

Nobel Laureates at Cato

Since its first award in 1969, the Nobel Prize in Economics (technically, the Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel) has been an important catalyst for research agendas in economics and other academic disciplines.



The awarding of the prize to libertarian economists over the past 46 years has both reflected and boosted the resurgence in free-market thinking. Three Nobel Prize winners in particular identified themselves with libertarianism: **F. A. Hayek, Milton Friedman, and James M. Buchanan**. All three also had close ties to the Cato Institute.

The first libertarian to receive the Nobel Prize was F. A. Hayek in 1974. In the years leading up to the prize announcement, Hayek had reached a professional and personal nadir. Unable to maintain an academic appointment in the United States, Hayek had returned to Austria to take up a position at the University of Salzburg. With the announcement of the prize in 1974, however, Hayek's ideas and fortunes took a remarkable turn, even though he himself famously expressed misgivings about the propriety of awarding such an honor to economists.

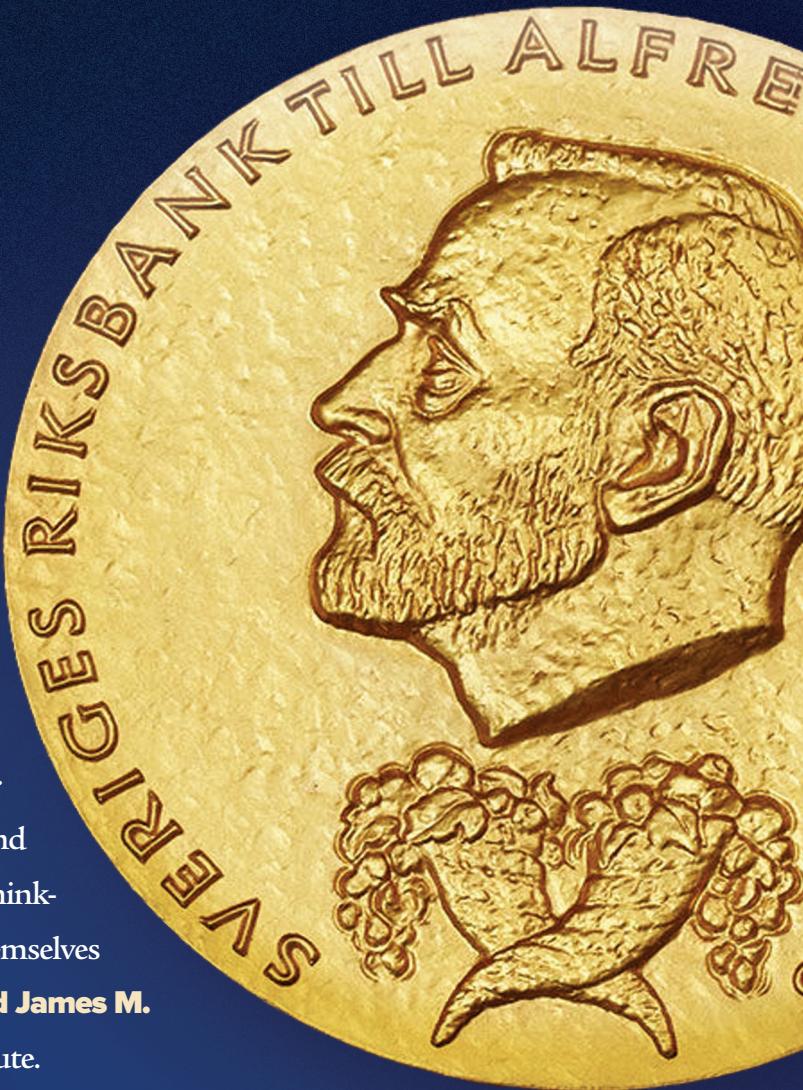
Hayek's influence on Cato is profound. Hayek wrote two of the Cato Institute's first books: *A Tiger by the Tail: The Keynesian Legacy of Inflation and Unemployment* and *Monetary Policy: Government as Generator of the "Business Cycle."* Perhaps more than any other intellectual in the 20th



century, Hayek inspired Cato and its researchers to develop policies that ensure a free society.

In 1995, thanks to generous Sponsors, Cato's auditorium was named in Hayek's honor.

Two years after Hayek's win, Milton Friedman, then a professor at the University of Chicago, was awarded the prize for his work on monetary theory. This work, along with that of Hayek, was to form the basis of Cato's advocacy of stable money and inspired Cato's first annual con-



Buchanan

ference on monetary policy in 1983. Participants included Fritz Machlup, Anna Schwartz, Gottfried Haberler, future Nobel Laureate **Robert Mundell**, and Allan Meltzer.

One year before the massacre in Tiananmen Square, Cato held its first conference in China, “Economic Reform in China: Problems and Prospects,” at which Friedman spoke. A collection of papers presented at the conference was published in English in 1990, but it remained blocked by the Chinese government until 1993, when Friedman met with then-Communist Party leader Jiang Zemin.



In 2002, Cato inaugurated the Milton Friedman Prize for Advancing Liberty, which is awarded every two years to an individual who has made a significant contribution to the advancement of liberty. Until his death in 2006, Friedman was a frequent guest of honor at Cato events and an enthusiastic supporter of Cato’s work. His influence is felt at Cato even now—he had the opportunity to review an early draft and provide important feedback on a Cato book published in 2019, *Gold, the Real Bills Doctrine, and the Fed*, by Richard Timberlake and Thomas M. Humphrey.



Libertarians have always known that government often fails, but before the pioneering work of James M. Buchanan, why government fails remained somewhat of a mystery. Buchanan’s Nobel Prize in 1986 gave recognition to the already growing movement in the Public Choice school of economics, which provides a lens through which to analyze these failures. His careful study of incentives showed market influences at work even in the “market” for government powers and favors.



For much of his life, Buchanan was an active partner with the Cato Institute. He spoke at numerous Cato events, including the 10th anniversary dinner in 1987 and Cato’s 1990 conference in Moscow, “Transition to Freedom: The New Soviet Challenge.” In addition, Buchanan often wrote for the *Cato Journal*.

Several other laureates have participated in Cato events and publications, including **Angus**

Deaton, **Vernon L. Smith**, and even one noneconomist. Peruvian novelist **Mario Vargas Llosa** won the Nobel Prize in Literature in 2010 “for his cartography of structures of power and his trenchant images of the individual’s resistance, revolt, and defeat.” Vargas Llosa has spoken at numerous Cato events, most recently a Joseph K. McLaughlin Lecture in 2017, and his speeches and writing have appeared in a number of Cato publications, including the January/February 2003 issue of *Cato Policy Report* (“Why Does Latin America Fail?”).



At least 16 Nobel laureates have been involved in one way or another with Cato events or policy work, and their biographies and work with the Institute can be found at www.cato.org/people/nobel.