

President's Perspective



We should never discount the ability of American entrepreneurs to solve our most complex problems—even those that plague us today.

Paul Newman's recent passing at age 83 brought to mind the down-to-earth wisdom in something the great actor once said: "If you're playing a poker game and you look around the table and can't tell who the sucker is, it's you."

These days, it appears that financial market participants are spending more time looking around the table than looking for good investments. Their insecurity led to a freezing up of the credit markets, the lifeblood of capitalism. Our economy cannot operate when funds do not flow, and too many players are hoarding their chips, checking their bets and reducing the overall size of the pot.

Willingness to take on risk has effectively dried up, leading to significant liquidity squeezes and funding pressures. This distrust has hindered capital markets and, by extension, the whole economy.

The Federal Reserve is doing what a central bank is called to do at a time like this: We are acting as the lender of last resort, serving as a bridge to the time when confidence is restored and capital begins to flow again.

History has seen many booms propelled by greed and busts born of fear. But the U.S. economy has always risen above the turbulence and uncertainty.

At times like these, we would do well to heed the advice of the late Marcus Nadler—a renowned business adviser, professor and foreign division chief at the Federal Reserve Board:

- You're right if you bet that the U.S. economy will continue to expand.
- You're wrong if you bet that it is going to stand still or collapse.
- You're wrong if you bet that any one element of our society is going to run or wreck the country.
- You're right if you bet that those in business, labor and government are sane, reasonably well informed and decent people who can be counted on to find common ground among all their conflicting interests and work out a compromise solution to the big issues that confront them.

These four propositions—known as Old Doc Nadler's Remedy—were not written for a recent edition of the *New York Times*. They were crafted some 80 years ago to counter the pessimism that gripped our financial system following the crash of 1929. They serve as a reminder that we should never discount the ability of American entrepreneurs to solve our most complex problems—even those that plague us today.

A handwritten signature in dark ink that reads "Richard W. Fisher". The signature is written in a cursive, flowing style.

Richard W. Fisher
President and CEO
Federal Reserve Bank of Dallas