

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

FOR THE PRESS

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Statement

of

Governor Eccles

on signing of the
Banking Act of 1935.

In my judgment the banking bill now signed by the President marks an important advance in the development of the country's banking system and the adaptation of monetary administration to present day conditions and national needs. It was realized at the outset that the measure was far from being the last word in creating a perfect banking system. It was also realized that widespread controversy was unavoidable, as it always has been, whenever proposals have been put forth involving material changes in the banking and monetary system. The function of banking and money is perhaps the most important of all in our entire economy. It is at the very foundation of our interdependent industrial society. The subject is complicated and difficult to understand. It always has been and presumably always will be beset by sharply conflicting theories and opinions.

In view of the inevitable clash of divergent viewpoints, and the initial opposition to any Federal Reserve legislation at this time, the resultant measure seems to me to be a most satisfactory accomplishment upon which the members of the Banking and Currency Committees of the Senate and House and the conferees, who have worked tirelessly and conscientiously to reconcile different points of view in accordance with what they believed to be in the public interest, are to be congratulated.

Considering the objectives and purposes of the legislation as originally proposed and as finally enacted, I am very well

satisfied with the outcome. By providing for a centralized authority over and fixed responsibility for monetary management, for a broadening of the basis for credit extension by the banking system, and for better organization of the Federal Reserve System, a large contribution has been made to the solution of one of the most important problems confronting the country today.