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The Leadership of Milton Friedman

During a time of strong economic conflict at home and abroad, the United States saw very few true leaders evolve in the 1960s. Economists argued over public policy and politicians would argue over economics. There was a great rift between the two groups, and it was one that Milton Friedman spent the bulk of his career shortening the divide by providing a bridge of theory, rationalism and practicality that made even the most difficult problems easy to solve. Throughout his very lengthy political and socioeconomic career, Friedman provided strong active, passive, and intellectual leadership to politicians, economists, and the general public that still holds many prominent positions and discussions in these areas of the United States today.

The outstanding political, educational and economical career of Milton Friedman is a stunning beacon that many academic professionals seek to aspire to, although many cannot come close. Originally, Friedman instituted active leadership in the areas of economics and politics to help institute change in times of trouble and conflict. Friedman was a professor for thirty years at the University of Chicago in the field of economics. He was a founding member of the Mont Pelerin Society, which is a society for economic and academic professionals that “see danger in the expansion of government, not least in state welfare, in the power of trade unions and business monopoly, and in the continuing threat and reality of inflation” (MontPelerin.org). This society helped expound upon the theories of conservative economists that showcased the multiple negative impacts of intrusion by the government and restriction upon the freedoms of businesses

and individual citizens. Friedman was honored with the Nobel Memorial Prize for Economic Sciences in 1976 for his achievements in the fields of consumption analysis, monetary history, and theory and for his demonstration of the complexity of stabilization policy (Hoover.org). He ventured on to become a common adviser to the Reagan Administration, which turned around a number of economic problems during President Ronald Reagan's time in office. In 1988, Friedman received the Presidential Medal of Freedom as an educational professional and economic theorist who "restored common sense to the world of economics and for his belief that man's economic rights are as vital as his civil and human rights" (Hoover.org). By actively leading the economic and political arenas through creating economic professional societies, teaching economics to his students and advising politicians, Milton Friedman's leadership helped improve market economies, increase discussion on hundreds of topics, and changed the way macroeconomists viewed the government's position in economics and business.

The Great Depression produced many economists in the 1960s that described that the United States government should undertake many advanced economic behaviors to actively and efficiently compete with the Soviet Union during the Cold War. These economists founded a new area of economics called Keynesian Economics, or the New Economics. "In the Aftermath of the Great Depression, Keynesians believed that market economies were inherently unstable and government intervention through fiscal policy was necessary to remedy the situation" (Gwartney par. 2). These economists called for a more active participation in economics by politicians and the government as a whole. According to the Keynesian economists, planned deficits during recessions and surpluses during periods of inflation would promote unprecedented stability; monetary policy was impotent and totally incapable of combating a recession; and there was a trade-off between inflation and unemployment – if we were willing to

tolerate a little inflation, the unemployment level could be maintained at 3 percent or less (Gwartney par. 3). In other words, the economists of the time were in love with government planning and theorized that many of the country's economic problems could be solved with government interference and support. As the Cold War continued on to its peak, many students and public citizens were told that if the United States and other market economies wanted to keep up with the economic strides of the Soviet Union, "they must recognize the attractiveness of government planning and emulate, perhaps with an American twist, the successes of the Soviet system" (Gwartney par. 4). To this end, Friedman became the greatest opponent of Keynesian economics and the intrusive efforts of the United States government in business and market economies.

Many of the theories and policies implemented and proposed by Milton Friedman called for a reduction in government intrusion and, therefore, an increase in economic freedom of choice for businesses and citizens alike. He argued that by government interfering in market economies, it greatly stunted the growth of the economy and reduced the stability of money, similar to that of European market economies (Gwartney par. 5). Luckily for us, the United States Constitution helps limit the role of government, even if it is just by a fraction, and helps to ensure the privacy and freedoms that are guaranteed to each American citizen. Many people believe that the rich companies and corporate tycoons have a social responsibility to give back to the impoverished members of society, which is called reallocation of resources. However, in a 1970 *New York Times* article entitled "The Social Responsibility of Business is to Increase its Profits", Friedman commented that "there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without

deception or fraud" (Mason par. 1). This comment has received much criticism during difficult economic times, but it has been a source for much debate and additional academic advancements in economics and market economies for almost four decades. Right or wrong, Friedman's ideas and concepts continue to lead the professional discussion on advancing and increasing growth in the American market economies.

Even when he was not actively participating in political roles as an adviser or social advancement professional, Friedman worked in a number of different ways to continue to lead the country's debate on economic principles and educate even the most common citizens about theories and concepts that rule their economic lives. Friedman was the author of numerous articles and books, which he presented his ideas in an understandable and appealing format that made it easy for the everyday man and woman to understand and learn his theories on economics and public policy. His appeal to American citizens and socioeconomic gurus grew with his regular columns in *Newsweek* magazine and with his books *Capitalism and Freedom* and *Free to Choose*, a book he co-authored with his wife Rose. This book eventually launched Friedman's television career with a related PBS-syndicated television series where Friedman would debate current economic and political topics with professionals and well-renowned experts in the areas of politics, economics, and business. Ultimately, the television series "brought economics down from the ivory tower and made [Friedman] a household name" by explaining complex topics in the simplest of manners and debating them in front of a national audience (Hoover.org). By taking a proactive role in debate through televised and written media, Friedman was able to advance his theories and principles to a broader audience, which has helped stimulate thinking and solidifies his place as one of the top economic and social minds that the United States has produced in the last Century.

Milton Friedman died in 2006, but his philosophies, theories and teachings continue to live on and prosper to this very day. Most notably, the economic problems that are being caused by the United States' state of recession have brought much criticism and support for Friedman's theories, and both sides probably have a legitimate argument. First of all, critics argue that Friedman's comment that businesses only have one social responsibility, and that is to generate profits continues the age-old adage that the rich get richer and the poor get poorer. However, it is unclear if Friedman took into consideration the greater impact that globalization would have on the United States market economies and the business practices of American companies. His statement implied that the American businesses would play within "the rules of the game", but globalization has forced businesses to compete internationally and outsource their efforts to help reduce costs and earn a much larger profit. This action reduces jobs here at home, while top business professionals earn a bigger paycheck; hence, the country is current in the worst state of recession since the Great Depression that helped spark Friedman's battles with Keynesian economists. David Skarica, a well-renowned expert on market analysis, cited Friedman's 1992 classic work "Money Mischief" to explain everything that is unfolding today in the United States. "Friedman argues that, during recessions, governments turn on the printing presses. Interest rates plummet as governments move to inflate the money supply in response to an ensuing economic meltdown, and the initial effects seem good" (Ruddy par. 20). This is definitely the behavior that President Obama and former President Bush engaged in to help try to pump money into the pockets of American citizens to help boost the economy, a tactic that has had virtually no impact on the current state of affairs.

Today, his economic leadership continues to find its place steadily rooted in American debate and theorized actions. Above all, many professionals take note at the many different

ways that Friedman led this country and his peers in debate, economic development and advancement, and political thought and action. Through his service to this country as a writer, speaker, educator, and advisor, “Friedman made the case for freedom of choice, and the absence of government coercion, in virtually every aspect of our lives, education, health care, jobs, work, consumption, investment, and provision for our retirement” (Poulson par. 2). Up to his death in 2006, he and his wife continued to speak in favor of the right for parents and children to choose which school their child would attend, rather than being restricted by geographical boundaries and monetary limitations. Friedman’s efforts continue to provide insight and advancement in each of the many areas that he worked to improve, whether it was capitalism or education.

Milton Friedman worked to improve the United States and the policies of global market economies through his writing, educating, and active participation in government policymaking. Through his battles and debates with Keynesian Economists, his thoughts and theories became a cornerstone for modern macroeconomics and continued to call for the reduction of government to help stimulate market economies, rather than the other way around. Today, many people use his leadership and lessons as a foundation for economic, business, and educational advancement and development of new theories. Unfortunately, it appears as though modern politicians have forgotten the lessons of Friedman and continue to make one of the greatest economic mistakes that he argued strongly against, which is attempting to solve the problem of recession by opening up the government pocket books and pouring money onto the problem. This creates inflation and can lead to even more problems. Nevertheless, without Friedman’s leadership, this country would not be as advanced as it is and would not have the grounding for continued advancement into the 21st Century. His active, passive, and intellectual leadership styles has promoted much discussion and educational advancement in this country, and will hopefully continue to provide a

pathway for American competition as it attempts to battle the many consequences of a globalized international market place and the problems of outsourcing.

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