



The Uniqueness of Milton Friedman

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That there is no Milton Friedman today is not a mystery; the mystery is how Milton Friedman could have been. Looking back over the course of our lives, the most significant events, such as meeting and marrying our mates, the birth of our children, the particulars of our careers, seem to have defied the odds of their happening. At the beginning of our lives chances of these particular events occurring were minuscule. Yet they became facts of our biographies. So it is with Milton Friedman's life, though perhaps more so than for the rest of us.

The facts of Milton Friedman's life make him unique among twentieth-century public figures. Consider the odds that his life would take the trajectory it took. A young man receives the best education to be had in mathematics and statistical theory, yet turns away from his fellow economists' enthusiastic embrace of mathematics and econometrics, becoming the leading critic of the econometric modeling program at the Cowles Commission.

Friedman was a follower of Alfred Marshall in the methodological sense of regarding the purpose of economics as solving "concrete problems" (Friedman 1955, 904). Thus he was critical of formal theorizing absent regard for real-world institutions and market data, or more generally, "observed and related facts" (Friedman 1946, 617). For example, he wrote of Oskar Lange's *Price Flexibility and Employment*, which he regarded as high-quality analysis of its type, "The theory provides formal models of imaginary worlds, not generalizations about the real world" (Friedman 1946, 618). His criticism of Abba Lerner's *The Economics of Control* was much the same. He praised Lerner for his skill as a theorist and for his interest

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in social welfare, but concluded that these were employed “in a vacuum and have not been combined with a realistic appraisal of the administrative problems of economic institutions or of their social and political implications” (Friedman 1947, 416).

In college at Rutgers from 1928 to 1932 Friedman’s interest in economics lagged behind his interest in mathematics and statistics. He entered Rutgers planning to major in math, but changed plans and majored in economics. Yet he took almost as many math courses as economics courses. In fact he was awarded the Joseph P. Bradley Memorial Prize in Mathematics. Friedman’s first professional goal was to put his mathematics to work as an actuary. During his senior year arose the prospect of pursuing a Ph.D. His choice in 1932 between studying applied mathematics at Brown University or economics at the University of Chicago came down to a matter of money. In the depths of the Great Depression, Friedman opted for economics at Chicago because the fellowship offer from Chicago was better than that from Brown. Even so, the choice of economics at Chicago rather than math at Brown was not entirely what it would appear to be, for in his first year at Chicago Friedman took more courses in math and analytical statistics than in economics.

When he joined the economics faculty at Chicago in 1946, Friedman’s work experience to date was as much or more with statistical analysis as with economics. His experience included work on sampling techniques at the National Resources Committee and war-related projects with the Statistical Research Group at Columbia. Yet Friedman was skeptical of the value of much of the work that was being done by econometricians in the 1940s and 1950s. He once ran a horse race between a state-of-the-art econometric model of the U.S. economy and a naive model that predicted no change in the values of the endogenous variables. The naive model won the race (Friedman 1951).

As a graduate student at Columbia (1933-34) and staff member at the National Bureau of Economic Research (1937-46) Friedman was trained and mentored by Wesley C. Mitchell, one of the leading American Progressives. The odds were small that the pupil would follow his mentor’s career path, yet become the leading critic of the programs and presumptions that were central to the Progressive cause. Like Mitchell, Friedman became an economist at the National Bureau of Economic Research, and a business cycle analyst. Friedman’s first job out of graduate school was with a New Deal agency, the National Resources Committee. Despite this background, he became an opponent of much of the Progressive and New Deal legacy, concluding that on balance the Federal Reserve was a destabilizing force in the American economy and that commercial regulations and social welfare programs did not serve the ends they were supposedly designed for.

Next consider the odds that a thirty-five-year-old man who has been occupied with the practical problem of making a living and intellectual matters of technical statistics and business cycles, having little interest in politics or political philosophy, would become the great persuader for the cause of classical liberalism. This was the course of Friedman's life. His first foray into public policy debates on the side of free markets was a critique of rent controls, written with George Stigler when they shared an office at the University of Minnesota in 1945-46. A year later, Friedman met Friedrich Hayek at Mont Pèlerin, and experienced his first immersion in classical liberal ideas. By the early 1950s Friedman had become the leading American spokesman for free markets (see Burgin 2012, ch. 5).

There are other improbable dimensions to the life of Milton Friedman. At a time when the scientific prestige of economists was nearing its apex, as the winner of the American Economic Association's John Bates Clark medal for 1951, and as someone who believed firmly that economics is a science, Friedman declined the invitation from his teacher and surrogate father, Arthur F. Burns, to join President Eisenhower's Council of Economic Advisers.

Or consider how likely it is that a middle-age man who is brilliant, who is extremely busy, and by now is famous, would respond with personal letters to readers who write to him about his columns in a newsweekly. Yet, this is what Milton Friedman did while writing for *Newsweek* (1966-84). There are hundreds of letters to ordinary folk in the Milton Friedman Papers at the Hoover Institution.

And finally, consider a man who, because of his gifts of persuasion and his advocacy of causes not in favor with the academic and intellectual establishment, is treated as a public enemy. This man, though reviled by many and mocked even by friends, refused to attribute any motivation other than good will to his critics. He repaid calumny with smiles and simply renewed his efforts to persuade. This was Milton Friedman's way (see on this Hammond 2011).

Milton Friedman should not have been. But he was! He was a true original. Will there be others? No doubt there will be or are economists who are similar in having lives with improbable twists and turns, lives filled with ironies. But I believe there is a reason that we do not have someone substantially like Milton Friedman today. The reason is the movement of history over the past six decades that has left economics and economic policymaking markedly different from the late 1940s and 1950s, when Friedman emerged on stage.

John Maynard Keynes's career marked the beginning, and Friedman's the end, of a brief historical period in which economists, their patrons in government, and the educated public believed that economists were producing knowledge by means of which the business cycle, poverty, and 'market failures' such as monopoly and externalities could and would be brought under social control. Keynes (1923, 80) famously wrote that "in the long run we are all dead." Keynes and Friedman

are both dead now, but the rest of us are living through a long run in which such optimism for economic science and the use of science in our political system looks quite naive. In the extended tail of the Great Recession, the Federal Reserve promises to keep interest rates near zero for as far as the eye can see. They have added most everything to their portfolio but the city of Detroit. Still, there is no 'normal' recovery. And the suggestion that Congress will make scientific use of the Federal budget for countercyclical policy belongs in a late-night television monologue.

The conduct of economic debate has changed, too. Reading Friedman's *Newsweek* columns now, one is struck by their gracious and non-partisan tone, which is often lacking in contemporary public discourse.

So no, there is not another Milton Friedman out there today, and there is not likely to be another any time soon.

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