

MEMORIAL RESOLUTION

ROGER WINKS GRAY

(1921-1996)

Roger W. Gray, the Holbrook Working Professor of Commodity Price Studies, Emeritus, died September 5, 1996 in Monterey, California of complications from a stroke he had suffered in June intertwined with the increased difficulty of managing his diabetes. Gray was an expert in agricultural policies and markets, especially commodity futures markets. His knowledge about these markets was so deep, his insights so original, and his work so widely recognized that throughout his career he was a consultant and advisor to individual traders, commodity firms, exchanges, federal agencies, and international organizations.

Born and raised in Watseka, Illinois, Gray received his A.B. and M.A. from the University of Colorado. After serving in the US Army, he returned to school, this time to the University of Minnesota, where he received his Ph.D. in 1953. He taught at both Colorado and Minnesota and worked for the Bank of America before joining Stanford and the Food Research Institute in 1954. Throughout his career at Stanford, Gray noted with some amusement that he and FRI were the same age, and argued annually with colleagues to commemorate FRI's Founder's Day on his own birthday. That he and FRI should die together was beyond even his well-honed sense of irony.

Gray's early research concerned the potato market, analyzing the then evident decline in consumption of potatoes, the changing regional pattern of production, and the role of government policy in causing these changes. This project won the first of several national awards his research garnered during his career. It also adumbrated the distinguishing characteristics of his later research - thoughtful analysis of the available data, perceptive interviews with individuals and firms representing varied interests in the issues, and exposition of complex relations in straightforward language. The reader never had any doubt about what his conclusions were and his reasons for them.

Gray authored more than 50 professional articles related to commodity futures markets. His major lines of investigation included studies of intertemporal pricing patterns, studies of the causes of market success and failure, and studies of major regulatory issues affecting futures markets. One study won the American Agricultural Economics Association's annual award for best published research; another was recognized by the Association for its enduring contribution to the literature. Many of his articles continue to be widely used in courses on futures markets.

Gray was a writer without peer. He produced nearly perfect prose on the first draft - always composed in pen on a yellow-lined pad. His use of extended metaphors was legendary: the plight of the black-footed ferret illustrated why agricultural

economists were becoming extinct; the path through the woods taken less and less and consequently lost to the undergrowth illustrated how markets fail; and the medieval mode of trial by submersion (the innocent would surely float) illustrated the logical fallacy in testing for economic efficiency by imposing market regulation. In each case, the metaphor proved more than just memorable; it organized the arguments and illuminated the issues in new ways.

Gray was the consummate speaker, whose lectures – how a potato futures market would have prevented the Irish famine, pricing anomalies characteristic of thinly-traded markets, and the closure of the Maine potato market – prompted his students to return to his classroom two and three years in a row to hear them again. He was not only a superb raconteur, but was also one of those rare teachers whose interest in his subject was so clearly genuine that students could not help but become captivated and want to learn more.

The qualities that made his research simultaneously path-breaking and accessible, when added to his skills as a speaker, made Gray a widely sought-after expert witness. He was best known for his work on several manipulation cases and on tax treatment cases. Work in the latter area, and particularly in a series of cases involving sophisticated trading strategies called butterfly straddles, laid the foundation for major revisions in the federal tax code in its treatment of returns to futures trades and was acknowledged by his friends and colleagues with the award of the Mystic Order of the Butterfly Straddle. The Chicago Board of Trade acknowledged his many contributions to the futures industry, among them the first feasibility study of a financial futures market, in naming him the first recipient of the Earl M. Coombs Jr. Award.

Gray brought his many connections in the futures industry back to Stanford in substantial fund-raising initiatives. It is no accident that most of the donors for the reconstruction of the West Wing of Encina Hall in the late 1960s to house FRI were leading firms in the grain trade. A few years later he led campaigns to raise two endowed chairs, one a chair funded entirely by donations from prominent traders on the two major US futures exchanges. His purpose, and that of the donors, was to secure at Stanford the future of commodity studies, and especially studies of futures markets, such as had been conducted at FRI since its founding. The chairs were named in honor of two colleagues in that long tradition, Helen Farnsworth and Holbrook Working. At the time of his stroke, Gray was contacting the various donors to apprise them of Stanford's decision to close FRI.

Gray was involved widely in the Stanford community. He lived in one of the Wilbur cottages for several years as a Resident Fellow and he participated in Stanford's Overseas studies program at Tours. He served as a member of the Faculty Senate, held

several positions at the Faculty Club, including its Presidency, and most recently was President of the Pearce Mitchell Homeowners Association.

His many friends here at Stanford joined his family on a Saturday afternoon in early October, retelling their favorites from among his many stories, in a celebration of his life. He is survived by his wife Jean, who recently moved back to Stanford; son John R. Gray of Albuquerque, New Mexico; daughters Nancy Hagemann of Palo Alto and Linda Van Gorden of Morgan Hill; three brothers; and an extended family of three stepchildren, ten grandchildren, and three great-grandchildren.

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