

## In Memoriam: Keith M. Carlson

For several decades, the St. Louis Fed was known as the “Monetarist Fed.” Several St. Louis Fed economists—and a few Bank presidents—were instrumental in developing and burnishing this reputation. Keith M. Carlson, who passed away on January 22, 2019, was one of those economists.

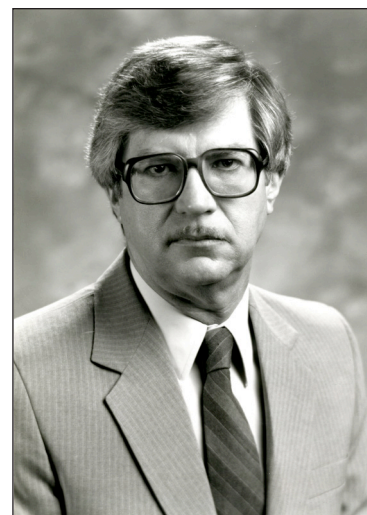
Most economists familiar with this history likely knew Keith through his important work on the St. Louis equation. His most famous article was “A Monetarist Model for Economic Stabilization,” co-authored with Leonall (Andy) Andersen and published in the St. Louis Fed *Review* in 1970 (Andersen and Carlson, 1970). This article described the first version of the St. Louis model used to assess how monetary policy affects macroeconomic activity through changes in the money stock.

For at least 25 years, the St. Louis model guided St. Louis Fed Bank presidents and their research directors as they prepared for Federal Open Market Committee meetings. Moreover, the model was central to the debate in the 1970s and 1980s over the relative effectiveness of monetary and fiscal policy. As with any economic model, though, it went through numerous iterations. Keith would publish the final version of the model in 1986 (Carlson, 1986).

Although best known for his work on the St. Louis model, Keith’s earliest contributions focused on fiscal and federal budget policy. He studied the “crowding out” effects of budget deficits; developed a measure of the “high employment budget” (Carlson, 1967); and elaborated on a key result in the Anderson-Jordan equation with St. Louis Fed colleague Roger W. Spencer (Carlson and Spencer, 1975).

Keith was also known as a great teacher. His *Review* articles span a variety of topics and explain difficult material in a manner that is accessible to students of economics and the lay public alike. A few articles stand out. In 1988, Keith discussed variables that influence the natural rate of unemployment, a topic that remains highly relevant today for anyone trying to understand the perils facing a central bank that gauges the stance of policy by comparing the unemployment rate to the unknown natural rate (Carlson, 1988). A year later, a *Review* article on price indexes revisited the role that asset prices should play in a cost of living index (Carlson, 1989).

Keith was known for his friendly ease, openness, honesty, and sense of humor. He always had an excellent and timely smile and a one-liner suitable for the moment. He was extremely



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1934-2019

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helpful in giving of his time and attention to his colleagues in the support of their data, economic theories, econometric findings, and policy and institutional history.

Not everyone knew this, but he was also a walking encyclopedia of Major League Baseball, especially the St. Louis Cardinals. He spent much of his free time studying and honing his knowledge of the game through statistical analysis. At one point, a request came from the leading authorities in this field to collect obscure data for their compilation of baseball statistics. Keith methodically went through old issues of the *St. Louis Globe-Democrat* to assemble hit-by-pitch data from the 1890s. He was duly thanked for his contribution and added another, unexpected accomplishment: Keith reported that his life felt full now that he had shaken hands with both Milton Friedman *and* Pete Palmer.<sup>1</sup>

Keith was born in Mitchell, South Dakota, on July 3, 1934. He received his undergraduate degree from Gustavus Adolphus College and his M.A. in economics from the University of Nebraska. After graduation, he moved back to Minnesota to teach at St. Olaf College. In 1963, he moved to St. Louis to take a position at the Federal Reserve Bank of St. Louis that would serve as the culmination of his career. He will be missed. ■

## NOTE

<sup>1</sup> Pete Palmer co-authored *The Hidden Game of Baseball*, which is generally viewed as creating the foundation for sabermetrics, a tool used to evaluate a player's ability and featured in the movie "Moneyball."

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