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## **Prize-Winning Economist Left His Mark**

*By John R. LaPlante*

A few months ago, American citizens lost a national treasure with the death of Milton Friedman, who died at the age of 94. He was a provocative scholar and economist whose contributions to the world will grow over time.

How provocative was Friedman? Start out with his first book, published in 1946, which attacked the American Medical Association. He said that the AMA's control over the licensing of physicians raised the cost of medical care while doing little to protect consumers.

In the field of economics, he was a dissenter. Keynesian economics, which claims that government can and should fine-tune the economy, held sway for decades. Friedman put forth a contrary theory called monetarism, emphasizing the supply of money and the limits of human knowledge in managing the economy.

If the political process had chosen a given goal, he wanted effectiveness, not bureaucracy. His proposal for a "negative income tax," for example, was a way to respond to calls for welfare spending. Eventually adopted in a modified form as the Earned Income Tax Credit, this counterintuitive idea gives the working poor public support without creating yet another ineffective welfare bureaucracy.

In time his views gained a wide hearing in university and government circles. In 1976, he received the Nobel Prize in economics. Lawrence Summers, who was the Treasury secretary under Bill Clinton, said that he and Friedman "probably never voted the same way in any election." Yet he called Friedman "a hero" whose academic work changed the field of economics. Summers also observed that debates over interest rate policy are strongly influenced by Friedman's ideas.

Yet Milton Friedman's most long-lasting impact may be in K-12 education. In 1955, while a professor at the University of Chicago, he examined the way that the United States provides for public education. He laid out the case for vouchers, by which families could decide where their school-aged children would be educated with public support.

Friedman was not, his critics aside, anti-education. His long career at a great university is proof of that. Furthermore, he believed that widespread education is not a luxury, but essential to a stable democracy. He also observed that education has "neighborhood effects," meaning that while children benefit from education, society as a whole does as well. In light of these considerations, he held that there is a role for public financing of education.

But how should that money be spent? To Friedman, the fact that government should collect money to further education does not require that government run schools. It certainly does not

require that government-run schools should be the only place where public education takes place. Instead, he took inspiration from the GI Bill, which gave veterans of recently completed World War II a sum of money to be spent at the college or other educational institution of their choice.

Friedman anticipated many of the objections to his plan to use this model for K-12 students. For example, what of the argument that privately operated schools, receiving taxpayer money, could promote racial segregation? When Friedman wrote his essay in 1956, he was honest to admit that “this argument has considerable force.” He did not have the benefit of the observations that would come decades later. Researchers from Harvard and other institutions have now found that racial segregation is actually more pronounced in public schools than in private ones.

As he thought of the various political, practical, and theoretical problems that might beset his plan, he called for a mixed system “under which governments would continue to administer some schools but parents who chose to send their children to other schools would be paid a sum equal to the estimated cost of educating a child in a government school, provided that at least this sum was spent on education in an approved school.”

Fifty years later, Friedman’s vision of a mixed system is taking hold. Milwaukee and Cleveland give poor families vouchers for use at public or private schools. Taxpayers in Arizona, Pennsylvania, and other states can get tax credits for contributions to scholarship programs that enable students to attend privately run schools. Other states give families tax credits or deductions for K-12 education expenses. Florida and Utah give vouchers to special needs children.

As the world reflects on the life of Milton Friedman, it is concluding that while we may want government to finance K-12 education, it doesn’t have to spend the money all in one place.

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