

A D D R E S S   O F  
HONORABLE CHARLES S. HAMLIN  
AT THE DINNER IN HONOR OF THE  
VISITING EUROPEAN JOURNALISTS  
Washington, D.C.  
May 26, 1930

Your Excellencies, Visiting Journalists, and Gentlemen:

The honor has devolved upon me to act as presiding officer in the absence of the President of the Carnegie Endowment for International Peace, Dr. Nicholas Murray Butler, who is now abroad engaged in work in behalf of international peace, - of which cause he is one of the most influential advocates now living.

In the name of this Endowment, as well as of the distinguished gathering here present, permit me to extend to our guests, the visiting European Journalists, our most sincere and heartfelt greetings.

Their visit to us is of great significance, both nationally and internationally.

Their visit will enable them to interpret to their readers more intelligently our country and our people, and our own journalists will greatly profit by their visit.

They are starting on a long journey, and I want to impress upon them as they journey over the country, to study carefully our system of public education, the very cornerstone of our national life.

It may seem to some that their visit at this present time of industrial recession is not opportune. We should remember, however, that falling prices and industrial recession exists today practically over the whole world. It was intensified in the United States by the recent fever of speculation which

collapsed in October last. Some of our people were carried away with enthusiasm over our marvelous development, and they believed that there could be no recession in the steady growth of our prosperity. Some of them placed their last dollar on a wager that an inflated bubble can never burst. They are now sadder but wiser men. This speculative craze and its sudden collapse, however, is but an incident in our country's growth, and will quickly be absorbed by new normal activity.

Undoubtedly for a time we were in a serious condition, but the President of the United States met the crisis boldly, and grouped together under him the forces of agriculture, commerce, and industry. Never before in the world's history has there been such a thorough and complete organization of industrial forces. It was the work of a great engineer, - a "Master Builder".

The President's efforts have been successful. Fear was at once dispelled and calm judgment and intelligent effort came to the front. I can see the dawn of normal activity, and believe the sun will soon rise.

The coming of the foreign journalists impresses upon me the real interdependence of nations. I remember so well the theories of the early English philosophers Hobbs and Mandeville, who set forth the doctrine that society was simply armed neutrality; that men fought one another like wild beasts for self-preservation; that the gain of one man in trade was the precise measure of the loss of the other, and the same rule was applied to intercourse between nations.

These pessimistic philosophers, however, were soon swept away, and we now, largely through the writings of that great philosopher, that citizen of the world, - Immanuel Kant - have learned that sympathy not rivalry is a bond which welds society together. We now realize that two individuals can trade

together , and each may profit from the transaction. So also we realize that in the intercourse of nations, each nation may be the gainer; that no nation can prosper permanently when other nations are prostrate; that the true prosperity of a nation grows out of the prosperity of all nations.

This interdependence of nations is well brought out by the present position of our great country. Our marvelous industrial edifice rests on a foundation much broader than the needs of our own people. The United States has never been so dependent on "abroad" as it is today. We look to our foreign customers to buy our surplus agricultural and industrial products. While our exportable surplus is small, relatively to the value of our domestic exchanges, yet this surplus may determine the future progress of our agricultural and industrial development. The great problem facing the United States today is the problem of increasing the purchasing power of foreigners for our exports.

We have done much along this line in the past, and much more remains for us to do. We have loaned them gold with which to stabilize their standard, - the gold standard - of value, and we have loaned them vast sums to build up their purchasing power.

They must find some way in which to pay for what we export to them. They can send us their products in exchange, but these will not offset their debt to us for what we export to them.

They may ship us gold for the balance, but this may imperil the gold standard so recently established, or reestablished, by them. We do not need this gold. The Federal Reserve banks now have over a billion dollars of free gold over and above their deposit and note liabilities.

The only method left to us would seem to be the purchase of foreign securities in order to enable our foreign friends to continue their purchasing of our exports. We have done this in past years to a very large extent, but the recent speculative activity has greatly diminished the amount of these investments. We must now resume, and by buying their securities, give them the money to pay for our products. This would seem to be merely an enlightened self-interest.

I want to point out to our visitors also, that our great development in the last ten years has been materially facilitated by our system of banking known as the Federal Reserve System. We have now probably the strongest and soundest banking system in the world.

Central banks are familiar to our visitors, as there is one in every country from which they come.

When Congress took up the subject of banking reform, many believed that that there should be one central bank in Washington to cover the whole United States. Congress, however, found this impossible owing to the magnitude of our area and our resources. It created, accordingly, twelve Federal Reserve banks, independent of one another, but under the general control and supervision of the Federal Reserve Board, - a public body appointed by the President and sitting in Washington. These twelve Federal Reserve banks, to all intents and purposes, are central banks, as they hold the reserves of the member banks and have power to issue, in the name of the Government, so-called Federal Reserve notes.

As an illustration of the size of the twelve Federal Reserve districts into which the country is divided, I would point out that the Federal Reserve District of San Francisco, in which is situated the Federal Reserve Bank of San Francisco, covers the states of California, Oregon, Washington, and part of Arizona and New Mexico; that this district is of such enormous size that you could place in it England, France, Germany and Italy, excluding colonial possessions, and still have a very large area left over.

On the other hand, the resources of these Federal Reserve banks are enormous. For example, one of the Federal Reserve banks, - the Federal Reserve Bank of New York, stands out as the strongest and most powerful central bank in the world.

But I must not forget that my function this evening is primarily to preside, and not to speak.

I am sure we are all waiting eagerly to hear from our foreign visitors, and I take pleasure in introducing to you a distinguished foreign journalist, - Dr. Ernst Feder of the "Berliner Tageblatt" - who will speak in behalf of the foreign journalists.