

## One hundred years of Milton Friedman [1]

Written by [Dr Eamonn Butler](#) [2] | Tuesday 31 July 2012



As former Federal Reserve Chairman Alan Greenspan put it: "There are very few people over the generations who have ideas that are sufficiently original to materially alter the direction of civilization. Milton is one of those very few people."

He was talking about Milton Friedman, Nobel-winning economist, libertarian policy advocate, great communicator and author of the *Free to Choose* book and TV series ? born on this day, exactly a century ago, to Hungarian Jewish immigrant parents in Brooklyn, New York.

And Greenspan was right. For most of Friedman's professional career, from the 1930s to the 1980s, the world was dominated by government planning, economic management and control. But at last a new approach came to dominate ? Friedman's approach of free markets, open trade, personal liberty and capitalism. And these things are now part of the everyday life of billions of the world's citizens.

When the Berlin Wall fell, tiny Estonia took Friedman's ideas wholesale ? and reversed 1,000% inflation, a 30% drop in the economy and 35% unemployment as a result, becoming the 'Baltic Tiger'. Its young prime minister, Mart Laar, explained that *Free to Choose* was about the only Western economics book he could get his hands on in the Soviet times, and he did not have, as the West had, hordes of mainstream economists around to gainsay it.

After Mao's death, China opened up to Friedman's economic thinking too. The reformist Deng Xiaoping invited him to lecture there on the use of market mechanisms. Today, China's adoption of market principles is improving the lives of hundreds of millions of its citizens. India too, after decades of socialist failure, liberalised its economy in 1991, ending price controls, cutting taxes, scrapping regulations and abolishing public monopolies. Again, hundreds of millions there now enjoy rising literacy, life expectancy, and economic prospects. The people of India and China may not realize it, commented Nobel economist Gary Becker, but ?the person they are most indebted to for the improvement of their situation is Milton Friedman.?

In South America too, Friedman's influence can be seen in Chile. Though he was no supporter of the dictator Augusto Pinochet, young economists who had learned under him at the University of Chicago came to dominate Chile's economic policy during those years. They cut import tariffs, replaced the ailing state pension system with one based on personal accounts, privatized farms, stabilized the currency and liberalised the financial sector. Chile became Latin America's most successful, open and competitive

economy.

Ever the optimist, Friedman was confident that his ideas would, in the end, win ? as they did. But for decades he was in a very small minority. From the New Deal, through the Keynesian intervention, exchange controls, nationalization and planning of the postwar years, most Western economists and politicians simply assumed that government economic management was both essential and inevitable. Meanwhile, the Soviet Union dominated Eastern Europe and exported international socialism to Asia, Africa and Latin America. It often seemed hopeless to resist. But Friedman relished the argument, winning over even his sternest opponents with his cheerful, commonsense, optimistic approach. A naturally brilliant teacher and communicator, he spoke to the wider public in his popular books, magazine columns and interviews, and of course through his hugely influential Free to Choose TV series.

Friedman addressed all the great public issues of the day ? the importance of sound money, the damage done by trade barriers, the baleful effect of regulation, the folly of wage and price controls, the need for competition in the provision of education, the benefits of flat taxes, the poverty of state pension systems, the advantages of a negative income tax, and how the greatest harm done by drugs is the result of their being illegal.

He became, in fact, the world's leading exponent of personal and economic freedom ? ideas that were once scorned and dismissed, but which now shape the lives of billions. Milton Friedman was the economist who changed everything.

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