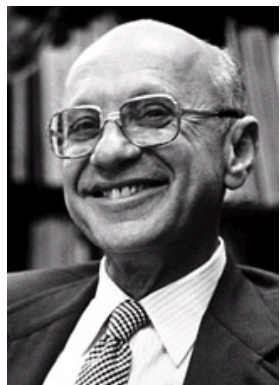




Milton Friedman

The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 1976

Autobiography



I was born July 31, 1912, in Brooklyn, N.Y., the fourth and last child and first son of Sarah Ethel (Landau) and Jeno Saul Friedman. My parents were born in Carpatho-Ruthenia (then a province of Austria-Hungary; later, part of inter-war Czechoslovakia, and, currently, of the Soviet Union). They emigrated to the U.S. in their teens, meeting in New York. When I was a year old, my parents moved to Rahway, N.J., a small town about 20 miles from New York City. There, my mother ran a small retail "dry goods" store, while my father engaged in a succession of mostly unsuccessful "jobbing" ventures. The family income was small and highly uncertain; financial crisis was a constant companion. Yet there was always enough to eat, and the family atmosphere was warm and supportive.

Along with my sisters, I attended public elementary and secondary schools, graduating from Rahway High School in 1928, just before my 16th birthday. My father died during my senior year in high school, leaving my mother plus two older sisters to support the family. Nonetheless, it was taken for granted that I would attend college, though, also, that I would have to finance myself.




I was awarded a competitive scholarship to Rutgers University (then a relatively small and predominantly private university receiving limited financial assistance from the State of New Jersey, mostly in the form of such scholarship awards). I was graduated from Rutgers in 1932, financing the rest of my college expenses by the usual mixture of waiting on tables, clerking in a retail store, occasional entrepreneurial ventures, and summer earnings. Initially, I specialized in mathematics, intending to become an actuary, and went so far as to take actuarial examinations, passing several but also failing several. Shortly, however, I became interested in economics, and eventually ended with the equivalent of a major in both fields.

In economics, I had the good fortune to be exposed to two remarkable men: Arthur F. Burns, then teaching at Rutgers while completing his doctoral dissertation for Columbia; and Homer Jones, teaching between spells of graduate work at the University of Chicago. Arthur Burns shaped my understanding of economic research, introduced me to the highest scientific standards, and became a guiding influence on my subsequent career. Homer Jones introduced me to rigorous economic theory, made economics exciting and relevant, and encouraged me to go on to graduate work. On his recommendation, the Chicago Economics Department offered me a tuition scholarship. As it happened, I was also offered a scholarship by Brown University in Applied Mathematics, but, by that time, I had definitely transferred my primary allegiance to economics. Arthur Burns and Homer Jones remain today among my closest and most valued friends.



Though 1932-33, my first year at Chicago, was, financially, my most difficult year; intellectually, it opened new worlds. Jacob Viner, Frank Knight, Henry Schultz, Lloyd Mints, Henry Simons and, equally important, a brilliant group of graduate students from all over the world exposed me to a cosmopolitan and vibrant intellectual atmosphere of a kind that I had never dreamed existed. I have never recovered.

Personally, the most important event of that year was meeting a shy, withdrawn, lovely, and extremely bright fellow economics student, Rose Director. We were married six years later, when our depression fears of where our livelihood would come from had been dissipated, and, in the words of the fairy tale, have lived happily ever after. Rose has been an active partner in all my professional work since that time.

Thanks to Henry Schultz's friendship with Harold Hotelling, I was offered an attractive fellowship at Columbia for the next year. The year at Columbia widened my horizons still further. Harold Hotelling did for mathematical statistics what Jacob Viner had done for economic theory: revealed it to be an integrated logical whole, not a set of cook-book recipes. He also introduced me to rigorous mathematical economics. Wesley C. Mitchell, John M. Clark and others exposed me to an institutional and empirical approach and a view of economic theory that differed sharply from the Chicago view. Here, too, an exceptional group of fellow students were the most effective teachers.

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After the year at Columbia, I returned to Chicago, spending a year as research assistant to Henry Schultz who was then completing his classic, *The Theory and Measurement of Demand*. Equally important, I formed a lifelong friendship with two fellow students, [George J. Stigler](#) and W. Allen Wallis.

Allen went first to New Deal Washington. Largely through his efforts, I followed in the summer of 1935, working at the National Resources Committee on the design of a large consumer budget study then under way. This was one of the two principal components of my later *Theory of the Consumption Function*.

The other came from my next job - at the National Bureau of Economic Research, where I went in the fall of 1937 to assist [Simon Kuznets](#) in his studies of professional income. The end result was our jointly published *Incomes from Independent Professional Practice*, which also served as my doctoral dissertation at Columbia. That book was finished by 1940, but its publication was delayed until after the war because of controversy among some Bureau directors about our conclusion that the medical profession's monopoly powers had raised substantially the incomes of physicians relative to that of dentists. More important, scientifically, that book introduced the concepts of permanent and transitory income.

The catalyst in combining my earlier consumption work with the income analysis in professional incomes into the permanent income hypothesis was a series of fireside conversations at our summer cottage in New Hampshire with my wife and two of our friends, Dorothy S. Brady and Margaret Reid, all of whom were at the time working on consumption.

I spent 1941 to 1943 at the U.S. Treasury Department, working on wartime tax policy, and 1943-45 at Columbia University in a group headed by Harold Hotelling and W. Allen Wallis, working as a mathematical statistician on problems of weapon design, military tactics, and metallurgical experiments. My capacity as a mathematical statistician undoubtedly reached its zenith on V. E. Day, 1945.

In 1945, I joined [George Stigler](#) at the University of Minnesota, from which he had been on leave. After one year there, I accepted an offer from the University of Chicago to teach economic theory, a position opened up by [Jacob Viner's](#) departure for Princeton. Chicago has been my intellectual home ever since. At about the same time, [Arthur Burns](#), then director of research at the National Bureau, persuaded me to rejoin the Bureau's staff and take responsibility for their study of the role of money in the business cycle.

The combination of Chicago and the Bureau has been highly productive. At Chicago, I established a "Workshop in Money and Banking". which has enabled our monetary studies to be a cumulative body of work to which many have contributed, rather than a one-man project. I have been fortunate in its participants, who include, I am proud to say, a large fraction of all the leading contributors to the revival in monetary studies that has been such a striking development in our science in the past two decades. At the Bureau, I was supported by [Anna J. Schwartz](#), who brought an economic historian's skill, and an incredible capacity for painstaking attention to detail, to supplement my theoretical propensities. Our work on monetary history and statistics has been enriched and supplemented by both the empirical studies and the theoretical developments that have grown out of the Chicago Workshop.

In the fall of 1950, I spent a quarter in Paris as a consultant to the U.S. governmental agency administering the Marshall Plan. My major assignment was to study the Schuman Plan, the precursor of the common market. This was the origin of my interest in floating exchange rates, since I concluded that a common market would inevitably founder without floating exchange rates. My essay, *The Case for Flexible Exchange Rates*, was one product.

During the academic year 1953-54, I was a Fulbright Visiting Professor at Gonville & Caius College, Cambridge University. Because my liberal policy views were "extreme" by any Cambridge standards, I was acceptable to, and able greatly to profit from, both groups into which Cambridge economics was tragically and very deeply divided: D.H. Robertson and the "anti-Keynesians"; [Joan Robinson](#), [Richard Kahn](#) and the Keynesian majority.

Beginning in the early 1960s, I was increasingly drawn into the public arena, serving in 1964 as an economic adviser to Senator Goldwater in his unsuccessful quest for the presidency, and, in 1968, as one of a committee of economic advisers during [Richard Nixon's](#) successful quest. In 1966, I began to write a triweekly column on current affairs for Newsweek magazine, alternating with [Paul Samuelson](#) and [Henry Wallich](#). However, these public activities have remained a minor avocation - I have consistently refused offers of full-time positions in Washington. My primary interest continues to be my scientific work.

In 1977, I retire from active teaching at the University of Chicago, though retaining a link with the Department and its research activities. Thereafter, I shall continue to spend spring and summer months at our second home in Vermont, where I have ready access to the library at Dartmouth College - and autumn and winter months as a Senior Research Fellow at the Hoover Institution of Stanford University.

Addendum, May 2005

In 1977, when I reached the age of 65, I retired from teaching at the University of Chicago. At the invitation of Glenn Campbell, Director of the Hoover Institution at Stanford University, I shifted my scholarly work to Hoover where I remain a Senior Research Fellow. We moved to San Francisco, purchasing an apartment in a high-rise apartment building in which we still reside. The transition of my scholarly activities from Chicago to California was greatly eased by the willingness of Gloria Valentine, my assistant at Chicago, to accompany us west. She remains my indispensable assistant.

Hoover has provided excellent facilities for scholarly work. It enabled me to remain productive and an active member of a lively scholarly community.

Initially we continued to spend spring and summer quarters at Capitaf, our second home in Vermont. However, we soon came to appreciate the inconvenience of maintaining homes a continent apart and began to look in California for a replacement for Capitaf. In 1979, we purchased a house on the ocean in Sea Ranch, a lovely community 110 miles north of San Francisco. In 1981, we disposed of Capitaf and began to spend about half the year at Sea Ranch at intervals of a week or so, spread throughout the year, rather than in one solid block. It proved a fine locale for scholarly work. The Internet plus an assistant at Hoover more than made up for the absence of a library near at hand.

After more than two wonderful decades at Sea Ranch, we sold our house to simplify our lives. We now have one home, our apartment in San Francisco.

To return to the 1970s, not long after we arrived in California, Bob Chitester persuaded us to join him in producing a major television program presenting my economic and social philosophy. The resulting effort, spread over three years, proved the most exciting adventure of our lives. The end result was *Free to Choose*, ten one-hour programs, each consisting of a half-hour documentary and a half-hour discussion. The first of the ten programs appeared on PBS (Public Broadcasting System) in January 1980. Since then, the series has been shown in many foreign countries.

When we agreed to undertake the project, little did Rose and I realize what was involved in producing a major TV series. As a first step, I gave a series of fifteen lectures over a period of nine months at a wide variety of locations. The lectures and question-and-answer sessions were all videotaped to provide the producers with a basis for planning the programs.

The filming began in March 1978 and continued for the next eight months at locations in the United States and around the world, including Hong Kong, Japan, India, Greece, Germany, and the United Kingdom - in the process generating more than six miles of video and audiotape.

Three months after the end of filming, we returned to London to view the documentaries that Michael Latham, our wonderful producer, and his associates had created from that tape and to dub the voice-overs. Another six months passed before we gathered again in Chicago where we filmed the discussion sessions - one of the most stressful weeks I have ever experienced.

One distinguishing feature of the series was that there was no written script. I talked extemporaneously from notes. When we returned to Capitaf from London with the transcripts of the final documentaries, we set to work to convert them to a book to appear simultaneously with the TV program. The book, *Free to Choose* (Harcourt Brace Jovanovich, 1980) was the bestseller nonfiction book of 1980 and continues to sell well. It has been translated into more than fourteen foreign languages.

As Rose wrote in our memoirs, "As we look back at the events chronicled in this chapter, it all seems like something of a fairy tale. Who would have dreamed that after retiring from teaching, Milton would be able to preach the doctrine of human freedom to many millions of people in countries around the globe through television, millions more through our book based on the television program, and countless others through videocassettes" (p. 503).

Monetary Trends in the United States and the United Kingdom, published in 1982, was the final major product of a collaboration with Anna J. Schwartz under the auspices of the National Bureau of Economic Research that lasted more than three decades. *Money Mischief* (Harcourt Brace Jovanovich, 1992) collects assorted pieces of monetary history, some of which I had published elsewhere, some of which appear first in this book.

I have continued to be active in public policy since 1977. I continued my tri-weekly column

in *Newsweek* until it was terminated in 1983. Since then, I have published numerous op-eds in major newspapers. I served as an unofficial adviser to Ronald Reagan during his candidacy for the presidency in 1980, and as a member of the President's Economic Policy Advisory Board during his presidency. In 1988, President Reagan awarded me the Presidential Medal of Freedom and in the same year I was awarded the National Medal of Science.

We have traveled extensively since 1977, including a trip through Eastern Europe in 1990, where we filmed a documentary on former Soviet satellites. The documentary was included in a shortened reissue of *Free to Choose*.

Perhaps the most notable foreign travel consisted of three trips to China: one in 1980 when I gave a series of lectures under the auspices of the Chinese government; one in 1988 when I attended a conference in Shanghai on Chinese economic development and had a fascinating session in Beijing with Zhao Ziyang, at the time, the General Secretary of the Communist Party, deposed a few months later for his unwillingness to approve the use of force on Tiananmen Square; and one in 1993 when I traveled with a group of Chinese friends from Hong Kong throughout the country. The three visits covered a period of revolutionary economic growth and development, the first stage of a shift from an authoritarian, centrally planned economy to a largely free market economy.

Ever since the 1950s, Rose and I have been interested in the promotion of parental choice in schooling through the use of vouchers. Finally, in 1996, when it became clear that our personal involvement would have to be limited, we established a foundation, The Milton and Rose D. Friedman Foundation devoted to promoting parental choice in schooling. We were fortunate in being able to persuade Gordon St. Angelo to serve as president. He has done an outstanding job. Progress toward our objective of universal vouchers has been distressingly slow, but there has been progress. The pace of progress shows every sign of speeding up, and our foundation has made a significant contribution to that progress.

In 1998, the University of Chicago Press published our memoirs, Milton and Rose D. Friedman, *Two Lucky People*.

Milton Friedman died on November 16, 2006.

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