

October 18, 1937

Dear Mr. President:

I am attaching, as suggested, a tentative draft for your brief address at the dedication of the Federal Reserve building on Wednesday, in the hope that it may be of some help. I am giving the matter further thought and in case I have any additional suggestions I would very much appreciate an opportunity to see you for a few moments some time on Wednesday morning. Or if you have any suggestions meanwhile, please let me know. Needless to add, I have a good deal of hesitancy about attempting to suggest form and language to you, but for what it may be worth I am passing the enclosed along since it expresses what would seem to me to be appropriate for the occasion.

Respectfully yours,

M. S. Eccles  
Chairman

The Honorable  
The President of the United States  
The White House

ET/r

Mr. Chairman, distinguished guests:

You have come here this afternoon for something more than a mere formality. Worthy as this structure is to rank among the foremost of the Capital's architectural achievements, you and I have not gathered here simply to pay tribute to the beauty and dignity of line and form wrought by those who conceived and executed this building. We are conscious of a much larger meaning in this brief ceremony--of the role that the Federal Reserve plays in the broad purpose which this Government must serve. That purpose is to gain for all of our people the greatest attainable measure of economic well-being, the largest degree of economic security and stability.

To advance the country towards this goal is the real mission of the Federal Reserve System. It cannot be attained by that System alone, but neither can it be reached without the proper functioning of our monetary and credit machinery. That machinery must be steadily perfected and coordinated with all other instruments of Government to promote the most productive utilization of our human and material resources. Only in that

way can we hope to achieve and maintain an enduring prosperity, free from the disastrous extremes of booms and depressions. Only in that way can our economic system and our democratic institutions endure.

Nearly a quarter of a century has passed since the Federal Reserve System was established. Its creation, out of the nation's banking experience from the beginning of the Republic, was due to the genius and statesmanship of President Wilson, and to the courageous leadership in Congress for which the Senior Senator from Virginia, Carter Glass, will always deserve the Nation's gratitude. It is fitting that President Wilson's portrait in bronze should have the place of honor in the main entrance to this building. And it is appropriate that the words inscribed under it should be taken from his first inaugural address.

Let me quote them:

"We shall deal with our economic system as it is and as it may be modified, not as it might be if we had a clean sheet of paper to write upon; and step by step we shall make it what it should be."

Those penetrating words admirably apply to our banking system, which must be constantly alert to changing conditions in order that it may be prepared to adapt itself to the growing and changing needs of our people in their daily life and work.

The Federal Reserve System, as it was originally established, was adapted to the pre-war world and brought about a great improvement in the money system. Steps were taken in 1917 to adapt it to the urgent necessities of a war-ridden world. In mobilizing the country's gold reserves and in facilitating the Government's vast financing operations, the Reserve System performed a vital role in the winning of the war.

It is clear now, in retrospect, that if further changes to meet post-war conditions had been made in our banking system in the 1920's, it would have been in a far better position to moderate the forces that brought about the great depression. But from the period of the war until we were in the midst of economic collapse no changes were made in the banking structure to make it function more effectively in the public interest.

Since that time the nation has done much to improve its banking system. It must continue step by step to make the banking system what it should be. We must not complacently suppose that we have achieved perfection. We have provided for the insurance of deposits for the benefit of the great mass of small depositors. By the Banking and Security Exchange Acts of 1933, 1934 and 1935, the Federal Reserve System was given increased power to improve banking conditions and to aid the Government in combatting the evils of booms and depressions. Those powers have been concentrated to a greater degree than ever before in a single public body, so that they can be used promptly and effectively in accordance with the changing needs of the country.

The Federal Reserve System, tested by nearly a quarter of a century of operation, is a public institution capable of adaptation to future, as it has been to past needs and conditions. It is a piece of machinery

vital to the Nation's steady progress towards the goal of a sounder banking system capable of contributing its full share to lasting economic progress and well-being.

The Board of Governors, whose building we are dedicating today, was reconstituted by the Banking Act of 1935. To this public body Congress has entrusted broad powers which enable it to affect the volume and the cost of money, thus exerting a powerful influence upon the expansion and contraction in the flow of money through the channels of agriculture, trade and industry. In this way, much can be done to contribute to greater stability, to the moderation of booms and depressions. Much can be done towards the maintenance of more stable employment. Much can be done to aid in achieving greater stability of the value of the dollar.

By their nature these important powers are of public concern and the responsibility for their exercise is properly vested in a public body. Much as they may contribute to the country's progress, monetary powers possess no peculiar magic. They are not omnipotent. To be effective in performing their function, they must be closely coordinated

with the other major powers and policies of government which influence the country's economic life.

The Federal Reserve System as it <sup>our banking</sup> exists today is better adapted than ever before to play its part in common with the other instrumentalities of government in the attainment of an increasing well-being for all of our people, which is the fundamental objective of <sup>our</sup> all government.

I would dedicate this building to progress toward the ideal of an America in which every worker will be able to provide his family at all times with an ever-rising standard of comfort.