

A Tribute to Allan H. Meltzer

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We have heard many interesting and insightful comments about Allan Meltzer's work in monetary economics. Before we go on to the general discussion, I would like to add a few words of my own, partly because I'm the only one on this panel who has been a departmental colleague of Allan's—and for over 20 years. Now, by seeing a person on a regular day-to-day basis, you get to observe both the best and the worst of his activities. It is true, I'm afraid, that some outstanding economists who promote libertarian social policies behave personally in a somewhat dictatorial and illiberal manner toward colleagues, administrators, and students. As for Allan, it is my pleasant duty to report that his behavior is in fact genuinely and thoroughly libertarian. It is also generous. He raises funds that are used for the good of the school¹ and its economics programs, he promotes these programs, he makes his views known clearly and strongly but not coercively, and he is always ready to discuss at length any professional topic—policy-related or theoretical—that one brings up. This does not mean that he is in his office every day—he could not have his amazing roster of friends in Washington, Boston, St. Louis, Frankfurt, Zurich, Tokyo, London, Brazil, and so on if he were always in Pittsburgh—but when he is in his office,

¹ I.e., Carnegie Mellon University's Graduate School of Industrial Administration (GSIA).

his door is almost always open. This has been a great benefit to me, over the years, and to his other colleagues.

Allan's public-spirited generosity extends beyond his own school, of course. One of the great features of his career is the lineup of professional organizations that he has founded, mostly in collaboration with Karl Brunner. These include the Carnegie-Rochester Conference on Public Policy, the Interlaken Seminar on Analysis and Ideology, the Carnegie Mellon Conference on Political Economy (with Tom Romer), and the Shadow Open Market Committee—which has spawned a number of similar institutions in the U.S., Britain, and Europe. Of these organizations, the Carnegie-Rochester Conference, the Shadow Open Market Committee, and the Konstanz Conference (in which he was a *de facto* though not an official founder) have had a substantial and clearly constructive influence on the development of the entire field of monetary economics over the past 30 years.

Please remember, I'm basically limiting these remarks to the area of monetary economics—there are two more panels to follow!

Throughout all of this, Allan's work has reflected a thoroughly healthy blend of tenacity and flexibility. Of course he is somewhat stubborn—all of us are, and so is anyone who wants to accomplish things, in a way. But one needs also to be able to adjust his views and his analytical approach when new and fruitful ideas come along. In this regard I am most familiar with Allan's (and Karl's) early acceptance of rational expectations when that hypothesis revamped macro and monetary analysis in the 1970s—and was resisted by many scholars of his generation. Also notable was his adoption of an activist concept of monetary policy rules—these can respond to the state of the economy and yet represent rules rather than discretionary policymaking.

I don't have time to list Allan's important contributions to the analysis of central bank operating procedures and money demand—which the other panelists have already covered—but I want to mention that in all his work Allan has stressed policy relevance and the importance of keeping empirical regularities in mind.

There is perhaps one way in which Allan's work is open to the charge of being somewhat unrealistic. This is its ever-present optimism. But that feature is a direct product of Allan's personality—always optimistic, always cheerful. Certainly the benefits this bias far outweigh its costs, both to him and to those lucky enough to spend time with him.

Let's now open the floor to questions. Are there issues that anyone would like for the panel to discuss?