ROBINSON: Milton, you were born in 1912 to an immigrant family. Your father died when you were fifteen. You attended Rutgers during the depths of the depression. If I’d known only those few facts, I’d have guessed that you would have become a supporter of the New Deal, the Great Society, and the welfare state. You didn’t. Why not?

MILTON FRIEDMAN: Because I went to the University of Chicago and learned economics.

ROBINSON: As simple as that?

MILTON FRIEDMAN: It was a question of learning the discipline of economics. You know, George Stigler once wrote an article with the title, “Why Economists Tend to Be Conservative.” [George Stigler, 1911–1991, a friend of Rose and Milton Friedman since their years as graduate students together at the University of Chicago, won the Nobel Prize for economics in 1982. Stigler and Milton Friedman were colleagues at the University of Chicago, where Stigler held an appointment from 1958 until his death, and at the Hoover Institution, where Stigler was a fellow during the last twenty years of his life.] What George emphasized was that if you really learned price theory—if you really develop a feeling for the consequences of interfering with the market—it tends to make you very leery indeed of government intervention.

ROBINSON: Did you hold strong political opinions during your student days at Rutgers and Chicago?

MILTON FRIEDMAN: I doubtless had political opinions, but they were not an important part of my life at all. Not that I was completely disinterested. When I was at Rutgers in 1931 and 1932, you couldn’t be disinterested. There was a tragedy going on all around you.

It may well be that if it were not for the depression I would have ended up as a mathematician, not an economist. When I graduated from Rutgers I got two scholarship offers. One was at Chicago in economics. One was at Brown in applied mathematics. I took the fellowship in economics because of the depression. It was obvious that the depression was the most important thing that was happening in the world.

ROBINSON: As I mentioned, your father died when you were fifteen. Was there any kind of government assistance available to your family at the time of your father’s death? Or during the depression?

MILTON FRIEDMAN: No siree. But we were very fortunate. One of my sisters worked for Western Union, a very stable company, and she had a continuous job throughout the depression. And my mother ran a small store of a kind that was then called a dry goods store. It was at 104 Main Street in Rahway, New Jersey.
My mother’s income was very much affected by the depression—her income had never been very big, and her store had never been more than a matter of going from one week to the next before she ran the risk of going bankrupt. It’s amazing to me now as I look back on it, but she was able to keep that store open throughout the depression.

There was probably never a time in their lives when my parents or Rose’s parents had an income that today would classify above the poverty level. But we never felt poor.

**ROBINSON:** You demonstrated a scholarly temperament very early. What was your parents’ attitude toward education?

**MILTON FRIEDMAN:** I should explain. We were a family of four children, three daughters and a son. I was the youngest, and I was the only one who went beyond high school. But all four of us graduated from high school, and there is no question that both my mother and my father were very supportive of our getting as much education as we could.

It was typical of a Jewish family. In Jewish families of that time—I don’t know if it’s still true today—the first thing the parents worried about was ensuring that their kids got a good education.

**ROBINSON:** They saw education as a source of upward mobility?

**MILTON FRIEDMAN:** No, it wasn’t upward mobility. They believed that somehow or other education had a value for itself. It was no accident that that was the Jewish tradition. Human capital is much more mobile than physical capital, and the Jews of the diaspora were under great pressure to move whenever there were persecutions. What they could carry with them was what was inside their heads. That tradition carried over to this country.

**ROBINSON:** Milton, it was a scholarship that took you to the University of Chicago. Rose, how did you get there? What path led you from Portland, Oregon, where you were raised, to the University of Chicago?

**ROSE FRIEDMAN:** Well, I went to school in Portland, then went to Reed College for two years. In the meantime, my brother, Aaron, had graduated from Yale and spent some time at Chicago—

**MILTON FRIEDMAN:** I don’t want to interrupt the story, but in many ways Rose’s brother, Aaron Director, is the perfect illustration of what I was saying about the Jewish emphasis on education. [Aaron Director, born in 1902, taught for many years at the University of Chicago. Director, an economist, is perhaps best known for applying the techniques of economics to the study of law. He founded the Journal of Law and Economics. Director is now a senior research fellow at the Hoover Institution.] Rose, how old was Aaron when your family came to this country from Russia? Ten?

**ROSE FRIEDMAN:** No. About eleven. He was bar mitzvahed here.
MILTON FRIEDMAN: So he arrived in this country at the age of eleven, speaking not a word of English. By the time he was twenty he had graduated from Yale University.

ROSE FRIEDMAN: Without any family help.

MILTON FRIEDMAN: Without any help whatsoever from Rose’s family.

ROSE FRIEDMAN: Well, he got maybe ten dollars every six months or so if my mother was able to save it up.

ROBINSON: How did he do it? How could he possibly have gone from speaking no English at the age of eleven to graduating from Yale just nine years later?

ROSE FRIEDMAN: In those days there was something called an ungraded room in the public schools. That’s where the immigrant children went if they were old enough—I didn’t, obviously, because I was only an infant when we came here. In the un-graded room, the immigrant children were permitted to advance as quickly as they could. Aaron graduated from grammar school in three years. He graduated from high school in another three years. It so happened that the principal of the school was an alumnus of Yale. He spotted Aaron as a very bright boy and managed to get him admitted to Yale.

MILTON FRIEDMAN: He went through Yale in three years, too. And I want to make it clear that Aaron is not the only person to whom this happened. Arthur Burns was exactly the same story. He came to America from Austria at the age of ten or so, speaking not a word of English.

[The economist Arthur Burns, 1904 – 1987, perhaps best known as chairman of the Federal Reserve System from 1970 to 1978, had a profound influence on Milton Friedman as both a mentor and a friend. They met at Rutgers, where Burns was one of Friedman’s instructors.]

Arthur Burns’s father was a housepainter. Ten or eleven years later Burns had graduated from Columbia. It’s exactly the same kind of story—a reverence for education.

ROSE FRIEDMAN: But my brother, Aaron, got a job as a teaching assistant at the University of Chicago. Aaron was always a combination of a brother and father to me, and after I spent two years at Reed, he had me move to Chicago to be with him.

ROBINSON: How did the two of you meet?

ROSE FRIEDMAN: We were in a class on economic theory together. Jacob Viner was the professor. [Jacob Viner, 1892 – 1970, wrote the classic work Studies in the Theory of Economic Thought. Economic historian Mark Blaug calls Viner “the greatest historian of economic thought that ever lived.”] Viner used to arrange the students alphabetically. My last name began with D and Milton’s began with F, so I sat next to Milton—and I was the only girl in the class.

ROBINSON: Was it love at first sight?
ROSE FRIEDMAN: Oh, no. We never thought in those terms. We weren’t at Chicago to fall in love. We were there to get an education. We worked together. For example, we took a course together in statistics, and we would work together until one or two or three in the morning. But we were always working.

ROBINSON: Well, when did your relationship turn into a romance?

MILTON FRIEDMAN: Romance isn’t the right word, exactly, but by the end of the first year at Chicago Rose and I were very close together as friends. Then I got a fellowship and spent a year at Columbia University. That was in 1933. We corresponded while Rose was in Chicago and I was in New York.

I lived very well in New York that year, by the way. I had a $1,500 fellowship. Three hundred dollars went for tuition, and $300 went to pay the debts I had accumulated the year before. I was left with a net of $900. I lived very well and still ended up with savings. For fifty cents you could get a ticket to the best show on Broadway. Those were the days.

ROBINSON: But your romance?

MILTON FRIEDMAN: After that year in New York, I went back to the University of Chicago. That was the year in which things really flourished between the two of us. By the end of the year it was more or less finalized between us.

MILTON FRIEDMAN: The Consumer Purchase Study was an enormous program that collected household budget and income data from all around the country. It was a broader version of things that had been done for many years by the Bureau of Labor Statistics to get the weights for its cost-of-living index.

As hard as it is to believe, the salaries at that time were much better than they are now for many civil servants. My salary was something like $2,600 a year. I once figured out that, in order to match that today, you would need a salary of something like $40,000.

ROBINSON: There’s considerable irony here. The New Deal was giving the two of you a start in life, yet you would spend the rest of your careers attacking it.

MILTON FRIEDMAN: That’s right. It is ironic. For economists like us, the New Deal was a godsend. I don’t think economists have ever been as well paid relative to the professional classes as they were then. And you never had a period in which such young people had so much power and control—because the New Deal really was new. So it was staffed mainly by young people.

ROBINSON: Did this cadre of young economists have a sense of mission? Did you believe you were saving the country?

ROSE FRIEDMAN: We just wanted to live.
MILTON FRIEDMAN: No, that doesn’t state it correctly. It was a very exciting time. Washington had a very active social life, and we mixed a great deal. There was party after party at which people would talk about nothing but what was going on in their professional lives.

Oh, those were really wonderful days. Here you had all these young people who had jobs and money—more money than they ever thought they would have at that age. They had heavy responsibilities in one sense and no responsibilities in another.

ROBINSON: What was the attitude toward Franklin Roosevelt? Was he revered?

ROSE FRIEDMAN: Oh, yes.

MILTON FRIEDMAN: Revered is the right term. There is no question about it.

ROBINSON: Did you have any doubts about the New Deal while you were participating in it?

MILTON FRIEDMAN: But I wasn’t participating as an economic policy maker in any way whatsoever. I was participating as a pure technical statistician.

ROBINSON: When you returned to Washington, you returned not as a statistician but as an economic policy maker?

MILTON FRIEDMAN: Yes I did. Absolutely. I worked on the problem of financing the war without causing inflation.

The general view at Treasury was that we had to raise taxes as high as we could, and that’s the reason why tax withholding was introduced. In those days, you paid your taxes for 1934 by writing a check in 1935. It was perfectly clear that you could never enforce the kind of tax rates we were talking about if you continued with that policy.

Our analysis was fundamentally Keynesian—we were making estimates of the amount that taxes would need to be raised in order to prevent inflation. We paid very little attention to the money supply. That was a defect of mine. I hadn’t really imbibed the lessons of my Chicago experience.

ROBINSON: After two years as an economic policy maker at Treasury, you left that to go back to statistics. Why?

MILTON FRIEDMAN: By 1943, I figured that whatever the kind of tax legislation that was finally going to be passed, all the work on it had already been done. The only reason to stay on at Treasury was to avoid the draft.

At the same time, Allen Wallis, who had been teaching at Stanford, had been tapped to head a statistical research group attached to Columbia University. [Wallis, who later became a professor of statistics and economics and dean of the business school at the University of Chicago, chancellor of the University of Rochester, and undersecretary of state, met the Friedmans when he was a graduate student at Chicago.] Wallis’s group had offices up in New
York on Morningside Drive, near the Columbia campus, although of course the group was part of the war effort—they were part of OSRD [Office of Scientific Research and Development]. Allen asked me to join him. I jumped at the chance. I thought I could be doing something useful instead of spinning my wheels in Washington. The next two years were among the most interesting years of my life.

ROBINSON: What kinds of problems did you work on?

MILTON FRIEDMAN: It was back to pure statistics. To give you an example, one problem involved antiaircraft missile shells. There was a fuse in each missile that was activated by being in the neighborhood of the object at which the missile was directed. The problem for us was how that proximity fuse should be designed. We had immense amounts of data on how different points of burst did different degrees of damage to incoming aircraft.

ROBINSON: What kinds of computational devices did you have? Were there any computers?

MILTON FRIEDMAN: Oh, no. Only desk calculators. Although there was one exception. One of my problems was to provide statistical advice to the people who were developing metals to be used in the blades of turbines. I had an enormous amount of data, and I had to construct a regression with five or six different variables having to do with the chemical composition of the metals.

We estimated that it would take us three months to solve this problem using our desk calculators. In the whole country there was only one calculator—one computer, if you want to call it that—which could do this problem more quickly.

It was up at Harvard. It wasn’t electronic. It was a whole collection of IBM card sorters. It was in a big, air-conditioned gymnasium, a tremendous collection of sorters all linked by wires. It did our problem for us in forty hours.

Today I can do that problem on my computer at home in thirty seconds. But the cut in time from three months to forty hours was far more significant than from forty hours to thirty seconds.

ROBINSON: Rose, what were you doing during the war years?

ROSE FRIEDMAN: Being a mother. Our two children were born during the war.

ROBINSON: As a mother, were you in any sense able to collaborate with Milton in his work? Or did your intellectual collaboration—you’ve written several books together, and you’re collaborating on your memoirs right now—only begin after your children were grown?

MILTON FRIEDMAN: She was always involved in my work. Rose and I had the same background. We’d taken the same courses and had the same teachers, we’d had the same intellectual—
ROSE FRIEDMAN: But I was a better mother.

MILTON FRIEDMAN: (Laughing.) That’s a silly notion. I couldn’t have been a mother.

ROSE FRIEDMAN: No, but it’s true that my main purpose, my main interest, was our family. I never even thought of holding a job outside our home. But Milton never did a piece of work without my reading it and criticizing it. That was my professional production.

ROBINSON: Pretty impressive production.

MILTON FRIEDMAN: (Speaking to Rose.) It sure was. It was very good.

ROBINSON: When the war ended you were still in your early thirties, and I’m struck by the remarkable number of directions in which your career might have unfolded—statistics, mathematics, government policy. Instead you went on to become one of the preeminent economists of the century. How did that happen?

MILTON FRIEDMAN: What are you being so complicated about? At the end of the war, I needed a job. George Stigler was teaching at the University of Minnesota. He got me a job, and I took it. It was the only job offer I had.

ROSE FRIEDMAN: Those were the low days.

MILTON FRIEDMAN: Then a curious thing happened. At the University of Chicago, Jacob Viner decided to leave for a position at Princeton because his children were in the East. Chicago needed to fill that spot, and they chose George Stigler. George went down for an interview.

By chance, Robert Hutchins, the chancellor of the university, was out of town, so George was interviewed by Ernest Colwell, the university president. Colwell decided that George was too empirical to serve as a professor of economic theory, and he vetoed the appointment.

I was their second choice. When I went down for an interview, I fortunately saw Hutchins, not Colwell, and I was hired.

ROBINSON: Amazing. If it hadn’t been for that set of chance circumstances, the Chicago school of economics would never have been born.

MILTON FRIEDMAN: You know, I’ve always been impressed by the role that pure chance plays in human life.