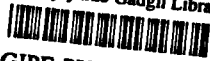


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**THE  
FEDERAL RESERVE SYSTEM**

**THE  
FEDERAL RESERVE SYSTEM**

**Its Purposes and Functions**



**UNITED STATES OF AMERICA  
WASHINGTON, 1939**

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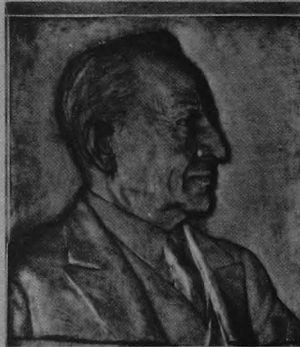
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CARTER GLASS  
DEFENDER  
OF THE FEDERAL RESERVE SYSTEM



IN THE FEDERAL RESERVE ACT WE INSTITUTED  
A GREAT AND VITAL BANKING SYSTEM  
NOT MERELY TO CORRECT AND CURE  
PERIODICAL FINANCIAL DEBAUCHES  
NOT SIMPLY INDEED TO AID  
THE BANKING COMMUNITY ALONE BUT TO GIVE  
VISION AND SCOPE AND SECURITY TO COMMERCE  
AND AMPLIFY THE OPPORTUNITIES  
AS WELL AS TO INCREASE  
THE CAPABILITIES OF OUR INDUSTRIAL LIFE  
AT HOME AND AMONG FOREIGN NATIONS

AN ADVENTURE IN CONSTRUCTIVE FINANCE  
CARTER GLASS

**BRONZE BAS-RELIEF AND INSCRIPTION, LEFT WALL, ENTRANCE TO THE  
FEDERAL RESERVE BUILDING, WASHINGTON, D. C.**

WOODROW WILSON  
FOUNDER  
OF THE FEDERAL RESERVE SYSTEM



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

FIRST INAUGURAL ADDRESS  
WOODROW WILSON

**BRONZE BAS-RELIEF AND INSCRIPTION, RIGHT WALL, ENTRANCE TO THE  
FEDERAL RESERVE BUILDING, WASHINGTON, D. C.**

## FOREWORD

This book is intended primarily for students, bankers, business men, and others who desire an authoritative statement of the purposes and functions of the Federal Reserve System. It is neither a primer, nor is it an exhaustive treatise. The aim has been to have it cover the middle ground between those extremes and to make it clear and readable without neglect of essentials.

The Federal Reserve System is twenty-five years old this year. Its operations have become a factor of great importance in American economic life. While they chiefly concern banks and the Government, their effects extend into all forms of economic activity and are felt indirectly by everyone.

It is desirable, therefore, that the Federal Reserve System be as fully understood as possible by the public in whose interest it was established and in whose interest it is administered.

The text of the book has been prepared by Bray Hammond and the staff of the Board of Governors of the Federal Reserve System.

THE BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM.

Washington, D. C.  
May 1, 1939.

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