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OUR CHANGING ENVIRONMENT

Remarks of Harold King
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Throughout time there has been a question of the relative importance of heredity and environment. There are schools of thought that champion each of these factors as dominant. But regardless of their relative importance, time has repeatedly demonstrated that the interplay of these two factors -- when both are understood -- can produce good results.

Kansas is one of our great cattle states and you Kansas bankers have no doubt learned much about the cattle business through loans to ranchers. I realize that some of you are ranchers along with your banking interests. Nowhere else is the desirability -- a better word would be profitability -- of combining heredity and environment more simply or beautifully demonstrated than in the cattle business. Because I have been a breeder of purebred Herefords for 14 years, the lessons that this experience teaches are still clear in my mind. As people who live close to the soil, most of you undoubtedly know the many simple truths that a cattleman learns. Because you do, I will not try to recount them for you.

What I would like to talk about is the relevance of heredity and environment to us -- as Americans -- in the world of today.

A lady called me a "cracker-barrel philosopher" one time, perhaps as a compliment or possibly an attempt at sarcasm. But whatever the reason, I happily accept the description. I have always found great interest in philosophy, and it has served as a light in my travel through life. Socrates, Plato, Aristotle, and their fellow



philosophers recorded some of the most penetrating thoughts of which man has proved capable. Little improvement has been made in ability to express simple -- or complex -- truth since their time. But our surroundings have changed greatly and continue to change, thus posing for every generation a new problem as to how heredity and environment could best be combined to serve man.

While Colonel Glenn and his fellow astronauts are engaged in space flight, they find new problems that were almost beyond man's comprehension a mere 100 years ago. But Colonel Glenn, even though the master of many new and intricate techniques, is still the same basic man with the same emotions of hope and fear as was Charles Lindbergh or Christopher Columbus. Even though heredity is a tremendous influence, it is still largely the same influence. It has varied within narrow limits in the last 2,000 years. But the other factor, the environment, keeps changing and does not remain within narrow limits.

All of this leads to the subject of my talk: the world in which we live today. It is hard for me to believe that we Americans of today are much worse -- or much better -- than our forefathers who dreamed a bright dream of freedom and proceeded to turn their dream into reality. We can be confident we have a lot of good heredity on our side. Our problem is to mesh our heredity with changing conditions.

If this is our big problem, then it is obvious that an understanding of both ingredients is essential. Fortunately, the first factor, heredity, or we might refer to it as human nature, is almost

constant. True, it is complex, but whatever knowledge we have gained of this subject can be depended upon to remain more or less the same. Lessons learned about a past environment frequently do not apply to new surroundings. The lessons the settlers at Jamestown learned have some relevance today and probably always will; but those lessons couldn't be of much help to Colonel Glenn while he was strapped in his capsule in space. This comparison suggests that we must be constantly learning about environment, even though we can "rest on our oars" more frequently in regard to the study of human nature.

Frankly, I find unending interest in human nature, and even though the pursuit of knowledge in this field is far more absorbing, I know that I should keep prodding myself toward a better understanding of our current position in the world. Taming a new environment is nothing novel for Americans. Our heritage is a history that records triumph again and again of American purpose over adverse conditions.

Now I hope I have placed the spotlight on the things I would like to say today about our new position in the world.

The end of World War II found much of Europe in economic ruins as well as in physical ruins. About this time our national leaders made a study of our position and decided that we needed strong friends on whom we could depend for support in the cause of freedom as opposed to totalitarianism. One of the actions that followed was the Marshall Plan, which gave economic aid to many of the European countries. Those countries have largely succeeded in building a

sound economic machine on the ruins of the war. It is inconceivable that we could have invested so heavily in such a project without counting on success. Now that their swift recovery has been accomplished with emphasis on a market economy, they have emerged with great competitive potential in industry. This is a new development in the world, and we must chart our course in cognizance of this fact.

We have invested a tremendous amount of money in the European recovery, even to the point of placing our gold stock under greater pressure. We have helped make possible the formation of an economic and political union of European countries within the framework of each country's sovereignty. The unity of these countries within a common market makes their collective economic strength much greater than has been the total of their individual strengths. Our gold stock would be secure and probably much larger today if we had not undertaken the responsibility of aiding them. But it is doubtful that we would actually be more secure if Europe were plagued with more troubles than it is today. We have been of great help to them in their hours of need, and we know we can depend on them for cooperation because we have demonstrated that our strength is their strength.

Within the last year some of our European friends have undertaken cooperative action in the fields of monetary policy and international money flows. This cooperation is all the more noteworthy because at the moment their actions did not fit their domestic needs ideally. There are other acts of cooperation which we can reasonably expect because our mutual security is involved.

It is hard to learn to be good neighbors when separated by barriers of language, distance, and history. At this point I want to add that my concept of neighborliness is just like the neighborliness of two ranchers who operate side by side. Either is glad to do a favor for the other, but the future of the relationship rests on the response the befriended makes when the occasion for reciprocity presents itself. Neither is required -- certainly not expected -- to ruin himself as evidence of friendship. And neither expects his neighbor to undertake roundabout solutions to problems that he himself could solve. So we should continue to apply ourselves to the task of being this type of good neighbor. This type of neighborliness provides a foundation for long and fruitful friendships. The alternative course of isolation sometimes looks tempting. It requires less effort at the start, but if we fix our eyes as far down the trail as we can see, there are obstacles here also. There are good reasons to think this latter trail comes to an abrupt end. Certainly we will be more likely to be on the right trail if we familiarize ourselves sufficiently with the environment of our day.

We will tend to insure that correct decisions are made if all of us become more interested in trying to understand our new environment. Those of you who are informed on the subject of international economics have a responsibility to share your thoughts with others in your community. When a member of our electorate does not understand what he is voting for or against, we have added mere chance to the other hazards of the road. As we all know, the democratic process is quite

lavish in according its citizenry voice in government, and this fact requires the best efforts of all of us to insure adequate public understanding of issues and problems. Thomas Jefferson expressed this idea eloquently when he said, "If a nation expects to be ignorant and free, in a state of civilization, it expects what never was and never will be."

Regardless of what I have said here today, the classical argument of the relative importance of heredity and environment will continue. Since World War II we have had a similar argument in this country as to whether the inflation we have experienced has been brought about by "demand-pull" pressures or "cost-push" pressures. It is likely that both of these factors were contributory. And there is no absolute proof as to which exerted the greater force. But as we look at our industrial capacity and production today, it is quite apparent that "demand-pull" inflationary pressure has been reduced drastically, if not to zero. This can be said because we have more than ample productive capacity for today's demand. Perhaps we have excess capacity. One of the symptoms of excess capacity is intense competition. From my own knowledge, almost all businesses are finding intense competition.

Certainly the consumer has played a role in this development. Many had almost forgotten that the total of consumer demand can be used as a veto power when the consumer is convinced that he is not getting fair consideration. The fact that consumer purchases are showing little increase while savings have been rising more rapidly than usual is an indication that the consumer is using his veto. This is an example of one of the safeguards in a market economy at work.

With "demand-pull" inflation neutralized for the time being, we can now turn our attention to the control of "cost-push" inflation. With all our attention focused on this target, we should be successful in meeting this pressure.

We should not overlook the fact that markets for all our products -- agricultural as well as industrial -- include a large amount of international trade. Maintenance and expansion of these markets is dependent on our resistance to inflation from any cause.

If we are as successful in neutralizing "cost-push" inflation as we have been in neutralizing "demand-pull" inflation through increased productive capacity, then our future is bright indeed. For, by so doing, we will encourage all consumers of American products to proceed with their purchases in an orderly fashion. Strong consumer demand is our best hope for the creation of more jobs, and the need for more jobs is a problem that will likely become more acute as the large crop of "war babies" reaches the ranks of workers. To the extent that we delay meeting our economic problems, we delay full employment of our labor force. We also delay our return to a faster rate of economic growth, which benefits not only all Americans but all our friends in the freedom camp.

As we apply ourselves to the task of learning more of the world in which we live, we can believe with confidence that our genetic inheritance is high. Our Declaration of Independence and Constitution are convincing evidence that this is so. These documents leave no room for defeat of our system by any other ideology or "ism" -- except one. That one is "defeatism." This is a weight that our system was not designed to bear.

Indeed, it is actually alien to the American concept. So we think in terms of success. As we reflect on the marvelous progress of America made possible through emphasis on incentive, we should realize that the edge of incentive must forever be kept sharp. Even though history is only a guide for the future, our past clearly reveals that a determined America has always been a successful America.

I would not claim that we Americans are the chosen few of all men; but I do believe we possess the additional strength of Divine Providence so long as we devote our best efforts to those causes which recognize individual man as the centerpiece of our concern.