

**Summary of Remarks of**  
**William McC. Martin, Jr.**  
**Chairman, Board of Governors of the Federal Reserve System**

**in connection with**

**Joint Meeting of Boards of Directors of the**  
**Federal Reserve Bank of Atlanta and the Nashville Branch**

**at the**

**George Peabody College for Teachers**  
**Nashville, Tennessee**

**April 13, 1962**

As a business proposition 1962, on the basis of its first quarter, thus far has eclipsed everything but the high hopes that were held for it.

Without attempting to prophesy how the economy as a whole will go, quarter-by-quarter, between now and New Year's day, there is one thing I think can be said with confidence: 1962 is, and it is going to keep on being, a year of opportunity for anyone smart and resourceful enough to offer the American public goods and services they want at prices they are willing to pay.

The Federal Reserve, today and every day, accepts a share of the responsibility we believe the Government has in this country to provide an environment that opens and amplifies opportunity for the individual to make the most of his talents and industry.

You can count on our continued efforts to foster credit conditions that will contribute to high levels of business and employment, maintain the purchasing power of our currency, and promote sustainable growth in the economy. But of course we can, at best, do only part of the job: business and employment do not live by credit alone.

While the Government has responsibility for providing a favorable environment, the individual enterprise and initiative that gives dynamism to an economy must come from the people and firms engaged in private business. There is no magic power in the Government to substitute for that.

To illustrate, let me cite again the swift and sweeping success a few years ago of a multi-million dollar business in headgear, firearms and assorted paraphernalia that was built upon the enduring fame of a former Congressman from Tennessee -- Davy Crockett.

In its heyday, the Davy Crockett industry, if I may call it that, flourished as a testimonial not only to a dead hero but also to the business enterprise of some very lively and alert Americans. Two points about it are worth remembering even now.

First, it flourished when--and because--it captured the public's fancy and supplied the public with something people were willing and able to buy at the price for which it was offered. No special assistance from the Government, or the Federal Reserve, entered into its success.

Second, it faded away when--and because--it could no longer hold the public's favor in our free markets. Neither the Government nor the Federal Reserve caused its fall, and neither could have stayed it.

Today, when we must compete for business not only with one another but also the rest of the world, we have need more than ever for the traditional American traits of initiative, imagination, inventiveness, enterprise, managerial skill and self-discipline, both in our private and in our governmental processes.

In domestic and foreign markets, we are going to have to come up with the right goods and services, at the right places, in the right times, with the right prices.

We cannot afford to be priced out of the market by the wage-price spiral: in our private enterprise, employers must remember they are competing with other employers over the world for sales and profits, and employees must remember they are competing with other workers over the world for jobs as well as wages.

Neither can we afford to be priced out of the market by currency inflation: in our governmental processes we must guard against reckless budgetary and monetary practices that can undermine the value of our currency, and with it undermine our competitive position as both sellers and buyers of goods and services throughout the world.

The major economic problems confronting us now--to maximize growth, minimize unemployment, and regain equilibrium in our balance of international payments--are, in my judgment, closely interrelated.

The key to solution of these problems is the same -- to achieve a steady increase in productive efficiency and to pass some of the resultant gains to the consumer in the form of better prices, rather than having all the gains go to employees in higher wages or to employers in higher profits.

To achieve increased productivity we will need investment in new and improved plant and equipment to turn out better products at lower costs; savings, to facilitate that investment; and stability in the value of our money, to induce those savings.

If these are forthcoming, and the consumer is offered better values for his money, then we should surely get the sales expansion-- at home and abroad--that most certainly will lead to increased production and to expanding employment.