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# ECONOMIC COMMENTARY



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## A Short Tribute To Milton Freidman (1912-2006)



I first became acquainted with Milton Friedman in the spring of 1973, when I was ten years old. I remember asking my father why the price of candy bars had risen from 10 cents to 15 cents. At the time, I was on a fixed income of 50 cents a week and my potential candy bar consumption had been cut by two thirds. I remember asking my father why the president could not simply ask the candy bar manufacturers to lower their prices by a nickel or why he could not order everyone to lower their prices by a nickel. While my father was a wise man, rather than try to explain an economics course to me he suggested that I go to the library and checkout a copy of Milton Friedman's **Capitalism and Freedom**. From there, my life long love of economics began.

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Friedman's greatest contribution was to take theoretical economic concepts and apply them to real world problems. He did this in such a way that a motivated ten year old could understand them. Most of Friedman's proposed ideas were once thought to be far fetched. Many are in use today, such as an all volunteer military, tradable pollution credits, school choice, floating exchange rates, removing the interest rates ceilings on bank accounts and the notion that the growth rate of the money supply has an impact on the rate of inflation.

His books, particularly **Free to Choose**, helped shape the Reagan Revolution during the 1980s that helped turn around a moribund economy that many of the "brightest minds in America" had already written off. Some policies, such as removing price controls on domestic oil production, were put in place immediately, while others, such as reducing and simplifying tax policy and welfare reform are still very much a work in progress. His theories broadly shaped the battle on inflation that Paul Volcker and Alan Greenspan so skillfully executed. The net result of these policies has been the strongest run of economic growth in world history and a remarkable reduction in the rate of inflation.

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I had the good fortune of meeting Milton Friedman around twenty years ago at the National Association of Business Economists meeting in San Francisco. Dr. Friedman was there to receive the Adam Smith award. At the time, I had been an economist for about three years and brought a copy of his seminal work **A Monetary History of the United States** for him to autograph. When I first approached Dr. Friedman and his wife Rose, I must confess they seemed a bit annoyed that I would bother them for an autograph. But as soon as I let him know that I had studied under one of his favorite students, Richard Timberlake, he smiled broadly and quickly took the book and flipped through it to see what I had highlighted and underlined. We had a short conversation about chocolate bars and inflation and he allowed me to have our picture taken together.

Milton Friedman will be remembered as one of the greatest economists of all time, along with such greats such as Adam Smith, David Ricardo, Ludwig von Mises, John Maynard Keynes, and Fredrich Hayek. While most famously known as the father of monetarism, his ideas shaped entire schools of economics and will continue to be put into use by future presidents and policymakers.

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