

From Technical Control to Constitutional Design: Milton Friedman and the Politics of Monetary Order

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Abstract

This paper reconstructs Milton Friedman's intellectual trajectory from the 1940s to the 1990s to show how his conception of monetary order evolved from a problem of technical control to one of constitutional and distributive design. Early in his career, Friedman treated monetary instability as a failure of expertise where better data, rules of thumb, and professional judgment could perfect policy instruments. Yet the politicization of central banking and the emergence of inflationary cycles in the 1970s revealed that monetary instability stemmed from political incentives, not technical errors. As he confronted the limits of technocratic management, Friedman's role shifted from detached economist to public advocate, mirroring his growing awareness of the logic of public choice, that stable policy requires rules that bind politicians as well as economists. His later writings reframed monetary history as a record of redistribution and special-interest capture, emphasizing that money's neutrality is an illusion sustained by fragile institutions. The paper situates this evolution within the broader twentieth-century transition from the economics of control to the political economy of rules, arguing that Friedman's enduring commitment to monetary rules ultimately matured into a constitutional and moral defense against the redistributive misuse of money.