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The Legacy of Milton Friedman, Part 2

by Doug Bandow

Milton Friedman also was adept at proposing practical solutions to practical problems. He believed strongly in liberty, but he recognized that he needed to promote it practically. Nowhere was his ability in this area more evident than in his work on the All-Volunteer Force (AVF). He served on the official Gates Commission, which was charged with studying the feasibility of a volunteer military. He also worked well with like-minded advocates, such as Martin Anderson in the White House.

In fact, Friedman was widely credited with swaying several of his colleagues in favor of ending conscription. The 15-member Gates Commission was said to have started out equally divided among pro, con, and undecided. After holding hearings and debating the issue, the commission voted unanimously in favor of moving to the All-Volunteer Force, one of the most dramatic advances for liberty in America in the 20th century.

I particularly appreciated Friedman's efforts on this issue because conscription ended two years before I would have been called up. I grew up in a military home and respect the armed services, but being drafted during the Vietnam War era was not high on my agenda.

The result of his ideas — the prescience of his proposals, endurance of his ideals, and fearless commitment to his principles — is most evident in *Capitalism and Freedom*. *Free to Choose* had a larger audience, but it came out after Friedman's ideas had taken root. Leftist nostrums were being discredited; Jimmy Carter represented incompetent statism and economic failure. Ronald Reagan, who offered the rhetoric of liberty, if not always the policies to back it up, was about to be elected. Deregulation was receiving bipartisan support. People were speaking of a libertarian movement.

In contrast, think back to 1962, when *Capitalism and Freedom* was released. "Camelot" was in full swing. Supposed intellectuals were taking the United States in new directions. The Cold War looked never-ending. American involvement was soon to escalate in Vietnam. The Great Society was just a couple years away.

Along came a cranky economics professor with a revolutionary book that advocated not just radical freedom, but radical freedom across the board. The public schools had been around for more than a century, but he proposed educational choice. The draft looked to be a permanent war measure, but he called for creating a volunteer military. If anyone seemed out of touch in 1962, it was Milton Friedman, arguing in behalf of individual liberty and limited government during the heyday of modern liberalism. Indeed, Friedman begins the book with an attack on John F. Kennedy's most famous quotation, the latter's inaugural call to serve government. Writes Friedman,

The free man will ask neither what his country can do for him nor what he can do for his country. He will ask rather "What can I and my compatriots do through government" to help us discharge our individual responsibilities, to achieve our several goals and purposes, and above all, to protect our freedom? And he will accompany this question with another: How can we keep the government we create from becoming a Frankenstein that will destroy the very freedom we establish it to protect? Freedom is a rare and delicate plant. Our minds tell us, and history confirms, that the great threat to freedom is the concentration of power. Government is necessary to preserve our freedom, it is an instrument through which we can exercise our freedom; yet by concentrating power in political hands, it is also a threat to freedom. Even though the men who wield this power initially be of good will and even though they be not corrupted by the power they exercise, the power will both attract and form men of a different stamp.

Friedman shows how economic and political liberty are related, writing that the former is an "indispensable means towards the achievement of political freedom." He points out that the right to property is a *human* right, like the others normally favored by the Left.

Betraying his University of Chicago heritage, he allows for a larger state than many libertarians favor. And his monetarist bent generates a pragmatic proposal for basing money growth on rules, rather than considering more radical reforms.

Friedman champions unilateral free trade and floating exchange rates. Progress towards the former remains spotty, though the international economic system is substantially freer today than in 1962. But fixed exchange rates are no more.

He demolishes the Keynesian view of fiscal policy as a "balancing wheel" for the economy. Why, he asks, is government spending considered to be the best tool for economic expansion? He advocates ending the government's educational monopoly, but does not push for full privatization.

At a time when the civil rights movement was organizing against state-mandated discrimination, Friedman pointed out how markets discouraged such practices as racial discrimination. He writes,

The maintenance of the general rules of private property and of capitalism have been a major source of opportunity for Negroes and have permitted them to make greater progress than they otherwise could have made. To take a more general example, the preserves of discrimination in any society are the areas that are most monopolistic in character, whereas discrimination against groups of particular color or religion is least in those areas where there is the greatest freedom of competition.

It should come as no surprise, then, that he simultaneously opposed what became the Civil Rights Act, contending that free people must be allowed to decide with whom to associate.

He anticipated today's debate over corporate social responsibility, by twinning the social responsibility of labor and business. He unashamedly contended that the obligation of unions and companies was to serve the interests of union members and shareholders. In his view, those who advocate serving the interests of what are now called "stakeholders" have a "fundamental misconception of the character and nature of a free economy."

Friedman denounced occupational licensure, by which incumbent professionals "protect" the public from competition. As for income distribution, he explained, the correct ethical principle was "to each according to what he and the instruments he owns produce." Capitalism is the most important force for reducing poverty. Government was bad at doing social welfare — the minimum wage increased unemployment, while Social Security involved arbitrary and immoral income distribution.

But he accepted some anti-poverty programs, advocating a so-called negative income tax. It might be his one policy idea that disappeared into oblivion after receiving some attention decades ago.

For those who would sacrifice domestic liberty in the name of combating foreign danger, he warned that there were two threats to our liberty. One was the Kremlin. But "the other threat is far more subtle. It is the internal threat coming from men of good intentions and good will who wish to reform us."

Friedman's influence

Friedman never abandoned these ideas. Rather, he built on his *Capitalism and Freedom* foundation with his articles, lectures, other books, and television appearances. His principles were evident, however inexactly, in the "revolutions" pursued by Ronald Reagan and Margaret Thatcher. Friedman's ideas affected even authoritarian hearers, in Chile and China, for instance.

Czech President Vaclav Klaus, a nonperson in Communist times, used his rare opportunities of intellectual freedom to read Friedman and materials by other leading free-market champions. Klaus was once described as a "Friedmanite with a staff of Hayekians." Matt Laar, the young prime minister of Estonia who helped push through market-oriented policies after the

collapse of the Soviet Union, was asked where he got his ideas. He responded, “We read Milton Friedman and F.A. Hayek.”

In short, Milton Friedman’s commitment to liberty has improved the lives of people around the globe.

Still, much remains to be done. Look at policy in Washington. Look at policy in states across America. Look at policy in countries throughout the world. So much to do, so little time in which to do it.

It is easy to grow discouraged. We may live in Milton Friedman’s world of ideas, but we still live in John Maynard Keynes’s world of policies. But imagine how the world would look if we didn’t have Friedman’s ideas.

We must carry on the fight. As it has oft been said, If not us, who? If not now, when?

Lest we falter, let us remember the world that Milton Friedman lived through: World War I; war socialism; fascism; Communism; the Great Depression; the New Deal; Nazism; World War II; the Cold War; the Great Society; the Vietnam War; Carter stagflation; Bill Clinton’s softer, gentler statism; and the Bush revival of the welfare/warfare state. Yet Friedman never hesitated, never gave up, never considered abandoning the field. Consider what he wrote 45 years ago:

Our basic structure of values and the interwoven network of free institutions will withstand much. I believe that we shall be able to preserve and extend freedom despite the size of the military programs and despite the economic power already concentrated in Washington. But we shall be able to do so only if we awake to the threat that we face, only if we persuade our fellow men that free institutions offer a surer, if perhaps at times a slower, route to the ends they seek than the coercive power of the state. The glimmerings of change that are already apparent in the intellectual climate are a hopeful augury.

We lost a giant. Let us not waste the generous legacy of liberty which he bequeathed to us.

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