

Office Memorandum • SECURITIES AND EXCHANGE COMMISSION

DATE: August 21, 1964

TO : THE STAFF

FROM : Orval L. DuBois, Secretary

SUBJECT: PRESIDENT JOHNSON'S COMMENTS UPON SIGNING S. 1642

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Yesterday, upon the occasion of his signing S. 1642, the Securities Acts Amendments of 1964, President Johnson issued the statement set forth below. Immediately following the signing ceremonies at the White House, the oath of office as Chairman of the Commission was administered to Manuel F. Cohen.

"Members of the Congress, distinguished guests, members of the Securities and Exchange Commission and other related financial organizations in town, ladies and gentlemen: This is a very gratifying day for me in this house.

"This morning I signed into law legislation committing our society and our system to a war on poverty and all its causes. This afternoon, I am signing a measure designed to protect the prosperity of our people. In a few moments I will meet with the leaders of small business from throughout this great nation to talk with them about the opportunities and the obligations of leadership in order to assure our system's continuing success in America. All Americans and all the world can take new inspiration and fresh faith from the example that this day presents.

"Our nation is diverse. The interests of our people are many. But it is reassuring that the strongest, the richest and the most successful nation ever fashioned by men anywhere can be concerned with the prosperity of the many without ever forgetting the poverty of the few. Capitalism in the United States today is not the capitalism known anywhere at any time in the past. The angry slogans of Communism are archaic when directed against the capitalism of the American people, for under our system the worker is also the investor. The people are also the owners of our productive system.

"Capitalism in America is what it is today because of the initiative, the enterprise and the responsibility of our free system. But it is also what it is because of the course that we have chosen for this government to follow. We rejected the idea that the role of government is either coercion or control. On the contrary, the proper function of government is to meet its responsibilities wisely so that the people may have confidence in their future, in their system and in themselves. I would say a good example, Exhibit A, in the system is Mr. William Martin of the Federal Reserve who is here today. He is a man who understands the proper function of government. He meets his responsibilities wisely. The people of this country and the people of the world have confidence in our system and in themselves because of that type of leadership.

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"Few more dramatic demonstrations exist than the record of the Securities and Exchange Commission also. Less than a lifetime ago this country's confidence in the security market was very small. On July 31 this year the market value of stock listed on the New York Stock Exchange reached a new high of \$465 billion in contrast to a value of \$23 billion prior to the enactment of the first Federal Securities Law in 1933 of which my very dear beloved friend Sam Rayburn was the author. Investors confidence is due to many factors. High on the list is the factor of confidence in the common sense attitude taken in the administration of our laws by our government, and in this instance particularly by the Securities and Exchange Commission. The law signed today should further strengthen the securities market and public confidence in them. Industry and government have worked together in the writing of these laws. Industry and government will work together in making these measures succeed.

"For my part, I believe the President's first responsibility in this sector is the quality of men chosen to discharge the duties of the SEC. We deeply regret that we are losing the Chairman of that great Commission. He is returning to private life to help prepare others to follow in his footsteps, but I am very proud of the men who have accepted the sensitive trust to carry on and I am most especially proud of the able trusted public servant who has agreed to accept the duties of Chairman, my friend Manuel Cohen.

"I want all of you here today to share with us the pleasure of seeing Mr. Cohen take the oath of his new office. A new era of regulatory relationship is coming, a relationship sincerely devoted to confidence, to understanding, to a responsible role on the part of government in helping and not harrassing our American capitalistic system. Mr. Cohen will be given his order designating him Chairman as soon as I have completed this little mission of signing this bill."