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MILTON AND ROSE FRIEDMAN – A STORY FOR FREEDOM

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Abstract

This paper investigates the personal and professional story of two prominent American thinkers, Milton and Rose Friedman. Based on their memoirs, "Two Lucky People. Memoirs", we will connect the biographical aspects with the theoretical and philosophical ideals promoted by the Friedmans' during their lifetime. The direct connection between economic and political freedom, the importance of the individual in the creation of society, the free market as model for human activity, these are all ideas shared and presented by Milton and Rose Friedman and we will show how their personal stories, of immigrant's children, have come to shape their professional profile..

Keywords: Freedom; economy; biography;

1. INTRODUCTION

This paper is about an extraordinary book based on the lives of two extraordinary people: Milton and Rose Friedman.

"Two Lucky People – Milton and Rose D. Friedman Memoirs" (Friedman, 1998), the biography of the intellectual couple, Rose and Milton Friedman, was published by the University of Chicago Press in 1998. It presents the life and work of two people for a period of over 60 years and it is an excellent instrument for those that want to have an insight into the life and work of one of the greatest couples of the 20th century.

For those that are not yet familiar with their work, Rose and Milton Friedman co-authored essential works for the history of individual freedom. "Free to choose: A Personal Statement" (1980), "Capitalism and Freedom" (1962) and "The Tyranny of the Status-Quo" (1984) not to mention an entire series of scholarly articles that are the result of the collaboration of these two exceptional economists. These books go beyond economic theory and explain the political philosophy behind the idea of a free market and all that it entails. For them, the purpose of economy is to make people happy, by providing people with a wider array of choices.

In 1976, Milton was awarded the Nobel Memorial Prize in Economic Sciences "for his achievements in the fields of consumption analysis, monetary history and theory and for his demonstration of the complexity of stabilization policy". (<https://www.nobelprize.org/prizes/economic-sciences/1976/press-release/>, retrieved September 2020).



2. PROBLEM STATEMENT

My interest for economists who have used their knowledge on “worldly” issues, as Robert Heilbroner so wittingly calls them (Heilbroner, 1999), led me to the discovery of Milton Friedman, a renowned American economist and thinker but who, unfortunately, does not enjoy as much fame as he would deserve in Romania, most probably due to the fact that the communist political regime that dominated this country for more than 50 years was no promoter of ideas of individual freedom and initiative. In fact, the works dedicated to this thinker in Romania are very few and scattered around in some magazines or he is only just mentioned in economic PhD dissertations (Boca, 2015). It is, however true, that two of the works of Milton and Rose Friedman were translated into Romanian and published in Romania: “Free to Choose, A Personal Statement” (Friedman, 1998) and “Capitalism and Freedom” (Friedman, 1995).

In this context, of a true research gap in Romania on the works of Milton Friedman, this article tries to scratch the surface of the ideas of two vast and seminal thinkers, Milton and Rose Friedman. Their importance for Romanian society as a post-communist society is ever so important, since their proposals directly connect political freedom to economic freedom. Moreover, their work is essential since it greatly influenced not only academic thought, but, most importantly, public policies in the United States of America as well as in other countries. This article is definitely the starting point of a more in depth analysis of Friedman’s philosophy applied in contemporary Romanian context.

3. RESEARCH QUESTIONS

The main objective of my research is to present the personal and professional background of Milton and Rose Friedman so as to show how some of their most important contributions to public policy appeared as a result of their lifelong convictions related to the role of the State and the role of individual freedom. This paper discusses some of their public policies proposals in the context of their personal and professional experience.

4. PURPOSE OF THE STUDY

The argument of this paper is that the ideas of individual freedom promoted by Milton and Rose Friedman during their lifetime are the result of their personal destiny and constant quest for the truth. Their story is the story of immigrant’s children, arrived on American soil at the beginning of the 20th century, who succeed in using all the freedoms of the United States during that period. Rose was born in Charterisk, a small village that is now part of Ukraine, in December 1910 and left to the United States of America with her family in 1912 to settle in Portland, Oregon. On the other hand, Milton was born on American territory, in July 1912, in Brooklyn, New York, in a family of immigrants from Carpatho-Ruthenia. Both Rose’s and Milton’s families were Jewish families and, even though they were not religious and observant Jews during their life together, their biography describes particular aspects of Jewish culture, including their religious service at their wedding that took place in New York in 1938. They met at the University of Chicago, in 1932, while they were both students taking the same class of Economics of Professor Jacob Viner.

After graduating high school, Milton from Rahway and Rose from Lincoln High School, in two opposite sides of America, they go off to college: Rose attends a small private school, Reed College, for two years, then taking a transfer to the University of Chicago and Milton to Rutgers University. In fact, it is serendipity that makes them get together in Chicago: Rose gets her transfer here due to the fact that her older brother, Aaron Director (Director, 1952), that later became a law professor at the University of Chicago and, along with Milton, one of the founders of the Chicago School of Economics, was already working there and Milton graduates from Rutgers and gets a postgraduate scholarship at the Department of Economics of Chicago University. They start going to classes together and Rose begins working a PhD on capital theory with Professor Knight that she never actually finishes due to her personal life.

Despite the fact that she did not publish as much as Milton, Rose was recognized for being Milton’s closest and best collaborator and their memoirs reveal her attitude concerning this issue:

“From the beginning, I have never had the desire to compete with Milton professionally (perhaps because I was smart enough to recognize that I couldn’t). On the other hand, he has always made me feel that his achievement is my achievement. “(Friedman, 1998).

They had two children, Janet, an attorney and graduate of Berkeley University, and David an economist, physicist and libertarian thinker, author of the well-known anarcho-capitalist book, “The Machinery of Freedom. Guide to Radical Capitalism” (Friedman, 1973).

5. RESEARCH METHODS

The main source of this paper is represented by the memoirs of Milton and Rose Friedman. The memoirs are written in an alternative voice, Rose and then Milton, not in a common one. It is an interesting approach that makes the book even more exciting since it offers the reader the opportunity to hear both voices as individuals, which is actually quite emblematic of their political ideas. The style also reveals the true passion of a lifetime of both Milton and Rose, that for economics and public policy. The core of the book, although it is an autobiography, is still the explanation and narration of their most important professional achievements, both academic as well as in political philosophy. From educational vouchers to voluntary army and the National Tax Limitation Committee, from monetary policy to the promotion of the free market, these ideas shape a common life.

My focus was on three main directions in the life of Milton and Rose Friedman that I believe greatly influenced their philosophical and political legacy:

- Their immigrant origin;
- Their involvement in government during the Second World War;
- Their persistence in promoting individual liberty in all circumstances.

6. FINDINGS

First of all, I argue that their status of children of immigrants influenced their thought and public policy proposals because both their families experienced the life of newcomers in the “Land of Promise”. In a famous TV show in the 1980s created by Milton and Rose Friedman and inspired by their book “Free to Choose” (https://www.youtube.com/playlist?list=PLez3PPtnpncRkFuUsGa6k0FSCP_GrRtYt), they visit Hong Kong and they argue that, during that time, Hong Kong was one of the few places on the planet where one could find actual individual freedom, because of the scarcity of regulation. They invoke the case of the minimum wage imposed by the State. In Hong Kong the relation between employer and employee was unencumbered by regulation by the State through the imposition of an artificial level of income that the employer must pay the employee for a particular type of activity. This made Hong Kong a preferred destination for Chinese citizens that fled their country only to build a new life in a free society. Friedman visits some textile workshops in Hong Kong and, although he admits the working conditions are tough by comparison to those in Western countries, they offer the chance of individuals to have a starting point for their new life. They can negotiate their wages, they are free to choose the moment when they want to leave a job for a better one, all these with no constraints from the State. He invokes the example of his mother who, after arriving to the United States, worked as a seamstress in a “sweatshop”: “In view of the bad reputation of sweatshops, it is interesting that I never heard my mother make a negative remark about her experience. On the contrary, she regarded it as enabling her to earn a living while she learned English and became adjusted to the new country.”(Friedman, 1998) Back in those days, the “distant pre-welfare days”, immigrants were only helped by their potential family in the new country or by charities created especially for this purpose. Furthermore, Milton tells that his father was “a petty trader of some kind” who remained self-employed his entire life, supporting an entire family of four.

Rose’s family experience is somewhat similar, her father leaving to the United States first only to be later re-joined by the rest of his family. For almost two years, he, as an immigrant, was able to constantly send money to his family in Charterisk to support them. “I am full of admiration for the immigrants of those days. The voyage itself was difficult enough, and when they arrived at their destination, they were on their own. Some had relatives in the new land (...) Some private charities did exist in larger cities like New York. They were accustomed to depending on their own efforts and not on government or private charities. Of the many immigrants of that era whom I met in later years, I never heard one complain about the lack of help or express regrets about coming” says Rose (Friedman, 1998)

She also describes the diverse community that they settled in Portland, Oregon, made up not only of Jews, but of many other people of different nationalities and religions that succeeded in peacefully coexisting. She first attended a small private and informal school and then she went on to a public school.

What I found striking is their educational pathways that prove what an incredible array of opportunities the United States offered during that period. Here we are, talking about the children of first generation of immigrants, with no special financial possibilities that manage, through hard work and ambition, and through luck, as the two modestly claim, to be admitted to one of the most important universities in the United States and, from that point on, building on their education to become self-reliant individuals, renowned professors, Nobel Prize laureates, parents of Ivy League graduates and some of the best known advocates for freedom in the world.

It is undeniable, I believe, that the idea of individual freedom as an essential value of humanity grew in the minds of these two people due to their family history and to the extraordinary importance of freedom to find and create opportunities in the world of immigrants to the United States at the beginning of the twentieth century.

Furthermore, their graduating university during the years of the Great Depression had significant impact on their professional lives. Their initial jobs as economists actually were in government offices. Milton worked for the National Resource Committee where he worked on one of the largest statistical study of those times, the Study of Consumer Purchases. It was organized in the context of Roosevelt's New Deal. As Milton so candidly puts it the New Deal that they criticized for increasing centralization of government was a "lifesaver" for them personally as it created a boom market for economists (Friedman, 1998). Rose also got a job in New York as an assistant director of a bond survey of the National Bureau, the Federal Deposit Insurance Corporation and the Federal Reserve Bankers Association. Milton's first academic experience is at the University of Wisconsin where he gets caught in the middle of campus politics and where he only stays for one year. From there, they go to Washington, where Milton was offered a position at the Division of Tax Research of the Treasury Department. The purpose of his job was to contribute to a reformation of the taxation system in order to be able the war effort during the Second World War. He contributed to the establishment of a system of current collection of taxes, in order to be able to actually collect the amounts necessary for the war. His honesty on this topic is remarkable: "It never occurred to me at the time that I was helping to develop machinery that would make possible a government that I would come to criticize severely as too large, too intrusive, too destructive of freedom. Yet, it was precisely what I was doing." (Friedman, 1998)

Milton also gets a new job, directly connected to the war effort: a statistician job at the Statistical Research Group, a think-tank whose mission was to offer effective solutions to the military for improving their actions, such as aircraft vulnerability and proximity fuses. Once the war is over, the mission of the group is terminated and so Milton starts off in his academic career with an invitation to teach at the University of Minnesota, where he remains until 1946 when the lifelong journey at the University of Chicago starts.

All these experiences of working for the government in difficult times such as the Great Depression and then the Second World War opened their eyes on why government should be limited and created their purpose of promoting individual freedom in a world of ever increasing State power over citizens.

The last element I want to refer to is their persistence in promoting ideas of individual liberty and how this generated the success of the public policies they shaped. Once settled in Chicago, academic and scientific work began on what is now coined as monetarism: the theory of Milton Friedman concerning the importance of the State's function of issuing money. Milton describes his work as a professor and a researcher as being highly seminal, since the so called Chicago School of Economics was just developing, made up of professors such as Frank Knight, Aaron Director and later on, when they joined the faculty, Friedrich Hayek and George Stigler (Stigler, 1982). The ideas promoted here were an alternative to the thought of John Maynard Keynes (Keynes, 1940) who saw government intervention through both fiscal and monetary policies as necessary to ensure the equilibrium of the economy; the Chicago School of Economics focuses on the importance of strictly regulated monetary policies of the State to prevent events such as the Great Depression. The first step of promoting ideas of individual freedom, aside from all the research and teaching activities, was taken in 1947, when Milton Friedman attended the founding meeting of the Mont Pelerin Society in Switzerland. Quoting from the statement of aims of the Society, one of its aims is "the redefinition of the functions of the state so as to distinguish more clearly between the totalitarian and the liberal order" (<https://www.montpelerin.org/statement-of-aims/>). Attended, during the years, by prominent personalities such as Karl Popper (Popper, 1959), James M. Buchanan and all those

above mentioned, the organization has played a key role in promoting the idea of free market as means of ensuring political freedoms. Milton claims that his participation in the foundation of this society marks his involvement in the political process.

Another context described by Rose Friedman in their autobiography related to their relentless preaching of the idea of liberty is the participation in the lectures of the Freedom School in Colorado Springs, an endeavour founded by the “extreme libertarian”, Robert Lefevre, with no government financing but with the sole source of income the charging of fees for courses.

Since 1966, encouraged by his family, Milton takes on a triweekly column in *Newsweek* where he writes for almost 20 years, using this means as a tribune for discussing controversial ideas such as the abolition of the Federal Drug Administration, the level of taxation that is higher for families than individuals, educational vouchers and many other topics. Some of these articles were published in a volume called “There’s No Such Thing as a Free Lunch” (Friedman, 1977), an excellent explanation of economic and political theory to laymen.

During 1962 and 1963, Milton and Rose Friedman take a trip around the world, with a double purpose: to see first-hand some countries that did not benefit from individual freedom of citizens and to make presentations and contributions to organizations and public policy think-tanks. So, during that year, they also visit the Soviet Union and describe the most striking feeling of fear that dominated the totalitarian regime and the terrible poverty in which people lived.

Many have claimed that Milton Friedman was highly frequented by many politicians of his time and that this shows how much of a “government friend” he was. Indeed, his memoirs contain valuable insights into the policies of President Ronald Reagan, President Richard Nixon and Prime-Minister Margaret Thatcher. A reading of his perspective of these facts shows that his involvement in public policy, with all its excellent results such as the introduction of educational vouchers and the elimination of compulsory military conscription, was one of the ways in which he participated to public life, choosing to leave the academic ivory tower and put some skin in the game for individual freedom.

4. CONCLUSIONS

Rose and Milton Friedman passed away in 2009 and 2006, after a long and fruitful life together, spent in defence of freedom, advocating against price, wage and rent controls and supporting educational choice, privatization of radio and television, social security, legalization of drugs, free trade, the deregulation of industry and private life (Friedman, 1998). In the epilogue of their memoirs they note:

“Judged by practice, we have been, despite some successes, mostly on the losing side. Judged by ideas, we have been on the winning side. The public in the United States has increasingly recognized that government is not the universal cure for all ills, that governmental measures taken with good intentions and for good purposes often, if not typically, go astray and do harm instead of good (...) We are in the mainstream of thought, not, as we were fifty years ago, members of a derided minority”.

If this is the case, it is, in great part, due to their own contribution to this effort of promoting freedom which is, more often than not, hard to carry for many of us. This paper has tried to argue that the influence of these two thinkers on the world has been, at least in part, a consequence of particular biographical aspects that shaped the lives of these two “lucky people”.

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