Almost two years ago, a faculty petition emerged challenging the creation of a new Milton Friedman Institute for Economic Research. Just recently a second petition has been circulated and signed by many, apparently provoked by "news" that the university plans to go forward with building renovation plans that will provide space for the Institute and the Economics Department. In fact, the building plans were made public when the Institute was announced in 2008 by the Central Administration. When completed, this building initiative will make space available to others in the central part of campus, so the projects should not be seen as a benefit for a single unit on campus.

I have written earlier in response to the first petition, and I see little reason to add to what I said then. Regarding the Institute's name, Milton and Rose Friedman provide an eloquent discussion of Milton Friedman's role as an economic advisor in their book *Two Lucky People*. I continue to believe it is appropriate to recognize Milton Friedman as a scholar of extraordinary impact. Friedman and Schwartz's book on monetary history remains an important reference for understanding the impact of economic policies, including during the time of the depression, and has had important influences on the conduct and discussions of recent monetary policy in response to the current financial market crisis. Friedman's research on consumption remains a fundamental contribution and continues to have an important impact on economic modeling in both microeconomics and macroeconomics, including the construction of the so-called new Keynesian models. His presidential address to the American Economic Association remains a classic. This discussion, however, is primarily visiting old ground.

The current petition sees the building project as a symptom of "deeper problems that afflict the university and others." It advocates a greater role for faculty governance of research initiatives such as the Institute and the associated building project. I will not discuss what the correct interpretation of university statutes should be as they apply to faculty governance. I am no expert on such matters, although I wish to remind others that my colleagues and I presented the plans for the Institute to the Council of the Faculty Senate prior to the original university announcement. To my knowledge, there was no publicly expressed protest at the time of the meeting. My aim in what follows is to address concerns about the intellectual integrity of the Institute.

The petition refers ominously to Robert Maynard Hutchins' statement: "I do not mean, of course, that universities do not need money and that they should not try to get it. I only mean that they should have an educational policy and then try to finance it, instead of the letting financial accidents determine their educational policy." But there is certainly no sense in which the Institute can be seen as an example of Hutchins' "financial accident," nor is it a credible example of deeper problems of corporate corruption in the funding of research.

The Institute now has an established record. We have organized or co-sponsored conferences on a wide variety of topics. The overall quality, scholarly ambition and intensity of the papers presented and the discussion they stimulated is hard to argue with. At one of our conferences, outside scholars were brought to the Institute to critically assess and suggest improvements in the measurement of economic growth in developing countries, including African nations. Improved measurement can be a vital input into the design of policies aimed at improving welfare in underdeveloped regions of the world. After participating in our conferences on "Liquidity, Solvency and Bubbles," "New Developments in Monetary

Theory," and "Building Bridges between Finance and Development," I fail to see how one could argue honestly that the mission of the Institute itself "is guided by relentless championing of free market fundamentalism." Two of these conferences explored environments in which the design and functioning of financial markets are challenged by informational frictions, complexity in the economic environment, or the inability to sustain a fully functioning exchange-based system. A third investigated situations in which individuals make seemingly poor financial decisions or are constrained in the financing of their own entrepreneurial ambition, topics that are germane for both underdeveloped countries and urban environments that struggle economically. This abbreviated list does not begin to do justice to the variety of research that has been presented, discussed and scrutinized at the Institute. See http://mfi.uchicago.edu/programs/ for more information.

Surprisingly, the existing research track record at the Institute is not discussed in the new petition even though the Institute is apparently a leading example of a problem that requires fixing. I can only hope that going forward, faculty who choose to formally challenge research ventures on campus will do so in ways that reflect more seriousness of purpose. Our Institute is new and still a work in progress, and we will continue to seek ways to make it better. I am happy to discuss the Institute with interested colleagues on campus. However, I see little evidence in the petition as it is drafted that would give me confidence that the faculty signers are really interested in assessing the quality of research and discourse that is explored in the Institute.

Lars Peter Hansen (Director of the Milton Friedman Institute for Economic Research)