

# THE WALL STREET JOURNAL.

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OPINION | REVIEW & OUTLOOK

## Allan Meltzer

An historian, and monetary conscience, of the Federal Reserve.



Allan H. Meltzer in 2010. PHOTO: BLOOMBERG NEWS

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Allan H. Meltzer, the great economist of monetary affairs who died Tuesday at age 89, was the consummate insider who understood the value of staying outside the government. Other than a short stint in the late 1980s as a member of the President's Council of Economic Advisers, Meltzer made a distinguished career offering constructive criticism to the powers that be.

Most notably, he and his mentor, the economist Karl Brunner, created a remarkable entity known as the Shadow Open Market Committee in 1973. To this day, the committee offers a much-needed alternative to the Federal Reserve's economic analysis.

Meltzer's not-unreasonable assumption was that the Fed's Open Market Committee needed watching, a shadow. What drove Professors Meltzer and Brunner to create an alternative voice was Richard Nixon's decision to impose wage and price controls to stem

inflation. In 1998 Congress was looking for advice on how to reform an array of institutions, including the World Bank and the International Monetary Fund, for which the U.S. provided billions in funding. They turned to Meltzer to chair what came to be known, naturally, as the Meltzer Commission.

A frequent contributor to these pages, Meltzer was at the center of most of the great debates about the direction of U.S. economic policy, whether the appropriate level in the 1980s of the various Ms in the money supply or the government's bailouts of financial institutions in 2008. Along the way, Meltzer wrote a magisterial "History of the Federal Reserve."

Discerning readers may detect a theme running through Allan Meltzer's life. It is that his was a career born of deep and caring respect for the institutions of economic governance. Meltzer understood that economic decision-making is a powerful force in the life of nations, and he dedicated his life to ensuring that his profession performed that role with intellectual rigor and honesty for the public good.

It must have been satisfying work because, somehow, Allan Meltzer always had a smile on his face.

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