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**Franklin D. Roosevelt — “The Great Communicator”**  
**The Master Speech Files, 1898, 1910-1945**

**Series 2: “ You have nothing to fear but fear itself:” FDR  
and the New Deal**

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**File No. 745**

**1934 October 24**

**American Banker's Association**

*Banking  
Oct 26 1934*

I am here tonight at your invitation to speak to you informally about some of our common problems. As a great many of you know by personal experience, it is not a new thing for me to talk with bankers. I have been seeing many of your number almost daily during the past year and a half. In fact, I may say that I have had more constant contact with more bankers than any previous President of the United States.

And let me make it quite clear to you that in these talks with individuals and with groups of bankers I have not done all the talking. I have been a good listener and I have asked many questions even though I must admit that there was an extraordinary lack of unanimity in the answers that were given to these questions.

It is perhaps an appropriate time for all of us in this country to clear the air by the redefinition of certain facts. Some people - and I am not referring just to bankers - have perhaps acquired the thought that in respect to that activity of modern civilization known as banking there are two practically equal and independent forces - one, the group generically known as the bankers of the country; the other, the group known as the government of the country.

Let me start by suggesting that all citizens are the partners of government, for the very simple reason that government is chosen by all citizens and, therefore, is in direct partnership with them. Government is the outward expression of the common life of all citizens.

Now it is true that among the body of citizens there exist certain groups who perform certain functions or are engaged in certain businesses which bring them as groups into closer contact with government than in the case of what you and I might call the average run of citizens. That is true of bankers and banking.

Here, however, because this is a special group of citizens which has a relationship, not only to government but also to the mass of citizens, you have something that goes far beyond a mere partnership between the group and government. Bankers are not merely partners of government. The new relationship enters into the picture - the relationship of agency. This agency projects itself in two directions. Banks and bankers are the agents of their depositors and, at the same time, they are in a very true sense the agents of government itself.

Why is this so? All you have to do is to read the history of the United States. You are probably at least as familiar as I am with the growth of the control of government over banking. It grew over the necessities of the case in every instance of that growth. In our earlier days Federal control over banking was practically unknown. State control was, in the original thirteen States, limited to the requirement of obtaining Charters from the Legislatures. We went through the era of wildcat State banking, and State bank laws and State bank supervision were strengthened. We went through the era of lax Federal supervision, and because of many sad experiences that Federal supervision was strengthened.

Again, I need not recount the situation of the banks in the spring of 1933. It was obviously necessary for the people of this country, speaking through their government, to exercise a greater control or supervision over the banks of the United States. I use these historical facts merely to illustrate the point that banks are not in any sense and never can be again a free and independent force with the government of the United States. They are once and for all under the supervision and the agency of the government of the United States.

Banks are agencies created by the people themselves for the safeguarding of the people's money and for the serving of their convenience in the conduct of business and trade. At the same time, the people have directed their government to supervise these agencies and to see to it that they conform to certain high standards. The nearest parallel that I can think of is the example of Trustees appointed by one of our Courts to administer an Estate or a Trust. These Trustees must operate under certain definite rules laid down by the Court and, at the same time, the Trustees are responsible to the beneficiaries of the Trust itself.

This is a simple exposition of the relationship between the government, the bankers and the people, which has existed as a matter of law and of fact, not for the past year and a half, but for a great many years in the history of our country.

The restoration of banking activity itself was my first responsibility on assuming office. It was important that the government throw itself squarely into the task of bringing back to the banks the deposits of the citizens of the country.

It is a matter of record that as a result of my appeal the people responded by restoring their confidence in the banks of the United States. I appeal to the bankers of the United States to renew their confidence in the people of the United States.

But during the past year it became clear that government had to supplement the banking resources by using government resources in what can best be described as the business of lending. It was clear that homes had to be saved from foreclosure by creating the Home Owners Loan Corporation; it was clear that farms had to be saved by expanding operations of farm credit. (Insert on government agencies)

No banker would care to assert today that any of these government lending agencies should be abolished tomorrow. Obviously they must continue until such time as the bankers and other private agencies themselves are ready and able to take over these lending functions. And when that time comes I shall

be only too glad to curtail the activities of these lending agencies in proportion to the taking up of the slack. I venture to suggest to you that when history comes to be written, the closing and the reopening of the banks themselves will occupy a prominent place, and even greater interest will be taken in the fact that within a few months government itself stepped into a breach which banking could not fill and that because of the activity of government, farms, homes, railroads, <sup>and</sup> corporations were saved from liquidation and loss. This saving was a direct and net saving to the property holders of this country, whether they were the owners of homes and farms or whether they were the stockholders in thousands of commercial and industrial and insurance institutions.

An old personal friend of mine a few months ago suggested that reform and recovery did not go together. I asked him the simple question - "Do you think we should have done nothing about those banks which in the heyday of the boom entered into underwritings of highly speculative bonds and then sold them to the widows and orphans through their trust departments?" Well, he said "No". "I go along with you in that." All right I said - "How about the bank in the small community which sent its surplus funds to be loaned out on the Stock Exchange as in the days of twenty-nine?" "Well", he said, "I guess you are right - I go along with you in that." Then I said - "How about the bank which asked 10% - 7% legal rate plus 3% as commission on a small real estate loan in its immediate neighborhood. Don't you think that is an unconscionable rate?" and he said "Yes, you are right but there were very few banks that ever did anything like that."

We talked for half an hour and at the end of the time I said - "Do you still think that reform should not have marched hand in hand with recovery?" He threw up both hands and said "I take it all back."

It is probably not an exaggeration for me to tell you that more than half of the hundreds of bankers whom I have talked with in the past year or so have said to me in effect - "Remember, dear Mr. President, that we have been shell-shocked and must be spoken to kindly and that our morale must be built up." I do not go along with that thought at all. I do not for a minute consider that you have lost your morale. I believe that you are ~~not~~ wholly capable of proceeding with the normal functions of your particular kind of business.

However, if it is any comfort to those few individuals to whom I refer, I might just as well repeat to you in words of one syllable <sup>that</sup> ~~what~~ has been the policy of your national government since March, 1933, and that is the policy of your national government - a policy in which there has been no change.

First of all, in respect to the expenditures of the government, nothing in this generation except perhaps the great war, has involved so great a necessity for the use of government funds in the process of seeing the country through a great national crisis.

There lies before us still the necessity for expenditures for the relief of unemployment. In meeting these the government must exercise the greatest care in order that every dollar may be effectively and usefully expended. With the improvement of business, which has very definitely begun, and with the consequent reduction of unemployment, it must obviously be our definite objective to bring the Budget of your government into balance at the earliest possible moment. Further than that no responsible Chief Executive can or will go. I repeat, it is a definite objective to balance the Budget as soon as we can,

bearing in mind at all times the definite necessity for the care of those who are destitute because of lack of employment.

With respect to national and international finances, I have been gratified to note in recent weeks a ~~marked~~ growing appreciation of our national problems and of the problems of the other nations of the world. I have been happy to note a growing realization in other nations of the desirability of arriving within our nation, as quickly as possible, at a point of stability, not of foreign exchange alone, but of prices and values. This objective, if it can be carried out, will mean, I hope, the additional stabilization of national currencies and also of the ratio of exchange between the nations of the world.

The fact that American business men and American bankers are devoting more and more individual study and attention to the wider problems of our nation and the wider problems of other nations, is manifesting itself to me in many ways. I am grateful to them for this growing understanding on their part. I trust they will remember that the government of the United States is in daily contact with sources of information which cover, not only every State and every section of our own country, but also every other portion of the habitable globe. I am not boasting or exaggerating when I tell you that the information on which your government is proceeding is without doubt more complete and more accurate than the information possessed by any private association, group or individual in the United States.

more values  
just  
more values  
prices  
low



ADDRESS OF THE PRESIDENT  
BEFORE THE AMERICAN BANKERS ASSOCIATION  
CONSTITUTION HALL, WASHINGTON, D. C.  
Wednesday, October 24, 1934

I am glad to be here tonight at your invitation

to speak to you informally about some of our common problems. As many of you know by personal experience, it is not a new thing for me to talk with bankers. (Laughter) I have been seeing many of your number almost daily during the past year and a half, and let me make it quite clear that in these meetings I have not done all the talking. I have been a good listener and I have asked many questions. (Laughter) I am frank in saying to you that I have found, as in the case of almost every other business and profession, that there is the striking lack of unanimity of opinion among bankers, the same lack of unanimity that characterizes many other groups in the country. It has been my purpose to seek out underlying agreement in the opinions that bankers have expressed and to encourage agreement.

You will recognize, I think, that a true function of the head of the government of the United States is to find among many discordant elements that unity of

Franklin D. Roosevelt Library

This is a transcript made by the White House stenographer from his shorthand notes taken at the time the speech was made. Underlining indicates words extemporaneously added to the previously prepared reading copy text. Words in parentheses are words that were omitted when the speech was delivered, though they appear in the previously prepared reading copy text.

I am glad to be here tonight at your home to speak to you informally about some of our common problems. As many of you know by personal experience, it is not a new thing for me to talk with bankers. (Laughter) I have been seeing many of your number almost daily during the past year and a half, and let me make it quite clear that in these meetings I have not done all the talking. I have been a good listener and I have asked many questions. (Laughter) I am going to say to you that I have found, as in the case of almost every other business and profession that there is the working fact of unanimity of opinion among bankers. The same fact of unanimity that characterizes many other groups in the country. It has been my purpose to seek out outstanding agreement in the opinions that bankers have expressed and to encourage agreement.

You will recognize, I think, that a true foundation of the head of the government of the United States is to find among many discordant elements that unity of

purpose that is best for the nation as a whole. This is necessary because government is not merely one of many co-ordinate groups in the community or the nation, but government is essentially the outward expression of the unity and the leadership of all groups. Consequently the old fallacious notion of the bankers on one side and the government on the other side as being more or less equal and independent units, has passed away. Government by the necessity of things must be the leader, must be the judge of the conflicting interests of all groups in the community, including bankers. The government is the outward expression of the common life of all citizens.

What is a bank and what are its relations with the people? Why do the people through their governments supervise banks? The people put their money into banks. They do this in order to protect it and in some cases to have it earn a small income. It costs money to provide this service and, therefore, the banks are permitted to invest these deposits in order to pay their expenses and to provide a reasonable profit to their stockholders. The public has no means of knowing whether the bank is safe, whether it is making safe investments so the public turns

to its government to supervise the bank. Government has accepted this responsibility.

In its relations with bankers, the purpose of government should be threefold. First, to promote the confidence of the people in banks and banking in view of the important service that banks and banking may perform for the people as a whole. Second, to make this confidence a real and living thing by assisting banks to render themselves useful, to render themselves worthy of this confidence through wise supervision. A third purpose now offers itself, and I wish with all earnestness to press this point tonight. Government should assert its leadership in encouraging not only the confidence of the people in banks, but the confidence of the banks in the people. (Applause) In March, 1933, I asked the people of this country to renew their confidence in the banks of the country. They took me at my word. Tonight I ask the bankers of this country to renew their confidence in the people of this country. I hope you will take me at my word. (Applause)

I need not recount the situation of the banks in the spring of 1933. I found that the restoration of

banking activity itself was my first responsibility on assuming office. It was necessary that the Government throw itself squarely into the task of bringing back to the banks the deposits of (the citizens of the country) millions of citizens. As a result of my appeal the people responded by restoring their confidence in the banks of the United States.

The primary purpose accomplished, it became necessary that the Congress and the Administration enact measures to build up the banking structure so that it could once more provide support for the economic life of the country. Moreover, it had to be built and we built it strong enough so that it could resist future stresses and strains. Government found it necessary to create and get under way new emergency credit agencies and to use to the fullest extent the already existing Reconstruction Finance Corporation. These credit agencies moved with heroic energy, and it was a source of the utmost satisfaction to find that when the Federal Deposit Insurance Corporation went into operation the banking structure had regained a very considerable amount of its strength and its vitality. I think it is only fair to say that never since

the formation of our Government has such a task been achieved in so short a time. Happily, the present security of our banks bears witness to the wise course that we pursued.

I find almost (general) universal agreement among bankers that these agencies must continue until such time as the banks and other private credit agencies are themselves able and ready to take over these lending functions; and when that time comes, I shall be only too glad to curtail the activities of these public agencies in proportion to the taking up of the slack by privately owned agencies. (Applause) I venture to suggest to you that when the history of these years comes to be written, while the closing and the reopening of the banks will occupy a prominent place, even greater interest will be centered in the fact that within a few months not only was the banking structure strengthened but the great governmental lending agencies went into action and also saved from disastrous deflation, liquidation and loss a vast portion of the farms, homes, railroads and the corporations of (the nation) America. (Applause) (This) That action definitely rescued the security and happiness of (all of us) millions of our people. (Applause)

Just as it is to be expected that the banks will resume their responsibility and take up the burden that the government has assumed through its credit agencies, so I assume and expect that private business generally will be financed by the great credit resources which the present liquidity of banks makes possible. Our traditional system has been built upon this principle and the recovery of our economic life should be accomplished through the assumption of this responsibility. The present steady and unmistakable revival of public demand for goods and services should provide the assurance necessary to the financing of industrial life. The Government is bending every effort through the Treasury, the Federal Reserve system, the Reconstruction Finance Corporation, the Securities and Exchange Commission and the Federal Housing Administration to facilitate and encourage the revival of private investment. I commend the objectives of the Housing Administration to your immediate consideration, but at the same time I ask you to note that all of these new agencies are seeking consultation and cooperation with you bankers.

While there lies before us still the necessity for large expenditures for the relief of unemployment, I

think we should all proceed in the expectation that the revival of business activity will steadily reduce this burden.

I am gratified to know of the expressions of belief, public and private, the expressions of your members that the speed that we shall make toward this objective is something that no one has the wisdom or the hardihood to estimate. This recognition reflects a growing appreciation of the problems resting upon a responsible Chief Executive.

With respect to international relationships, I have been glad to note the growing appreciation in other nations of the desirability of arriving, as quickly as possible, at a point of steadiness of prices and values. This objective of a greater steadiness of prices and values we have constantly kept before us as our own national American policy.

The fact that American business men and bankers are devoting more and more individual study and attention to the wider problems of our nation, to the wider problems of international affairs, is manifesting itself today in many ways. It seems to me that this is a very important



development. Let me make it clear to you that the Government of the United States has daily and even hourly contact with sources of information which cover not only every State and section of our own country, but also every other portion of the habitable globe. This information, my friends, is more complete, more informative and, I believe, more accurate than that possessed by any private agency.

I need not tell you that true wealth is not a static thing. It is a living thing made out of the disposition of men to create and to distribute the good things of life with rising standards of living. Wealth grows when men cooperate; but it stagnates in an atmosphere of misunderstanding and misrepresentation. Here, in America, the material means are at hand for the growth of true wealth. It is in the spirit of American institutions that wealth should come as the reward of hard labor -- hard labor, I repeat -- of mind and hand. (Applause) That is a pretty good definition of what we call the profit system. Its real fulfillment comes in the general recognition of the rights of each factor of the community. It is not in the spirit of partisans, but it is in the spirit of part-ners, that America has progressed. The time is ripe for an

alliance of all forces intent upon the business of recovery. In such an alliance will be found business and banking, agriculture and industry, and labor and capital. What an all-America(n) team that (is) would be! (Applause) The possibilities of such a team kindle the imagination -- they encourage our determination -- they make easier the tasks of those in your Government who are leading it.

And so, my friends, the Nation does not merely trust or hope that we will always do our duty -- no, it is more than that, the Nation is justified in expecting that all of us (we) will do our duty. (Applause)

ADDRESS OF THE PRESIDENT  
BEFORE THE AMERICAN BANKERS  
ASSOCIATION, MEETING IN  
CONSTITUTION HALL, WASHINGTON,  
D. C., OCTOBER 24, 1934.

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I am glad to be here tonight at your invitation to speak to you informally about some of our common problems. As many of you know by personal experience, it is not a new thing for me to talk with bankers. I have been seeing many of your number almost daily during the past year and a half, and let me make it quite clear that in these meetings I have not done all the talking. I have been a good listener and I have asked many questions. I have found there is the striking lack of unanimity of opinion among bankers that characterizes many other groups in the country. It has been my purpose to seek out underlying agreement in the opinions that bankers have expressed.

A true function of the head of the government of the United States is to find among many discordant elements that unity of purpose that is best for the nation as a whole. This is necessary because government is not merely one of many coordinate groups in the community or the nation, but government is essentially the outward expression of the unity and the leadership of all groups. Consequently the old fallacious notion of the bankers on the one side and the government on the other as more or less equal and independent units has passed away. Government by the necessity of things must be the leader, must be the judge of the conflicting interests of all groups in the community, including bankers. The government is the outward expression of the common life of all citizens.

What is a bank and what are its relations with the people? Why do the people through their government supervise banks? The people put their money into banks. They do this in order to protect it and in some cases to have it earn a small income. It costs money to provide this service and, therefore, the banks are permitted to invest these deposits in order to pay their expenses and to provide a reasonable profit to their stockholders. The public has no means of knowing whether the bank is making safe investments so it turns to its government to supervise the bank. Government has accepted this responsibility.

In its relation with bankers, the purpose of government should be threefold. First, to promote the confidence of the people in banks and banking in view of the important service that banks and banking may perform for the people as a whole. Second, to make this confidence a real and living thing by assisting banks to render themselves useful and worthy of this confidence through wise supervision. A third purpose now offers itself, and I wish with all earnestness to press this point tonight. Government should assert its leadership in encouraging not only the confidence of the people in banks, but the confidence of the banks in the people. In March, 1933, I asked the people of this country to renew their confidence in banks. They took me at my word. Tonight I ask the bankers of this country to renew their confidence in the people of this country. I hope you will take me at my word.

I need not recount the situation of the banks in the spring of 1933. I found that the restoration of banking activity itself was my first responsibility on assuming office. It was necessary that the government throw itself squarely into the task of bringing back to the banks the deposits of the citizens of the country. As a result of my appeal the people responded by restoring their confidence in the banks of the United States.

The primary purpose accomplished it became necessary that the Congress and the Administration enact measures to build up the banking structure so that it could once more provide support for the economic life of the country. Moreover, it had to be built and we built it strong enough so that it could resist future stresses and strains. Government found it necessary to create and get under way new emergency credit agencies and to use to the fullest extent the already existing Reconstruction Finance Corporation. These credit agencies moved with heroic energy, and it was a source of the utmost satisfaction to find that when the Federal Deposit Insurance Corporation went into operation the banking structure had regained a very considerable amount of its strength and its vitality. I think it is only fair to say that never since the formation of our government has such a task been achieved in so short a time. Happily, the present security of our banks bears witness to the wise course that we pursued.

I find almost general agreement among bankers that these agencies must continue until such time as the banks and other private credit agencies are themselves able and ready to take over these lending functions; and when that time comes, I shall be only too glad to curtail the activities of these public agencies in proportion to the taking up of the slack by privately owned agencies. I venture to suggest to you that when the history of these years comes to be written, while the closing and the reopening of the banks will occupy a prominent place, even greater interest will be centered in the fact that within a few months not only was the banking structure strengthened but the great governmental lending agencies went into action and also saved from disastrous deflation, liquidation and loss a vast portion of the farms, homes, railroads and corporations of the nation. This definitely rescued the security and happiness of all of us.

Just as it is to be expected that the banks will resume their responsibility and take up the burden that the government has assumed through its credit agencies, so I assume and expect that private business generally will be financed by the great credit resources which the present liquidity of banks makes possible. Our traditional system has been built upon this principle and the recovery of our economic life should be accomplished through the assumption of this responsibility. The present steady and unmistakable revival of public demand for goods and services should provide the assurance necessary to the financing of industrial life. The government is bending every effort through the Treasury, the Federal Reserve system, the Reconstruction Finance Corporation, the Securities and Exchange Commission and the Federal Housing Administration to facilitate and encourage the revival of private investment. I commend the objectives of the Housing Administration to your immediate consideration, but at the same time I ask you to note that all of these new agencies are seeking consultation and cooperation with you bankers.

While there lies before us still the necessity for large expenditures for the relief of unemployment, I think we should all proceed in the expectation that the revival of business activity will steadily reduce this burden.

I am gratified to know of the expressions of belief, public and private, of your members that the speed that we shall make toward this objective is something that no one has the wisdom or the hardihood to estimate. This recognition reflects a growing appreciation of the problems resting upon a responsible Chief Executive.

With respect to international relationships, I have been glad to note the growing appreciation in other nations of the desirability of arriving, as quickly as possible, at a point of steadiness of prices and values. This objective of a greater steadiness we have constantly kept before us as our national policy.

The fact that American business men and bankers are devoting more and more individual study and attention to the wider problems of our nation and of international affairs is manifesting itself in many ways. It seems to me that this is a very important development. Let me make it clear to you that the government of the United States has daily and even hourly contact with sources of information which cover not only every State and section of our own country, but also every other portion of the habitable globe. This information is more complete, informative and accurate than that possessed by any private agency.

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The Nation does not merely trust or hope that we will do our duty -- the Nation is justified in expecting that we will do our duty.

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The following address by the President before the American Bankers Association, meeting in Constitution Hall, Washington, D. C., Wednesday, October 24, 1934, is automatically released for publication at 9:00 P. M., E. S. T., today.

STEPHEN EARLY

Assistant Secretary to the President.

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I need not tell you that true wealth is not a static thing. It is a living thing made out of the disposition of men to create and to distribute the good things of life with rising standards of living. Wealth grows when men cooperate; but it stagnates in an atmosphere of misunderstanding and misrepresentation. Here, in America, the material means are at hand for the growth of true wealth. It is in the spirit of American institutions that wealth should come as the reward of hard labor of mind and hand. That is what we call a profit system. Its real fulfillment comes in the general recognition of the rights of each factor of the community. It is not in the spirit of partisans, but partners, that America has progressed. The time is ripe for an alliance of all forces intent upon the business of recovery. In such an alliance will be found business and banking, agriculture and industry, and labor and capital. What an all-American team that is! The possibilities of such a team kindle the imagination - they encourage our determination - they make easier the tasks of those in your government who are leading it.

The Nation does not merely trust or hope that we will do our duty -- the Nation is justified in expecting that we will do our duty.

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# STATEMENTS FILE

FOR THE PRESS  
 Short and By Kannee

OCTOBER 24, 1934

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CAUTION: The following address by the President before the American Bankers Association, meeting in Constitution Hall, Washington, D. C., Wednesday, October 24, 1934, is automatically released for publication at 9:00 P. M., E. S. T., today.

NOTE: Please safeguard against premature release.

STEPHEN EARLY  
 Assistant Secretary to the President.

I am glad to be here tonight at your invitation to speak to you informally about some of our common problems. As many of you know by personal experience, it is not a new thing for me to talk with bankers. I have been seeing many of your number almost daily during the past year and a half, and let me make it quite clear that in these meetings I have not done all the talking. I have been a good listener and I have asked many questions. I have found there is the striking lack of unanimity of opinion among bankers that characterizes many other groups in the country. It has been my purpose to seek out underlying agreement in the opinions that bankers have expressed.

A true function of the head of the government of the United States is to find a way many discordant elements that unity of purpose that is best for the nation as a whole. This is necessary because government is not merely one of many coordinate groups in the community or the nation, but government is essentially the outward expression of the unity and the leadership of all groups. Consequently the old fallacious notion of the bankers on the one side and the government on the other, as more or less equal and independent units has passed away. Government by the necessity of things must be the leader, must be the judge of the conflicting interests of all groups in the community, including bankers. The government is the outward expression of the common life of all citizens.

What is a bank and what are its relations with the people? Why do the people through their government supervise banks? The people put their money into banks. They do this in order to protect it and in some cases to have it earn a small income. It costs money to provide this service and, therefore, the banks are permitted to invest these deposits in order to pay their expenses and to provide a reasonable profit to their stockholders. The public has no means of knowing whether the bank is making safe investments so it turns to its government to supervise the bank. Government has accepted this responsibility.

In its relation with bankers, the purpose of government should be threefold. First, to promote the confidence of the people in banks and banking in view of the important service that banks and banking may perform for the people as a whole. Second, to make this confidence a real and living thing by assisting banks to render themselves useful and worthy of this confidence through wise supervision. A third purpose now offers itself, and I wish with all earnestness to press this point tonight. Government should assert its leadership in encouraging not only the confidence of the people in banks, but the confidence of the banks in the people. In March, 1933, I asked the people of this country to renew their confidence in banks. They took me at my word. Tonight I ask the bankers of this country to renew their confidence in the people of this country. I hope you will take me at my word.

I need not recount the situation of the banks in the spring of 1933. I found that the restoration of banking activity itself was my first responsibility on assuming office. It was necessary that the government throw itself squarely into the task of bringing back to the banks the deposits of the citizens of the country. As a result of my appeal the people responded by restoring their confidence in the banks of the United States.

The primary purpose accomplished it became necessary that the Congress and the Administration enact measures to build up the banking structure so that it could once more provide support for the economic life of the country. Moreover, it had to be built and we built it strong enough so that it could resist future stresses and strains. Government found it necessary to create and get under way new emergency credit agencies and to use to the fullest extent the already existing Reconstruction Finance Corporation. These credit agencies moved with heroic energy, and it was a source of the utmost satisfaction to find that when the Federal Deposit Insurance Corporation went into operation the banking structure had regained a very considerable amount of its strength and its vitality. I think it is only fair to say that never since the formation of our government has such a task been achieved in so short a time. Happily, the present security of our banks bears witness to the wise course that we pursued.

I find almost general agreement among bankers that these agencies must continue until such time as the banks and other private credit agencies are themselves able and ready to take over these lending functions; and when that time comes, I shall be only too glad to curtail the activities of these public agencies in proportion to the taking up of the slack by privately owned agencies. I venture to suggest to you that when the history of these years comes to be written, while the closing and the reopening of the banks will occupy a prominent place, even greater interest will be centered in the fact that within a few months not only was the banking structure strengthened but the great governmental lending agencies went into action and also saved from disastrous deflation, liquidation and loss a vast portion of the farms, homes, railroads and corporations of the nation. This definitely rescued the security and happiness of all of us.

Just as it is to be expected that the banks will resume their responsibility and take up the burden that the government has assumed through its credit agencies, so I assume and expect that private business generally will be financed by the great credit resources which the present liquidity of banks makes possible. Our traditional system has been built upon this principle and the recovery of our economic life should be accomplished through the assumption of this responsibility. The present steady and unmistakable revival of public demand for goods and services should provide the assurance necessary to the financing of industrial life. The government is bonding every effort through the Treasury, the Federal Reserve system, the Reconstruction Finance Corporation, the Securities and Exchange Commission and the Federal Housing Administration to facilitate and encourage the revival of private investment. I commend the objectives of the Housing Administration to your immediate consideration, but at the same time I ask you to note that all of these new agencies are seeking consultation and cooperation with you bankers.

While there lies before us still the necessity for large expenditures for the relief of unemployment, I think we should all proceed in the expectation that the revival of business activity will steadily reduce this burden.

(b) I am gratified to know of the expressions of belief, public and private, of your members that the speed that we shall make toward this objective is something that no one has the wisdom or the hardihood to estimate. This recognition reflects a growing appreciation of the problems resting upon a responsible Chief Executive.

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