NSCC has not been permitted, therefore, to proceed to operate its three component clearing systems as an integrated whole. Furthermore, the year has been marked by internecine warfare among the registered clearing agencies and, in the view of the clearing agencies located outside of
New York City, by a grave decline in their competitive position. Most serious of all, little new progress has been made toward the eventual national clearance system.

For these reasons, the Commission announced this week public hearings into the events of the last year and the problems which are impeding the development of an efficient, competitive national system. In particular, we intend to examine the progress which has been made toward satisfaction of the conditions to NSCC’s registration, whether those conditions are having the intended effect, and whether modifications to the Commission’s order may be necessary. I recognize and share the concern of some members of the industry that these hearings could delay the implementation of NSCC’s registration and temporarily divert some industry resources from the many clearing and settlement problems which remain. The issues involved are complex, however, and the objective of an efficient, competitive clearing system is vital. For that reason, I believe the hearings essential so that the Commission can proceed to develop, on an informed basis, the clearing system which will best serve the industry’s needs and the needs of the investing public over the long term.

Organized trading in standardized options contracts is another important aspect of the industry’s future which is currently under Commission review as part of a comprehensive study. Thus, the Commission is not yet prepared to determine what role standardized put and call option contracts should play in a national market system or the appropriate relationship which should exist between trading in the equity securities underlying such options and trading in the options themselves. Because of the significance and complexity of this subject, we intend to await completion of our staff study before announcing any conclusions with respect to the future of options trading or the place of that trading in a national market system.

Another piece of the picture -- related to the unfixing of commission rates which I mentioned earlier -- must also be examined in tracing the industry’s path as it moves toward a national market system environment. I have stated publicly before that I am
concerned that some of the commission charges and competitiveness now appearing may, in effect, be predatory and destructive. Whether and to what degree these phenomena are traceable to the unfixing of commission rates is a difficult issue about which we lack adequate information. These are, however, the sorts of economic and regulatory interrelationships that the Commission must explore in order to gain a better understanding of the dynamics of the marketplace.

In that connection, as I indicated last month in my speech to the SIA, I am especially troubled by the extremely low rates of commission being charged institutional customers. I find it difficult to rationalize why small investors’ rates are being raised at a time when institutional customers are receiving executions at rates that are possibly below cost. Certainly, commission business should be profitable and, since rates are subject to negotiation, charges will naturally reflect differences in bargaining power and differences in the services provided. Nonetheless, increasing the costs to individual investors will not help to attract individuals back into the market -- and thus expand revenue sources -- nor to enhance the industry’s public image. Accordingly, firms should, in my view, devote careful attention to the rationale and justification by which they allocate costs and establish rates among small and large investors.

Finally, the recent trend of mergers in the industry has also generated consternation and speculation over its causes and merits serious examination. To the extent that mergers result in stronger managements, greater operating efficiencies, sounder capital structures, better service to customers, and increased ability to respond to and survive the changes in the industry, they can be healthy. To the extent that greater consolidation impairs liquidity, reduces competition, or stifles the ability of small, speciality firms to thrive -- and to the extent that economic concentration is in anticipation of an imagined future market structure which has not yet been defined -- I am troubled. Has the concentration gone too far? We need to look at that carefully and continuously. The verdict is not in and may change overtime and with developments in
the industry. If industry concentration impairs the liquidity, depth, and competitive character of our markets, it will be of serious concern at the Commission.

Conclusion

The challenges facing the securities industry today are complex and difficult -- but far from insurmountable. If my remarks this afternoon have helped to place those challenges in their perspective and to supply some of the pieces of a picture of the industry’s future, then I have accomplished my goal. In the final analysis, the future is, by definition, impossible to predict with certainty. It is, however, within the power of the industry to influence it significantly. And in that vein, I would like to conclude by emphasizing three points.

First, it is not the desire of the Commission to change utterly the basic nature of our securities markets. What we seek is to fulfill the Congressional mandate that that all market centers be linked, through the means of modern technology, into a single system eliminating, or at least minimizing, the kind of fragmentation of markets -- and the consequences of that fragmentation -- which led to the passage of the 1975 Amendments. Inherent in that goal is both the establishment of a “fair field of competition” in which all persons seeking to risk their capital by making markets may be given an opportunity to compete and the development of means to assure public investors that their brokers can seek a best execution for their orders in any market.

Second, I cannot tell you today -- indeed no one can tell you -- with any degree of precision, exactly what the national market system ultimately will look like. Nor can I tell you today that the marketplace of the near future will be one that rewards those who have organized their strategies to internalize order flow. I can tell you today, however, that those who are so hedging their bets by preparing to internalize, risk creating large, concentrated structures that may be inefficient competitors in the national system that eventually emerges. The only sure guide is that any systems which are proposed as
solutions to the problems of a national market system -- if they are to survive as permanent elements of a mature system -- must be tested for consistency with the three criteria I listed earlier: Do they provide for interaction of all orders? Do they contemplate the linkage of all markets and market makers in the same security? And do they provide for and create, or tend to lead to the creation of, a truly national auction based on price and time priorities?

My final observation -- and the one which is the underlying premise on which our national market system concept is based -- is to underscore our desire that the achievement of a national market system remain essentially an industry task. We do not want to displace industry initiative in the design and construction of the new system. We will facilitate that development and provide guidance where necessary -- indeed, we are required by the Act to do so. In the absence of an affirmative industry response, however, we will move aggressively and fill any void. I believe that the program outlined in the statement issued this past Thursday provides the needed guidance concerning the Commission’s view of the future structure of the markets. It is now time for the securities industry to demonstrate what role it is capable of assuming in shaping and implementing its own future.

Our capital markets are today the finest in the world. Nothing in the restructuring which those markets are concurrently undergoing is inconsistent with maintaining and enhancing that pre-eminence -- indeed, the development of the national market system is, in my judgment, essential to the continued strength of, and public confidence in, our securities industry and the private enterprise it supports. The industry must put aside self-interest and the divisiveness which have characterized some of the past efforts to implement national market goals. Our obligation -- both the industry’s and the Commission’s -- is to get on with the task of building a future for our securities markets which will insure that the strength, vitality, and fairness which make them the envy of the world will endure.