



Remarks by

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Chairman, Board of Governors of the Federal Reserve System

at

Commencement Exercises

of

Marymount Manhattan College

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This is a special day for Marymount Manhattan,  
and I am honored and delighted to have been asked to share  
in it with you.

Graduations are rightfully a proud and festive  
event, celebrating both the end of years of sustained  
effort and a launching of new careers, new ventures, and  
new challenges. And this year, these ceremonies also  
celebrate milestones for the College itself. Its doors  
were opened 50 years ago, and just 25 years later it  
became fully independent.

Of course, what really counts is not the mile-  
stones that are passed, but what happens between those  
milestones. You have all been a part of one of the most  
constructive and exciting of human endeavors -- building  
a strong institution dedicated to meeting the continuing  
needs of the community for educated citizens, and at one  
and the same time providing greater opportunity for you  
as individuals.

Maymount Manhattan doesn't exactly fit that image of spacious campuses, shaded lawns, and leisurely debate that often springs to mind when one thinks of a liberal arts college. Instead, your college life has been spent on the larger campus of the world's greatest urban center. There may not be much grass on 71st Street. But there is education, tempered and made all the more relevant by the visible needs, the challenges, and the opportunities that lay just outside the door.

Marymount Manhattan is virtually a neighbor of mine, so I know something of what it has in turn contributed to the life of the city. For that reason alone, I take particular pride in becoming part of your official family today -- even if I didn't have to earn the degree.

These days, of course, I spend most of my time in a different city -- I am tempted to say performing on a different stage. For a brief irreverent moment, when

I thought about the number of hours I spend in public these days -- giving testimony, making speeches, or presiding over meetings -- I even wondered if I had accumulated sufficient credit hours to earn a real degree in the performing arts. I quickly rejected that thought, but I can't tell you how much I appreciate the honorary variety from a good neighbor.

While central banking may these days have a certain kinship to the performing arts, I must confess that, for me, a commencement address is a difficult art form. The image of central bankers is, I am afraid, a rather pompous one -- grave men given to lengthy and opaque analyses of obscure economic relationships. It was quite in that vein that the New York Times commented the other day that the Federal Reserve is generally regarded in Washington as a fairly grim agency, and the Wall Street Journal followed up with a column on its front

page starting with the sentence, "Federal Reserve Board  
Chairman Paul Volcker is a cheerless fellow."

At risk of being out of character, the simple fact is that today, there is quite a lot to be cheerful about. The economic world is certainly in better shape than when most of you entered college, in the midst of recession and accelerating inflation. We've had 3-1/2 years of business expansion, and in the process created 9-1/2 million new jobs -- about half for women. Inflation is down, and so are interest rates. It's easier to look forward to satisfying work, and to buying a new car or new house.

Led by exuberant financial markets, Manhattan Island is part of that greater prosperity. There are urgent demands for those equipped with good minds, a solid education, and familiarity with new technologies.

It's all pretty heady stuff, and it's easy to envy the opportunities before you. But I do get paid to worry -- and there is no shortage of material on that score.

History strongly suggests that -- as a nation, as businesses, as individuals -- we are borrowing too heavily, at the risk of mortgaging our future and impairing the expansion. Our already low savings rate has been declining. We import too much and export too little. The largest and richest economy in the world has also turned into the largest international debtor.

Closer to home, I worry that too many sectors of our economy -- and big parts of our city -- haven't shared in the expansion. We don't need statistics to know that unemployment, particularly among minorities, remains too high, and that's not just an economic problem. And, when we look at the rest of the world, there are too

many areas where growth is only a dream, and even starvation a reality.

- But I am not going to make this a lecture in economics. I have some broader concerns, maybe more directly relevant, to balance all those bright opportunities before you.

You are living in a world of accelerating change, not just in economics, but in the way we live our lives. A major force driving that change is that technology allows us to store, retrieve, and transmit information with a speed and economy that makes a mockery of what we thought was advanced a decade or two ago. We move about much more freely and cheaply, here and abroad. As a natural consequence, markets for goods and services, and the marketplace of ideas, have become more international than ever before.

That's all stimulating and exciting. We celebrate those with the enterprise that is the driving force of change. The financial rewards for some are enormous -- all out of keeping with past reality. Moreover, many more than an elite few will find new opportunities for productive jobs and for achieving personal and professional goals.

Your presence here tonight speaks for itself as your own commitment to prepare yourself to participate fully in those opportunities.

But there are risks as well in all this change and opportunity. When we move so easily, will we be able to retain a solid sense of really "belonging" anywhere? When things are changing so fast, do we really have time to fully absorb, assimilate, and analyze the implications of what we do? Most dangerous of all, will we lose a sense of standards -- of what is right, what is lasting, and what



is necessary to maintain a harmonious community in which we all must live, and for personal satisfaction as well?

After all, in the end, the overriding question for your generation is not going to be how much money you make but whether you can keep the peace in a nuclear age -- that accident at Chernobyl sent a shiver up all our spines, and just maybe will help remind us of what our priorities really are.

And there is no shortage of other threats to our collective and individual futures -- from drugs on our streets to pollution in the atmosphere -- both of which seem to go hand in hand with all that restless change.

Those, I suppose, are the kinds of concerns that are traditionally expressed in a commencement oration. I raise them now only because, in the areas I know best, there are disquieting signs that amid all the booming financial markets -- maybe in part because the financial rewards seem

so great -- there are also disquieting tendencies at work. We read in the daily press these days of the possibility of abuses of inside information by those privileged to hear it. In too many instances over recent years, we have seen instances where managers, with an essentially public trust to protect other people's money, use those funds to foster their own enterprise. Taxes, it has been said, are the price of civilization, but increasingly we see our system abused, by legal devices or otherwise, to escape a share of that price. Lawyers and accountants are tempted to skirt their professional responsibilities in meeting their clients' interests.

There has been a strong movement in this country in recent years, under Democrats and Republicans alike, to reduce official supervision and regulation of financial institutions and other businesses. The reasoning is clear -- to promote more efficient competitive markets. But there must

be another assumption as well, seldom stated or discussed. The effective operation of a competitive market system must in the last analysis rest on a strong sense of business integrity and fiduciary responsibility.

That is not a new thought. All those new computers, all those new ways of doing business, all our technological wonders, are no substitute for a sense of mutual trust, in our business relationships, in our government, and in our personal lives.

I know enough about the traditions of Marymount Manhattan to sense that, under the leadership of Sister Colette and her colleagues, those old lessons are not forgotten.

I hope they never will be.

I am also old enough to know that, decades down the road, your main satisfactions will be found primarily in the strength of your families, your ties with faithful friends, and in a sense of contribution to the community. You will

have the chance to reach out -- many of you are already are -- in business and accounting, or law, or the medical arts, or education, or the arts. In every one of those areas there are opportunities for doing good while doing well! And I hope some will find personal challenge in government where the need for good people is so great. As you take your place in the working world, I hope you don't resist the urge, now and then, to do a little dreaming, to take some chances in pursuit of those dreams, to see whether, as the adrenalin runs, all that energy can't bring benefits to the community along with personal fulfillment.

Enough of grand philosophy. In talking to college students, a Peanuts comic strip I read some years ago often comes to mind. It was a classic Lucy-Charlie Brown dialogue, with Lucy acting as psychiatrist.

She said that on cruise ships there were two kinds of people -- those who faced their deck chairs forward, because they wanted to see where they were going, and those

who faced their deck chairs backward, because they were interested in where they had been.

"On that great cruise ship of life, Charlie Brown," she asked, "which way will your deck chair be facing"?

"I don't know," Charlie responded. "I can't get mine untangled."

My sense is that there aren't many Charlie Browns at Marymount Manhattan. You're here tonight not because college was the thing to do, or to fill time while you decided what to do, but precisely because you have a pretty good idea where you want to go, and what it takes to get there.

All I can do is wish you bon voyage on that great cruise of life. Sooner than you realize, our city, our country, and the world will be shaped by your generation, not mine.

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