Eulogy for Darryl R. Francis, 1912-2002

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We are here today to celebrate a life well led. I am honored that Darryl's widow, Sherrian, asked me to speak this morning.

I came to know Darryl Francis personally just a bit in the final years of his life, after I moved to St. Louis four years ago. But long before then, I knew him very well by reputation, through many economists who worked at the St. Louis Fed during his tenure. As a consequence of my close tracking of monetary policy debates starting in the 1960s, I came to appreciate how extremely important Darryl was in this nation's monetary history.

Darryl was president of the Federal Reserve Bank of St. Louis from 1966 to 1976. To understand the importance of his role, I need to recount just a bit of the economic history of that period. Inflation began to rise in 1965, and year by year became an increasingly difficult problem for the United States until 1982. As president of the Bank, Darryl sat on the Federal Reserve's principal monetary policy body, the Federal Open Market Committee. Over the years of his membership on the FOMC, his position was consistent and stated often with quiet eloquence. The issue was simple: to end the inflation, the Federal Reserve needed to slow the rate of money creation. Controlling money growth was and is the Fed's responsibility; no private party, no other organization can do it.

The FOMC did slow money growth in 1966, but not for long. Money growth and inflation rose in 1967. Subsequent policy tightenings in 1969 and 1973-74 were in each case followed by periods of excessive money growth. Inflation rose and became ever more intractable. In FOMC meetings, Darryl Francis spoke again and again against inflation and the money growth that was causing it. I know that personally because I've read the minutes of the FOMC for that period.

But Darryl did much more than speak against inflation and excessive money growth at FOMC meetings. With his research director, Homer Jones, he built a research division of first rank and encouraged research on the inflation issue. Francis, Jones, and the research economists were convinced that the analysis of the Chicago School of monetary economics, led by Milton Friedman, held the key to the inflation problem. Money growth had to be restrained, and consistently restrained over the long run.

The Chicago view is mainstream economics today, but it wasn't at that time. Darryl brought this analysis into the Federal Reserve System. More importantly, he brought the analysis to the general public through his speeches and argued the case to professional audiences through scholarly papers published by the Bank's research economists.

In speaking out, Darryl Francis took a public stance that required great courage. In plain terms, he said that the organization he worked for was responsible for creating and maintaining inflation. That was not a popular position at the Fed's Board of Governors in Washington, and I know that a lot of pressure was applied to try to get Darryl to be quiet. A great strength of the Federal Reserve System is that the 12 regional Federal Reserve Banks have substantial independence. Darryl Francis used that independence for this great cause of ending the scourge of inflation. He helped shape the public debate. The policies he advocated were not adopted during his term of office, but later they were the basis of the policies pursued by Paul Volcker, when he became Fed Chairman in 1979. These policies were understood by Ronald Reagan, without whose support Volcker could not have stood the course through the 1981-82 recession, at the time and still the most serious U.S. recession since the Great Depression.

Darryl's courage in addressing the inflation problem did more than contribute to solving it. His example inspired the work of the St. Louis Fed economists and led the entire Federal Reserve System to become a much more open organization. St. Louis came to be regarded as something of a maverick among Reserve Banks, and the Federal Reserve Bank of St. Louis came to be known, and still is known, I believe, as the premier Fed bank in economics research.

I met Darryl once or twice while he was St. Louis Fed president. One vivid memory of mine was while I was a junior staff member at the Board of Governors in the early 1970s. An occasional junior staff member was permitted to attend an FOMC meeting, and I got to go once. I don't remember now which meeting it was, but I do remember watching and listening to Darryl at that meeting. His was a lonely voice at that FOMC meeting. As I confirmed later when reading the FOMC minutes of the period, he rarely had other FOMC members who shared his views. But he was right, and the world eventually saw that he was right.

In recent years I got to know Darryl just a bit. I was especially pleased that he and Sherrian could attend the Bank's annual research conference in October 2000. We dedicated that conference to him in recognition of his great contribution to the Bank and to the nation.

As I've said before, and will say again, Darryl is a hero of mine.

I'll repeat a story one of his friends told me. During his active years, Darryl had many hobbies, each of which he pursued with considerable energy and intensity. At the time he retired from the St. Louis Fed and moved to Fort Smith, one of those hobbies was collecting wine. He had accumulated a substantial wine cellar, which the moving company refused to move. So, Darryl had to make quite a few trips in his station wagon to transport his wine collection. Given that these trips had to be squeezed between other work, at the end of the process he was all but exhausted from the many drives to Fort Smith and back to St. Louis. He ended up with some knee problems, which took quite some months to clear up. In telling me the story, Darryl's friend chuckled and said that the knee problems were surely just retribution for moving all that wine to Arkansas, which was a lot dryer state in the mid 1970s than it is today.

Gene Leonard is a person who knew Darryl for many years, and he regrets he could not be here today. Gene served under Darryl in several positions including as the First Vice President of the Federal Reserve Bank of St. Louis. Gene sent me a few words that I'll read.

> Darryl Francis was my boss for 15 years. He was also my mentor, a father figure, and a close friend. Ironically we met at a funeral, as pallbearers for a professor at the University of Missouri we had had in common a generation apart, and to whom we had each become quite close. A job offer followed, and a relationship began.
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> Darryl was the best boss a person could ever hope for. We wanted to work hard as much to please Darryl and make him proud as for our own paycheck. He didn't have the "ego problem" that characterizes many CEOs. He led by inspiration, not by intimidation.
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> At the end of the working day, Darryl left the problems of the banking world and the economy at the door of his office, making time to indulge with a passion whatever hobby or interest he was pursuing at the time. We learned not to be overly consumed by our jobs—one's success was not enhanced by being the first to arrive and the last to leave. "Don't you have a family?" he would ask. The privilege of working for him was an important part of our compensation.
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> Darryl had a wonderful sense of humor—sometimes we would laugh together till tears came to our eyes. His verbal expressions reflected his North Missouri rural upbringing, and his wisdom. Once when a colleague made an embarrassing mistake, Darryl said: "He kinda tore his pants a little goin' over the fence." I never forgot that because I had done it myself—literally and figuratively. Darryl led a long and productive life—a good life. Let us be grateful for that. I miss him already.

Gene, I miss him too. Darryl will remain a hero to me and we'll all miss him. Now Darryl will go to his final resting place. He was preceded in death by his beloved first wife of 58 years, Loretta France Smyth, and will be buried alongside her here in Fort Smith.