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How Milton Friedman actually won [1]

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I think this little piece from Noapinion manages to get this entirely and completely the wrong way around [3].

> I can only imagine how Friedman must be turning in his grave. His academic legacy is probably what he would have wanted...but his political legacy has been to be conflated with some of his most bitter intellectual opponents, to have their ideas ascribed to him, and to have his own ideas reviled by the people on his own side of the political spectrum.

The specific arguments that Friedman made and which are now not liked much by the right in the US are:

> Friedman's ideas are pretty close to the mainstream New Keynesian idea of the macroeconomy - the kind of thing promoted by Mike Woodford, Smets and Wouters, Greg Mankiw, and Miles Kimball. New Keynesian models use consumption smoothing, monetary policy rules, and a NAIRU with a downward-sloping short-run Phillips curve - all Friedman ideas. And in New Keynesian models, monetary policy reigns supreme; only at the zero lower bound is monetary policy possibly ineffective. That's a very Friedman idea too. Furthermore, as mentioned above, the policy of Quantitative Easing - which takes us beyond the New Keynesian framework - was what Friedman explicitly suggested for Japan.

This isn't a failure of a political legacy: this is success! To be able to convince your "own side" of the sensibleness of your policy prescriptions is all very gratifying. But it's hardly victory: victory is persuading everyone, so that your ideas become simply part of the mainstream of generally held opinion. That every central bank (except the benighted ECB of course) greeted the recent financial crisis with QE is a glorious victory for the Friedmanite idea that what the Fed really screwed up in 1931-38 was the money supply as laid out in *A Monetary History of the United States*. That the entire world marches to your drum beat is victory, not failure to be mourned.

On a very much smaller scale we here at the ASI think the same way. Sure, it was Red Ken who brought in the London Congestion Charge: but the idea was nurtured here for years. We don't care who implemented it, it's a great idea, one of ours (and Alan Walters') and we do indeed dance that little victory jig when we think of it. Far from Friedman turning in his grave he'd be celebrating how what was once one of his more outre ideas is now the political mainstream. He won in short.

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