

**ECONOMY**

# Allan H. Meltzer, Conservative Economist, Dies at 89

By ZACH WICHTER   MAY 12, 2017

Allan H. Meltzer, an influential conservative economist who strongly opposed government bailouts and was credited with coining the anti-bailout slogan, “Capitalism without failure is like religion without sin,” died on Monday in Pittsburgh. He was 89.

Marvin Goodfriend, a professor of economics at Carnegie Mellon University and a colleague of Dr. Meltzer’s there, confirmed the death, at Shadyside Hospital. Dr. Meltzer taught at the Tepper School of Business at Carnegie Mellon and, at his death, held a professorship there in political economy that was named for him.

Throughout his career Dr. Meltzer was a consultant to congressional committees, the Federal Reserve System, the Treasury Department, foreign governments and central banks, advocating a hands-off approach to economic affairs, even in the face of fiscal failures.

“The reason he was one of the greatest economists in the 20th century is because he played a leading role in persuading the Federal Reserve to end the great inflation with disciplined monetary policy,” Dr. Goodfriend said, referring to the late 1960s to the early 1980s.

Under President Ronald Reagan, Dr. Meltzer was an acting member of the President’s Council of Economic Advisers. In its 1989 report to Congress, the

council recommended that the government resist the impulse to respond to every “perceived social need” with financial intervention.

In 1999 and 2000 he was chairman of a congressional commission — informally called the Meltzer Commission — that examined how the International Monetary Fund and the World Bank had responded to the 1997-98 financial crisis, in which a sharp devaluation of Southeast Asian currencies beginning in July 1997 rippled across the global economy, affecting markets in the United States, Europe and Latin America.

In its report, the panel criticized both bodies as being bureaucratically bloated, doing more harm than good in the developing world and wasting billions of dollars making loans to middle-income countries, which it said could rely on private capital. It recommended that the I.M.F. and the World Bank be radically reduced and overhauled.

As recently as a few months ago, Dr. Meltzer opposed aiding governments and industries facing economic hardship.

His economic philosophy has found renewed favor in the Trump administration. A protégé, Adam Lerrick, who helped Dr. Meltzer with his I.M.F. and World Bank report, has been nominated as deputy under secretary for international finance in the Treasury Department.

In books like “Why Capitalism?” (2012), Dr. Meltzer promoted the view that countries and investors should suffer the consequences of their mistakes, whether flawed fiscal measures or bad lending decisions.

In coining the slogan “Capitalism without failure is like religion without sin,” he added another maxim: “Bankruptcies and losses concentrate the mind on prudent behavior.”

Allan Harold Meltzer was born on Feb. 6, 1928, in Boston to George Meltzer and the former Minerva Simon. His mother died when he was 6, and his father later remarried.

Allan attended the Boys' Latin School and Brookline High School in Massachusetts. He earned a bachelor's degree in economics from Duke University in 1948 and received master's and doctoral degrees in economics from the University of California, Los Angeles.

In 1957 he became an assistant professor at the Carnegie Mellon Graduate School of Industrial Administration, later named the Tepper School of Business.

Dr. Meltzer's economic influence stretched decades. In 1973, he helped found the private Shadow Open Market Committee with Karl Brunner of the University of Rochester. The panel offered policy recommendations to the Federal Reserve Open Market Committee.

He received many awards for his work, including the Harry Truman Medal for Public Policy and the Truman Medal for Economic Policy.

Dr. Meltzer's conservative economic views were not without detractors. A notable one was Paul Krugman, the Nobel laureate in economics and liberal columnist for The New York Times. In a blog post in 2013 concerning a policy disagreement that he and Dr. Meltzer had four years earlier, Mr. Krugman wrote, "He made a monetary prediction; I made a monetary prediction; his prediction was wrong."

Dr. Meltzer wrote more than 10 books, including the comprehensive multivolume "A History of the Federal Reserve."

He is survived by his wife, the former Marilyn Ginsburg; two sons, Bruce and Eric; a daughter, Beth MacIsaac; a half sister from his father's second marriage, Maxine Smith; and eight grandchildren.

In recent years Mr. Meltzer found a new interest in law and regulation. He and other scholars were working on a book, "Regulation and the Rule of Law."

A version of this article appears in print on May 13, 2017, on Page A18 of the New York edition with the headline: Allan H. Meltzer, Economist Averse to Bailouts, Dies at 89.

2

**One subscription. Endless discovery.** Save 30% on one year of The Times.