Mrs. Manning, Mr. Freeman, Mrs. Manning's Friends, and my Friends:

I deeply regret that the press of business in Washington has made it impossible for me to be with you this evening. I had looked forward to this Banker of the Year dinner, and I had every intention to be with you. But my first obligation, as I am sure you all recognize, is to my job.

Thanks to Mrs. Manning's mastery of the contrivances of modern science, I can stay at my desk and still say a few words to you from my office.

I am particularly pleased to be able to join you in congratulating Gaylord Freeman on being chosen Banker of the Year. It is a well deserved honor for one of the country's outstanding financiers. I also wish to congratulate Finance Magazine on its choice.

Mr. Freeman and his fellow-bankers well deserve the few hours of fun and relaxation that Finance Magazine has planned for them.

This has not been an easy year for bankers.
Bankers are dealers in debts. They both borrow and lend, and they have had to do too much of both this year.

The Federal Government has not made life easier for bankers.

Heavy borrowing by the Treasury and Federal agencies reduced the funds available to business firms through the public market for credit, and thus drove businessmen in larger numbers to the banks.

The Federal Reserve meanwhile has been conspicuously less generous in providing banks with the reserves on which their expansion of loans and investments depends.

Most bankers are good bankers, but a few careless ones among them caused extra strains and stresses for the banking system this year. Some nervous people moved funds around in an effort to achieve what they thought might be greater safety.

Also, some of our industries have recently experienced real difficulties -- the homebuilding industry, real estate investment trusts, airlines, public utilities. The businessmen active in these areas made heavy demands on our banks this year.

And on top of handling domestic problems, bankers have had to handle outflows and inflows of funds on an extraordinary
scale, as a result of the quadrupling in the world price of oil.

This clearly has been a difficult year. But I have been deeply impressed by the manner in which our commercial bankers have gone about their business.

They have shown patience and ingenuity in working out the financing requirements of their customers. They have shown a willingness to assist sound borrowers who were experiencing a liquidity squeeze. They have remained calm in the face of some hysterical predictions. They have thus demonstrated their faith in the basic strength of our economic and financial system.

At a time of inflation such as we are living through, moderate restraint in the provision of money and credit is essential if we are ever to return to general price stability. The Federal Reserve is committed to that goal.

At the present time, it is highly important that our commercial banks use their limited credit resources in ways that encourage expansion of productive capacity, sustain key sectors of national and local economies, and provide liquidity for sound businesses in temporary difficulty.

At a time like the present, it is well to avoid making loans for purely financial or speculative purposes.
If the information that is coming my way is at all accurate, that is precisely what the great majority of our banks are doing.

But I would be less than candid if I failed to say that bankers -- along with businessmen, trade unions, and the Federal Government itself -- have contributed to the inflation that is now raging.

Bankers understand the problem of inflation better than most people. They have a special responsibility, therefore, to avoid feeding the fires of inflation through their own activities.

Not only that, as leaders in their communities, they can help to shape the thinking of the population at large, so that more and more of our people can make it clear to their Congressmen that our country can no longer afford unbalanced budgets or legislation that imposes new and appreciably heavier costs on the conduct of private business.

The President has called for a national crusade against inflation. He has invited all Americans to become volunteer inflation fighters.

This is an opportunity that the banking profession cannot afford to ignore. If Mr. Gaylord Freeman will undertake to organize the bankers so that they can serve effectively in the volunteer corps, he will be more than the Banker of the Year; he may become, in fact, the Banker of the Century.