



# Why Milton Friedman Was Rare

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[LINK TO ABSTRACT](#)

I don't know whether there will ever be another Milton Friedman, but I do know what made Friedman so rare: a remarkable combination of characteristics. While a similar combination *could* exist in some future person, the probability is very low.

## Friedman's scholarly qualities

Milton Friedman was a brilliant man and a first-rate economic researcher. He showed signs of this as early as age 20 in his master's thesis, "An Empirical Study of the Relationship Between Railroad Stock Prices and Railroad Earnings" (1933). The thesis anticipated the efficient-markets literature that got going in a big way three decades later. His two most important intellectual contributions were *A Theory of the Consumption Function* (Friedman 1957) and *A Monetary History of the United States, 1867-1960* (Friedman and Schwartz 1963). The former book presented one of the first major challenges to the Keynesian consumption function, according to which current consumption is based on current income. If, instead, current consumption is based on what Friedman called "permanent income," then Keynesian fiscal policy via the multiplier will be less potent than otherwise. In the latter book, Friedman and his co-author Anna Schwartz showed that the failure of the Federal Reserve to act effectively as lender of last resort during the banking crises of the early 1930s contributed mightily to the Great Depression. That finding, too, was a body blow to the 1960s' Keynesian consensus, which viewed central

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1. Naval Postgraduate School, Monterey, CA 93943. Milton Friedman was not the only economist with a wife who improved his writing; my wife, Rena Henderson, helped with this piece. Thanks also to Robert Murphy for his helpful comments.

banks during the Depression as impotently pushing on a string in a liquidity trap. That latter book, plus some of his later work, helped persuade the economics profession that, as Friedman (1970, 24) put it, “inflation is always and everywhere a monetary phenomenon.”

If those and a few dozen academic articles, chiefly on monetary policy, had been Friedman’s only contributions, he would still have had a successful career at the University of Chicago and would still likely have won the Nobel Prize. But we would not be having this symposium.

## Who *is* this guy?

What were Friedman’s other characteristics that mattered? I’ll explain by telling my own tale of discovering Milton Friedman.

In the summer of 1968, when I was 17 and had just finished reading almost all of Ayn Rand’s works, fiction and non-fiction, I happened to pick up an issue of *Newsweek*. In a column titled “The Public Be Damned,” accompanied by a photo of a smiling, bald-headed economist, Friedman argued that the attitude expressed in that title, far from being businessmen’s attitude toward the public, is actually the attitude of the U.S. Post Office. I loved the column and started working through the old *Newsweeks* in the University of Winnipeg library, finding quickly that Friedman wrote in the magazine every three weeks. I liked virtually every piece of his I read, although, truth be told, I wondered why he kept giving advice to the Federal Reserve Board on how to centrally plan the money supply, rather than advocating getting rid of the Fed.

In any case, I was hooked. “Who *is* this guy?” I wondered. I was stunned that someone with his views could be on the faculty of a major American university. So I immediately got something out of Friedman that I hadn’t gotten from reading people like Henry Hazlitt: the idea that one could have those views and still make it in academia.

I then took *Capitalism and Freedom* out of the library and found myself wanting to photocopy so many pages—at the then-high 1968 price of 10 cents per page—that I plunked down \$5.50 and ordered my own copy. I was not disappointed. The most shocking lines were in the book’s first paragraph:

In a much quoted passage in his inaugural address, President Kennedy said, “Ask not what your country can do for you—ask what you can do for your country.” It is a striking sign of our times that the controversy about this passage centered on its origin and not its content. Neither half of the statement expresses a relation between the citizen and his

government that is worthy of the ideals of free men in a free society. The paternalistic “what your country can do for you” implies that the government is the patron, the citizen the ward, a view that is at odds with the free man’s belief in his own responsibility for his own destiny. The organismic, “what you can do for your country” implies that the government is the master or the deity, the citizen, the servant or the votary. To the free man, the country is the collection of individuals who compose it, not something over and above them. He is proud of a common heritage and loyal to common traditions. But he regards government as a means, an instrumentality, neither a grantor of favors and gifts, nor a master or god to be blindly worshipped and served. He recognizes no national goal except as it is the consensus of the goals that the citizens severally serve. He recognizes no national purpose except as it is the consensus of the purposes for which the citizens severally strive. (Friedman 1962, 1-2)

Wow! I mean, wow! Here was a man, I thought, willing to take unpopular stands and go against the dominant views of the times. Remember that this was published in 1962, at the height of the “Camelot” era, when Kennedy and his pretty wife Jackie were idolized. Again, it was hard to believe that a person like Friedman could exist at a major university.

Milton Friedman not only existed—and thrived—at the University of Chicago, but also had a huge impact in the bigger world beyond academe. Why did he do so well and have so much influence in that bigger world? I came to see that it had to do with his rare combination of abilities and personal characteristics. I’ve mentioned his brilliance. The three other characteristics that I think mattered most were: his integrity, his passion, and his warmth. I don’t know if they should be in that order—they were all important, and related.

## **Integrity, passion, and warmth**

Consider, first, his integrity. I don’t mean integrity in just the narrow academic sense, that is, being the kind of person who would not, for example, make up data. I mean it in a much broader way: the way he treated and talked about pretty much everyone. I remember sitting with him and his wife, Rose Friedman, at the opening dinner of the Austrian Economics Conference in South Royalton, Vermont in June 1974. I knew that their summer home in Vermont was near that of John Kenneth Galbraith, one of Milton’s main rivals for the public’s ear on economics and a Keynesian who, around that time, had actually described himself

as a socialist. I asked Milton and Rose a question that suggested—I can't remember my words—what a loon Galbraith was. Milton and Rose would have none of it. They didn't put me down; they realized they were dealing with a 23-year-old who didn't know a lot about the world. Instead, they just said that Galbraith was a fine person and that their differences with him were not over values, but over how they thought the world worked.

That conversation left a strong impression on me. I changed, almost on the spot. I wanted to be like Milton. I loved that generosity of character and tried to emulate it.

Notice that I started discussing his integrity and ended up talking about his (and Rose's) generosity of character. I think those two were tightly linked. But while I'm on the issue of integrity, I want to point out one other aspect of Milton's integrity: his willingness to take unpopular stands because he believed that they were right. Whether supporting Barry Goldwater for president in 1964, when the overwhelming majority of intellectuals were against Goldwater, or coming out against the military draft in the mid-1960s, when the draft still had strong bipartisan support, Friedman was his own man.

Milton Friedman was also a passionate man. His passion showed in his teaching, his writing, and his speaking. A friend of mine, Christopher Jehn, who did his doctoral work in economics at the University of Chicago in the late 1960s, put it well. He told me that in Friedman's class, he always knew that Friedman cared deeply about making sure that every student understood. This was true about Friedman's writing also, although his writing would probably not have been as good if he hadn't had a first-rate editor, Rose Friedman, checking his work. To get a feel for Milton's passion in speaking, you can't do better than to watch the segment of the television talk show *Donahue* in which he challenges Phil Donahue's implicit view that only free-market economies run on greed ([link](#)). His passion, without anger, and his warm outreach to the audience are something to behold.

That brings me to his warmth. Friedman had what I regard as the two main characteristics that lead to warmth: he was totally comfortable in his own skin, and he genuinely liked people. At age 19, a few weeks after graduating from the University of Winnipeg, I flew down to Chicago and went to his office at the University of Chicago. Friedman invited me in warmly and took about ten minutes of his time to convey two main messages to me. The first was that there's more to intellectual life and development than Ayn Rand. The second—and these were his exact words—was, "Make politics an avocation rather than a vocation." Then he gently escorted me to the door. But he gave a 19-year-old kid ten minutes.

To say that Friedman was warm, though, is not to say that he couldn't get angry. He got very angry at me an hour or two before that 1974 South Royalton dinner, when we had a disagreement about how quickly to end Social Security. He

advocated phasing it out over decades; I advocated ending it immediately because it was unjust to workers. But anger can be clean, and his generally was. Indeed, one of the cleanest bits of anger I've ever seen was Friedman's look when, at the moment he was to receive the Nobel Prize, someone disrupted the proceedings ([link to video](#)). Friedman had a beautiful, intense look of anger on his face, kind of like the look that Kiefer Sutherland's character has after Tom Cruise's character mauls him on the stand in "A Few Good Men." But the anger lasted a few seconds and then he recovered, and, unlike Sutherland's character, laughed at the situation and enjoyed the ceremony.

I shouldn't let the story end, though, without mentioning another aspect of Friedman's passion: his willingness to take action. It was not just that he wrote about why the U.S. government should end the draft. It was also that he spoke on it in many forums, testified on it, and personally lobbied Congressmen on it. He once wrote that the draft "is the only issue on which I have engaged in any personal lobbying with members of the House and Senate (as contrasted with testifying before relevant congressional committees on subjects in my field of competence)" (Friedman 1972, 118).

Is another Milton Friedman possible? Yes. But if you want me to bet that there will be another one soon, you'll have to give me good odds.

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