In Memoriam John Henry Williams 1887-1980

John H. Williams was the rare combination of the scholar, outstanding in academic pursuits, and the active practitioner of the art of central banking. Familiar with the evolution of economics, the bulk of his career was concerned with the application of that discipline to public policy

Born in Ystrad-gynlais, Wales, his parents emigrated to the United States when he was an infant. The family settled in North Adams, Massachusetts, where John grew up After earning his bachelor's degree in 1912 from Brown University, he taught English there until 1915. In that year he married Jessie Isabelle Monroe, by whom he was to have two daughters and, already in his late twenties, began the study of economics at Harvard. There he won a Ph.D. and the Wells Prize for his classic study on Argentine trade. After teaching at Princeton and Northwestern, he returned in 1921 to the faculty of Harvard, where he remained until his retirement in 1957.

A distinguished academic career soon brought him national recognition. In 1932, at the nadir of the Great Depression, he was appointed a member of the United States delegation to the Preparatory Committee for the World Monetary and Economic Conference. In the spring of the following year, when the conference was about to open, he joined this Bank as Assistant Federal Reserve Agent and immediately became involved in the efforts to stabilize the exchanges. Deeply concerned with this objective, he remained at the Bank full time until October 1934. Thereafter, he divided his time for more than twenty years between this institution and Harvard where he became, in 1937, the first Dean of the Graduate School of Public Administration. At this Bank, he was appointed in 1936 Vice President in charge of the Research Function to which he attracted many able economists. From 1947 until he reached retirement age in 1952, he served as Economic Adviser, continuing thereafter as consultant to the Bank for another decade. Among posts and honors too numerous to list was his election as President of the American Economic Association in 1951. Two years after the death in 1960 of his first wife, he married Katherine R. McKinstry who survives him.

Although it was his major professional concern, advising on policy never came easily to John Williams He wrote that he always tried "to look all round a problem rather than to plunge forthwith for the bold solution". His circumspection reflected a deep understanding of the complexity of the problems confronting the authorities. In dealing with these problems, theory was certainly essential He liked to quote Keynes' view that without theory we are "lost in the woods". But, by its very nature, theory was a simplification of reality. Moreover, the most influential theories were products of unique circumstances and, indeed, had their origins in views about policy growing from those circumstances. In effect, theory was often a rationalization for policy. Since circumstances were constantly changing, he warned that those who drew prescriptions glibly from theory were dangerous as policymakers.

Understanding both the value and the limitations of theory, John Williams was constantly testing hypotheses against the realities of the market. In doing so, he found much to justify his skepticism. He particularly questioned conventional views about the gold standard. The classical specie flow mechanism was a beautiful intellectual construct which, however, failed to mirror the realities. The international monetary system, which it purported to describe, was in fact one in which Britain maintained a gold standard, while most other countries based their currencies on sterling. He found related faults in classical trade theory which neglected both the dynamic relationship between the center and peripheral countries and also the adjustment difficulties that the spread of manufacturing in the periphery caused for traditional industries in the centers themselves.

His view about the key role played by the industrial and financial centers shaped Dr. Williams' advice about the handling of international monetary problems. In the thirties and forties, much of the world's economic activity was centered in the United States and Britain. Their currencies were the media in which trade and finance were conducted. The problem of exchange instability, which bedeviled the discussions of those years, boiled down to negotiating a mutually acceptable relationship between the dollar and sterling and then maintaining that relation—stable but not immutable—through appropriate domestic policies in the two center countries. Such views clearly influenced the United States Government in the negotiation of the Tripartite Agreement of September 1936. They also were the basis for John Williams' reservations about the Bretton Woods agreements.

These reservations focused primarily on the International Monetary Fund. Dr. Williams criticized numerous aspects of its articles but his major concern was that the Fund, which was designed to help correct relatively modest and temporary international imbalances, would be incapable of performing this function in the very difficult circumstances expected at the end of hostilities. Britain's external difficulties would be particularly severe. Unless "heroic measures"—a continuation of Lend-Lease or a large low-cost loan—were granted by the United States, Britain would not be in a position to cooperate in the reestablishment of a multilateral trade and payments system. Yet, such "heroic measures" were beyond the capacities of the Fund; in their absence, the trade and exchange restrictions that had been erected during depression and war would almost certainly be extended long into the postwar period. Thus, establishment of the Fund would create only a facade of cooperation without the substance. As events developed, measures even more heroic than Dr. Williams had advocated were adopted in the troubled years following the war—the Anglo-American loan, aid to Greece and Turkey, and the Marshall Plan. These, combined with the cooperative efforts of Western Europe, eventually built an international environment in which the Fund could effectively function.

In fulfilling its role throughout this disturbed period, the Federal Reserve benefited greatly from the broad experience and wisdom of John Williams. In 1956, as he approached his seventieth birthday and accepted the need to lighten his professional reponsibilities, this Bank's board of directors expressed its appreciation, stating that

> His wide-ranging knowledge and experience in economic affairs, his sound judgment, and his whole-hearted dedication to the public interest have marked Dr. Williams' contributions to the work of the Federal Reserve System during years of depression, war, and inflation. In addition to the wise counsel he has brought to deliberations, he has been a constant source of encouragement and inspiration to others on the Bank's staff, always generous of his time and wisdom, thus carrying some of his primary vocation into his work at the Bank to its enduring benefit.
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> If all this were not enough, he will remain long in the memory of his associates at the Bank who treasure him as a true and steadfast friend.