

Reconstructed remarks, made extemporaneously, by the Hon. William McChesney Martin, Jr., Chairman, Board of Governors of the Federal Reserve System on the occasion of the naming of building at Harvard University for former Secy. of the Treasury, Robert B. Anderson, October 31, 1966.

I too, like the preceding speaker, am glad to consider myself a close personal friend of Bob Anderson.

Accordingly, I was very pleased to be invited to say a few words on this happy occasion.

As I conceive my role today, it is not to make Bob Anderson out to be one of the greatest men of our time--his record speaks for itself--but merely to point up a few major contributions he has made, which I am in a position to do because of having served closely with him in the Government during the period when he was our Secretary of the Treasury.

When his appointment was announced in the summer of 1957 I was delighted as I already knew of his record as Deputy Chairman of the Federal Reserve Bank of Dallas, Secretary of the Navy, and Deputy Secretary of Defense, and therefore understood he was coming to his new duties with an unusual background of experience and understanding of the workings of our Government. But my expectations and hopes were considerably exceeded when, in our first meeting, he demonstrated a grasp of the difficult problem of the relationship of the Federal Reserve, the Treasury, and the White House in a way even more clear than I had been able to visualize it during my time in office. He recognized clearly the need for the Federal Reserve to be independent within the Government although not independent from the Government, and he had a proposal which was subsequently adopted and announced with my full concurrence in

September 1957 of instituting joint discussions of economic matters to be participated in by the President and Administration officials with major responsibility in the economic area and, in addition, the Chairman of the Federal Reserve Board for the purpose of exchanging ideas and informally reviewing all aspects of economic policy. While the composition of this group has been changed slightly from time to time, these joint discussions were proved successful during Secretary Anderson's service and they have been continued through the Kennedy and Johnson administrations as a useful institutional tool.

Some of you will recall the difficult time we had in 1958 with ups and downs in the Government securities market and Secretary Anderson was confronted with the difficult decision of what to do about the 4-1/4% interest ceiling that was preventing efficient marketing of bonds to meet the Government's financial needs. He faced up to this issue squarely and made heroic efforts to get this artificial barrier to bond financing removed during the summer of 1959. In dealing with this issue he demonstrated his faith in our American economic system and in advocating this step toward freer markets he clearly revealed his understanding of our basic concepts of private property, competitive enterprise and the profit motive, operating through the price mechanism, in the open market, to produce the capital, the credit, the income, the savings, and the investment upon which our economy rests. Although he was unsuccessful in these efforts, it is interesting to note that we recently had a 6.04 rate on six-month Treasury bills which, in my judgment, as a student of money markets, would have been considerably lower if it were not for the barrier that

the 4-1/4% rate ceiling has raised against the marketing of long-term Government bonds. And in the course of the present Congressional session, without a dissenting vote, or even a question being raised, permission was granted to raise the rate on non-marketable savings bonds to 5%.

On one other question during this period the Secretary was far ahead of his time. I refer to the Anderson-Dillon mission to Germany to deal with our balance of payments problem. For that endeavor he was viciously attacked and maliciously excoriated by hostile segments of the press at a time when, since he was leaving the administration, it would have been much easier for him just to let things lie. But he was the first to bring to the attention of everyone, through these efforts, the importance of working toward equilibrium in our balance of payments if we are to maintain the dollar as the vehicle currency of the world.

These three examples are characteristic of the manner in which Bob Anderson faced issues in the service of his country. It might not be inappropriate, as an indication of the esteem in which he was held by some of the people who worked with him, if I note that James B. Reston of the New York Times reported, in an article in October 1959, that another member of the Eisenhower Cabinet had stated that President Eisenhower, if the choice were his, would have selected Bob Anderson to succeed him. This is a real tribute indeed, and I would simply add, for my part, that I feel confident that Harvard is fortunate in making him a part of its heritage and that in every way he is worthy to be accorded this honor.

May I conclude these brief remarks by giving you my estimate of Bob Anderson, the man, by drawing on my favorite poet,

Robert Browning, and indicating that, in my judgment, he handled his problems in accord with that passage in the Epilogue to Asolando --

One who never turned his back but marched
breast forward,
Never doubted clouds would break,
Never dreamed, though right were worsted,
wrong would triumph,
Held we fall to rise, are baffled to fight better,
Sleep to wake.

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