



# The Political Economy of the Securities Act of 1933

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Abstract



More

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The Securities Act of 1933 is typically described as a “full disclosure” statute, yet many of its detailed provisions forbid disclosure about pending offerings during specified periods or using specified media. These features provided governmental enforcement of retail selling restrictions that are widely used by managing underwriters but that became difficult to enforce contractually during the late 1920s. The net effect was to reduce competition among investment banks. In particular, the act protected separate wholesale and retail investment banks from competition by integrated firms.



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