

# How I Became a Classical Liberal

By James Gwartney

It is interesting to reflect on the people and events that shape one's fundamental views. My parents taught me both personal responsibility and accountability. These are cornerstones of liberal thinking. My father was a farmer and my mother a teacher and they typified the middle America of the 1950s. While they sent their three children to college, my parents were not very interested in philosophical, political, and economic ideas. And neither was I during high school and my first couple years of college. The Russians had launched Sputnik and they were ahead of us in the space race. I was going to help change that by becoming a physicist.

But things began to change during my sophomore year at Ottawa University, a small (600 students) liberal arts school about 60 miles from where I grew up in Kansas. That's when I took my first economics course and met an enthusiastic young professor who had just finished his doctoral degree at the University of Kansas. His name was Wayne Angell and he exerted a major impact on my life. After taking a course in economics it dawned on me that I liked economics and did better in it than was the case for physics. As I reflected on one of the basic principles of my economics class, the law of comparative advantage, it suddenly occurred to me that maybe my comparative advantage was economics rather than physics. Thus, I changed my major to economics.

In essence, Dr. Angell was the OU Economics Department. He taught virtually every course and I took all of them. Like just about everyone else at the time, Angell used Paul Samuelson's *Economics* as the text in the Intro course, but he often criticized it. It was obvious that Angell thought markets worked well and he had little confidence in the ability of government programs to improve on market outcomes. Angell was a Republican and a strong backer of Richard Nixon during the presidential election of 1960. However, his family owned a large wheat farm in western Kansas and Professor Angell was actively involved in the operation.

I vividly remember how, on the day following Kennedy's electoral victory over Nixon, Angell explained in class how Kennedy's agricultural subsidies and price support programs would approximately double the income of big wheat farmers like himself. Jokingly he remarked, "At least this will make it a little easier to accept Nixon's defeat."

Now, with the benefit of hindsight, I realize what a great undergraduate educational experience I had. It was a fantastic opportunity to take about 30 hours of economics from a person who would later become a member of the Board of Governors of the Federal Reserve System and Chief Economist for Bear Sterns. In many ways, Angell was ahead of his time. He was a critic of Keynes and the concept of the Phillips Curve long before expectations were integrated into macroeconomics. He taught his students about "government failure" prior to the Public Choice Revolution. To this day, I cannot think of a more enjoyable way to spend an evening than having a lengthy discussion of economics and related issues with Wayne much like those that used to occur both inside and outside of his classes during my undergraduate years. My wife Amy and I count Wayne and his wife Betty among our dearest friends.

After completing my undergraduate degree, I attended graduate school in economics at Washington State University. My knowledge of graduate programs was limited and I chose WSU because the program provided me with financial aid in the form of a teaching assistantship.

I quickly discovered that the WSU graduate program was vastly different from my undergraduate training. Keynes was king among the WSU economics faculty of that era and the University of Chicago was the incarnation of evil. In a graduate-level seminar in public finance, a friend and I used to keep track of the number of times the professor attempted to refute an argument merely by pointing out that a supporter of the position had some association with the University of Chicago. As I recall, 33 was the record for a one-hour class. When asked a question about Milton Friedman's views concerning the importance of monetary stability, the leading macro economist on the faculty responded by pointing out that Friedman was a "crackpot who favored things like privatizing the Post Office."

Early on, I realized that my choice of graduate programs was a mistake, but I decided to stick it out for the entire year. This proved to be a wise decision. The course work was not that difficult and, because I had already decided not to pursue a doctoral degree at WSU, I had time to do a lot of reading. Even though I had read Hayek's *Road to Serfdom* and various libertarian publications such as the *Freeman* and the *New Individualist Review* as an undergraduate, I was not well grounded in classical liberal thought. My year "wandering in the wilderness" at WSU provided me with the time to read works by Friedman, Hayek, Mises, and other leading free market economists.

The year at WSU also motivated me to want to do something about the under-representation of classical liberal thought in American colleges and universities. Increasingly, I began thinking about becoming a college professor. By the summer of 1963, however, I faced a practical problem: I was married, my wife and I had a child, and we had very little money. Thus, we moved to Seattle and I began working as a purchasing agent for the Boeing Company. I bought electrical connectors for 707s and 727s all day and read classical political economy literature in my spare time. I also got involved in Barry Goldwater's ill-fated 1964 campaign for president. Young and naive, I was convinced right up to the night of the election that Goldwater was going to be elected president.

It was also during this period that I attended a student workshop sponsored by the Intercollegiate Society of Individualists, now the Intercollegiate Studies Institute. One of the speakers was Donald Gordon, a professor of economics at the University of Washington. In a private conversation following Gordon's lecture, I asked him several questions about the Department of Economics at the University of Washington. He informed me that the department had recently hired a number of young professors from the University of Chicago and, if one wanted to become a professional economist, it was an excellent place to get an education. Following that discussion with Professor Gordon, I knew that I wanted to return to graduate school and pursue my dream of becoming a college professor. Shortly thereafter, I entered the UW Economics Program.

During the latter half of the 1960s, the University of Washington was an exciting place to study economics. The chairman of the department was Douglass C. North, who would later win the Nobel Prize for his work in economic history. Even though I was not particularly interested in economic history, I took several courses from professor North and he was on my doctoral dissertation committee. I had the opportunity to take microeconomics from Walter Oi, whose empirical work on the economics of conscription eventually convinced even the Department of Defense that it was a good idea to abolish the draft. I studied history of economic thought from Professor Gordon before he was wooed away to the University of Rochester. I took several core courses from John Floyd, Yoram Barzel, and Allan Hynes, all of whom were recent graduates from the University of Chicago. Tom Borcherding, a prodigy of Jim Buchanan, introduced me to public choice and the writings of Buchanan, Tullock, Niskanen, and others of the public choice school. All of these people exerted an enormous impact on my thought process and I am hugely indebted to each of them.

Finally, the work of two of the profession's giants, Milton Friedman, and James Buchanan, have exerted a major impact on both my professional career and classical liberal views. I never took a course from either and did not really meet them personally until the late 1970s. Nonetheless, they have been my heroes for many years. Friedman's *Capitalism and Freedom* is the most influential book I have ever read. After reading the book in 1963, I could hardly wait to see him in action. While still in graduate school at the University of Washington, a couple of friends and I drove 200 miles to hear him give a lecture at Reed College. We were awe struck at how he was able to disarm hostile questioners and destroy the arguments of his antagonists. I also remember going to the auditorium nearly an hour early to hear his 1968 presidential lecture to the American Economic Association that, in effect, demolished the Phillips curve argument.

While the writings of Friedman provided the foundation for my market liberalism, those of Buchanan shaped my views with regard to how one should expect the political process to work and why it was important to both limit the powers of government and keep them widely dispersed. His public choice views also motivated me to write the first edition of *Economics: Private and Public Choice*. At the time, introductory principles texts (1) discussed the workings of markets, (2) explained why they often failed to achieve the ideal outcomes (market failure), and (3) indicated how government intervention could improve things. There was "market failure," but there was no "government failure." The primary goal of *Economics: Private and Public Choice* was to correct this imbalance. Even though he was unaware of it, Jim Buchanan was the godfather of this text, which is now in its 10<sup>th</sup> edition.

I also owe a major debt to many others, particularly colleagues, and co-authors. As the above comments indicate, teachers and writers have exerted a major impact on my thought process. Moreover, teaching and writing have been the focus of my professional career. During times of discouragement, reflection on those who have influenced my own life has often provided me with the inspiration to continue and to reach for higher levels. May God bless teachers and writers, particularly those with classical liberal views.