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On Why There Is No Milton Friedman Today: *Sui Generis, Sui Temporis*

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LINK TO ABSTRACT

The question of why there is no Milton Friedman today admits to no simple answer—unless it be that the answer is that there *is* a Milton Friedman today, and his name is Paul Krugman. But this would be selling Friedman short, for even Krugman, with all of his accomplishments on so many fronts, does not hold a sway comparable to Friedman's. And, of course, the organizers of this symposium are, shall we say, less than interested in a Milton Friedman that quacks like a Paul Krugman.

Milton Friedman was one of the towering figures of the twentieth century. Agree with his economics, policy positions and worldview, or not—and this essay takes no position on that issue, emphasizing issues of uniqueness rather than correctness[2]—his influence on the field of economics, on economic and social policy, and on popular attitudes toward a wide range of topical issues is perhaps rivaled only by John Maynard Keynes in that century. And the reason why there is no Milton Friedman today is, at a surface level, very obvious: he was *sui generis*. But to leave it at that begs the question of what it was that made Friedman unique. The answer, I assert, lies at the intersection of Friedman's professional and personal characteristics, and the context in which he lived and worked.

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2. My own view is that Friedman was right on some things and wrong on others, but that is not my concern in the present essay.

Sui Generis: Being Milton Friedman

Friedman was anything but a one-trick pony, and it is clear in retrospect that the whole was greater than the sum of the individual parts. Nonetheless, each of the particular component parts played a significant role in making the whole possible.

Friedman as price theorist

Friedman's price theory side tends to take second (at best) place in the typical discussions of his academic career, but it was both the foundation of much of his economics and the launching point for his analysis of the market system and of vast realms of social policy. His price theory was not of the recent sort, where the model of the ruthlessly rational agent is invoked to explain all manner of activities within and far beyond the marketplace. Rather, it was grounded in demand and supply analysis as a simple, concrete engine for revealing what he perceived as fundamental truths about the operation of markets and, in particular, the effects of policies that impact their functioning.

If one examines the notes and problems from Friedman's graduate price theory course at Chicago, a course that he taught from 1946 to 1962 and again in the mid-1970s, one is struck by the simplicity of the analysis, but also by its power (see Friedman 1962b and 1976). The conclusions that flow from the analysis are eminently sensible, and it is easy to move from these logical theoretical results to a particular set of policy conclusions, Lionel Robbins' (1932) dictum notwithstanding. Friedman did not hesitate to make such moves and, more generally, evidenced far more concern about applying price theory than about underlying formalisms that were—and continue to be—of so much concern to others in the field.

Friedman as monetarist

Friedman's monetarism is the aspect of his economics that is best known in academic circles, and, perhaps more than any other aspect of his professional work, reveals his absolute passion for and commitment to ideas in which he truly believed. Monetarism was the driver behind Friedman's interpretation of, e.g., the Great Depression, his views of Keynes and Keynesian economics (which are not the same thing and also had nothing to do with getting us out of the Depression), and his negative attitude toward the New Classical economics. His macroeconomics—grounded in the basic elegance of the quantity theory of money and, on the normative front, constant money-supply growth—was as simple as his price theory, and both are illustrative of the power of simplicity. Monetarism, in Friedman's hands, yielded explanations and prescriptions easily articulated to and understood by policymaker and citizen alike—in sharp contrast to, say, the fiscal multiplier concept and its implication that taking a dollar from a private citizen and giving it to the government to spend creates more dollars.

Friedman as empirical economist

Friedman's extensive training in statistics and his attendant empirical bent, evidenced in venues ranging from *Income from Independent Professional Practice* (Friedman and Kuznets 1954) and *A Monetary History of the United States* (Friedman and Schwartz 1963) to the examination problems in his price theory course that were ripped from the headlines of the day, allowed him to combine theory and empirical work in a particularly rich way. Agree with him or not—and there were certainly those in the profession who questioned his empirical work—he was able to powerfully marry theory and empirical analysis to produce results and messages that challenged certain received views.

Friedman as methodologist

Milton Friedman penned what is unquestionably one of the two most important pieces of writing in economic methodology during the twentieth century.[3] His "The Methodology of Positive Economics" (1953), served to define the profession's view of what it is that economists do—that the ultimate test of economic theory is its predictive power and not the realism of its underlying assumptions. Whether economists actually honor the predictive side of this prescription is another story, and one can even reasonably question whether, at times, Friedman's own work lived up to his methodological stance.

But Friedman's stance, combined with the simple theoretical constructs that he employed and the empirical analysis that he marshaled to buttress his theoretical views, made for a nice, tidy package. And the profession's adoption of his methodological credo played into his hands, making his theory and empirical work something with which the profession had to contend. Having granted his methodological position, the onus was on those segments of the profession that disagreed with him to show how and why his analysis was misguided.

3. The other, and I would argue most influential, was Robbins' *Essay on the Nature and Significance of Economic Science* (1932).

Friedman as policy promulgator and advisor

Unlike his close friend, George Stigler, Friedman did not shy from active involvement in the policy realm, a reflection both of his personality and temperament and of his passion for the ideas he held dear. Friedman wanted to be, as Keynes (1936, 383) put it, that "defunct economist" to whom policymakers were slave—not for personal aggrandizement, but because of the ideas and ideals in which he believed. Friedman was Stigler's "economist as preacher" and did not hold to Stigler's oft-dismissive views of those who made policy (Stigler 1982). Friedman was called to preach the gospel, and preach he did—in writings, speeches, formal advisory work, and responses to requests for policy advice from officials and candidates from around the world (certain of which instigated no small amount of controversy).

Friedman as public intellectual

Friedman also differed from his friend Stigler in his views of the general public. Where Stigler saw people thinking, acting, and voting their self-interest, Friedman believed that a message about the larger social good could get through and that narrow or unenlightened perceptions of self-interest could be reformed in ways that caused people to see that things which might at first glance appear to be contrary to their interests were, through the larger benefits they provided, in their self-interest after all.[4] Here, too, he harnessed—in vocabulary intelligible to the average lay person—the power of his price-theoretic system, often combined with his belief in the virtues of freedom and individual liberty, in outlets ranging from books (*Capitalism and Freedom*) to magazines (the *Newsweek* columns that ran for 18 years) to television (*Free to Choose*).[5]

Friedman is far from the only economist public intellectual of his time, of course, but it is arguable that his impact far outstripped his competitors. His academic *bona fides* provided credibility, of course, but his populism helped to set him apart from academics such as John Kenneth Galbraith, whose public writings had a pervasive ivory-tower aura—an aura that all-too-often comes off as suggesting that the writer knows what is best for the reader. Of course, the writings of public intellectuals treading in realms of policy are preaching almost by definition, given their inevitable normative thrust. But Friedman's particular style made it seem that

4. In this, at least, Friedman and opponents such as John Kenneth Galbraith were very much on the same page, even if they were often diametrically opposed in their views of the policy direction implied.
5. The economist's role as public intellectual is an under-appreciated and under-analyzed aspect of the history of economics. For a discussion of this issue, see Mata and Medema (2013).

he was in conversation with the reader rather than talking at or down to him, and so drew in the reader in a way that the style of others often did not.

Friedman as communicator

Woven through all of this, of course, were Friedman's legendary skills in oratory and debate, the force of his personality, and his elegant writing style—essential elements of success for teacher and preacher. These skills, combined with the simplicity of his theoretical system, make it easy for the critic to label his many successes a triumph of form over substance. But that undersells the power of simple models and the inherent complexity of social science. The abstract formalism of Paul Samuelson's *Foundations* and of Kenneth Arrow and Gerard Debreu's general equilibrium system is attractive to those who feel that the complexity of economic reality necessitates the use of complicated models such as these. The heterodox who preach the necessity of greater realism argue that simplicity masks much that is important in economic reality. And each of these positions has a measure of truth associated with them. But Friedman's simple models had something the others lacked—ease of operationalization and communication. This, of course, does not make Friedman's approach superior to others. But it does help us to explain the success that leads to the question under consideration in this symposium.

Sui Temporis: Becoming 'Milton Friedman'

Milton and Rose Friedman titled their biography *Two Lucky People*. Luck, of course, is often a matter of circumstance, and the circumstances in which the Friedmans lived and worked played no small part in Milton's success. Simply put, he had, if you will pardon the pun, the 'right' set of ideas at the right time. Growth in the scope of state action and the confidence in planning that followed the planning successes of the Second World War were very much the order of the day. The spectre of socialism or extensive state planning served as a foil for *Capitalism and Freedom* (1962a), and a U.S. regulatory state offered the backdrop for *Free to Choose* (1980). At a time when a Galbraith was attempting to move us farther down these roads,[6] there was a clear path for Friedman to capture the imaginations not just of those on the right, but of a swath of those in the middle.

6. Galbraith, of course, was highly influential in his own right, though his impact on the economics profession was not nearly so great as that of Friedman.

In like manner, one must wonder how much attention would have been paid to Friedman's monetarist ideas, either on the academic front or in the policy realm, if not for their timing. Would his work on this front in the 1960s have been nearly so influential had it been developed fifteen years earlier, when Keynesian approaches were in their ascendancy, rather than immediately prior to the collapse of Keynesianism that resulted from the events of the 1970s? Or, if these ideas and other aspects of his worldview had not resonated philosophically with the mood that led to the elections of Ronald Reagan and Margaret Thatcher?

The foregoing suggests that there *will* be another Friedman—that all that is necessary is for someone to be that right person at the right time. But context also matters here in at least one other very important way, one that suggests pessimism for the possibility of future Friedmans. When Milton Friedman came of age, the economics profession was in many ways very different than it is today. Generalists are, by and large, a thing of the past in a profession characterized by increasingly narrow specialization. The idea of entering economics because one wishes to make the world a better place—a defining feature of the profession for so long and a necessary ingredient in becoming a Milton Friedman or a John Maynard Keynes—has given way to the idea of entering economics because it is a useful profession for doing applied mathematics and statistics—and now, thanks to Steve Levitt, it's sexy as well.[7] Writing for the general public and attempting to persuade policy makers is no longer seen as serious work in an age where impact factors and journal rankings are the coin of the realm and the average NBER Working Paper receives far more professional attention than a book published by a major university press. In short, it would be incredibly difficult for a young economist today, even a Milton Friedman clone (or left-wing version thereof), to take the path that Friedman chose at any university with the stature needed to earn an audience on the public stage.

Conclusion

Those waiting for the next Milton Friedman are liable to be every bit as disappointed as the Democrats waiting for the next Jack Kennedy and the Republicans waiting for the next Reagan. Each of these groups will, I expect, be waiting for a very long time. Modern historians have tried to move us away from the 'great man' view of history (where by "great" I mean incredibly influential), but there is a reason why such histories have had staying power. Ideas have power, but it is only

7. Ironically, Friedman's 'ripped from the headlines' examination questions of the 1950s, which dealt with subjects such as the allocation of taxi cab medallions in New York City, were considered every bit as 'freakish' then as *Freakonomics* (Levitt and Dubner 2005) is today.

in the hands of the right personality and the proper context that those ideas become transformative. Milton Friedman was one such personality, and he was fortunate enough to live and work during a period in social and professional history in which he could become what he came to be.

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