

## Timeless Energy Thought from Milton Friedman

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Born on this day 111 years ago, Milton Friedman (1912–2006) was a rare intellectual and teacher whose work continually survives the test of time. Scholarly and open-minded, the free-market economist earned respect from even his adversaries.

Keynesian economist Paul Samuelson described his rival as “about as smart a guy as you’ll meet” and (sneeringly) “as persuasive as you hope not to meet.” Paul Krugman called Friedman “the economist’s economist... a man of intellectual courage who was one of the most important economic thinkers of all time and possibly the most brilliant communicator of economic ideas to the general public that ever lived.” *The Economist* called him “the most influential economist of the second half of the twentieth century...and possibly all of it.”

Milton Friedman’s major professional mark was in monetary economics. But as a public intellectual, writing popular books and a biweekly *Newsweek* column, he became conversant in different fields, including energy. His oeuvre offers a world view to understand energy debates and specific insights into energy policy and the politics behind it.

### Political Capitalism

Friedman understood how major energy regulation was typically sponsored by some segment of the industry. “Few U.S. industries sing the praises of free enterprise more loudly than the oil industry,” he stated in 1967. “Yet few industries rely so heavily on special government favors.”

Oil— along with coal and natural gas—has now lost much of its political muscle. Rent-seeking by political capitalists today centers on nuclear, wind, solar, ethanol, hydrogen, electric vehicle, and carbon-capture.

### 1970s Energy Crisis

Friedman's harsh reaction to President Nixon's wage and price control order of August 1971 is particularly important, for this intervention, not the Arab Embargo, created the oil shortages and a decade of spiraling regulation. The negative effects of this experience were so great that federal price controls on energy have not been part of the debate since.

Friedman explained how a *surplus* of regulation caused a *shortage* of oil and gas. He did not buy the "running out of resources" argument, elegantly dressed as Harold Hotelling's fixity/depletion model, as did so many economists—even those at Resources for the Future.

Regarding that dark decade, Friedman commented: "It is a mark of how far we have gone on the road to serfdom that government allocation and rationing of oil is the automatic response to the oil crisis."

### Climate Change

Near the end of his long career, Friedman weighed in on the global warming debate with a blurb for Thomas Gale Moore's book for the Cato Institute, *Climate of Fear: Why We Shouldn't Worry About Global Warming* (1999). Friedman opined:

### Energy Economics

"I do not believe there is a natural resource economics. I believe there is good economics and bad economics."

### Protectionism

“The infant industry argument is a smoke screen. The so-called infants never grow up. Once imposed, tariffs are seldom eliminated.”

### What Economists Know

Friedman spoke for his profession in some important ways. One was on price controls, which is a prominent part of the U.S. energy experience. “Economists may not know much,” he wrote in *Free to Choose* (1979: 219),

### Challenge Culture

Friedman was open-minded and courageous, offering insight that cut through political correctness with economic logic in the quest for human betterment. In the introduction to his best-seller, *Free to Choose*, he wrote:

### Conclusion

Milton Friedman’s economic and energy insight should be appreciated for all time. He would have much negative to say today about the interventionist drift in U.S. energy policy. Little doubt that he would identify “green energy” policies and Net Zero as a Road to Serfdom.