



# Why There Is No Milton Friedman Today

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[LINK TO ABSTRACT](#)

I think that the Prologue to this symposium is right to suggest that Milton Friedman holds a distinctive place in the economic history of the 20th century—one that is not likely to be replicated in the 21st century. The Prologue reports on a survey (Davis et al. 2011) that ranks Friedman second after John Maynard Keynes in terms of his influence. I think that this misstates the relative influence of the two men. The quoted survey polled economics professors, who are quite likely to give greater weight to the macroeconomic issues that fall in Keynes's bailiwick. Friedman's influence is likely even greater among the general public and academics in other fields, who might find it difficult to grasp macroeconomic issues yet find it much easier to relate to the mid-level issues of regulation to which Friedman, with his classical liberal orientation, devoted far more attention.

Concentrate, therefore, on the broader academic and public audience, and it seems that Friedman, especially in the United States, had far greater reach and influence than did Keynes. Friedman (1912-2006) lived over 30 years longer than did Keynes (1883-1946), and he died 60 years later. Longer duration and more recent participation give his work greater public salience today. Indeed, for much of his long life, he was able to bring his works into popular view. *Free to Choose*, his popular TV series ([link](#)), began airing in 1980, when he was 68 years old. It has the clear title that instantly locates him on the general economic spectrum; distracting philosophical ripostes about whether people should be free to choose to murder other people just don't work in popular markets where folks understand the implicit side constraints on individual freedom of action.

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That same forceful presence was equally apparent in his highly popular *Newsweek* columns written between 1966 and 1984, when he was between 54 and 72 years old. The media at that time had greater penetration than it did in the 1930s when Keynes was at his professional peak, so Friedman had greater exposure, which he put to maximum use. Even today, it is possible to see his real intellectual power in, for example, his scathing critique of gasoline price controls (Friedman 1974). Friedman also took aim at other large targets. I remember his powerful comparison of New Hampshire versus Vermont, arguing that lower levels of regulation allowed one to outperform the other (Friedman 1976).

The question posed by this symposium is perhaps directed more to the question of why there is no Friedman today, but part of that question asks why there are no Keyneses, no Hayeks, no Wittgensteins, no Russells, no Eliots, or other giants who once strode the earth. Putting the question that way makes it clear that a large part of the explanation does not depend on the peculiar genius of Milton Friedman or indeed any of the great scholars who were dominant when I came of age in the 1950s and 1960s.

In part that decline is explained by the same market forces that led to the decline of *Life* and, ironically, *Newsweek*, which no longer runs a print edition. The large all-purpose magazine—or scholar—is one that thrives in an environment in which there is not a huge base of technical knowledge that one must master in order to participate in a particular field. Once the level of sophistication goes up in any field, specialization starts to exert its influence. Niche players claim greater expertise in particular areas, and they start to push the all-purpose stars to the side. That tendency is accentuated in economics as high-powered mathematics and large data sets gain prominence. They make it ever more difficult for any person to be expert in more than one or two subfields of inquiry. The demands of the profession influence the kinds of students who enter into it, so that free-spirited intellectuals like Milton Friedman are less likely to be drawn to the field than they were 100 or even 50 years ago.

These trends change the shape of the overall landscape, which no longer contains one single large mountain that is surrounded by foothills. Instead, it becomes a mountain range with many peaks, none of which reach the greatest heights. That has happened in virtually all fields of learning. Specialized knowledge moves to the fore. With the rise of sophisticated mathematics and heavy empirical work, it is hard to find some newly minted generalist whose solid grasp of first principles allows him to move as easily as Milton Friedman did from price controls to education to monetary theory and anything else. Ironically, it is only lawyers (and perhaps journalists) who have that kind of range, and even we lawyers lack one key feature that Friedman and others had. We are not the inventors of these great theories. We are only their relatively clear modern expositors.

There is yet another reason for Friedman's greatness that reflects more on him and on the set of problems that he faced. Friedman came of age in the 1930s, which provided him with the best possible laboratory to see how government could pervert the operation of competitive markets by introducing regulation that entrenched cartels that would not have survived without government backing. It is not my purpose here to explain in detail how that process took place (see Epstein 2006), but it is at least useful to indicate some of the major changes in that direction. The exemption of labor unions and agricultural cooperatives from the sanctions of the antitrust law under the Clayton Act of 1914 is one of the early moves.<sup>2</sup> The constitutional approvals of rent control (*Block v. Hirsh* 1921) and zoning (*Euclid v. Ambler* 1926) were followed by the passage of the Agricultural Adjustment Acts of the 1930s,<sup>3</sup> the National Labor Relations Act of 1935<sup>4</sup> and the Fair Labor Standards Act,<sup>5</sup> which covered minimum wages and overtime. The Motor Carrier Act of 1935<sup>6</sup> introduced an extensive level of cartelization on public highways, and the passage of the Federal Communications Act of 1934<sup>7</sup> strengthened the same tendency in the allocation of broadcast frequencies, where administrative approaches pushed aside any use of a bidding system.

Milton Friedman and his band of fellow economists had little or no interest in the constitutional challenges that these statutes posed to what I call the Classical Liberal Constitution, which had dominated before the rise of the Progressive period (see Epstein forthcoming). But these new innovations presented a huge opportunity to explain in vivid terms how government intervention scored the rare double of raising administrative costs while lowering overall market efficiency.<sup>8</sup> Friedman was the master in the public space in dealing with these issues, and it was that work that generated his public fame, not the more technical work on

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2. Clayton Act, ch. 323, § 6, 38 Stat. 730, 731 (1914) (codified at 15 U.S.C. § 17) ("Nothing contained in the antitrust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations...nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the antitrust laws.")

3. Agricultural Adjustment Act, ch. 25, 48 Stat. 31 (1933) (held unconstitutional in *U.S. v. Butler* (1936)); Agricultural Adjustment Act, ch. 30, 52 Stat. 31 (1938) (codified as amended in scattered sections of 7 U.S.C.).

4. National Labor Relations Act, ch. 372, 49 Stat. 449 (1935) (codified as amended at 29 U.S.C. § 151–169).

5. Fair Labor Standards Act, ch. 676, 52 Stat. 1060 (1938) (codified as amended at 29 U.S.C. 201–219).

6. Motor Carrier Act, ch. 498, 49 Stat. 543 (1935) (codified as amended in scattered sections of 49 U.S.C.).

7. Communications Act, ch. 652, 48 Stat. 1064 (1934) (codified as amended in scattered sections of 47 U.S.C.).

8. Later on Friedman did extend his work to educational vouchers as an imaginative way in which public funding could coexist with competitive markets that allowed parents to displace school boards in choosing their children's education (Friedman 1962). That conviction led him and Rose Director Friedman to create the Friedman Foundation for Educational Choice, which is still active today.

the consumption function or the history of monetary policy, which secured his reputation among the professional economists.

In the current setting, it is very hard for any economist to top Friedman for his force and elegance in slaying the modern incarnations and updates of the 1930s legislation. The overall growth in the size of the profession will also make it far more difficult for any person to separate himself from the pack. To compound matters, the issues that have come to the fore on the professional side, dealing with such matters as communications interconnection, two-sided markets in credit cards, or optimal extraction regimes for common pool resources, have a very different resonance because they require setting out the proper rules for dealing with complex markets where it is not possible to identify some definitive competitive equilibrium of the type to which Friedman naturally gravitated. Of course, those issues predate the rise of Friedman because they hit the courts with great intensity in the period between 1890 and 1945 in connection with the regulation of network industries like railroads and natural monopolies like electric and gas companies, where it is only possible to choose among second-best solutions. But as best I can tell, Friedman never wrote about those issues.

In a sense he was fortunate because these areas of current study all involve complex tradeoffs in the difficult effort to find which of a number of second-best solutions should be adopted in practice. The moment that one speaks about second-best, the incredible public clarity that Friedman demonstrated in his own popular writings is no longer achievable, even in his own work that came to recognize the difficulties with any state-run currency. We have, therefore, a situation today where the state of public regulation and the state of the academic profession are not aligned in ways that are likely to encourage the emergence of a new titan. Exemplars like Friedman and Keynes are not likely to appear in the near future, and we are in a sense all the poorer for that loss.

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