

Remarks of Arthur F. Burns  
Chairman, Board of Governors of the Federal Reserve System  
at the 1976 Jefferson Awards Ceremony  
of The American Institute for Public Service  
June 17, 1976

I am very pleased to accept the 1976 Jefferson Award. I do so on behalf of the entire Federal Reserve family and the many other students of economics with whom I have had the privilege of working since my early college days.

My remarks on this occasion must be brief. I shall confine myself to several basic principles of economic policy.

First, governmental policies that foster individual initiative, business enterprise, and capital investment are needed to maintain an environment in our country that is conducive to economic growth and the diffusion of economic well-being. In such an environment, social tensions and conflicts can be kept to a minimum.

Second, the fundamental impulses that give rise to variations in the pace of economic activity come from our private sector and are of a self-generating character. Timely governmental actions can, however, stimulate the economy when it turns sluggish, or restrain economic activity when it becomes excessively exuberant.

Third, it is not enough to ask what further fiscal stimulation, if any, or what further monetary stimulation, our economy requires when unemployment is abnormally large. Nor is this even the basic question. We should rather be asking what governmental measures, covering as they might an enormous range, are most likely to strengthen the hope and confidence of our people. For hope is by far the most important force in economic life.

Fourth, the philosophic or political aspirations of thoughtful Americans differ widely. But whatever our attitudes toward Federal involvement in the economy may be, no one's dreams of a good society have much chance of fulfillment unless persistent budget deficits and excessive growth of money balances are avoided. These conditions are essential to bringing the disease of inflation under control; they are essential to the restoration of a lasting prosperity; they are essential also to the preservation of our democratic system.

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