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Commissioner, Securities and Exchange Commission

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I am very glad indeed to have this opportunity of discussing with you some of the current problems arising under the Public Utility Holding Company Act of 1935. I know that you are interested in these problems from the standpoint of the investor. We at the Commission are under a statutory duty to approach them from the same point of view. Of course no one is entitled to expect or even to hope that any statements he makes will automatically be accepted as gospel, without critical examination. I want you to take apart what I say and see if it really makes sense. And if it does not I shall be very glad to know it.

I dare say that if we were all playing one of those question and answer games, and the interlocutor were suddenly to shout the words "Holding Company Act!", most of us here present (and I mean to include myself) would be very likely to answer, without a moment's hesitation, "death sentence!". I don't know what conclusion a psychoanalyst would draw from that association of ideas, but my own explanation is this. The "sloganeers" - both manufacturers and distributors - have done their work so industriously and so effectively in the past seven years that not many of us realize that the Holding Company Act contains any provisions but those which require that holding companies conform to the statutory standards of geographical integration. That is, the requirement of Section 11 (b) (1) that they limit their operations to properties which are located in relatively contiguous areas and which are not so large as to impair the advantages of localized management, effective regulation and efficient operation. Incidentally, if a registered holding company ceases to be a holding company, or if it confines its operations to a single state, it is no longer subject to our jurisdiction. So our efforts to secure compliance

with the geographical integration provisions present an instance of what is generally assumed to be an unusual phenomenon, - we are really working ourselves out of a job, and a job which, with the cheerful cooperation of many in the industry, I am sure we could make last for years.

Of course the geographical integration provisions are among the most important provisions in the statute and are closely interrelated in their practical effect with other substantive requirements. But they constitute only *one* paragraph of *one* subsection of a statute which contains thirty three sections. This afternoon I am going to try to pierce the smoke screen which has obscured the very existence of some of the other provisions of the Act, with particular reference to Section 11 (b) (2), which calls for the simplification of the corporate and financial structures of holding company systems. Before getting into a discussion of that Section, however, I should like to mention briefly some of the other provisions of the Act.

The matters subject to regulation under the Act include the issuance of securities, the acquisition and sale of securities and utility property, dividend policy, reorganizations, transactions between affiliated companies, and management and engineering service contracts.

One of our important duties under the Act has been to pass upon four billion dollars of utility securities issued and sold in the past six years. Most of this financing has been done by operating companies, and has been largely for refunding purposes. Where the securities were to be publicly offered, it has of course been necessary to comply with the registration and disclosure requirements of the Securities Act of 1933. Much has also been done to improve the standards as to bond indenture provisions.

In addition, in the exercise of our powers under the Holding Company Act, we have endeavored -- either immediately or through sinking funds and serial maturities, -- to improve the ratio of debt and preferred stocks to total capitalization and net property.

Where, in order to take advantage of favorable interest rates, a company has been permitted to effect a refunding on a basis which falls short of necessary improvement in debt ratios, dividend restrictions have been imposed to compel the building up, in the course of time, of a more adequate equity cushion.

In connection with such financing, we have given careful scrutiny to the accounting practices of the issuing companies. We have required the write-off of clearly inflationary items and the creation of reserves for future adjustments. I do not have in mind honest cost paid in arms' length bargaining, but arbitrary write-ups or mark-ups in fixed property accounts, and fictitious "profits" on transfers of properties or securities between affiliated companies. In the five year period ending December 31, 1940, the total amount of water wrung out of the accounts of the holding company systems, through our efforts and those of other regulatory agencies, has amounted to over two billion dollars.

Another important phase of our examination of new security issues has been a study of the adequacy of annual provisions for maintenance and depreciation, and the progressive improvement of the practices of the industry as to depreciation -- an improvement vitally necessary to avoid the distribution of capital as income, the undermining of the financial integrity of operating companies in holding company systems, and the maintenance of adequate service by them.

We at the Commission make no claim that we have always been right. But right or wrong, our decisions do represent our honest judgment on the basis of the best information available to us, and we are often righter than we may have seemed at first blush.

I have planned, however, to devote most of my talk this afternoon to two questions: first, the soundness (or unsoundness) of the corporate and financial structures of our holding company systems, and second, what is to be done about them, if they are unsound. I do not propose to bore you with a recital of past misdeeds, or to rake over the embers of old controversies. For the purposes of our first question, the important thing is what *are* their corporate and financial structures, and *not* how they got that way. The second question will lead us naturally to a discussion of Section 11 (b) (2) of the Act.

In considering the first question, we find that over 70 percent of our utility assets have holding companies superimposed upon their own corporate structures, and in most cases those holding companies have other layers of holding companies superimposed upon them. Each of these layers of holding companies has securities outstanding in the hands of the public -- the typical structure consisting of debentures, preferred stock, and common stock. These debentures and preferred stocks, like the senior securities of the operating company, are held publicly, and in many cases the holding company's only assets -- against which it has issued such senior securities -- consist of the common stock of a subholding company or, at the lowest level in the pyramid, the common stock of the operating company.

As we all know, the motive for creating such security structures was the desire of the holding company promoters to control their subsidiaries through as small an investment as possible, and sometimes through no investment at all, - in living disproof of the old saying that you can't get something for nothing. When the earnings of the operating companies were rising, the thinner the holding company's equity in their assets the thicker its share in their earning

- the senior security holders of the holding company received their interest and dividends, and the profits for the holding company common stocks were large in proportion to the amount of investment they represented. When the going got tough, however, as it began to do in 1930, the whole machine went into reverse. The insistent requirements of the holding companies for cash to meet bond interest and preferred dividends continued unabated. But only the operating company was productive, and dividends on its common stock had to be sufficient to support the heavy, cumbersome structure of the companies above. I need not elaborate the consequences for the operating companies themselves, in terms of improvident dividend policies, inadequate depreciation, skimpy maintenance policies, and unfair and exorbitant service charges. Even a slight drop in the earnings of the operating company caused a severe shock to the holding companies above it, and in apparent defiance of the laws of physics, the further away they were from the center of the disturbance, the more serious was its impact. Earnings available for holding company common stocks fell precipitously, and so did their market values.

Our first problem this afternoon is merely to determine whether corporate and financial structures of this sort conform to the well recognized requirements of sound finance. It is hardly necessary to argue that question with this group. Let us turn to the record, however, and see just how such capital structures have fared during the past decade or so. Even before the Holding Company Act was passed in 1935 some of the holding companies were in acute distress or had gone into bankruptcy, while many others had begun reducing dividends on their outstanding preferred stocks or ceased paying them entirely. By the end of 1940 more than half of the outstanding preferred stocks of registered public utility holding companies was in arrears and the total arrearages amounted to nearly half a billion dollars. The simple fact is that many

of our holding company systems are particularly vulnerable to adverse economic conditions. The leverage factor in their securities then works in reverse, and as I have said a small decline in the operating company's income has a tremendou effect upon the holding companies pyramided upon it.

I ask you to look at these structures, as many of them now stand, and appraise their financial soundness against the background of your own broad banking experience, which I know is not confined to the public utility field. Our experience is not confined to that field either. Under the provisions of the corporate reorganization chapter of the Bankruptcy Act, the successor to the old Section 77B, this Commission has actively participated, at the request or with the approval of the court, in several hundred proceedings for corporate reorganization, involving liabilities of nearly one and one-half billion dollars. One of our functions has been to examine into the causes of the debtor's financial difficulties, and this examination has necessarily included a study of its capital structure. Of course these were hospital cases. But a first rate clinic has always been considered a necessary adjunct to a good medical school, and we couldn't help but develop, through this experience, some capacity for recognizing an unhealthy capital structure when we see it.

On the basis of your experience and ours, we can see at a glance -- and I am sure you would agree -- that the corporate and financial structures of many of our holding company systems do not even meet the standards of peace time, because the sorry history of losses for investors has proved that they are unsound and dangerous investment media. Still less do such structures meet the requirements of our war-time economy. First and foremost, we face

the immediate necessity of putting our operating companies into shape to finance war-time construction, as well as to withstand the shocks of readjustmen to a post war economy. The production of many essential war materials calls for a tremendous amount of electrical energy, which in turn requires cash for plant expansion and maintenance. The situation cannot be frozen for the duration of the war. Companies confronted with the necessity of financing war-time construction cannot simply mark time. It is difficult to see how many of the operating companies in our holding company systems can finance this new construction without further borrowing. Yet the amount of debt plus preferred stocks of many of them already exceeds what is sound. It is obvious that the creation of additional operating company debt can only tend to make holding company securities more speculative than they are today, unless the holding company structures are simplified. In addition, our operating companies face the possibility of increased operating costs and the probability of increased taxes. All of these factors will undoubtedly affect the flow of cash from these companies to the holding companies above them, and with the complete uncertainty as to the duration of the war and of the period of reconstruction to follow, the need for the rehabilitation of financially sick holding company systems is heavily underscored. Under the circumstances, unless there are compelling reasons to the contrary, it would seem clear that our holding company systems should proceed with the simplification of their corporate and financial structures without further delay.

As a matter of fact, the very factors that are relied on as justifying a general moratorium on the corporate and financial simplification of our holding company systems establish beyond question the necessity of their having reasonably conservative capital structures *now*.

When the storm signals go up, and they are certainly up now, what does a prudent skipper do? Does he say "I never yet saw a storm that didn't end sometime"? Does he say "I'm nervous enough already; I'd rather not hear any more about it"? Or does he give immediate orders to trim ship, and take all possible steps to insure that his vessel will ride out the storm?

Nevertheless, we still hear it said that this is no time to simplify the corporate structure of our holding company systems. That statement has a familiar ring. We've been hearing it ever since 1935, when the Holding Company Act went into effect. It's the same old tune. Only the words are different. The unexpressed major premise is that things are sure to get better, rather than worse. That of course was the prevailing philosophy at the time these fantastic structures were built. If only it had been a true philosophy, we would not have nearly as serious a problem today. Ever since 1935, we have been told that it would be much easier to comply with the requirements of the Act at some indefinite future date. This incurable pessimism as to the possibility of compliance with the Act has been matched only by an equally incurable (but unexpressed) optimism as to the possibilty of judicial nullification, or Congressional repeal, before that indefinite future date arrived. Of course, exaggeration of the difficulties of compliance was an essential part of the campaign for repeal. These repeated word pictures of the allegedly disastrous consequences for investors have one curious aspect, however. So far as I know, they constitute the only recorded instance in modern business history of a merchant crying down his own wares. It would be surprising if these activities have not been at least partially responsible for the fact that the securities of so many of our holding companies have been consistently selling below the current liquidating values of their portfolios.

The Commission is fully in accord with the thought that both the integration and corporate simplification provisions of the Act must be administered with great flexibility and with full regard for the dominating fact that we are at war and are operating in a wartime economy. Our war needs are paramount, of course, and nothing can be permitted to interfere with them. It is for this reason, for example, that the Commission has given full right of way to operating company financing for new construction. On the other hand, the war must not be used as an excuse for the scuttling of desirable legislative objectives by those who are opposed to them for other reasons entirely, and who would be, and indeed have been, opposed to them even in peace time.

After the outbreak of the war in Europe, I am glad to say, a number of companies pressed forward to avail themselves of the machinery provided by Section 11 (e) of the Act to accomplish the simplification of their corporate structures on a purely voluntary basis. It's easy to see why they should. In the process, of course, it may be necessary to bring home to some of their security holders, perhaps for the first time, that the values which once were there, or which they were once told were there, are partially or wholly non-existent. Amd the fellow who tells them the bad news isn't going to be very popular. We have all probably heard of the lady who was told by a friend that her husband had been unfaithful to her. She forgave her husband, but she never forgave the friend who told her. But there are obvious and tangible advantages to be gained from a reorganization, such as improvement of credit standing, removal of impediments to raising new capital, and elimination of obstacles to the distribution of dividends. Furthermore, under Section 11 (e), necessary corporate changes may be made economically and expeditiously

and with full protection of the rights of all classes of investors and consumers. The alternative of bankruptcy proceedings is unavailable to companies earning just enough to pay interest on outstanding debt, and, where available, may be more costly and time-consuming than proceedings under Section 11 (e). The alternative of recapitalization under state law is ineffective as to debt securities; it provides no safeguards for senior securities, and it frequently founders on the rocks of strike suits or inability to secure requisite consents under state law. For these reasons, I venture to predict that the economic dislocations caused by the war and its aftermath will result in many other holding company systems availing themselves voluntarily of the convenient machinery provided by Section 11 (e).

For those systems which do not see fit to take advantage of this voluntary procedure for accomplishing a necessary simplification of their corporate and financial structures, Section 11 (b) (2) provides an alternative method for attaining the same objective. Under that section, the Commission may institute proceedings to require the elimination of any undue or unnecessary complications in the structure of a holding company system, and of any inequitable distribution of voting power among its security holders. As a matter of fact, the Commission is under a statutory duty to require the elimination of such complexities and inequities "as soon as practible after January 1, 1938". In other words, although the statute was enacted in August, 1935, Congress itself gave the holding companies two and one half years to take

voluntary steps to adjust their systems to the prescribed standards. Unfortunately, however, that period was consumed in litigation. During the next two years, the Commission attempted by roundtable conferences to persuade holding company officials to initiate their own measures of compliance. It was not until May of 1940 that the first Section 11 (b) (2) proceeding was begun. Since that time, some 27 proceedings have been instituted under Section 11 (b) (2).

Proceedings once instituted, full hearings are held in which all interested parties are given an opportunity to present evidence and to voice their views before the Commission. Of course the Commission will adopt a sympathetic attitude if it appears that an essential witness on a material issue arising in a Section 11 (b) (2) proceeding is actually engaged in some other project which is equally related to the war effort. But the nature of the issues in our simplification proceedings is such that there is small likelihood that the testimony of any particular witness will be both indispensable and permanently unavailable. And I think that the Commission will be fully justified in examining on its own individual merits each case in which the contrary suggestion is made.

After the hearings have been concluded, the Commission issues its findings, opinion and order, on the basis of the record before it and the arguments made as to the applicability of the Act to the facts of the case. These orders merely find that a corporate complexity or an inequitable distribution of voting power exists, and direct its elimination. In some cases the holding company involved may be ordered to effect some specific change, such as the reduction of its capital structure to an all-common stock basis. Any such order is of course subject to full judicial review.

Is that all there is to it? Must the holding company then dash right out and comply with our order for corporate or financial simplification? Is such compliance likely to require the sale of properties or portfolio securities on the present market? The general impression seems to be that both of these things are true. That impression is almost exactly 100% wrong on both counts.

We have already noted that the simplification of the corporate and financial structures of many of our holding company systems is highly desirable, if not essential, if they are to stand a reasonable chance of survival during this war and the period of reconstruction to follow. And I have made clear our belief that ordinary common sense requires that our holding company managements act as promptly as possible to put their structures into shape to meet their present pressing financial problems and the demands of the war effort, as well as to cope with the uncertainties of the future. But if they are unable to do so, though diligent efforts have been made, the provisions of Section 11 are sufficiently flexible to permit the avoidance of unnecessary losses to investors. Sections 11 (c) and 11 (d) - the very existence of which seems to have been practically ignored heretofore - specifically prescribe the procedure for the enforcement of orders under Section 11 (b). Under those subsections, which are just as applicable to orders for geographic integration under Section 11 (b) (1) as they are to orders for corporate simplification under Section 11 (b) (2), -

(1) The holding company has a minimum period of one year within which to comply with its terms, through the proposal of a voluntary plan of compliance pursuant to Section 11 (e) or otherwise.

(2) If the holding company is unable to comply with the order within that period, though diligent efforts have been made, the Commission is authorized to extend the period for a second year. The Commission recently did just that, on application by The United Light and Power Company.

(3) Even at that late stage the Commission has authority, after notice and opportunity for hearing, to revoke or modify any order previously made if it finds that the conditions upon which the order was predicated no longer exist.

(4) Further, even a wilful failure to comply within the two year period does not result in any penalties. Section 29 expressly so provides. The only way the Commission can enforce an order under Section 11 is by applying to a Federal equity court, pursuant to Section 11 (d), for its aid in carrying it out. But Congress did not obligate the Commission to take this step at any specific time. The Commission has the full right to determine, in the light of the circumstances of the case, when to apply to the Federal court for aid in carrying our its order. From that point on the Commission shares its responsibility for the enforcement of the order with the Federal court.

In other words, the Commission's orders under Section 11 (b) are not self executing; they are enforceable only by a Federal court of equity, upon application by the Commission; the Commission itself, no matter how eager to secure compliance, may not even make such an application until one year after the order has been entered, unless the company itself comes in and proposes a Section 11 (e) plan; and it may defer such application for two years or even longer if the holding company has acted in good faith and with due diligence.

We at the Commission have tried our best to bring out these facts, but it is certainly true that we have had something less than whole-hearted cooperation in our efforts to correct the general misunderstanding. A charitable explanation might be that the casual reacer - or writer - is so fascinated by what he reads in Section 11 (b) that he never does get to Subsections (c) and (d).

To summarize: Ever since the Holding Company Act was passed nearly seven years ago, holding companies have had the privilege of filing, under Section 11 (e), voluntary plans for the simplification of their corporate and financial structures, or for the geographic integration of their properties. Until the Commission issues its order under Section 11 (b), and for at least one year thereafter, that is the only method by which compliance with these requirements of the statute may be had. It is entirely up to he holding company itself. All that the entry of an order under Section 11 (b) (1) or 11 (b) (2) does is to fix the diagnosis of the disease; to prescribe, in greater or less detail, the objectives to be sought in treating it; and to serve notice upon the holding company involved that now it will really have to get busy on the problem. The company still retains the privilege of offering its own solution in the form of a plan for compliance pursuant to Section 11 (e). If the company wishes to effect a prompt cure, it may do so by filing its plan at an early date. And in many cases it will want to do so, as where it is in desperate need of additional funds for wartime plant expansion or to meet pressing maturities. But, unless the company files such a plan, at least a year must elapse before the Commission can even file its application with a Federal court for its aid in enforcing the order.

The second general misconception is that compliance with an order for simplification or geographic integration requires the immediate disposition of properties or portfolio securities. This misconception arises from the frequent statement that "the enforced disposition of operating properties on the present unwilling market will result in unnecessary losses to investors", a statement with which we would in many cases agree. The underlying assumption, however - and it is an erroneous assumption - is that the mere issuance of an order under Section 11 (b) will necessitate the sale of operating properties on the present market.

I have already made a partial answer to this misconception. As you and I have been at some pains to discover, a divestment or simplification order is enforceable only by a Federal court of equity, upon application by the Commission, and the Commission may not even make such application until at least one year after the order has been entered. Even if the Act did require forced sales of utility properties or securities -- and it can be categorically stated that it does not -- it would be the situation prevailing at the time our order is complied with or enforced which would determine whetner or not such sales would be at "distress prices", and *not* the situation at the time the order is entered.

In the second place, we at the Commission have never regarded the mere divestment of non-retainable subsidiaries or the mere achieving of corporate simplification as ends in themselves, to be pursued without regard to the interests of investors. The Commission recognizes, of course, that the present market for equity securities of utility companies is less favorable than that existing prior to the war; and for that reason, it is unlikely that it will permit, let alone require, widespread sales of utility securities in

the open market at this time. Thus the Commission finds itself in essential agreement with the statement recently made by Mr. Leo Crowley in the 1941 Annual Report of Standard Gas and Electric Company, as distinguished from the interpretations which have been placed upon it. For your convenience, I have set forth the full text of this portion of Mr. Crowley's statement in the mimeographed copy of this address.* In some cases, however, it may be found that although the prospective seller might have hopes of a better price at some distant future date, the present need for cash may be such as to swing the balance in favor of an immediate sale. In other situations, security holders might well conclude that the elimination of the additional expense incident to preserving the existence of the holding company would substantially offset apparent losses on sales of portfolio securities, if any such sales were necessary to discharge its indebtedness and to clear the way for the distribution of its remaining holdings as liquidating dividends. In one case, for example, these additional expenses, clearly identifiable as such, amount to as much as several million dollars a year, in extra taxes, salaries, legal expenses and rentals. If we were to capitalize annual savings of $2,000,000 even at the rate of 10%, they would offset an apparent loss of as much as $20,000,000 upon any sales which might be made.

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* The following is quoted from Mr. Crowley's Annual Report:

"Standard's plan of integration provides, in general, for the orderly disposal of most of its holdings and the application of the proceeds to the retirement of its outstanding notes and debentures. The management still adheres to the broad principles of this program and proposes to proceed accordingly, having constantly in mind its responsibility to all classes of security holders. Certainly, it is not to the interest of any of the security holders to dispose of assets of this Company at sacrificial prices prevailing under extremely abnormal conditions. It is the aim of the management to retain these holdings, to the extent permissible by law, until such time as adequate consideration can be obtained for them, and to strengthen the values thereof to every extent possible. Insistence upon the constant application of assets to the retirement of debt, without regard to the relationship between their intrinsic values and the prices presently obtainable for them and without regard to the Company's needs for the preservation of the values of other important holdings either to be kept by it or used later for reduction of debt, would not constitute sound management policy."

Finally, and most important, however, sales are only one of a number of possible methods of complying with the Act. Even under peace time conditions, the Commission has never regarded sales for cash as the desirable pattern of compliance with Section 11 (b). Plans for the exchange of securities held in a holding company's portfolio for senior securities of the holding company, or plans of reorganization providing for the distribution of a holding company's assets to its security holders have seemed to us a more promising solution, on the whole. Plans of exchange and plans of distribution do not involve the sale of securities on the market, and consequently public funds are not absorbed or diverted from essential investments in Government bonds or in war production. Plans of distribution may be worked out economically and expeditiously, without any possible adverse effects either to investors or to our war economy, by simply recapitalizing the complex holding company security structure into an all common stock structure and then distributing its assets as liquidating dividends.

Of course, before any plan of exchange or any plan of distribution of portfolio securities can be made *binding* upon the security holders effected thereby, it must be found to be fair and equitable, not only by the Commission, but also by the Federal equity court, upon any application to the court for enforcment of the Commission's order. And to be fair and equitable, any plan of exchange or distribution must provide compensatory treatment, in cash or in kind, for the prior rights of the senior security holders. Inevitably, we will always have the question how far under water a fellow has to be, and for how long, before he may be presumed drowned. But the contract of the senior security holders entitles them to such compensatory treatment. And so does the law of the land.

Up to this point, I have been speaking of what may be called "involuntary" plans of exchange or distribution, which can be made binding even upon security holders who have not expressly assented, if they are fair and equitable in the sense just outlined. It seems to me, however, that holding company managements have given insufficient attention to the possibility of effecting such plans on a purely voluntary basis. In the present depressed state of the market for even the senior securities of our holding company systems, there is a real possibility that many holders would be more than willing to accept down-to-the-rails operating company securities in exchange for their more speculative and less desirable holding company securities. This might well be true even though the current market value of the operating company securities was less than the amount to which their holding company securities would entitle them, according to the strict letter of their contract. To the extent that the holders of senior securities were willing to accept such an exchange offer, the junior security holders of the system would naturally be benefited.

We have had a good many proposals involving the repurchase of senior securities, either on the open market or by call for tenders, but thus far entirely too few proposals for the voluntary exchange of senior securities for portfolio securities have come before us. Repurchase programs call for cash, which many holding company systems do not have. Voluntary exchange programs require only the possession of portfolio securities which are in shape for distribution. I will admit that the distribution of portfolio securities runs counter to the instinct of the mother bird to fight to the death anyone who tries to remove even a single egg from under her. But if such a program is brought into conformity with the applicable legal and equitable principles, its advantages seem obvious to me. This would be true both from the viewpoint of the holding companies and their security holders, particularly their junior security holders. And if a certain amount of

discretion were exercised in the selection of the operating company securities to be offered in exchange, it would also be true from the viewpoint of facilitating compliance with the simplification and integration requirements of the Act.

Such a program necessarily presents a number of questions, both practical and legal, as to terms, methods and timing. If we were dealing only with the thoroughly sophisticated senior security holder who for reasons sufficient to himself preferred the bird-in-hand, the principal questions would be whether he was not getting too *much*, rather than too little, and whether other holders of the same class of securities should not be given an opportunity to exchange on the same basis. And where a voluntary exchange proposal is to be made generally to all security holders of a particular class, there is always the question of the manner in which such proposal should be presented. Certainly none of us today would approve the tactics employed by our friend Mr. Hopson in putting through his so-called "voluntary recap" plan a number of years ago. Then there is the question whether such a proposal should be presented to the security holders at all, if realization of the full amount of their claim is near at hand, or is being unreasonably delayed. I am sure, for example, that no one would suggest that a company should be permitted to withhold funds actually available to pay income bond interest or preferred dividends, and then use such funds, or portfolio securities, to acquire those very bonds or preferred stocks at the discount which results.

I will not pretend that this list of questions is all-inclusive, or that a final answer to all of the questions has yet been had. But the whole problem of plans of exchange and distribution is now under examination at the Commission, and I am confident that, with the cooperation of the industry, solutions can and will be found which will satisfy the twin requirements of practicability and essential fairness to all parties concerned. It's high time for all to stop shadow boxing and get to work.

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