

# CHOICE WORDS FROM MILTON

More than three decades of wisdom from the late champion of liberty, culled from the pages of *reason* by **Brian Doherty**

**M**ILTON FRIEDMAN, who died in November at the age of 94, was the last century's most energetic and effective advocate of liberty. He was a groundbreaking giant as a technical economist, winning a Nobel Prize in 1976. He was similarly successful as an advocate of libertarian ideas in popular journalism, beginning with his 1962 classic, *Capitalism and Freedom*, continuing as a *Newsweek* columnist from 1966 to 1984, and culminating in 1980's best-selling book and accompanying TV series, *Free to Choose*. (Both books were written with his wife, Rose Friedman.)

Not merely an important intellectual and a persuasive pundit, Friedman was directly responsible for two enormous improvements in Americans' everyday lives. Because of his work with the Nixon-era Gates Commission, which recommended the abolition of conscription, you can thank Friedman for eliminating the military draft. And because of his work on monetary theory, which convinced the Federal Reserve to keep a tighter rein on the growth of the money supply, you can thank him for the relatively low price inflation of the last two decades. In more recent years, he devoted his energies to two other libertarian causes: school choice, and ending the prohibition of drugs. If those battles have not yet been won, we are much closer to victory than we would be without Friedman's tireless advocacy.

Milton Friedman was also, to our great pleasure and benefit, a longtime contributor to *reason*. From our January 1974 issue, where he enthusiastically agreed to be part of a registry of libertarian-friendly academics compiled by the early *reason* staff, to his

hour on the phone with me in late August 2006 to discuss Alan Greenspan's record as chairman of the Federal Reserve and the prospects for his successor, Ben Bernanke, Friedman was always a generous friend to this magazine.

Here is a sampling of what Friedman offered in his many interviews and articles in *reason*. It is meant to give a wide-angle picture of his thoughts—often iconoclastic and combative, always lucid and rooted in his belief that we should all be free to choose what we buy, what we sell, what we ingest, what we produce, how we interact with others, how we educate our children, and, in general, how we live.

**From 'An Interview With Milton Friedman', December 1974, conducted by Tibor Machan, Joe Cobb, and Ralph Raico**

The case for free enterprise, for competition, is that it's the only system that will keep the capitalists from having too much power. There's the old saying, 'If you want to catch a thief, set a thief to catch him.' The virtue of free enterprise capitalism is that it sets one businessman against another and it's a most effective device for control.

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I start ... from a belief in individual freedom and that derives fundamentally from a belief in the limitations of our knowledge, from a belief ... that nobody can be sure that what he believes is right, is really right ... I'm an imperfect human being who cannot be certain of anything, so what position ... involved the least intolerance on my part? The most attractive position ... is putting individual freedom first.

There's a great deal of basis for believing that a free society is fundamentally unstable—we may regret this but we've got to face up to the facts ... I think it's the utmost of naiveté to suppose that a free society is somehow the natural order of things.

It's fortunate that the capitalist society is more productive, because if it were not it would never be tolerated. The bias against it is so great that ... it's got to have a five-to-one advantage in order to survive.

I think a major reason why intellectuals tend to move towards collectivism is that the collectivist answer is a simple one. If there's something wrong, pass a law and do something about it.

At one time I thought a strong argument could be made for compulsory schooling because of the harm which the failure to school your child does to other people ... But the work which Ed West and others have done on the actual development of schools makes it abundantly clear that in the absence of compulsory schooling there would nonetheless be a very high degree of literacy—that self-interest would be sufficient to yield a degree of schooling which would satisfy the social need for a literate society. Consequently, I am no longer in favour of compulsory schooling.

The two chief enemies of the free society or free enterprise are intellectuals on the one hand and businessmen on the other, for opposite reasons. Every intellectual believes in freedom for himself, but he's opposed to freedom for others ... He thinks ... there ought to be a central planning board that will establish social priorities ... The businessmen are just the opposite—every businessman is in favour of freedom for everybody else, but when it comes to himself that's a different question. He's always the special case. He ought to get special privileges from the government, a tariff, this, that, and the other thing.

The argument has always been made that the

trouble with capitalism is that it's materialistic, while collectivism can afford to pay attention to the nonmaterial. But the experience has been the opposite. There are no societies that have

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emphasised the purely material requisites of well-being as much as the collectivist ... it is in the free societies that there has been a far greater development of the nonmaterial, spiritual, artistic aspects of well-being.

I don't think that a revolutionary, once-and-for-all approach [to achieving political liberty] will succeed ... I think the odds are that a free society is on the way out but that doesn't mean that we shouldn't fight for it, or that sulking in our tents explaining to one another how nice it would be if we could only wipe the slate clean and get our way is an effective means of fighting for a free society.

**From 'Which Way for Capitalism?', by Milton Friedman, May 1978**

One meaning that is often attached to free enterprise is that enterprises shall be free to do what they want ... What we really mean is the freedom of individuals to set up enterprises. It is the freedom of an individual to engage in an activity so long as he uses only voluntary methods of getting other individuals to cooperate with him.

We talk about ourselves as a free enterprise society. Yet in terms of the fundamental question of who owns the means of production in the corporate sector we are 48% socialistic because the corporate tax is 48%.

I had a debate...with that great saint of the US consumer, Ralph Nader. I posed the question of state laws requiring people who ride motorcycles to wear helmets ... That law is the best litmus paper to distinguish true believers in individualism ... because the person riding the motorcycle is risking only his own life. He may be a fool to drive that motorcycle without a helmet, but part of freedom

... is the freedom to be a fool.

Many people complain about government waste, but I welcome it ... for two reasons. In the first place, efficiency is not a desirable thing if somebody is doing a bad thing ... Government is doing things that we don't want it to do; so the more money it wastes, the better. In the second place, waste brings home to the public at large the fact that government is not an efficient and effective instrument for achieving its objectives. One of the great causes for hope is a growing disillusionment ... with the idea that government is the all-wise, all-powerful big brother who can solve every problem that comes along.

When Gerald Ford became president and called a summit conference to do something about the problems of inflation ... I sat at that summit conference and heard representatives of one group after another ... and they all said the same things: 'Of course, we recognise that in order to stop inflation we must cut down government spending. And I tell you, the way to cut down government spending is to spend more on me.' That was the universal refrain.

**From 'Where Are We on the Road to Liberty?', by Milton Friedman, June 1987 (based on a speech (Friedman gave at a *reason* banquet in October 1986)**

[*Capitalism and Freedom*] was a book directed at the general public that was destined to sell more than 400,000 copies in the next 18 years, written by an established professor at a leading university and published by a leading university press. Yet it was not reviewed in a single popular American publication.

There have been a few victories. We did, after all, get rid of the [Civil Aeronautics Board] that regulated the airlines. We did get rid of military conscription—that's something truly to celebrate. But the improvement has been meagre. The most one can say is that no major new spending programmes have been passed in the last six years. The increase in government spending, outside the military, has been predominantly the effect of earlier programmes ... I do not cite the contrast between the world of ideas and the world of practice as a reason for either dismay or pessimism; on the contrary ... there always is and always has been a

long lag between a change in the climate of opinion and a change in actual policy.

Why has there been so great a shift in the attitudes of the public [toward accepting free market ideas]? I'm sorry to confess that I do not believe it occurred because of the persuasive power of such books as Friedrich Hayek's *Road to Serfdom* or Ayn Rand's *Fountainhead* or *Atlas Shrugged* or our own *Capitalism and Freedom*. Such books certainly played a role, but I believe the major reason for the change is the extraordinary force of factual evidence ... The great hopes that had been placed in Russia and China by the collectivists and socialists turned into ashes ... Similarly, the hopes that were placed in Fabian socialism and the welfare state in Britain or the New Deal in the United States were disappointed. One major government programme after another started with the very best aims and with noble objectives and turned out not to deliver the goods ... Ideas played their part. But they played their part not by producing a reaction against the spread of government but by determining the form that that reaction took. The role we play as intellectuals is not to persuade anybody but to keep options open and to provide alternative policies that can be adopted when people decide they have to make a change.

**From 'The Best of Both Worlds', June 1995, an interview conducted by Brian Doherty**

Throughout my career, I spent most of my time on technical economics ... If you really want to engage in policy activity, don't make that your vocation. Make it your avocation. Get a job. Get a secure base of income. Otherwise, you're going to get corrupted and destroyed ... One of the most important things in my career is that I always had a major vocation which was not policy. I don't regard what I've done in the field of monetary policy as on the same level as what I've done about trying to get rid of the draft or legalising drugs ... But by having a good firm position in the academic world, I was perfectly free to be my own person in the world of policy. I didn't have to worry about losing my job. I didn't have to worry about being persecuted.

I think you'll make a mistake if you're going to spend your life as a policy wonk. I've seen some of my students who have done this. And some of them are fine, and some of them, especially those who

have gone to Washington and stayed, are not.

I am a Republican with a capital 'R' and a libertarian with a small 'l'. I have a party membership as a Republican, not because they have any principles, but because that's the way I am the most useful and have most influence. My philosophy is clearly libertarian.

There are many varieties of libertarians. There's a zero-government libertarian, an anarchist. There's a limited-government libertarianism. They share a lot in terms of their fundamental values. If you trace them to their ultimate roots, they are different. It doesn't matter in practice, because we both want to work in the same direction.

I would like to be a zero-government libertarian [but] I don't think it's a feasible social structure. I look over history, and outside of perhaps Iceland, where else can you find any historical examples of that kind of a system developing?

**From 'Rethinking the Social Responsibility of Business', October 2005, a roundtable of essays featuring Friedman, Whole Foods CEO John Mackey, and Cypress Semiconductor CEO T J Rodgers**

I believe Mackey's flat statement that 'corporate philanthropy is a good thing' is flatly wrong. Consider the decision by the founders of Whole Foods to donate 5% of net profits to philanthropy. They were clearly within their rights in doing so. They were spending their own money ... But what reason is there to suppose that the stream of profit distributed in this way would do more good for society than investing that stream of profit in the enterprise itself or paying it out as dividends and letting the stockholders dispose of it? The practice makes sense only because of our obscene tax laws, whereby a stockholder can make a larger gift for a given after-tax cost if the corporation makes the gift on his behalf than if he makes the gift directly. That is a good reason for eliminating the corporate tax or for eliminating the deductibility of corporate charity, but it is not a justification for corporate charity.

**From 'The Father of Modern School Reform', December 2005, an interview conducted by Nick Gillespie**

We have been going from a rural or quasi-rural society to an aristocratic society. There's no doubt that in recent years the upper end of the income

scale has enjoyed a much larger increase in income and wealth than the lower end.

I want [education] vouchers to be ... available to everyone. They should contain few or no restrictions on how they can be used. We need a system in which the government says to every parent: 'Here is a piece of paper you can use for the educational purposes of your child. It will cover the full cost per student at a government school. It is worth X dollars towards the cost of educational services that you purchase from parochial schools, private for-profit schools, private nonprofit schools, or other purveyors of educational services. You may add from your own funds to the voucher if you wish to and can afford to.'

Empowering parents would generate a competitive education market, which would lead to a burst of innovation and improvement, as competition has done in so many other areas. There's nothing that would do so much to avoid the danger of a two-tiered society, of a class-based society. And there's nothing that would do so much to ensure a skilled and educated work force.

**From 'Can We Bank on the Federal Reserve', November 2006, a roundtable that included the last interview Friedman granted to *reason*, conducted by Brian Doherty**

I do not think you or I can say what the right savings rate is or should be. There's nothing wrong with a person, family, or country saying, 'We have high enough income. We don't need more. We're going to spend it all.' We can have a perfectly prosperous and active economy along those lines. I don't think it's helpful to ask, 'Is this rate right or wrong?' Instead we should ask, 'Have we adopted policies that reduce incentives to save?'

The US economy is capable of very good growth provided the government keeps its hands off. Unfortunately, there's a strong propensity for the government to do things that are harmful rather than helpful. For example, Sarbanes-Oxley [the post-Enron law attempting to curb accounting fraud] is very unfortunate. It tells every entrepreneur in America: Don't take risks. That's not what we want. The function of the entrepreneur is to take risks, and if he's forced not to take risks and to spend on accountants rather than products, the economy is not going to expand or grow.