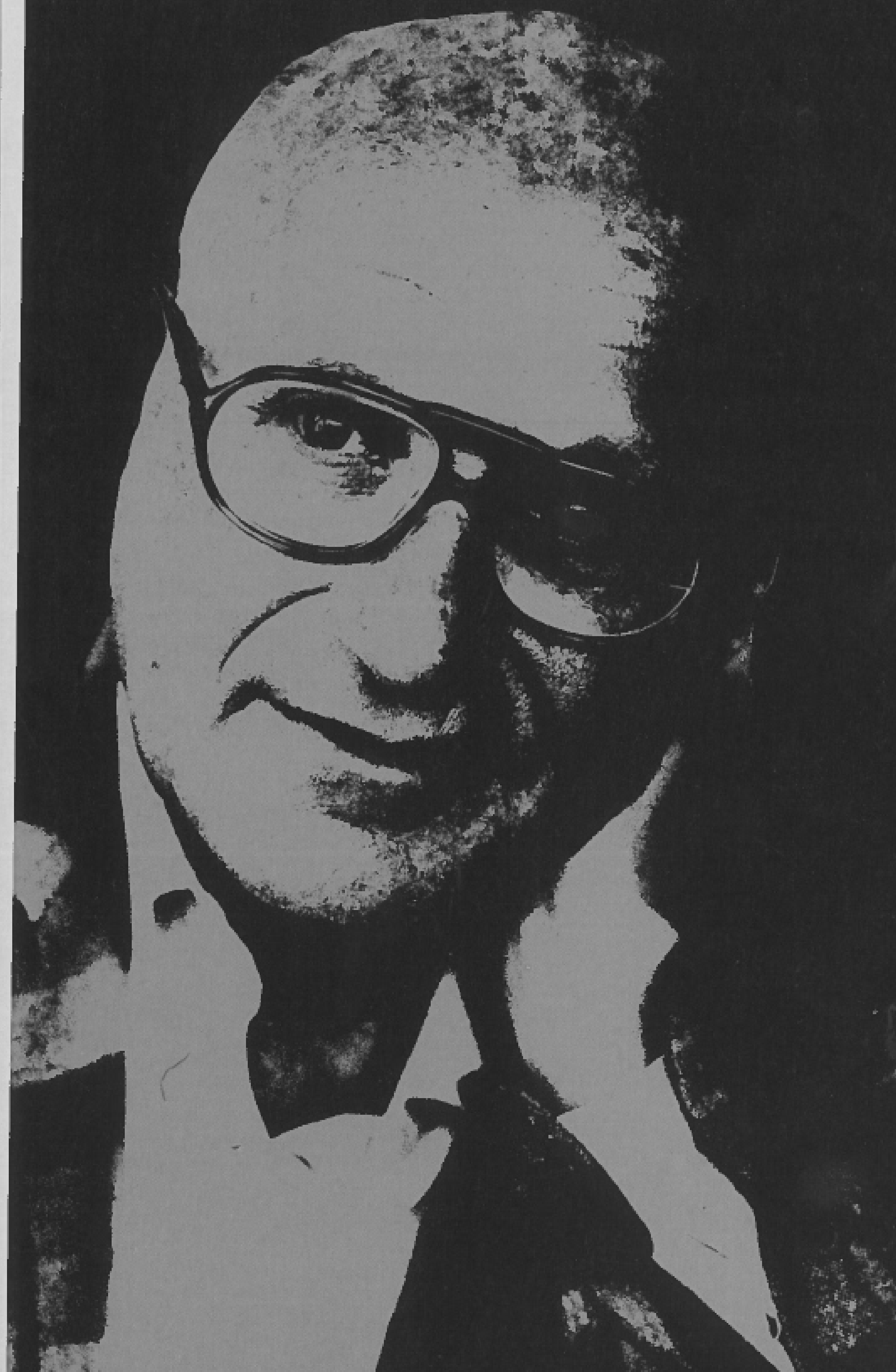


1912
Born, Brooklyn, New York

1933
MA, University of Chicago

1937
Joins National Bureau of Economic Research

1946
Professor in Economic Theory at University of Chicago

1963
Publishes *A Monetary History of the United States, 1867–1960*

1976
Awarded Nobel Prize in Economics

1982
Publishes *Capitalism and Freedom*

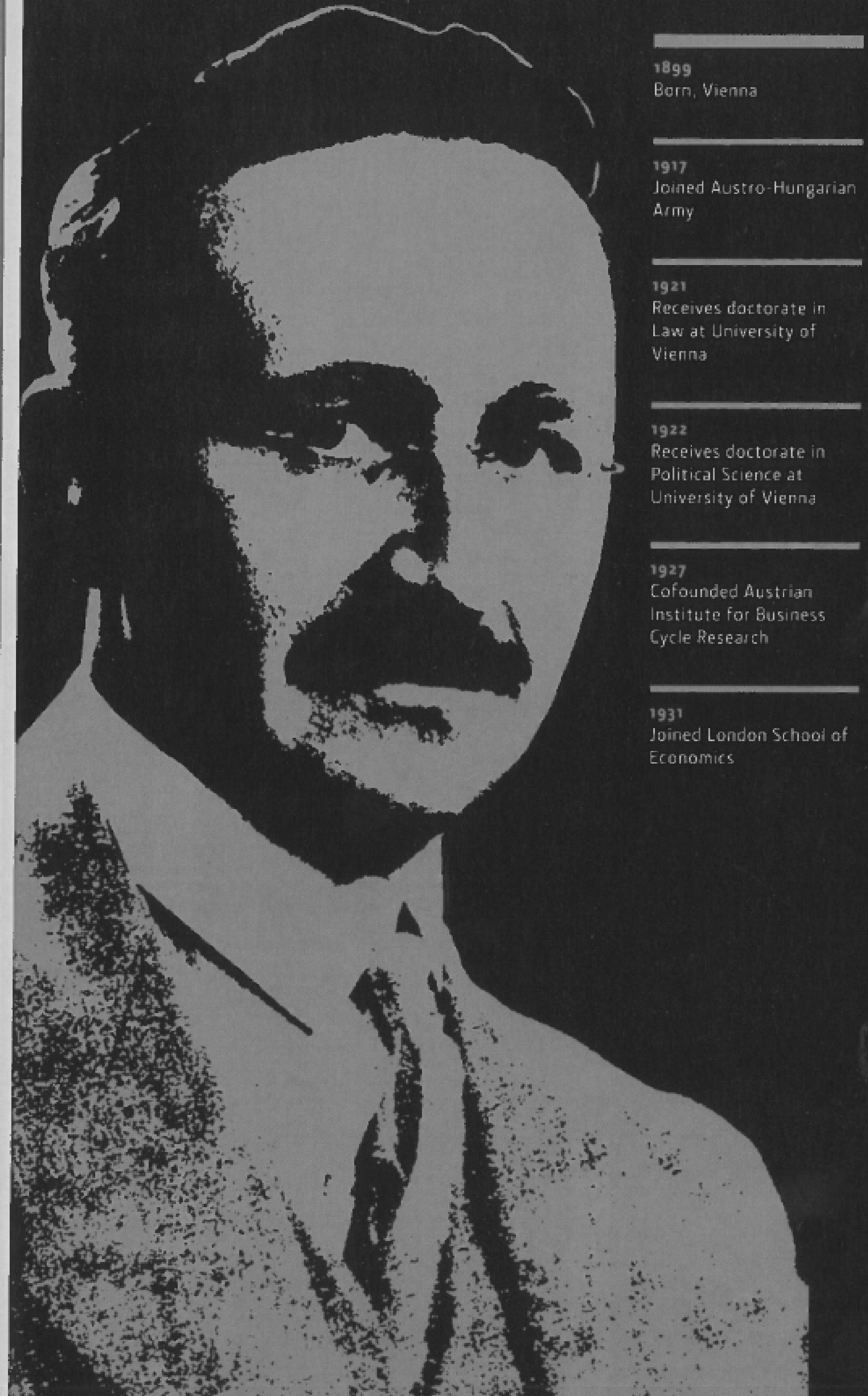
1988
Awarded Presidential Medal of Freedom by Ronald Reagan

2006
Dies, San Francisco

MILTON FRIEDMAN

So who is the most influential economist of the second half of the 20th century? According to the *Economist* magazine, that honor goes to Milton Friedman. Certainly his staunch defense of the free market did have a major influence on the economic and social life of the modern world. His theories of government deregulation provided the intellectual basis for the governments of Ronald Reagan, Margaret Thatcher in the UK, and, perhaps less gloriously, August Pinochet in Chile. Indeed, it could be argued that his theories provided the intellectual underpinnings of the entire neoliberal project, including the so-called "Washington Consensus," with all its global repercussions. Friedman was so committed to deregulation that he advocated the legalization of marijuana and prostitution. He believed that doctors' licenses encouraged a monopoly of the profession and discouraged competition. He was a fervent opponent of the draft—which he said ran against the principles of individual freedom—and believed so strongly in the voucher system of education that he set up his own institute to promote the concept. He also opposed the welfare system and advocated a "negative income tax" (in the form of tax credits) to replace it. Whatever else he might be accused of, Friedman was consistent in his beliefs.

Born in New York in 1912 to recently emigrated Jewish parents, Friedman was initially a supporter of Keynesian economics. He would later reverse that theory with the publication in 1963 of *A Monetary History of the United States, 1867–1960*, which argued that monetary policy was the most important factor in achieving economic stability. From 1946, Friedman taught at the University of Chicago, where he formed the influential Chicago School of Economics, which, for the next 30 years, produced a steady stream of Nobel Prize winners. He advised Ronald Reagan during his successful 1980 presidential campaign, before going on to serve on the Economic Policy Advisory Board. He and his wife Rose became household names when their ten-part TV series *Free to Choose* was broadcast on U.S. television in 1980.



1899
Born, Vienna

1917
Joined Austro-Hungarian Army

1921
Receives doctorate in Law at University of Vienna

1922
Receives doctorate in Political Science at University of Vienna

1927
Cofounded Austrian Institute for Business Cycle Research

1931
Joined London School of Economics

1944
Published *The Road to Serfdom*

1950
Joined University of Chicago

1960
Published *The Constitution of Liberty*

1962
Joined University of Freiburg, West Germany

1968
Joined University of Salzburg

1973–79
Publishes *Law, Legislation and Liberty*

1974
Awarded Nobel Prize for Economics

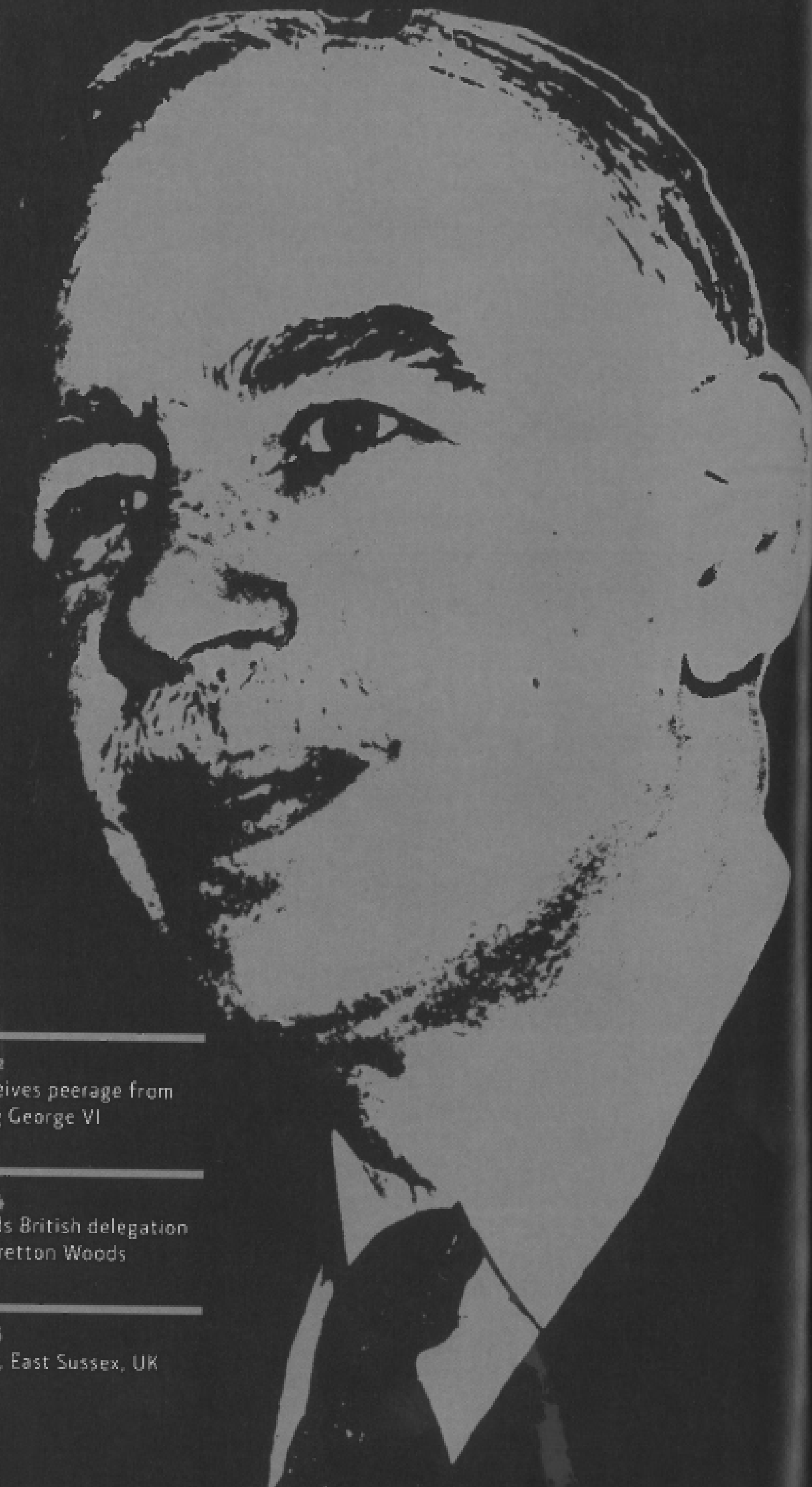
1992
Dies Freiburg, Germany

FRIEDRICH VON HAYEK

One of the defining moments of Margaret Thatcher's rise to power took place in the summer of 1975, a few months after she had been elected leader of the British Conservative Party. Invited to attend a lecture on the "middle way" at the Conservative Research Department, she reached into her bag and slammed a book on the table, saying, "This is what we believe in." The book was *The Constitution of Liberty* by Friedrich von Hayek. Nine years later, having provided the inspiration for half a decade of Thatcherism, Hayek was awarded the Order of the Companions of Honour by Queen Elizabeth II. This was followed by the Presidential Medal of Freedom, one of the top civilian awards in the United States, awarded by George Bush Sr. in 1991. It was an unexpected and belated triumph for the man whose ideas seemed to have been comprehensively refuted by John Maynard Keynes half a century before.

Hayek was born in Vienna, Austria, in 1899 to a prominent family of academics. His parents were both members of the Austrian nobility, and his second cousin was the philosopher Ludwig Wittgenstein. Hayek started his own career studying brain anatomy, along with classes in law, political science, philosophy, psychology, and economics. He cofounded the Austrian Institute for Business Cycle Research in the 1920s and was subsequently recruited to the London School of Economics. He would remain there for the next 18 years, becoming a British subject in 1938. The British were already under the spell of Keynesianism, however, and Hayek struggled to get his message across. His solution was to write *The Road to Serfdom*, in which he argued that government intervention leads to less freedom and advocated a more "laissez-faire" approach to economics. The book achieved moderate success in Britain but was later published to greater acclaim in the United States, where he lived from 1950. He spent his latter years in Germany and Austria, and was still writing stinging critiques of socialism well into his late eighties.

- **1883** Born, Cambridge, UK
- **1904** BA in Mathematics, King's College, Cambridge
- **1908** Professor of Economics, University of Cambridge
- **1915** Joins British Treasury
- **1919** Publishes *The Economic Consequences of the Peace*
- **1920** Professor of Economics, University of Cambridge
- **1925** Marries Lydia Lopokova
- **1930** Publishes *A Treatise on Money*
- **1933** Publishes *The Means to Prosperity*
- **1936** Publishes *The General Theory of Employment, Interest and Money*
- **1942** Receives peerage from King George VI
- **1944** Leads British delegation at Bretton Woods
- **1946** Dies, East Sussex, UK



JOHN MAYNARD KEYNES

Few economists achieve such success that their name is given to an entire branch of the subject—Adam Smith didn't achieve that, nor did Alfred Marshall, and nor did Milton Friedman. Yet, even now, 60 years after its creator's death, the principles of Keynesianism are once again discussed almost daily on our television screens. So who was John Maynard Keynes, and why is he once again so influential?

Keynes came to public prominence during the Treaty of Versailles in 1919 when he spoke out against the punitive reparation payments being imposed by France and the United States, arguing that they would make it impossible for the German economy to recover. His predictions were proven correct, as the collapse of the Weimar Republic swept Hitler's National Socialist Party to power and, ultimately, led to World War II. But it was during the Great Depression that Keynes began to develop his most important ideas. Chief among these was the theory of countercyclical government spending—in other words, when the economy is in recession the government should spend to stimulate economic growth, and when the economy is doing well, government should spend less and save for the bad times. *The General Theory of Employment, Interest and Money* was published in 1936 and became an instant bestseller. His ideas prevailed after World War II, when Keynesian policies were adopted by governments around the world, leading to what is known the "golden age" of economics. Despite falling out of favor in the 1970s and 1980s, his ideas have resurfaced recently in the "stimulus packages" implemented by Barack Obama, Gordon Brown, and others.

Keynes, meanwhile, enjoyed a rich and varied life outside work. A member of the Bloomsbury Group, he had mainly homosexual relationships before marrying the Russian ballerina Lydia Lopokova in 1927. He was an enthusiastic art collector, accruing paintings by Cézanne, Degas, Modigliani, and Picasso. He was also a shrewd investor and, despite not foreseeing the stock market crash of 1929, had accumulated a small fortune by the time he died in April 1946.