



EconoMag

The Show that demystifies Economics

Nobel Prize for Economics – part 4

Milton Friedman

Milton Friedman was an American economist born in Brooklyn, New York on the 31st of July 1912. He received the Nobel Prize in Economics in 1976 for his research on consumption analysis, monetary history and theory, and the complexity of stabilization policy. Before looking at his work, and what he represents, let's look at his early life and studies.

His parents were Jewish immigrants from Hungary, settling first in New York and then in Rahway, New Jersey, where Friedman graduated from high school just before his 16th birthday. He completed his undergraduate studies at Rutgers University, graduating in 1932 with a degree in mathematics and economics. Offered two scholarships, one at the University of Chicago and the other at Brown University, he chose to go to Chicago where he earned his Master's degree in 1933 and was greatly influenced by people such as Jacob Viner, Henry Simons and Frank Knight. He continued his studies at Columbia University and then returned to Chicago as a research assistant during the 1934-1935 academic year.

In his early career he worked in public service in Washington DC as an economist in Franklin Roosevelt's New Deal programs designed to bring the country out of the Great Depression. In 1940 he returned to the academic world taking up a position at the University of Wisconsin, and eventually joined the Division of War Research at Columbia University, working as a mathematical statistician with a focus on weapons design, military tactics, and metallurgical experiments. After the war, in 1946, he found his way back to the University of Chicago to teach economic theory, and he established an intellectual community known as the Chicago school of economics that gave rise to several Nobel Prize winners.

His ideas revolve mainly around Liberalism and even Libertarianism to some degree. Libertarianism is a political philosophy that upholds liberty as its principal objective. We can see it as a more extreme form of liberalism, and is divided into two distinct forms, Anarcho-capitalism and Minarchism.

As Friedman lived and studied throughout the great depression, the New Deal and the Second World War, he was provided with many opportunities for analysis and concluded that it was the state that was most of the time responsible for the economic crises of the day and for deregulating the economy, and for this belief he favors minimal control of the state. He is also known for being a monetarist, which is the idea that the government's role is very imperative in the circulation of money, and that if the state spends too much, it runs counter-productive to economic growth and stability. In this sense he is directly opposed to Keynesian economics, which was the prominent school of thought at the time.

Friedman wanted to abolish the Federal Reserve, as he believed that if there had to be a centrally controlled supplier of money it should be a mechanical system and not subject to deregulation. On foreign policy, he was neither Isolationist, nor very interventionist, even

though he belonged to the Libertarian branch of the Republican Party. For this reason he supported the United States' entry into the Second World War as he was fiercely opposed to Communism. But he was staunchly opposed to the Gulf War and the Iraq War. On social policy he believed in the legalization of drugs and prostitution, and also supported gay rights.

Milton Friedman is considered as one of the most influential economists of all time, and according to the Heartland Institute, Milton Friedman is ranked 4th, behind Adam Smith, John Maynard Keynes and Karl Marx.