

Presidents Panel

Moderator: John Weinberg, Senior Vice President and Director of Research

Panelists: Robert P. Black, President, 1973–1992
J. Alfred Broaddus Jr., President, 1993–2004
Jeffrey M. Lacker, President, 2004–present

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WEINBERG: I'm John Weinberg, Director of Research at the Federal Reserve Bank of Richmond, and we're here today to have a discussion about, uh, 40 years of Federal Reserve Bank of Richmond history and Fed history, more than 40 years, but 40 years of Richmond Fed Presidents.

We have, uh, Bob Black, Al Broaddus, and Jeffery Lacker, who are going to share some of their -- some of their memories about, uh, about leading, uh, the Fifth District in these times where we've seen tremendous change in -- in the economy and in the Federal Reserve System and, uh, and we're going get your perspective on it.

So, uh, I think maybe we'll start out by, uh, by asking -- asking generally about what -- what some of your -- your own, each of you, uh, your own most memorable experiences were as president of the Bank. You know, were there -- were there particular moments that you think sort of defined your, uh, your service to the -- to the district? Uh, we'll start with you, Bob.

BLACK: I guess if I had to pick one particular moment, it was October 6, 1979, when we decided we were going to start targeting the money supply. Chairman Volcker had called every one of us and said that's what he proposed to do at the next meeting. And I said, Mr. Chairman, you will not have any problem with me because I have thought that's what we ought to do all along.

WEINBERG: Were the people that -- that the chairman was calling, was it, uh, was it something you, uh, had some inkling of or was it a kind of an out-of-the-blue thing?

BLACK: It was kind of out of the blue, I would say. There were plenty of us who had been talking about some things like that, but, uh -- and I always sensed that, uh, Chairman Volcker was pretty sympathetic to that. But it was kind of out of the blue because it was a very drastic change in policy.

WEINBERG: Uh-huh.

BROADDUS: I remember -- I -- I remember it well, uh, uh, Bob. It -- but -- because you've had a couple -- I was up on a ladder when I found out about it; I was trying to paint my -- my -- my house. But I remember that Volcker went to a meeting in Belgrade, as I recall, right?

BLACK: Yeah. I think that's right.

BROADDUS: Where he'd had -- he -- he was dealing with other central bank heads who were telling him that the -- and you know, they were looking at it from a foreign exchange -- exchange perspective, but they -- they really gave him religion. He came back and very quickly made the decision, I guess on the plane coming back to, uh, to do this, uh, new way. But I remember it well. It was an historic, uh, day.

BLACK: And we all were assigned various hotels, not the usual ones around Washington, so nobody would know that we were having this meeting, which was on a Saturday. And I remember I didn't know who was at the hotel where I was staying; I had never stayed there before. And then we sprang out the next day and gathered and he made his pitch and everybody went along with him.

WEINBERG: Well, how about you? How about you, Al? What do you --

BROADDUS: Well, you know, I was, uh, in the job, uh, John, from the beginning of 1993 through mid-2004, so it covers a lot -- a lot of ground. I guess in terms of individual events, uh, 9/11, uh, in 2001 --

WEINBERG: Uh-huh.

BROADDUS: -- would have to be the one I remember the most. It set us -- that set off a chain of events in the Fed, and not just in Richmond, but all over the system that, uh, were dramatic. And we can talk about those in more detail, if you want to.

I tell ya, in terms of -- of longer term issues, uh, what I remember is not so much a particular event, but I think we reached a point, uh, you know, we'd been making progress, uh, even, uh, Bob, uh, when you were still in the job, in bringing the inflation rate down. I think the process began in the early '80s with, uh --

WEINBERG: Uh-huh.

BROADDUS: -- you know, the recession we had and Volcker's actions that came out of October the 6th and what followed that.

Uh, but it was, I guess I would -- if I had to date it, it was sometime in the late 1990s. And we got to a point where we could say we had the in- -- we had price stability of some note, or some reasonable facsimile of that. So I remember that. And then, of course, the other event is right, you know, in the last years of my time there, the whole picture changed greatly, where we -- it -- uh, who would have thunk it, we began to worry about too little inflation.

LACKER: We did. Yeah.

BROADDUS: Uh, what was the phrase? "Unwanted --

LACKER: Unwanted disinflation.

WEINBERG: Unwelcome, unwanted, undesirable

BROADDUS: -- Dis -- disinflation. It was a pretty hard thing to get --

WEINBERG: Unwelcome.

LACKER: Right. I had fun with that.

BROADDUS: And you had to deal with that --

LACKER: Yeah.

BROADDUS: -- throughout your, uh --

LACKER: Well, the -- middle one that -- that -- is it the inflation in the late '90s, I remember a meeting, uh -- I can't remember when it was -- when you decided it was warranted to say that we had achieved price stability. And -- and that was, uh, that was sort of a watershed. I mean, in- -- inflation had been averaging two percent for six or seven years, but you decided, yeah, I think we can actually say we're there, you know. We've got it; we'll put the date on it. I mean, it was impressive.

BROADDUS: I don't think Bob Hetzel ever agreed.

ALL: (Laughing.)

[00:04:51]

WEINBERG: Must've been around that time when we -- when we -- when we published that -- an annual report essay, which instead of being about achieving price stability, it was about maintaining price stability.

BROADDUS: Maintaining price stability.

LACKER: Maintaining price stability.

BROADDUS: That's the one.

WEINBERG: I think that was the title.

BROADDUS: Yeah. That's exactly right. Exactly right.

LACKER: Yeah.

WEINBERG: Sometime in the early '90s.

LACKER: Yeah.

WEINBERG: And you -- you -- you had probably co-authored that with -- with Marvin.

BROADDUS: Well, Marvin was always the senior author on all those things. But, yeah, I -- I -- that -- I think that was maybe the last annual report essay while I was there.

LACKER: Uh-huh. I remember that.

BROADDUS: So it was -- it was a big deal.

LACKER: Yeah. Well, for me, uh, my tenures included the -- the financial crisis of 2008. And the most vivid memory for me was this pivotal weekend, the weekend of September 27th, uh, 2008.

BROADDUS: Oh, yeah.

LACKER: And that was -- it was, uh, two weeks after Lehman Brothers and AIG. Um, but in that weekend, um, Wachovia, uh, was put up for sale. And I'll -- I'll never forget being on the phone all day Friday -- late Friday, uh, with Jennifer Burns and, um, some other -- our other folks down in Charlotte that were in charge of supervising Wachovia. And then being on the calls over the weekend with Tim Geithner and Sheila Bair and -- and, um, you

know, Dugan at the OCC and -- and, uh, all the drama Sunday night of who's going to get them, Citigroup or Wells. And, uh, it was, uh, a pivotal weekend. I mean, that -- going into that weekend we were syncing deposit insurance and on the way out we realized still the government's made the decision to bail out bank holding company creditors. I think it was a real pivotal event.

WEINBERG: Hm.

LACKER: Uh, but we were front -- out district, the Fifth District, was right in the thick of it there.

BLACK: The last thing I would have ever expected, at the time I retired, was that Wachovia would be a problem.

LACKER: Indeed. Indeed.

BROADDUS: Yeah.

BLACK: Because they were the strongest bank in the country.

LACKER: Sure. They were. Uh, they were a blue chip; I mean, they were just so conservatively run.

BROADDUS: And they were run by one of the greatest bankers.

BLACK: Absolutely.

LACKER: Yeah.

BLACK: Year after year, John Medlin got awards for Southeastern Banker --

LACKER: Uh-huh.

BLACK: -- of the Year and National Banker of the Year.

BROADDUS: Uh-huh.

BLACK: -- and he -- he was one fine fella who died, I'm sorry to say, just a few years ago. He did, at the tender old age of 78.

BROADDUS: I hope this is not inappropriate, but I got -- did -- a little personal note on the -- on this --

LACKER: Yeah.

BROADDUS: -- September.

LACKER: Uh-huh.

BROADDUS: Well, the 25th of September, in 2008, I had a quadruple bypass.

LACKER: Oh really?

WEINBERG: Oh goodness.

BROADDUS: And what I remember --

LACKER: I forgot about that.

BROADDUS: Been a lot of those. But they give you a lot of drugs and I remember coming out of that --

LACKER: Uh-huh.

BROADDUS: -- and being kind of woozy and I was at -- at the Medical College and they -- up in the TV set they --

LACKER: Uh-huh.

BROADDUS: -- they were showing the hearings on TARP, when they --

LACKER: Oh, yeah. I remember that.

BROADDUS: -- were raising the roof and eventually voted the -- voted it down the first time --

LACKER: Uh-huh.

BROADDUS: But I remember this -- it was just chaos.

LACKER: Yeah.

BROADDUS: And I thought to myself: This can't be real. I must've died.

ALL: (Laughing.)

LACKER: I must be -- I must be sedated. Yeah.

It -- it was -- it was unreal. We -- there was, uh -- you -- you know, you remember vividly the president's office, but that weekend, it was full of pizza boxes. I mean, we had, you know, general counsel, I had Mac Alfriend in there, Jim McAfee --

BROADDUS: Yeah.

LACKER: -- um, you know, Trish Nunley. There were a lot of people in there and we're trying to -- we were on the phone the whole time trying to sort out what's going to happen, listen in on the phone calls. It was --

WEINBERG: I was there for some of that.

BROADDUS: Yeah.

LACKER: -- It was pretty amazing.

BLACK: You have some good advice, then?

LACKER: It was tough, I mean, it was -- it was -- it was a tricky decision. I can --

BLACK: Well, the biggest -- biggest problem we ever had, along those lines, was rescuing the Bank of North Carolina, headquartered in, uh, Jacksonville, North Carolina. And at that time, it was less than 200 million in deposits and we concluded that we ought to lend money to it because it would have such far-reaching repercussions on the country if we let that bank go under. And what happened was that, uh, we -- we loaned the money and they got rid of some of the long-term investments that they had financed with short-term, hot money and eventually they ended up as part of, uh, NCNB and then later NationsBank and now, Bank of America.

LACKER: I'm glad you brought that up because I -- you, um, we've been doing this gig down in North Carolina. Henry Faison, the -- the chamber down in Charlotte, North Carolina, invites -- invited, um, Al to -- to speak every December, uh -- at a big event --

BROADDUS: I'm still doing that.

LACKER: -- and I'm still doing it, too. It's funny that, um -- just an aside -- uh, I -- I became president and I get this letter in the mail from Henry, I'm glad you've accepted --

BROADDUS: (Laughing.)

LACKER: -- you know, the invitation --

BLACK: (Laughing.)

LACKER: It's like, wait, I didn't know I was invited. It's like it came to the office. But, um, every time I go down there, for years, Mr. Spangler -- is that his name?

BLACK: Dick Spangler.

LACKER: Dick Spangler. Yeah, yeah, yeah. He would thank me. (Laughing.)

BLACK: He was -- he was the chairman of the board of the Bank of North Carolina.

LACKER: He would thank me for my consideration --

BLACK: And he was the one who understood it, even though he hadn't been a banker.

LACKER: Yeah. Yeah.

BLACK: His father, incidentally, worked for our Bank --

LACKER: Uh-huh.

BLACK: -- and they made money building houses down in Camp Lejeune.

LACKER: Yeah. He -- he told that story. He --

BLACK: He under -- he understood that --

LACKER: -- lives up on a mountain.

BLACK: -- nature of the problem and they had to shrink the bank.

LACKER: Yeah. Yeah. Well his wife was there --

BLACK: And he subsequently became president of Greater University -- Greater University System in North Carolina.

LACKER: Oh, really?

BROADDUS: Yeah. That's right. I do remember that.

LACKER: I didn't know that.

His wife was on the board of Bank of America until a couple of years ago.

[00:09:57]

BLACK: Yeah.

LACKER: Yeah. Small world.

BLACK: Yeah. He had a big bunch -- bunch of that stock as a result of the acquisition of the Bank of North Carolina.

LACKER: Uh-huh.

Speaking of Bank of America, you -- you -- you knew Tom Storrs, right?

BLACK: He was my first boss at the Bank.

LACKER: Really? So was his -- was he in research, then, when you came?

BLACK: Yes. He was actually an assistant vice president then.

LACKER: Uh-huh.

BLACK: And they promoted him to vice -- and there was a director of research, who stayed on the first floor, but Tom Storrs, or Buddy Storrs, as he was known in those days --

LACKER: Uh-huh.

BLACK: -- which his wife called him until the end, and so did I, was actually running the department as an assistant vice president.

LACKER: Yeah. Just for the record, this -- this man went on to head our Charlotte Branch --

BLACK: Right.

LACKER: -- and then went on to head NCNB in the '60s and '70s, I think --

BLACK: That's right.

LACKER: -- sometime around then. And then -- and I think he was succeeded by Hugh McColl, I don't know if it was --

BLACK: That's right.

BROADDUS: That's exactly right.

LACKER: And --

BLACK: That's right.

And whom I've taught as a -- at the North Carolina --

LACKER: Banking school.

BLACK: -- School of Banking.

LACKER: School of Banking. Oh, really?

BLACK: Uh-huh. And he sat with his feet up on the chairs in front of me and I thought, this fella is never going to amount to anything.

ALL: (Laughing.)

BLACK: We were good friends --

LACKER: Uh-huh.

BLACK: -- but he was -- seemed a little cavalier to me at the time. But he is very astute.

WEINBERG: Well, um, we've got, uh, we've got four, uh, economists sitting around here talking, so one thing we could certainly do is talk a lot about, uh, about monetary policy and economic policy over the -- over the years and we could easily -- we could easily spend all of our time doing that.

But I want to -- be -- before we get lost in -- in -- in talking about such things, uh, I want to talk about some other aspects of -- of -- of leading

the, uh, uh, Federal Reserve Bank of Richmond. But the things that a Federal Reserve Bank does, its operational role, its role in the Federal -- in the way the Reserve Bank -- the role the Reserve Banks play in the system has, uh, has kind of evolved a lot. I suppose in the '80s, when we started - - the system started consolidating automation --

LACKER: Uh-huh

WEINBERG: -- uh, services, uh, um, we -- we all lived -- lived through that.

Um, I wonder if that's, uh, had an impact on -- on, um, on your own experiences, uh, in the organization and -- and leading the organization.

BLACK: Well, not much of that had happened before I retired.

WEINBERG: That's true -- that's true.

BLACK: But, uh, FRAS [Federal Reserve Automation Services] had come in.

WEINBERG: That's right.

BLACK: And Carl Powell had been -- been recruited to head that, out of the Federal Reserve Bank of San Francisco and his -- one of his main interests was to find a good place to play golf. And he and I -- and we ended up playing a lot of golf on my, uh, off hours and so I didn't have to do a whole lot --

WEINBERG: Yeah.

BLACK: -- he knew what he was doing. And they would -- he reported to a -- a committee of the first vice presidents and not to us in any sense, it was always separate. It was a System function and not a Federal Reserve Bank of Richmond function. So I didn't have to do a lot with that.

WEINBERG: Uh-huh.

BLACK: But it brought in about as many people as we already had doing all the other things and --

WEINBERG: Right.

BLACK: I remember so well, our biggest department, when I got there was, uh, the transit department, as we called check collections.

LACKER: Transit.

WEINBERG: Uh-huh. Uh-huh.

BLACK: And there were about 400 people in it.

WEINBERG: Uh-huh.

BLACK: And then that has all disappeared now.

LACKER: Yeah. That was on my watch. I -- I, uh, you know, I was there when the last check was cleared there.

BLACK: (Laughing.)

LACKER: We went from, uh, it -- it has started -- we started, um, downsizing our check operations under you, Al --

BROADDUS: Right.

LACKER: -- about 10 years ago. But, uh, yeah --

LACKER: -- it was just a few years ago, uh, we -- we closed all the check operations in Richmond. Now we're down, system-wide, we're down to one office. I think it's maybe in Atlanta or something, where there's just a few checks that -- paper checks that come in --

BROADDUS: Yeah.

LACKER: -- day to day, but . . .

BROADDUS: I think my wife writes about half of them.

ALL: (Laughing.)

LACKER: But it -- it's -- it -- it's affected -- I -- I saw it start affecting you because the -- where the -- at the beginning of FRAS, um, Bob, the, uh, the system had to manage more and more things, collectively. There was more and more stuff we were doing --

BROADDUS: Yes.

BLACK: Uh-huh. You're right.

LACKER: -- together. And that took up more and more of the president's time. I sat, you know, in the conference of presidents, I sit on ITOC, you know, I - - I sat FSPC for a while, you were on FSPC for a while, and it -- it takes up a lot of --

BROADDUS: For the record, that's the Financial Services Policy Committee --

LACKER: Yeah. Right. And ITOC is the Information Technology Oversight Council. These -- and these -- so the presidents, over the last 20 years, have gotten more and more involved in, sort of, running the -- the operations, uh, because it's done collectively so much now.

BROADDUS: Yeah. I would pick up -- well, excuse me, Bob. Go ahead.

BLACK: I was just going to say well, at central -- it's always been a central bank. And if I got to interview any economists, I would say you've got two choices: You can be an economist who happens to work for a central bank or you can be a central banker. And if you want the top job, you've got to know about what's going on throughout that whole bank.

BROADDUS: Right.

BLACK: And that continued to be true, and probably increasingly so now, with the monetary policies certainly much more in the news now than it ever was during the time I was there.

If I made a talk, I couldn't have talked about what y'all talked about because the audiences would not have understood any of that and I would hardly have understood it. So I spent a lot of my time trying to explain to people what monetary policy really was.

[00:15:15]

BROADDUS: That's right.

BLACK: And when you think about it, we never really had any of it in the system until after the accord in 1951.

LACKER: Uh-huh.

BLACK: Which was engineered by William McChesney Martin, who was the first chairman when I -- when I arrived on the scene, and a really fine person.

BROADDUS: John, I would just, uh, uh, pick up on both uh, uh, comments, uh, you know, there -- a lot of this transition took place in the years when I was in the job. Uh, well, I shouldn't say that. I mean, there's transition and change throughout the Fed's history, so I don't mean to -- it's what -- what you could experience directly, you remember it best. But, uh, as -- as you said, uh, Jeff, there has been this, uh, there has been the, uh, a move, driven by a lot of things: Technology, changes in the banking structure, uh, all of that. Uh, all of those things played a role. So you have this consolidation, but from the standpoint of being president of -- of the Bank, it -- the thing that I remember was that, you know, when I first -- even though, uh, Bob, I wasn't president, but I came to the Bank in 1973 and, uh, which was the year you -- well, no. I came in '70 and you took over in '73, right?

BLACK: I think that's right. (Laughing.)

BROADDUS: And -- and The Federal Reserve was -- was much -- the Reserve Banks were much more autonomous.

BLACK: Uh-huh.

BROADDUS: There was -- obviously, there were System meetings and cooperation, but over the latter years of your -- of your presidency and through much of mine, what was happening was a shift towards co- -- much -- much more cooperation, a formation of these System-wide committees and -- you -- I -- I could -- can't do anything but underline what you said, Jeff. It takes a lot of time and there is a lot of travel, uh, and what was worrisome at -- at times, for me, was towards the middle of it then, when we had -- when ITOC was formed --

LACKER: Yeah.

BROADDUS: -- and the FSPC was -- you're right, I was a member -- uh, did you ever -- did you serve on -- were you on that then?

LACKER: Yeah, I did. I was on it. I was on it for a little while.

BROADDUS: It just took forever.

LACKER: Yeah. It did.

BROADDUS: Uh, you know, it -- it took so much time and there was this sort of attitude that I thought was dangerous to the System at the time, that somehow that was the most important thing you were doing.

LACKER: Yeah.

BROADDUS: Let mon- -- leave monetary policy to the chairman.

LACKER: Yeah. Yeah.

BROADDUS: And we had the -- a strong chairman and I was there under Greenspan.

LACKER: Yeah. Yeah.

BROADDUS: Uh, and -- and boy. You, uh, get -- make sure you get all this stuff right.

LACKER: Yeah. Yeah. Uh-huh. Right.

WEINBERG: Uh-huh. Uh-huh.

BROADDUS: And -- and -- or -- and we -- we did -- never accepted that position at the Richmond Bank.

LACKER: No. N.

BROADDUS: And, uh, and now of course it's gone, I think, fortunately --

LACKER: Yeah.

BROADDUS: -- in the other direction.

LACKER: Uh-huh.

BROADDUS: But boy, I'll tell you, that was a -- that was a problem at the time.

LACKER: Yeah. It was a tough --

BLACK: I didn't realize, uh, he's [unclear].

BROADDUS: (Laughing.) I didn't mean to steal it.

LACKER: Well, and you were before. So now we've got great video hookups. I mean, the -- we've got these high-def, uh, videos --

BROADDUS: It cuts down the travel.

LACKER: -- and we've cut -- we're cutting out on travels --

BROADDUS: That's good.

LACKER: -- we do a lot more by video.

BROADDUS: That's good.

LACKER: And you -- you got it the worst -- you got the worst of it.

BROADDUS: It was a lot -- a lot of travel.

WEINBERG: Well, coming back to monetary policy, uh, the, uh, the -- the Richmond Fed has, uh, has -- has a long tradition of being identified as, uh, as expressing, uh, a hawkish view on, uh, on monetary policy and inflation. And I -- I know some people think the -- the word hawk, you know, hawk or dove, if we're talking about policies, as kind of an oversimplification, but it's something that's kind of stuck in, uh, in our reputation. So --

BLACK: Well, I started with it, I guess, um, and I was just convinced by all I had read and what Al and his colleagues told me, that the best way to bring about prosperity to the whole country, which was our objective, was to have stable prices. So I became a convert to stable prices from the -- from the begin -- very beginning. And I believe those studies still hold up. I remember so well in our briefings before the Open Market Committee we would get through all our discussion, then we'd turn to Tom Humphrey and say, Tom, what did the classicists said about that?

ALL: (Laughing.)

BLACK: And he would always come up with a solution that was better than what any of the modern-day economists had done, I thought. And I think he's really the foremost, uh, authority on the history of monetary thought today.

LACKER: Oh yeah. Yeah.

WEINBERG: I think so.

BLACK: And he was invaluable to us and our policy making.

WEINBERG: Uh-huh.

BLACK: People might -- might not have realized that, but he really was.

LACKER: Yeah. I -- I remember Tom writing a memo about -- about oil price shocks and what David Hume and (laughing) David and Ricardo --

BLACK: He knew it all -- all.

LACKER: -- had to say, and Smith, had to say about that.

BLACK: He knew it all.

LACKER: Yeah.

BROADDUS: Well, I think Tom --

BLACK: And he loved it. He'd sit in that rocking chair --

LACKER: (Laughing.)

BLACK: -- with his lapboard and rock and -- and absorb --

LACKER: I can just picture that.

BLACK: -- what the classicists had to say.

BLACK: You know, it's kind of sad to be in a profession where some of the earliest practitioners were the best ones.

[00:19:57]

WEINBERG: Hm.

BLACK: You'd think it would improve over time, but I'm not sure it really has.

LACKER: (Laughing.) Hm.

BROADDUS: I really endorse what Bob said about, uh, Tom Humphrey. I -- I'm still running with him. Tom is pushing 80.

LACKER: How's he doing?

BROADDUS: Uh, and he's still -- you go on a run with him --

LACKER: Yeah.

BROADDUS: -- and he'll talk about Pigou.

LACKER: Yeah?

ALL: (Laughing.)

BROADDUS: I'm telling ya. You know, it's just there.

LACKER: That's just great.

BROADDUS: Let me just -- let me just, to go to your -- back your original question, John, uh, it did start with Bob.

WEINBERG: Yeah.

BROADDUS: Uh, uh, and I just give you all the credit in the world, Bob, for taking -- you had a position, you believed in it, turns out, I think, it was a right position. It was not a popular position when you were president and, uh, at all, within the Fed and you, I'm sure had FOMC meetings there were some uncomfortable moments, uh, when you were the lone -- the lone hawk there, uh, in the -- the period when hawkishness was needed, in the 1970s.

I remember sitting on the back bench, you know, in your -- as your advisor and watching this and having just huge admiration for the way that you -- you dealt with that. And -- and you -- you set -- you set a standard in the Bank that I think we all -- we all -- we -- we've followed because it's the -- it -- it was right. I would make just a couple of that -- one very important event in this -- in this regard, I think, Tom Humphrey was a -- clearly, uh, he had -- his staff came in, you got a little bit of support within the Bank and within the system, Bob, I -- I -- Tom was one, but Bob Hetzel was a key hire.

WEINBERG: Uh-huh.

BLACK: Absolutely.

LACKER: Uh-huh.

WEINBERG: Uh-huh.

BROADDUS: Bob -- and that -- and you were the one, there was some controversy, you know, at the time, about whether the, uh -- controversy maybe too strong a term, but I mean, I think there was some doubt as to whether he, uh, would fit -- fit into a group that was not quite as academic -- academically strong at the time. There were smart people, but, uh, uh -- and you -- you really said, we need to get this guy. And of course, for the record, Bob did his Doctoral dissertation on --

BLACK: Uh-huh.

BROADDUS: -- on Friedman.

LACKER: Uh-huh.

BROADDUS: So he -- he came and I -- and he had a huge influence on me, in addition -- I mean to --

BLACK: Oh, absolutely.

BROADDUS: -- he reinforced everything you taught me and I think it started --

BLACK: Well --

BROADDUS: And, uh --

LACKER: The rest is history.

BROADDUS: I -- I don't know who to blame you on.

ALL: (Laughing.)

BLACK: Let -- let's not go too far, uh, that way because I never voted one time if Al hadn't agreed with the position that we tentatively agreed to take.

I do remember one episode when Chairman Volcker was there and I was sitting at the table and I could hear him better than Al could. Al was against the back row when the planes were coming in from Washington and he couldn't hear. And sometimes Chairman Volcker did not speak very loudly and I understood one thing and voted in accordance with what I thought I had heard and Al thought he'd heard something else --

BROADDUS: (Laughing.)

BLACK: -- and he was in a great decline all the way home --

ALL: (Laughing.)

BLACK: -- because I appeared to have voted in a way that he did not think appropriate.

BROADDUS: (Laughing.)

BLACK: And it wasn't until the next day, when we got a summary of the meeting, that you were so relieved that I --

LACKER: (Laughing.) That you were right.

BLACK: -- that I had done really what you wanted me to do.

BROADDUS: That's right. Yeah. (Laughing.)

BLACK: But -- but Al always told me, before we went, and there were other people that helped, Tim Cook was one that had a big input too --

BROADDUS: Tim -- Tim did.

BLACK: -- on that.

WEINBERG: Uh-huh.

BROADDUS: And then we should mention Marv -- Marvin Goodfriend also.

BLACK: Oh, absolutely. Absolutely.

[Simultaneous speaking.]

WEINBERG: Yes.

BROADDUS: He played a real critical role in the --

BLACK: He was one of the finest economic minds I've ever seen.

LACKER: Absolutely, yeah.

BROADDUS: Right. Right.

LACKER: He -- he was a real mainstay, a real anchor.

So for me, um, you -- the record that both of you gentlemen, uh, left, uh, was an inspiration and I mean that. I mean, you -- you turned out to be -- you turned out to be -- you fought hard, you studied hard, you challenged yourself, and you turned out to be on the right side of history.

BROADDUS: Hopefully.

LACKER: And it -- it's no guarantee that, you know, my addled thoughts are going to turn out on the right side of history.

ALL: (Laughing.)

LACKER: But at least there is the possibility, the chance, you know. And, uh, I -- it -- it, you know, it's -- it's a -- a real -- it's been a real inspiration for me.

BROADDUS: Well --

WEINBERG: Guess we're gonna have to stick with a winning strategy.

BROADDUS: Yeah. There -- I would say --

ALL: (Laughing.)

BROADDUS: -- that you've -- you've done a hell of a job of -- of keeping the tradition rolling. Yeah.

BLACK: Yeah. We are -- we are mighty proud of what you've done.

BROADDUS: We sure are.

BLACK: As you know from the emails I send you, commending you on your --

LACKER: I have to say, I very much appreciate that, Mr. Black.

BROADDUS: (Laughing.)

BLACK: I'm sitting there patting my foot because I think it needs to be said.

LACKER: Well, thanks. I appreciate that. And that's -- that's kind of the role of the Richmond Fed, in a way.

WEINBERG: So with that perspective uh, on -- on price stability, um, our perspective, the Richmond perspective, if you will, put each of you, uh, on more than one occasion in -- in the position of dissenting against, uh, against the majority vote on the committee. Tell me what that feels like the first time you do it.

BLACK: Well, I'll -- I'll tell you the first time I did it, uh, I was substituting for Ed Boehne --

WEINBERG: Hm. Uh-huh.

BLACK: -- and G. William Miller was chairman then.

WEINBERG: Uh-huh.

BLACK: -- and he did not look favorably upon dissents. And I dissented and, uh, I did not want to, I never wanted to dissent. And then after Chairman Volcker got there I had a great respect for him and I dissented five out of eight times the first two times I was on the committee, when he was chairman and that pained me. And I remember saying one time, Mr. Chairman, it pains me, but I'm afraid I've got to dissent again. He looked up at me and smiled and said, it doesn't pain me.

[00:25:11]

LACKER: (Laughing.)

BLACK: And I choose to think that I helped shift the consensus where he wanted it to go, which I think was tighter than he could get through the committee. But of course, my colleagues said, of course it didn't pain him, he knows nobody will pay any attention to an idiot like you.

BROADDUS: (Laughing.)
Uh, John, I, uh, my first voting year was 1994.

WEINBERG: Uh-huh.

BROADDUS: And that -- just to put it into context, you know, we'd come out of the, uh, the relatively mild recession in the early '90s that had the S&L crisis and it -- we were just beginning to see -- and at the end of '93 I remember bond rates began to go up a little bit, you know, October, November of that year. So there was the -- and -- and we did not have yet full credibility for price stability. We made --

LACKER: Oh, that's -- yeah.

BROADDUS: -- a lot of -- the numbers looked a lot better, but we really hadn't locked in the credibility. So the concern, I think, it wasn't just me, Marvin, all of you --

LACKER: I know.

BROADDUS: -- you -- I think you guys, everybody that was there, Bob Hetzel, were concerned that we were losing the longer run, uh, if we -- if we didn't lock it in right then. So at the first meeting, uh, which I guess was in late January of '94, it was a -- a close call, fairly close call as to whether it was, you know, necessary to -- to oppose it. But it -- but eventually, I think I was convinced that I probably should dissent, but I didn't and it's one of the worst moments in my -- my -- I am very ashamed of that. I thought, I won't dissent on my first vote --

LACKER: Uh-huh.

BROADDUS: -- which was --

BLACK: (Laughing.)

BROADDUS: -- in -- in light of what you do, I mean --

ALL: (Laughing.)

LACKER: Yeah.

BROADDUS: -- I mean, what a -- what a -- what a timid uh, point of view, isn't it? So --

WEINBERG: I don't think you dissented on your first vote.

LACKER: No. No. So my first -- my first meeting as president was June of '04 and that was the first increase, uh, since the --

BROADDUS: That's exactly right.

LACKER: -- the recession vote went.

BROADDUS: I remember that.

LACKER: Right. So for a while we had increased interest rates at every meeting I'd ever attended, so --

ALL: (Laughing.)

BROADDUS: You didn't have to.

LACKER: -- I was kind of proud of that record for a while. I didn't vote until '06 and in mid '06, June was our last increase, and I dissented in, I think, an August meeting, um, I dissented in favor of another increase. That was our first pause. And it's -- it's nerve-wracking, you know. It -- it --

BROADDUS: To go back to your original question --

WEINBERG: To go back to '94 --

BROADDUS: My first -- when I actually -- I dissented at the next meeting and it wasn't hard at all because I felt so bad about not dissenting at the previous one.

ALL: (Laughing.)

BROADDUS: I was delighted to have the opportunity to --

BLACK: You were glad to correct your omission.

BROADDUS: I was. I was indeed

WEINBERG: But -- but, uh, eventually, in '94, policy came -- came your way and -- and --

BROADDUS: Yeah, it did.

WEINBERG: -- and uh, tightened preemptively.

BROADDUS: And I can clearly remember, there were several dissents there -- there was the Mexican loan, I think I had a vote on that.

LACKER: Yeah.

WEINBERG: Uh-huh.

BROADDUS: -- and -- and also the vote that, uh, that sorta launched a train of --

LACKER: Yeah, dissents on the foreign exchange.

BROADDUS: -- dissents on the swap stuff. And, uh, I -- I remember in particular the September meeting in 1994. I think I'd had a couple of people with me earlier in the year --

LACKER: Uh-huh.

BROADDUS: -- but in September I was the only one.

WEINBERG: Uh-huh.

BROADDUS: And -- and I just -- it was -- it was clear to me that things were beginning to move and you needed and got no support. But the next meeting, the November meeting, they had to move it by three-quarters of a -- of a point to catch up --

LACKER: Uh-huh. Uh-huh.

BROADDUS: So I felt vindicated.

LACKER: Vindicated, yeah.

BLACK: That's what they get for ignoring your wisdom.

BROADDUS: That's, uh --

LACKER: Yeah.

BROADDUS: That's what I thought, Bob. I'm not sure anybody else thought that way

BLACK: (Laughing) Well that too.

LACKER: I don't remember what meeting it was, but the first, you know, you dissented on foreign exchange autho- -- swap authorizations all the time. And so when I came in, the first hot chance I had to do that, I was going to dissent and I -- I gave Greenspan the courtesy, I gave him a call and said I was going to do this. He said, I -- I would've been disappointed if you hadn't.

ALL: (Laughing.)

LACKER: So the precedent, I think he appreciated.

BROADDUS: Yeah. Well, of course you've had to dissent a lot, uh, uh --

LACKER: It's been -- yeah, it's been -- it's been interesting times.

BROADDUS: And with you it's different because now --

LACKER: It's a more fluid situation now.

BROADDUS: -- your dissent is public immediately.

LACKER: Yeah, that's the thing. It's not --

BROADDUS: And, uh, I've never had to --

LACKER: -- private until after the --

BROADDUS: -- deal with that. All right. And -- and Bob didn't either. You know, because it wasn't released until later, but now it's a lot more --

BLACK: Yeah. And a lot of times people --

LACKER: Yeah. Plus the minutes --

BLACK: -- people didn't even notice it.

LACKER: Uh-huh.

BLACK: -- it may have been -- it may be mentioned in the financial press, but that was about it.

BROADDUS: It takes a lot of guts.

BLACK: Because the interest in monetary policy was so subdued then and --

LACKER: Yeah.

BLACK: -- and largely nonexistent.

WEINBERG: Well, let's talk -- let's talk a little bit about that -- that, about the change in both the visibility that, uh, monetary policy gets in the public eye but -- but also the -- the transparency of the policy process itself. Bob, you -- you alluded to, uh, to that meeting in, uh, '79 when, uh, when, uh, they had you all stay in different hotels. I mean, a certain amount of secrecy, uh, imbedded in the process there and, of course, uh, uh, things have gotten a lot more open over time and, uh, uh, I wonder if I could get your thoughts on -- on that -- that transition from a -- a relatively closed-lipped Fed to a, uh, a much more -- a much more open-mouthed Fed.

[00:30:05]

BLACK: Well I think economists have always agreed that the more knowledge the markets have, the better they function. But I think we may have gone as far as they -- we need to go in that regards, myself.

WEINBERG: Uh-huh.

BLACK: I was kinda glad that we had a little bit of cover there, myself, because it tends to politicize it, when it comes out immediately. Every --

WEINBERG: Hm.

BLACK: - politician comes out and makes some comment on it. And that's one of the things that bothers me most about the position the system is in now is it -- it is highly politicized, by the people outside, not by the people inside. I think they are apolitical, but the people outside all take one side or the other, but -- and that bothers me a lot because --

WEINBERG: Uh-huh.

BLACK: -- uh, I think the worst thing that could happen would be for the Congress to try to establish monetary policy. And that's the direction that I fear we may be moving. I know they have the power to coin money and regulate the value thereof and have delegated that to the Federal Reserve, but by the same token, Congress could not do a good job at it. And it's hard enough for the Federal Reserve to do a good job at it because nobody knows these things for sure. They're all uncertain.

BROADDUS: John, I have always said I was very interested in what -- what, uh, Jeff and how he feels about it now. Um, but the -- over the time that I have been in the Fed, coming in at 1970, you know, at the beginning, and Bob well remembers, there was -- secrecy was the -- the law of the land, uh, and, you know, one of the, I think, big moments in the history of our Bank was when Marvin wrote that paper on secrecy in central banking.

WEINBERG: Uh-huh.

LACKER: Oh. That was a great contribution.

BROADDUS: It was censored. We had an -- an argue --

LACKER: Yeah.

BROADDUS: -- and we -- we lost that battle with the, uh, board. They wouldn't let us publish him; the --

WEINBERG: Uh-huh. Publish externally.

BROADDUS: -- he had to --

LACKER: That's a shame. Yeah.

BROADDUS: Which may have turned out to be a good thing anyway. But -- but now that's, uh, that's a seminal article in central banking.

LACKER: Yeah. Now it -- now that point of view --

WEINBERG: Now it's broadly accepted.

LACKER: Yeah.

BROADDUS: Exactly. It's -- and -- and -- and so I think, I feel very -- very -- very proud of that.

LACKER: Once again, the right side of history.

BROADDUS: But -- and so we certainly came from a point where there wasn't any transparency and I --

LACKER: Yeah.

BROADDUS: -- well, there's a lot of thought now and, uh, you know, analysis that suggests this is -- this is a good thing. I must -- I must say, and this is not directed at you directly -- and -- and in particular, uh, Jeff. But I wonder whether we --

LACKER: Yeah.

BROADDUS: -- there is a point at which one -- an additional element of transparency has diminishing returns.

LACKER: Yeah. Yeah.

BROADDUS: -- uh, because now you know you -- you're kind of in a box, sometimes --

LACKER: Yeah.

BROADDUS: -- where you, uh, you know, if you don't do something, you betray, you know, that's expected. You create an expectation. Like, it -- it gives me -- troubles me a little bit.

LACKER: Yeah. Yeah. Yeah. It's so --

BLACK: I share those fears.

LACKER: Yeah.

BROADDUS: Yeah.

LACKER: So, since you were president, uh, um, the way FOMC participants talk in the press about monetary policies changed a lot.

BROADDUS: Oh, yeah.

LACKER: Now, a lot of that's good, I think. It used to be there was a real -- do -- I -- I sensed a real taboo about saying anything that might be construed as a hint about your view about --

BLACK: Absolutely.

LACKER: -- the outlook which might itself be construed as a hint about what you might view about policy. Now, you've got people out there saying what they think policy should be at the next meeting. And maybe not, you know, specifically, but advocating --

BROADDUS: Yeah. Right.

LACKER: -- and that, to me, crosses a line. To me, we -- we've got this committee, we meet for a reason, otherwise we could email it in.

BROADDUS: That's right.

LACKER: And to -- to my mind, you know, you -- the decision is not made till you get to the meeting and you hear your colleagues.

BROADDUS: That's a good way to put it, yeah.

LACKER: And so I -- I think that we may have gone a bit too far on that, but it --

BLACK: I think you're right on that.

LACKER: -- it imposes a burden on you because, you know, you've -- you've got the job you're trying to do inside the committee to persuade your colleagues, but you also have -- now you have to worry about this broader audience. And if you're letting the other side tell their story, well, you feel like you gotta get out there as much as they do and to -- and balance the story out there. So you gotta spend more time -- I find myself having to spend more time than I did thinking about, kind of, a media strategy. Well, should I go on this show, should I take this reporter's question, should I do this interview. And that's -- that's a little bit of a bother.

BROADDUS: Yeah.

BLACK: I didn't have to fight off anybody who wanted me to talk.

ALL: (Laughing).

BLACK: There just weren't any.

LACKER: Well, I -- I remember seeing you on -- do TV interviews. You're good at it; you have a good knack for it.

BROADDUS: Well, I've got to -- you're a master at it. I'm -- I'm -- I'm not an idle compliment. You really do them well --

LACKER: It's taken a lot.

BROADDUS: -- and I think you're -- you're right, you don't have the luxury of saying I'm not gonna do them.

LACKER: Yeah. You gotta.

BROADDUS: That's the admitted -- that's just the way -- that's the environment now.

LACKER: Yeah.

BROADDUS: That's the way monetary policy is communicated, in public.

LACKER: Yeah. Yeah. Yeah.

BLACK: Well, I remember an interesting episode that might intrigue you all. We had a seminar for bankers and I was to present something or other and I mentioned the money supply and Mr. Wayne, who was then first vice president, said you'd better strike that because if Hugh Leach, who was then the president, hears you mention money supply, he's going to be very upset.

[00:35:07]

ALL: (Laughing)

BLACK: And money supply's been mentioned a lot since then. And I was a --

LACKER: Uh-huh.

BLACK: -- a great admirer of Mr. Leach and didn't want to irritate him and so I changed it some way or another to make it a little less harmful, in his eyes.

ALL: (Laughing.)

LACKER: Hugh Leach, what was he like? Just curious.

BLACK: He was a CPA by training.

LACKER: Uh-huh.

BROADDUS: Tell the story about the garage, driving into the garage with Hugh Leach and the boy.

BROADDUS: (Laughing.)

BLACK: Oh. One day I was driving Mr. Leach out to the Open Market Committee meeting and he said -- he had a rather gruff voice -- and he said, don't hit that car over there. And I said, why, Mr. Leach, that particular one, he said cause that's the one I hit last time.

ALL: (Laughing)

BLACK: But he had an interesting policy of -- at lunchtime he'd like to take things and turn them over like a CPA typically does and look at every aspect of it. And he always wanted the economists to be at the table with him at lunchtime and a lot of them would deliberately go to the cafeteria to avoid him.

ALL: (Laughing)

BLACK: I -- I enjoyed it, really. And I almost always went. But he would --

LACKER: That's interesting

BLACK: -- ask it from this side and then from the other side and he had to have it in his mind in a very precise way before he'd let go of it.

LACKER: Interesting

BLACK: And he was a tiger on that. I give him credit for that, cause he needed to be convinced.

LACKER: Interesting

WEINBERG: Well, we've already touched on some of this in -- in -- in passing remarks, but, uh, I wonder if each of you could talk a little more about, uh, about people you've looked to, uh, in your careers for, uh, for guidance and mentorship and advice.

BLACK: Well, shall I go first?

WEINBERG: Sure.

BLACK: I think, uh, Eddie Wayne, who was first Vice President when I got there, had more to do with my attitude about the public and the people within the Bank, because he was very much of a people person.

WEINBERG: Uh-huh.

BLACK: He knew everybody in the Bank and it was like a family. And I felt that was a very good guide and I sort of emulated him on that and tried to know everybody in the Bank. And we were all like a big family. It was much smaller, much easier in those days. And then when it got to the

policy part of it, Al is the fella who had more influence on me than any other. And we mentioned also Tim Cook and Bob Hetzel and Tom Humphrey --

WEINBERG: Uh-huh.

BLACK: -- and Marvin Goodfriend. All of those were the ones that really helped me along. I was not nearly as well educated as they were, in economics, but I had sense enough to listen to what they had to say. And I think they guided me in more or less the right direction. All -- I was something of an embarrassment at all stages.

BROADDUS: (Laughing.)

LACKER: Far from it. Far from it.

BROADDUS: Bob was a huge mentor for me, obviously, uh, he's being much -- much too modest, uh, about his own knowledge. I mean -- and -- and -- and, uh, you were a mentor, not only about policy issues, but about leadership and, you know, management and all of the other things that a president has to do which -- which, uh, are required. But you know and -- and -- and I had some mentors early on, you know, teachers, people that --

WEINBERG: Sure.

BROADDUS: -- uh, that had -- and then one of my, uh, undergraduate teachers at Washington and Lee, where I went to school, was this guy named John Gunn, he'd got me interested in economic policy. But his views on economics are very different from what mine turned out to be, because of you and Bob Hetzel.

But I really wish, again, to really highlight the colleagues I've had. Not only Bob, but you two guys, uh, certainly. But, uh, Bob Hetzel had a very substantial impact on my thinking about policy. And Marvin played a central role. Of all of -- of all of my mentors, professionally, I would have -- I -- you know, Marvin would be right up there. Even --

LACKER: Mine too.

BROADDUS: I was -- eventually I was working for him, really, you know --

ALL: (Laughing.)

BROADDUS: -- uh, I'd come back and get reviewed --

LACKER: You felt that way too.

BLACK: Uh-huh.

WEINBERG: Yeah.

LACKER: Uh-huh.

BROADDUS: -- on the -- on the, uh, way back, you know, it can be pretty withering.

ALL: (Laughing.)

LACKER: Yeah.

BLACK: Serves you right cause you made me work for you.

ALL: (Laughing.)

LACKER: Yeah. I'd mention Marvin as well. I learned so much about practical central banking and the conduct of monetary policy and how to bring, you know, economic theory to bear on sort of the practical monetary policy problems you face. He taught me about central banking more broadly, money and credit --

BROADDUS: Uh-huh.

LACKER: And got me interested in -- in central bank credit and -- and, you know, its use and misuse. Instrumental. But you -- you (pointing to Broaddus) taught me -- you gave me a vision of what people skills could be, in a leader, and I -- I'll never forget the first time you came in and asked me to do something that you -- you were thinking -- you that -- you had an inkling I might not want to do.

[00:39:58]

ALL: (Laughing)

LACKER: And the -- the thought and care that went into your preparation for persuading me that it would be good for the Bank --

BRAIDDUS: (Laughing.) Well that probably was -- was more than any FOMC prep I ever had.

LACKER: -- and -- and it would be really beneficial if I did that. I -- it -- it was -- I -- I was stunned --

BROADDUS: I think it was to go on that committee with the first vice president, if I'm not mistaken.

LACKER: It might have been something like that, yeah.

BROADDUS: [unclear] or wherever it was.

LACKER: Yeah. But it, you know, you had me like in the first minute and -- and the rest of the time I was just watching, like this is amazing.

ALL: (Laughing.)

LACKER: Cause you have this, you know, you have this natural empathy and, uh, and you know, Bob, I mean, the values you talked about with Eddie Wayne, of, you know, of you knowing everybody and of this being a family, of this being a place where, you know, the leader of the Bank isn't some guy up in the clouds, but it's somebody who knows Oscar, knows the guys in the cafeteria, knows everyone who works in the Bank, at least as well as they can, and says hello and, you know, we're just a different person in a different job. I think that's been a great example, a part of the culture of the Bank.

BLACK: I think, basically, the Bank, throughout the time I've known anything about it, has usually selected the best leaders. And we missed on some, obviously, but we selected a lot of them. And interestingly enough a lot of the best people we had were high school graduates and hadn't gone any farther, but they were very smart.

LACKER: Uh-huh. Uh-huh.

BLACK: And they were not afraid to get their hands dirty.

LACKER: Uh-huh.

BLACK: And it gave me no end of pleasure being able to enroll those people who deserved it most, but lacked some academic backgrounds that some people would have thought necessary.

LACKER: Hm.

BROADDUS: All right.

LACKER: That's interesting.

BROADDUS: Yeah. Yeah.

WEINBERG: Well, let's look forward a little bit, um, and, uh, tell me what you think the biggest challenges facing our organization are going to be in the coming decade.

LACKER: (Sighs.).

BLACK: Who wants to tackle that one?

ALL: (Laughing)

BLACK: I got nothing to give.

WEINBERG: Let's start with Jeff.

BROADDUS: Start with Jeff. What do you think?

LACKER: I -- I was looking for this --

BROADDUS: See, this guy's got to do it. We just get to --

LACKER: I was hoping this would be a nice get away, you know, a little relief from what I deal with at the office.

ALL: (Laughing.)

LACKER: But I -- I guess not.

WEINBERG: Yeah. No free pass.

LACKER: Yeah. So, um, uh, you know, financial stability is going to be, uh, front and center for us. And, you know, it's not like a crisis is right around the corner in the next year or two. Um, although it might happen, just in case it does, I get credit for it, cause I said it here, right?

ALL: (Laughing.)

LACKER: Um, but, uh, it's, um, you know, I don't -- I don't think we've licked it. I don't think what we've done to start constructing a new regime is -- is quite coherent enough to really put it to bed and, um, I -- I think we've raised expectations about rescues that, um, are -- are gonna be hard to fulfill, hard to -- hard to maintain, hard to stabilize those expectations. They're gonna -- they're gonna swing, they're gonna trap us into doing things we don't want to do. Um, that's the thing I worry about the most, going forward, for the Bank.

BLACK: I worry about the system having become something of a political football.

WEINBERG: Hm.

BLACK: Too many people in Congress, uh --

LACKER: Yeah. That's a good one.

BLACK: -- are putting out their two cents worth about what it ought to do.

LACKER: That's a good observation.

BLACK: Then the worst thing that could happen would be to have an independent central bank -- be politicized by tax from Congress or the administration could do it, just for that matter.

BROADDUS: That's -- that's right.

WEINBERG: What about public understanding of the Fed how -- how do you think we stand in that, uh, in that regard, AI? Do you think --?

BROADDUS: Uh, you know, I think this -- we -- we've still got a long way to go. And -- and just to tag onto the -- onto the -- your earlier question. Uh, I -- I think the, uh, there -- there are lots of challenges in the future and certainly financial stability is -- is -- is a big one. Uh, the -- the increased integration of the global economy --

WEINBERG: Uh-huh.

BROADDUS: I know this sounds like a sort of high-flying phrase, but it is happening and it -- it's a real phenomenon and it means that, you know, I think issues addressing the, uh, the -- the international monetary system, which had been major issues in the -- historically and --

LACKER: Yeah.

BROADDUS: Then they -- then in the post-World War II, you know --

LACKER: Uh-huh.

BROADDUS: -- the dominance of the dollar and of the U.S. economy pushed some of those, uh, to, uh, off the -- off of center stage --

LACKER: Yeah. Yeah. That's a good observation.

BROADDUS: -- I think they are going to come back, uh, as countries like China grow --

LACKER: Yeah.

BROADDUS: -- and their central bank. We're gonna have to deal, I think that's one -- one thing that -- that we're going to have to deal with. Uh, but there are lots of, uh, there are lots of issues. I think on -- on the second point about the public's understanding, a good litmus test for me will be -- I will be satisfied that the public understanding -- will -- will reach a point where it needs to be, if we repeal the dual mandate.

LACKER: (Laughing.)

BROADDUS: I really -- I -- I -- I really point --

LACKER: Yeah.

BROADDUS: -- to that.

LACKER: Yeah.

BROADDUS: I think that's, uh, that's a sort of a -- a barometer of the pro- -- you know, the -- that's -- that's the problem and it -- it, uh, it -- it -- it's part of what politicizes. It's the law of the land --

WEINBERG: Uh-huh.

LACKER: Yeah.

BROADDUS: -- to have a dual mandate, when truth of the matter is central banking can only direct --

[00:44:57]

LACKER: Yeah.

BROADDUS: -- affect directly and -- and powerfully, one element of that. And as -- so we have to give lip service and deal with the politics that are created by the other, so I -- that -- that -- I think that's a challenge now --

LACKER: Yeah. I'd echo that.

BROADDUS: -- uh, and I -- I think it's got to be -- it -- it's gonna continue to be a challenge until somehow it gets addressed.

BLACK: Well I think it has been addressed to some extent. And these very studies that show the best way to economic growth is through price stability.

LACKER: Uh-huh.

BROADDUS: And we have an inflation target.

LACKER: Yeah.

BLACK: That's right.

WEINBERG: Uh-huh.

LACKER: Yeah.

BROADDUS: So let's don't forget that. Still -- there is still that -- I think as long as you have a dual mandate --

LACKER: Yeah.

BROADDUS: -- it's hard to make that really bite.

LACKER: Yeah. It is. I -- I think we've -- I think we've raised expectations to unrealistic levels about what we are capable of doing to help unemployment --

BROADDUS: Right.

LACKER: -- and, uh, and I think that's raised expectations about what we ought to do and try to do to help unemploy- -- to -- to move unemployment around. And -- and I think it's unrealistic and I think -- I think you're right. I think it's dangerous for us.

BROADDUS: Uh-huh.

BLACK: I don't think we can do any more than we've done --

LACKER: Yeah. I think you're right.

BLACK: -- at the present time.

LACKER: I think you're right.

WEINBERG: Well, as we close up, maybe, uh, maybe I can ask Bob and -- and Al if -- if you have any, uh, any advice for, uh, for Jeff as he, uh, as he continues in, uh, in the work that you've all -- that you've all done over the years. And - - and all of you, what advice would you have for, uh, some young central banker who maybe, uh, aspires to -- to your chair someday.

ALL: (Laughing.)

BLACK: I would advise him to follow the examples set by Al Broaddus and Jeff Lacker --

ALL: (Laughing)

BLACK: -- on monetary policy.

BROADDUS: I would -- I would -- I don't think Jeff needs a lot of advice from me or anybody else. I think he's -- he's -- he's a wonderful economist and --

ALL: (Laughing.)

WEINBERG: You say he doesn't need any advice. It's my job to give him advice.

ALL: (Laughing.)

LACKER: It's your advice. You're looking for free help.

BROADDUS: That's right. Yeah.

BLACK: That's because of the superb advice you've given him, I think.

ALL: (Laughing.)

BROADDUS: He -- he needed it from John, not -- not from me.

LACKER: Uh-huh.

BROADDUS: But I'm -- I'm very, truly, very happy with it. Now, I've told Jeff this many times, I'm -- it's a wonderful feeling when you -- when you leave an institution you love to have somebody take over and do the kind of job Jeff's been doing and -- and I think it's terrific.

LACKER: Well that's very flattering. But, uh, I, you know, I, um, I'm -- I'm tremendously honored to have the role that you guys, uh, had and -- and I've been trying all my life, in this job, to live up to, uh, the example you guys set, uh --

BROADDUS: You've already done it. Don't worry about it. (Laughing.)

LACKER: Well -- so there's lots -- lots more challenges ahead. Um --

BLACK: The biggest -- biggest challenge to management is to have a successor more able than you were yourself.

WEINBERG: Uh-huh.

BLACK: And I certainly did that and --

BROADDUS: I did too.

BLACK: -- and Al has done it with Jeff.

BROADDUS: Well, I guess you want some -- we really didn't give you any advice.

LACKER: Yeah. We really didn't give you any advice for the -- any successors. I'd say listen and learn.

WEINBERG: Listen and learn. Always good advice

LACKER: Yeah. Yeah.

BROADDUS: I -- I don't -- I really can't -- honestly can't think of anything I think that I could say that I don't think you're already doing. I think you do listen, uh -

LACKER: I try.

BROADDUS: -- I think you're honest and, uh, you're open and communicate. This is in an era in which communication are -- is -- is key.

LACKER: Yeah. Communication is final. Yeah.

BROADDUS: And through -- to many more people through electronic media and all this, you do that very well. And I think you have to continue doing that.

LACKER: Well, I -- I learned the value of it from your example.



WEINBERG: Well, gentleman, thank so much for sharing your thoughts and your memories with us. I've truly enjoyed this hour or so that we've spent and, uh, hope you have too.

BROADDUS: We have

LACKER: Thank you

BLACK: Well, you've done a mighty fine job, John.

WEINBERG: Thank you

BLACK: The quality of the three participants varies greatly.

ALL: (Laughing.)

(End of film.)