

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date October 31, 1963

To Chairman Martin

Subject: _____

From Mr. Young

The enclosed memorandum is intended to be along the lines of your request. It tries to be fair and at the same time critical. But you may want it retailored in some respects. Since the "news" was in circulation via press sources yesterday, Jack helped in its preparation. He will be glad to take over any redesigning that you might want.

The only copies in existence are the two enclosed.

I will call you on Monday or Tuesday following the WP-3 discussion, or if anything of importance comes up which should be passed along promptly.



Attachments 2

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Professor Harris is 66 years old. He was born in New York City. He did both his undergraduate and graduate work at Harvard University and has been connected with that institution with minor interruptions all of his life. He is retiring this year, after many years of service, which include long terms as Professor of Economics (since 1945, including several years as Chairman of the Economics Department), editor (since 1943) of the "Review of Economic and Statistics," and associate editor (since 1947) of the "Quarterly Journal of Economics." Professor Harris has displayed a strong institutional loyalty to Harvard and has worked energetically to maintain the distinction and quality of its Economics Department--to hold good men in teaching, to improve academic pay, and to promote opportunities for publication of the results of economic research.

He is generally regarded with affection and obligation by the graduate students who have worked under his direction. Despite his varied outside and publication interests, he has always had the reputation of making time in his schedule to confer with graduate students assigned to him--reading the drafts of papers they submitted and giving them the benefit of such criticisms and suggestions as he might have. This high regard appears to extend to students who have not been generally in agreement with him, as well as those who have subscribed to the lines of economic thinking he has advocated. One would have to be very biased indeed not to conclude that Harvard University has benefited tremendously from his devotion, loyalty and energy over the term of his service at that institution.

Professor Harris's reputation as an original scholar is not so clear. He is not associated with any major advance in economic thinking or analysis. While he is a facile writer and has been a prolific contributor to the literature, there is ~~no~~ particular development in professional thought that is identified with his name. Despite the impressive documentation and attention to detail, it is interesting that his "Twenty Years of Federal Reserve Policy" did not add much either to understanding of or subsequent restructuring of the Federal Reserve System or its policy processes.

In many of his publication efforts he has served more as an editor, collector and publicist of the ideas and contributions of other economic writers, than an original author or contributor to books with which his name is associated. A number of his own books are directed to current issues of national economic policy and so are of transient rather than lasting professional interest.

Throughout most of his career he has been outspoken on public issues, and is an eager writer of "Letters to the Editor." This has led him down some strange paths on occasion. For example, in his zeal to be helpful to his adopted New England, he associated himself for a time with a group which advocated higher protective tariffs--a position that reflected very adversely for a time on his prestige among academic economists. He has also associated himself rather enthusiastically with the group of economists sometimes called the neo-Keynesians, who have argued that deficit spending by Government can be used to correct almost any short-fall in aggregate demand and

that, therefore, unemployment and underutilization of resources can always be corrected by "enlightened" fiscal policy. Like many of his colleagues in this camp, he has argued for some time that monetary policy was relatively unimportant and impotent.

In more recent years he has shifted his position somewhat and has emphasized the strong negative role that monetary policy can play in holding the economy below optimum levels of output and employment. Like most of his compatriots he has tended, over the years, to belittle the importance of inflation as a threat to the American economy and has argued that "some" inflation is tolerable and perhaps even necessary to achieve socially acceptable levels of employment. Thus, he has been critical of, at least unsympathetic to, Federal Reserve policies that were directed toward limiting inflationary pressures and arresting the long-term inflationary trends. This applies particularly to the policies pursued by the Federal Reserve in the latter fifties.

While not closely identified with politics in the narrow sense, Professor Harris has made no secret of his strong preference for the Democratic Party and he was, and is, highly critical of the Eisenhower administration and almost gushing in his praise of the present administration. In fact, both in his role as Chairman of the Treasury consultants' group and in his writings and speeches, he has often appeared to be a sort of "official" apologist to the

academic fraternity for the administration, undertaking to explain why political obstacles have prevented the use of a more active fiscal policy and even, on occasion, defending the moves toward lesser ease taken by the Federal Reserve, with the approval of the administration. On some occasions he has pressed his defense of administration policies to such extremes that it would appear more of an embarrassment than a help to policy objectives.

Certainly, one would have to conclude that Professor Harris's record of participation in public affairs does not match his really distinguished career as an educator. His positions on issues have sometimes been contradictory, and sometimes doctrinaire. His record suggests strong loyalties to ideas, individuals and institutions with which he regards himself as being associated. There seems little question but that these loyalties currently run to the group of public policy advisers who would emphasize the role of stimulative fiscal policy, and who are skeptical of flexible monetary policy, for stabilization objectives.

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