

# President's Perspective



*Friedman's  
philosophy of  
individual  
responsibility and  
limited government  
has special  
resonance in the  
American Southwest.*

**F**or more than 70 years as a teacher and writer, Milton Friedman was a fountainhead of powerful ideas, stretching countless minds—mine included—and profoundly impacting public policy. His ideas have enhanced our understanding of economics and, in many ways, of life.

Friedman, who died in November at 94, was the West's premier intellectual cold warrior, best articulating the case for capitalism, driven by the belief that the path to long-term prosperity lay in free enterprise and the least intrusive government. In classical Jeffersonian style, he believed in individual responsibility and defended economic, civil and political freedoms and the freedom of choice.

Time and again, Friedman showed us that cumbersome regulations and government inefficiencies impede economic activity, reminding us of the power of incentives to spur individuals and companies into action. He also tackled headline policy issues, expressing his positions clearly and defending his views with quick wit and precise logic. He prescribed remedies for reforming Social Security, advocated eliminating military conscription and passionately argued for school vouchers.

Friedman fundamentally influenced modern monetary policymaking as well. For much of the 1960s, theory suggested that central bankers had to choose between low unemployment and low inflation. Before we struggled with stagflation in the 1970s, Friedman had been arguing that there was no long-run trade-off between high unemployment and high inflation. By controlling growth in the money supply, he contended, a central bank could contain inflation without sacrificing jobs. Monetary policymakers around the world would soon realize that money matters most in influencing price stability, a prerequisite for long-term economic growth.

Friedman's philosophy of individual responsibility and limited government has special resonance in the American Southwest. The Dallas Fed has a history as a disciple of Friedman's free enterprise gospel. And his contributions to the practice of monetary policy have helped the Federal Reserve be a better central bank. For all these reasons, Milton Friedman truly is the patron saint of the Dallas Fed.

Shortly after becoming Bank president in 2005, I made a pilgrimage to California to meet with Friedman. We had an extraordinary conversation, highlights of which you'll find in this issue of *Southwest Economy*.

A handwritten signature in gold ink that reads "Richard W. Fisher".

Richard W. Fisher  
President and CEO  
Federal Reserve Bank of Dallas