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## **The Legacy of Milton Friedman, Part 1**

**by Doug Bandow**

It has been more than a year since Milton Friedman passed from our lives. What a world he departed. The desire for liberty burns ever brightly. The forces of statism resist ever strongly. How we miss his presence.

Although he has left us, his ideas live on. They remain eternally relevant to the age-old struggle to preserve individual liberty from state encroachment.

Milton Friedman was born 95 years ago in Brooklyn. He was the son of immigrant parents — from the Austro-Hungarian Empire. Think of the world that he was born into. For a couple of years his family lived in *La Belle Epoch*, a time of peace, increasing trade, and growing prosperity. People could travel without passports. The great empires were gradually liberalizing. It seemed to be a time of opportunity and hope.

Then came World War I, the Bolshevik Revolution, the collapse of the Austro-Hungarian Empire, the advent of the unloved Weimar Republic, the rise of fascism in Italy, the adhesion of Stalinism to Leninism, and economic recession. Messy, unpleasant, and dangerous for many people around the world. Yet the future did not look entirely dark for Milton Friedman when he graduated from Rutgers in 1932.

The United States, at least, was safe. There were war clouds, but they were far away. And one could look forward to a return to prosperity, since even the worst economic downturns had normally eased within a short time.

There was the Great Depression. The Nazi rise to power. World War II. The Soviet absorption of Eastern Europe. The Chinese revolution. The Cold War.

At every stage Friedman's values were under attack. Collectivist economics at home. Protectionism abroad. A rising income tax. The beginnings of the national security state. A large standing army and conscription.

A small roll-back — modest spending reductions under Dwight Eisenhower — was followed by the Great Society and the welfare/warfare state. We're all Keynesians now, declared Republican President Richard Nixon.

In this hostile world Friedman wrote and spoke about policy.

Ironically, in the beginning this libertarian exemplar was no libertarian. He could remember no early political views, and believed that he cast his first presidential vote for Franklin Roosevelt.

His colleague Allen Wallis recalls that Friedman originally “went to Chicago as what he describes as a Norman Thomas-type socialist.” Thomas was the Socialist Party candidate for U.S. president from 1928 to 1948. Between 1941 and 1943 Friedman worked for the Treasury Department, where he helped implement income-tax withholding, which allows government to disguise its burden on Americans.

After the war he was briefly at the University of Minnesota. In 1946 he returned to the University of Chicago, which became his home until 1977. It helped make him. He helped make it.

During those three decades Friedman developed two careers. Either one would have been sufficient for a normal human being. One was as a famed academic economist. The other was as a leading policy intellectual.

Friedman the economist studied under and with several important economists, including Frank Knight, Allen Wallis, and George Stigler, himself a Nobel laureate. Friedman came into the profession during the Age of Keynes, who set the agenda for the spendthrift, manipulative state. Few politicians, even among supposedly conservative Republicans, failed to fall under the thrall of John Maynard Keynes.

### **The Age of Friedman**

But the Age of Keynes eventually was succeeded by the Age of Friedman.

Friedman was a fine teacher — rigorous, demanding, but fair, and ever ready to respond to nearby students and faraway correspondents. He was also an academic leader at the school and within the economics profession. In 1967 he served as president of the American Economic Association. Through these and other professional activities, he helped transform the university and the profession.

Early on he emphasized methodological issues, particularly the role of positive economics. His famous 1953 essay triggered significant debate. But his interests soon shifted to monetarism, the role of the money supply in the economy. With Anna Schwartz he wrote a three-volume study, starting in 1963 with *A Monetary History of the United States*.

This constituted a frontal assault on the Keynesian world-view, with its emphasis on fiscal policy. While Ludwig von Mises and Friedrich Hayek had opposed Keynesianism, their more theoretical arguments seemed to be overwhelmed by the experience of the Great Depression. Friedman fought historical experience with historical experience — and won.

He demonstrated the role of monetary policy in triggering the Great Depression and discredited countercyclical fiscal-policy prescriptions, which assumed that government spending was the best means to boost economic growth. For his work he received the 1976 Nobel Prize in economics. The resulting notoriety promoted his second career as public-policy intellectual.

While at the University of Minnesota Friedman wrote one of his first public-policy pieces — a pamphlet on rent control. In the mid 1950s he started lecturing at colleges and conferences on policy issues. In 1962 came the publication of *Capitalism and Freedom*.

From 1966 to 1984 he wrote regularly for *Newsweek*. In 1980 he published *Free to Choose*, which became a PBS special. Although we associate all of these with Milton Friedman, the fingerprints of his wife, Rose, were everywhere. In *Capitalism and Freedom* he noted her assistance. She was formally co-author of *Free to Choose* (as well as of their joint autobiography, *Two Lucky People*). They met in graduate school at Chicago — she was his intellectual equal. Their marriage was truly a full partnership.

He became a regular member of official commissions and advisor to governments. Indeed, he was attacked for talking with Pinochet's Chile by people who said nothing when he visited communist China. He and Rose also created a foundation to promote educational choice. He was dedicated to changing the world.

Milton Friedman's impact was no mystery. Indeed, his experience should teach us as we argue in behalf of the same principles and policies.

Friedman was intelligent, the best of the brightest. He loved to argue — and was very good at it. Former Secretary of State George Shultz said of their University of Chicago faculty lunches, "Somehow Milton managed to set the agenda of argument and there was a saying, 'Everyone loves to argue with Milton, particularly when he isn't there,' because he is such a good arguer."

He was good because he had the facts and was witty. He would dismantle an opposing argument with a smile. He was never vindictive, but could cut to the core. I first saw him face an audience in 1978. After he spoke, a gaggle of leftists lined up to question him. One of them began by stating that he had read Friedman page by page. Friedman responded lightly, Well, you might have read me page by page, but you didn't read me line by line. The rest of his reply really wasn't necessary: the student was just more intellectual road kill along the Friedman highway.

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