

**FREE TO CHOOSE*****A Personal Statement***

By: Rose and Milton Friedman

I must start out by saying that Milton Friedman is a genius. Having read his book, Free to Choose: a Personal Statement, I have had my eyes opened to the intricacies of the United State's economic system, its economic history, and the political influence that has affected both. In his book, Friedman states that "voluntary exchange is a necessary condition for both prosperity and freedom" (Friedman and Friedman 11). I couldn't agree more. I have often thought that the underlying problem and weakness of a centrally-planned economy is that the citizens influenced by such a government have very little incentive to be productive. If Mr. Wilson, a Harvard-educated lawyer, were to have the same salary as his neighbor, an unskilled worker employed as a janitor at the local courthouse, what incentive would there be for him to fight for his clients and work to promote the general welfare of society through his work? I am reminded throughout Friedman's book, as well as through the work of Walton and Rockoff that *incentives matter* (Walton and Rockoff 8 [Economic Reasoning Proposition 3]).

Farther along in his book, Friedman writes of "[The] freedom to choose" and of "voluntary exchange" (Friedman and Friedman 29). He also states that "almost everything we do has some third-part effect" (Friedman and Friedman 31). What he's trying to say in these passages is dually-stated in the work of Walton and Rockoff—that *choices matter* (Walton and Rockoff 8 [Economic Reasoning Proposition 1]). In a Free-Market economy, such as that which we have in the United States, we are free to make choices. Capitalism allows and even encourages individuals to make decisions according to that which is in their own best interest. Friedman says that this does not equate to selfishness, but is rather a benefit to the economy as a whole. This was also expressed by

Adam Smith in his essay, "The Wealth of Nations." He called it the "Invisible Hand" (qtd. in Boardman and Sandomir 106). No one in the world performs his or her job purely for the intention of sustaining a system by which someone else can benefit from the work that he or she performs. I understand this to mean, essentially, that everyone is self-interested. I go to work to make a living, and if it so happens that by my efforts someone else benefits (positive externality), so be it. I'm working for my own benefit, not for that of another person. By my actions, however, the economy as a whole will benefit.

Many times in the history of the United States, the government has interfered with the economy. One such example is that of the creation of the Federal Reserve in 1913 by President Woodrow Wilson. The Federal Reserve was created to serve as the lender of last resorts. The intention behind its creation was to avoid "runs" on banks and to engage in "Monetary Policy." I feel that the creation of the Federal Reserve (colloquially known as "The Fed") was a very positive occurrence that aided the U.S. economically and helped to regulate banks a little better. Friedman, on the other hand, blames this entity for the "mistaken monetary policy that converted a recession into a catastrophic depression" (Friedman and Friedman 91). In the long-run however, I believe that the monetary policy instituted by the Fed has helped to maintain economic stability, especially in times of crisis. I refer specifically to the action that the Fed took to provide for the availability of the U.S. money supply after the attacks on the World Trade Center on September 11<sup>th</sup> 2001. The Fed allowed people to easily liquidate their assets. This action truly helped the U.S. citizens in our time of crisis.

Friedman also writes of the concept of equality as it relates to the availability of social and economic opportunities in our society. He differentiates the "Equality before God," from the "Equality of Opportunity" and the "Equality of Outcome" (Friedman and Friedman 129-49). He

declares that Thomas Jefferson's use of the word "Equal" in the Declaration of Independence refers solely to the "Equality [that we have] before God" (Friedman and Friedman 129). Jefferson wrote, "[that men are] endowed by their Creator with certain unalienable rights; that among these are Life, Liberty, and the Pursuit of Happiness" (US Declaration Ind. § 2.1). Because of this "equality," I have the right to pursue those things which are in my own best [economic] interest—whatever they may be. Everyone is equal in this sense. I was blown away by Friedman's expression that "We are not equal" (Friedman and Friedman 134). In my studies I have sought to investigate how we can work on equality, but he blatantly expresses simply that we aren't—and that we should just accept it. We were not all born the same; we do not all have the same talents, likes, characters, and abilities. Friedman calls this "Equality of Outcome" (Friedman and Friedman 134). Our world would be extremely bland if we were all good at singing, dancing, painting, running, and so forth. There would be no reason to hold races because we would all reach the finish line at the same time. Life would be bland. We humans are innately *different*. What we really seek for, then, is "fairness," a term that Friedman says is even more ambiguous than equality. What we really want is for things to be fair. I laugh because Friedman boldly declares that, "Life isn't fair" (Friedman and Friedman 137). I now have a deeper understanding of the meaning of equality and the many effects it has on humanity.

It seems to me as though Friedman's main thesis throughout his and his wife's book is this: In order for our economy to be appropriately efficient and functional, we have to work toward private enterprise and away from government intervention in the economy. Essentially, we need to divorce monetary policy and fiscal policy if we Americans want to be productive and appropriately competitive in the world economy. Furthermore, as Friedman believes, we need to provide certain protections for consumers and investors in our economy. He suggests that we dissolve most (if not

all) public welfare programs—as they encourage non-productivity and dependence on the state.

We should, instead, focus our attention on more productive programs. These, in Friedman’s opinion, would include: the Food and Drug Administration, the Consumer Products Safety Commission, the American Medical Association, the Environmental Protection Agency, the Federal Deposit Insurance Corporation, and the National Credit Union Association (Friedman and Friedman 235-41). Friedman writes that with these programs in order, consumers and workers alike are protected from environmental and financial harms. This provides for an increased confidence in the U.S. economic system, and heightened productivity.

Conclusively, I wish to declare that our economy needs help. We need to learn from our past economic mistakes and provide our citizens with incentives to work. It is the responsibility of able-bodied and able-minded U.S. citizens to lead the way in our economy in order to ensure economic stability and further economic productivity. I believe that it is necessary for all citizens to “WAKE UP,” as it were, and work to make a difference in our communities and, in a greater sense, the nation as a whole. We have the knowledge necessary to analyze trends in our economy and the means by which we can influence those who make laws in our society. With these, we have the compulsory responsibility to do more to promote private enterprise and a more productive economy—to encourage Laissez-Faire economics. It is up to us, the citizens, to pursue our own best interests. By doing this, we benefit society as a whole, and maintain our objective: to be *Free to Choose*.

Works Cited:

Boardman, Calvin M., and Sandomir, Alan N. Foundations of Business Thought: Seventh Edition. Massachusetts: Pearson Custom Publishing, 2007.

Friedman, Milton and Friedman, Rose D. Free to Choose: *a personal statement.* Florida: Harcourt, Inc., 1980.

Walton, Gary M. and Rockoff, Hugh. History of the American Economy: Eleventh Edition. Ohio: South-Western, Cengage Learning, 2010.

**\*\* Link to my e-Portfolio: \*\***

<http://nicholase-portfolio.yolasite.com/economics-1740.php>