

# Friedman at 93

Tim Wilson

*At 93, most would be well into their retirement. Not Milton Friedman. He remains as active as he has been throughout the Twentieth Century, regularly contributing to television documentaries on the benefits of a tight monetary policy and fundraising to campaign for a school voucher programme.*

*In June this year IPA member, and consultant to the APEC study centre at Monash University, Tim Wilson met with Friedman in San Francisco to discuss his school vouchers campaign, trade liberalization and the future of Europe.*

Among the high-rise apartment blocks of the Bay Area in San Francisco, across from Alcatraz and the Golden Gate Bridge, Friedman lives with his wife, Rose. His living room is adorned with the bust that once sat in the corridors of the University of Chicago in recognition of his Nobel Prize; Friedman is able to enjoy the benefits of a lifetime of success. He has lost none of his enthusiasm and zeal for the work to which he has dedicated his life. When asked about his current activities, his answer is modest considering his activity: 'what I have always been up to, keeping on top of the literature'. Friedman's contemporary academic activity is not the only evidence that he remains on top of the developments of the Twenty-first Century.

Friedman is well versed in the latest technology, enjoying his iPod and corresponding by e-mail to arrange appointments with enthusiastic IPA members visiting the United States. He has a significant online presence through the Friedman Foundation (<http://www.friedmanfoundation.org>) and the Free to Choose website (<http://www.freetochoose.com>).

Still a professor at Stanford University at the age of 93, Friedman has led an extraordinary life. A Nobel Prize-winning economist, recipient

of the Presidential Medal of Freedom from President Reagan and member of Reagan's Economic Policy Advisory Board, Friedman is internationally recognized as one of the leaders of the Chicago School of Economics. With Hayek, he revolutionized attitudes to monetary policy and economic liberalization in the 1970s.

Friedman is concerned about the lack of success in achieving reform of America's education system. A clear policy priority for him, the Friedman Foundation's activities are squarely focused on campaigning for a voucher system. But at the same time, he recognizes the strong opposition to reform from teachers' unions. To him, a school voucher system marries the benefits of competition and markets with the egalitarian notion that all children deserve an education. Regardless of the 'terrible trouble' Friedman has faced in establishing a school voucher programme, he can take satisfaction in the fact that, in his lifetime, he has taken the idea from the political and education policy fringe to the mainstream, where 'choice' in education became a cornerstone of George W. Bush's 2000 'compassionate conservatism' election campaign.

Friedman's criticism of the opponents of reform does not focus solely on teachers' unions. At the time of

my meeting with Friedman, one of the most controversial bills facing the US Congress was the ratification of the Central American Free Trade Agreement (CAFTA). The heavily subsidized US sugar industry lobbied hard against the Agreement and, in the end, it only narrowly passed the US Congress. The story of CAFTA is central to Friedman's argument that special interests continue to dominate the economies of the industrial West, even after a decades-long process of supposed liberalization.

Australians are all too aware of the capacity for the US sugar lobby to distort trade after the lobby successfully fought off attempts to increase the quota of sugar imported into the US. Friedman is eager to point out that most of the beneficiaries of quotas and agricultural subsidies generally are not small family farmers but large corporations. To Friedman, the US sugar industry is one of the greatest impediments to liberalizing the American agricultural sector.

CAFTA's ratification occurred because of George Bush's arm-twisting on Republicans who voted as a bloc after Democrats vowed to oppose it. Friedman was asked to endorse the Bill but chose not to do so, noting that, if it were a free trade agreement, it would be short because there would be little

to say. Instead, there were 1,000 pages of exemptions. While remaining a committed and passionate free trader, Friedman prefers neither of the tools of current international efforts to further trade liberalization. Like CAFTA, Friedman saw that multilateralism and bilateralism were not achieving the desired outcomes of trade liberalization. Despite the signals of doom that a failed CAFTA would send to the WTO, Friedman took the position that unilateral efforts remain the only viable mechanism to ensure successful liberalization. He cites the unilateral liberalization of trade by Hong Kong which ensured its prosperity despite its lack of natural endowments.

Friedman is concerned about Europe. (In particular, he is worried about attempts to secure what are essentially political goals by way of economic measures.) And his concerns about multilateralism are not restricted to trade matters. Friedman is deeply pessimistic about the long-term survival of the Euro and European integration.

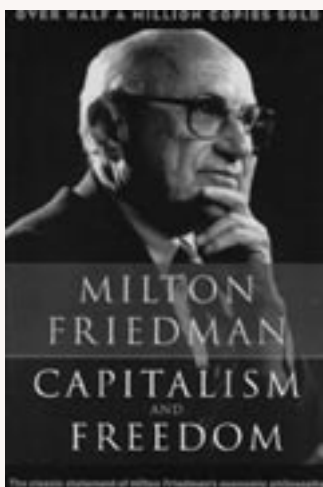
In the light of the 'NO' vote of the French and Dutch for the EU Constitution and calls by Italian MPs for a return to the Lira, Friedman believes that both the Euro and European integration are doomed. To him, the European economic experiment will fail because it ignores the specialization of

the individual economies of the European Union. Centralized monetary policy and common exchange and interest rates simply can't be sensitive enough to the needs of each economy. Further, countries have no incentive to pursue sensible economic policies.

Although the days of his influence over day-to-day policy have probably passed, Friedman's legacy remains enormous. In 2002, George Bush hosted a reception in his honour. He can take quiet satisfaction that his genius has moved squarely into the American and international political mainstream and that the policies he has pursued for a lifetime will continue.

IPA

## Recommended Milton Friedman books



### *Capitalism and Freedom*

University of Chicago Press, 2002. 230 pages

First published 1962

How can we benefit from the promise of government while avoiding the threat it poses to individual freedom? In this classic book, Milton Friedman provides the definitive statement of his immensely influential economic philosophy—one in which competitive capitalism serves as both a device for achieving economic freedom and a necessary condition for political freedom. The result is an accessible text that has sold well over half a million copies in English, has been translated into eighteen languages, and shows every sign of becoming more and more influential as time goes on.

### *Free to Choose: A Personal Statement*

University of Chicago Press, 1990. 338 pages

In this classic discussion about economics, freedom, and the relationship between the two, Milton and Rose Friedman explain how our freedom has been eroded and our affluence undermined through the explosion of laws, regulations, agencies and spending by government. The Friedmans also provide remedies for these economic ills—energetically informing us about what we should do in order to expand our freedom and promote prosperity.

