FDIC Examiners' Conference
St. Louis, Mo.
Oct. 21, 1948

Address by H. Earl Cook, Director

It is a source of keen regret to me that because of an engagement in Columbus, Ohio, yesterday, I was unable to be present to enjoy the splendid program which you have arranged and to participate in your discussions.

These conferences are of great importance, especially in times like these through which we are now passing, with uncertainty as to the future because of inflationary pressures and, too, because of unsettled international conditions.

In Louisville, at the time of our supervisors' conference there, Clyde Roberts told me that I was to speak to you here. Since that time, because of the demands upon my time, I have had little opportunity to prepare this talk, and what I shall say to you is inspired by a phrase that caught my eye in the September 24th issue of THE AMERICAN BANKER. Here is the line: "The world stands aside to let anyone pass who knows where he is going."

We, in the FDIC, know where we are going. We know what our objective is. That objective is to make firm one of the most basic segments of our national life: Banking. Banking in our nation is the product of a people possessed with an initiative which no other nation has ever had. Our banking system supplies the nourishment of credit to new enterprise that has created wealth that is the envy of the world. Our dual system organized as it is, owned by individuals, managed by men who know the needs and the character of their patrons, is responsive at once when it is needed. True, banking in our nation has had its faults

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and its failures, but for all of those, our system has created many times over wealth far in excess of its losses.

The record of the FDIC from 1933 to now is that we have paid to depositors some $310 millions and those depositors number approximately 1,300,000. Of the assets which we have taken over in our liquidating procedures, which have been so efficiently administered, we now have losses which approximate only $25 millions.

Our Division of Examination, headed by Vance Sailor, is deserving of a special commendation and you here in the St. Louis office, under the leadership of Clyde Roberts, are an integral part of that Examination Division and participate in the splendid work that is being accomplished. Our Division of Examination knows where it is going and its objective is to scrutinize the risks which this Corporation assumes to make for better banks, for better management, to the end that our entire economy may be strengthened because of a sounder banking system.

The Board of Directors of this Corporation is proud of the work which you men are doing. You are on the firing line and we, in Washington, see through your eyes the conditions which affect our banking system and, consequently, the Corporation. We realize the pressures which are sometimes brought to bear upon you just as those pressures are exerted towards the staff in Washington, but by full cooperation of us all we know that this can be managed for the ultimate good of our entire nation.

Long before I came to Washington I was told by many bankers of the high regard they had for our Examination staff, the thoroughness

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of their work and the constructive advice given during the course of their examinations. And since being with the Corporation I am more and more impressed by the conscientious and loyal work you men are doing.

May I stress again that in these times of uncertainty your work is more important than ever before. The soundness with which we maintain our banking system will determine whether or not we shall ever again have the chaos we had in the early 1930's. Your appraisals of management of the assets of the banks which you examine and your unbiased reports to us of your findings enable us to determine the course of action necessary for the proper management of the Corporation.

You have heard much of the recommendations made for the increase of fidelity coverage. Our objective in urging the increase of fidelity coverage is primarily for the benefit of the stockholders—the equity owners of the banks. Their interest is completely obliterated before the Corporation is called upon to face a loss. So that, whenever the question is raised of our insistence upon proper coverage, let it be understood that this is for the protection of the stockholders of the banks, then for the protection of the Corporation.

We have full faith and confidence in the ability of you men to give proper supervision in the course of your examinations. Continued application to your work, and continually improving the information you possess make it possible for you to improve upon the work you are doing.

Again, let me say, the world stands aside to make way for him who

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knows where he is going. Your course is set. You know where you are going and that is, to continue to improve upon your opportunities and to make more secure the things we hold most dear, and that is, the freedom of individual action and enterprise as supported by a sound, constructive banking system.

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