

# WebMemo



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## Feulner on Friedman: A Tribute

*Edwin J. Feulner, Ph.D.*

The extraordinary life of Professor Milton Friedman has been extolled in every major newspaper around the world. His contributions to economic theory and the free society merit a celebration of the life of this extraordinary individual.

Friedman was small in stature but a giant in the world of ideas. His passion and wisdom extended well beyond the field of economics and combined to make him one of the most compelling advocates of human freedom the world has known.

His ideas earned him the Nobel Prize. But more than that, his ideas have been translated into public policy in this nation and in countries around the world. And these ideas have empowered millions of people to pursue their destiny, opening for them new economic and educational opportunities that have made them more productive and more prosperous.

Over the last 30 years, Friedman enjoyed a close relationship with The Heritage Foundation. He was the featured speaker at the 1979 dedication of our headquarters building, our 1983 10<sup>th</sup> anniversary "Heritage 10" celebration, and other occasions. In 1998, I awarded Rose and Milton Friedman The Heritage Foundation's Clare Boothe Luce Award, our most distinguished honor. Friedman and Heritage have been closely linked in the policy arena for a very long time.

Even though he was formally affiliated with our sister institution, the Hoover Institution on War, Revolution and Peace at Stanford University, he never failed to lend his name, his credibility, and his energy to building other institutions com-

mitted to a free society in the United States and around the world.

He was one of the Philadelphia Society's four founding members, who organized the group in a New York City hotel in December 1964. His role with the Cato Institute, which awards the Milton Friedman Prize, the Institute of Economic Affairs in London, the Mont Pelerin Society, and a variety of other pro-freedom entities around the world testify to his willingness to promote the free society at every available opportunity.

With this short collection of comments about Milton Friedman, I join the legions who have praised his work.

Edwin J. Feulner, Ph.D.  
President  
The Heritage Foundation

**On September 28, 1998 in San Francisco, The Heritage Foundation awarded the Clare Boothe Luce Award to Drs. Rose D. and Milton Friedman. Edwin Feulner offered these remarks:**

The price of liberty, Thomas Jefferson reminded us, is eternal vigilance. You, Rose and Milton Friedman, have been second to none in your vigilance,

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tireless, and effective defense of liberty. At a time when it was intellectually fashionable to assert that collectivism was the wave of the future, you steadfastly championed the moral and practical superiority of free markets. At a time when “economic” freedom was widely held to be less important than “political” freedom, you demonstrated that they are, in fact, inseparable. And when others looked to the power of the state to accomplish their social objectives, you reshaped American politics through your advocacy of monetary restraint, deregulation, the volunteer army, school choice, and the flat tax.

Rose and Milton, for showing us how to advance the cause of freedom with academic rigor and prophetic zeal, and for strengthening the foundations of liberty in America and around the world, The Heritage Foundation is proud to salute you.

**On May 26, 1999, the American Conservative Union held the “Conservative Century” Dinner to celebrate the accomplishments of conservatives in the last 100 years. The following is an excerpt from a speech delivered by Edwin Feulner:**

Another attendee of that first meeting of the Mont Pelerin Society was Milton Friedman. A promoter of free markets and free minds, Milton Friedman is the spokesman and a symbol of the remarkable revival of neoclassical economics in our time. Evidence of his dazzling brilliance ranges from discoveries in statistics made 50 years ago—still known as the “Friedman Test”—to his early advocacy of school choice, deregulation, and the flat tax, which have reshaped policy debate in America and around the world. Friedman has become, in the words of the *Economist* and the estimation of countless others, “the greatest economist of the 20<sup>th</sup> century.” Although his continuing influence is felt in the American government, where House Majority Leader Dick Armey comments, “One of the great privileges of this job is that I dare call Milton Friedman friend. This is like a miracle in my life,” Friedman’s influence has not ended at America’s borders.

Throughout the world, Friedman has become the breathing, bespectacled example of how human freedom can be advanced with academic integrity and articulate zeal. His direct influence can be traced in places as diverse as Thatcher’s Britain, the Czech

Republic, South Korea, Portugal, Spain, and Chile, where the “Chicago Boys,” including some of Friedman’s students, created a free-market showcase by cutting public spending, attacking inflation, reducing tariffs, and inviting foreign investment. Martin Anderson, former domestic policy advisor to President Reagan, concludes, “If you step back and look at all the sweeping political and economic changes in the United States and even in other countries, a lot of people have had an important effect. But if you had to say one person who had the most impact, it’s Milton Friedman.”

Friedman’s continued active involvement in the political and economic debate serves as an inspiration to all of us involved in the conservative movement.

**The following is an excerpt of Edwin Feulner’s President’s Address to the Mont Pelerin Society in Barcelona, Spain, September 1997:**

In 1968 Clarence Philbrook of the University of North Carolina, who was then the Treasurer of the Society, invited me to a general meeting of the Society in Aviemore, Scotland, as one of the Society’s guests sponsored by the Earhart Foundation. I have been intimately involved with the Society’s affairs ever since. The first meeting of the Society that I attended as a full-fledged member was down this mountain in Montreaux in 1972, and it is still vivid in my memory today, not least because Milton Friedman used the occasion to argue that the battle of economics had been won; our work was done, and we should dissolve the Society. I was quite taken aback by Milton’s argument. At home, President Nixon had just imposed wage-and-price controls. Abroad, the Soviet Union was bent on changing the “correlation of forces” while the West fruitlessly pursued a policy of détente. If this is Milton’s idea of victory, I asked myself, I wonder how he would define defeat?

In retrospect, however, it is apparent that what Milton meant when he said that the economic battle had been won was pretty much what Ronald Reagan meant when he said, some years later, that the statist “had had their turn at bat in the 1960s and had struck out.” The fundamental flaw of statism—its “fatal conceit,” Hayek called it—was its arrogant conviction that policymakers could blithely disregard traditions that embodied the wis-

dom of generations, that they could impetuously ignore customs whose purposes they didn't understand, and yet they could emerge from the inevitable disasters with their prestige intact and their ideas unchallenged....

You know, the Keynesian economist and Nobel Laureate Robert Solow once joked that the difference between himself and Milton Friedman was that Milton everything always comes back to money, whereas to Solow everything always comes back to sex. I think that to all of us here this evening, everything always comes back to freedom. The issues we consider are sometimes quite technical—devaluation, regionalism, and multilateralism in international trade, the pros and cons of a return to the gold standard, privatization schemes, etc.—but the underlying theme informing all of our deliberations is an abiding moral concern for the mind, the soul, and the rights of the individual. That's what unites us. That's the common thread linking us back to our founders and forward to our successors. We are part of an ongoing struggle, and we will continue to insist that families, communities, and individuals, *not* government, have the freedom to make the decisions that shape their lives.

Fifty years after the founding of our society, we can no longer think of ourselves as a Saving Remnant, huddled together for warmth and encouragement on a dark and stormy night. But neither can we think of ourselves as winners, despite the fact that many of our ideas have gained wide acceptance. In my opinion, we should regard ourselves, first and foremost, as pilgrims, still engaged in the same quest—as individuals and as a society—that inspired our founders: the quest for a comprehensive philosophy of freedom, for a political, social, and economic order that best protects the mind, the soul, and the rights of the individual.

As it happens, the French word for pilgrim is “pelerin.” Perhaps the decision to be known as the Mont Pelerin Society was not quite so meaningless as some of our founders supposed.

In closing let me once again quote John Paul II—from his closing paragraph of that same speech. His vision is one that I personally share and one that has shaped much of my own life's work.

We must not be afraid of the future. We must not be afraid of man. It is no accident that we are here. Each and every human person has been created in the “image and likeness” of the One who is the origin of all that is. We have within us the capacities for wisdom and virtue. With these gifts, and with the help of God's grace, we can build in the next century and the next millennium a civilization worthy of the human person, a true culture of freedom. We can and must do so! And in doing so, we shall see that the tears of this century have prepared the ground for a new springtime of the human spirit.

Thank you all for joining us for this special celebration of the anniversary of the Society. And a special thank you to Milton. We all owe a tremendous debt of gratitude to you and the other founders of our Society for making that first pilgrimage to Mont Pelerin 50 years ago.

**In 1997 Heritage's annual President's Essay featured a selection from Milton Friedman's *Capitalism and Freedom* (University of Chicago Press, 1962). Feulner wrote this introductory essay:**

Promoter of free markets and free minds; father of floating currency, stable money and the volunteer army; guiding light of the “Chicago School”; critic of the chaos that flows from central planning; sworn enemy of the free lunch: Milton Friedman is the spokesman and symbol of the remarkable revival of neoclassical economics in our time. As a groundbreaking scholar, influential teacher, intimidating debater, television personality, widely read columnist and advisor to presidents and prime ministers, he has defended the efficiency and nobility of markets and revealed the justice found in freedom. Evidence of his dazzling brilliance ranges from discoveries in statistics made fifty years ago (still known as the “Friedman Test”) to his early advocacy of school choice, deregulation and the flat tax, which have reshaped policy debate in America and around the world.

In a career of constructive controversy, he has deflated the pretensions of Keynesian technocrats and proven, with moral passion and economic sophistication, that the tradition of Adam Smith is

the wave of the world's future. In the process, Milton Friedman has become, in the words of the *Economist* and the estimation of countless others, "the greatest economist of the 20th century."

His continuing influence is felt in the American government, where House Majority Leader Richard Armey comments, "One of the great privileges of this job is that I dare call Milton Friedman friend. This is like a miracle in my life." On the flip side, Robert Rubin, Secretary of the Treasury in the Clinton Administration, has proclaimed, "We're not a set of Milton Friedmans"—which is both accurate and unfortunate.

Yet the broadest measure of Friedman's influence is found in the capitalist renaissance beyond America's borders.

- A *New York Times* reporter interviews the vice mayor of Dongguan, forty miles from Hong Kong, a former member of the Red Guard, whose fervor earned him a private reception with Mao Zedong. "Times have changed," the article observes. "These days, Lau says his favorite economist is Milton Friedman, the American conservative who stresses the importance of monetary policy and decries big government. It is a bit like George Bush saying his favorite economist is Karl Marx."
- A correspondent for the *Chicago Tribune* interviews Naidansurengin Zolzhargal, the twenty-six-year-old director of the Mongolian Stock Exchange and director of the State Bank of Mongolia. "Zolzhargal," the reporter notes, "says his idol is Nobel laureate economist Milton Friedman."
- A *New York Times* reporter files a story from Khartoum, Sudan. "With a copy of the Koran in one hand and the economic theories of Milton Friedman in the other, the Sudanese Government is trying to wed unbridled capitalism to militant Islam."

"The tide of ideas isn't local," Milton Friedman has argued. "It's international; it's worldwide." And throughout the world, Friedman has become the breathing, bespectacled example of how human freedom can be advanced with academic integrity and articulate zeal. His direct influence can be

traced in places as diverse as Thatcher's Britain, the Czech Republic, South Korea, Portugal, Spain, and Chile—where the "Chicago Boys," including some of Friedman's students, created a free-market showcase by cutting public spending, attacking inflation, reducing tariffs, and inviting foreign investment. At one point, University of Chicago graduates included the Chilean ministers of finance, planning, and the treasury; the budget director; and president and vice president of the central bank.

Martin Anderson, former chief domestic policy advisor to President Reagan, concludes, "If you step back and look at all the sweeping political and economic changes in the United States and even in other countries, a lot of people have had an important effect. But if you had to say one person who had the most impact, it's Milton Friedman."

John Maynard Keynes famously said that we are unconsciously ruled by dead economists. Our world is increasingly, consciously, and gratefully governed by the ideas of a distinguished living economist. In many ways, this can be called the age of Friedman.

Milton Friedman has conducted his crusade for liberty with a distinctive style that can both intimidate and disarm. He is a natural debater, for whom passionate, principled argument is a way of life. His son, David, recalls that until the age of fifteen in the Friedman household, "it had not occurred to me that there were forms of conversation that didn't involve argument and analysis." And when he debates, Friedman can be devastating. During one forum on the military draft, a general insisted on using the term "mercenaries" in his argument against a volunteer army. "You could see Milton getting more and more agitated," recalls Martin Anderson. "Finally he went up to the mike and said to the general, 'If you will stop calling young men who volunteer to serve their country mercenaries, then I will not start calling people who are drafted slaves.'" Some of Friedman's opponents have wisely sent up a white flag when it comes to verbal combat. John Kenneth Galbraith concedes, "Milton Friedman is a superb debater... I've always avoided debating him."

Yet this debating skill is leavened with wit, proving that the "dismal science" is anything but dismal



in his hands. In reference to his height—five feet, two inches—he claims that he lost an inch from carrying the “weight of the world” on his shoulders. When Richard Nixon opined that “We are all Keynesians now,” Friedman immediately wrote Galbraith a note: “You must be as chagrined as I am to have Nixon for your disciple.”

Milton Friedman’s defining attitude is an infectious confidence, which has given conservative (and classical liberal) economics its forward momentum. A student skit from the University of Chicago in the 1950s included the line: “Mr. Friedman, is it correct that you have discovered *Truth*, and that you are now simply verifying it empirically?” Once, when hiring an administrative assistant who lacked an economics background, Friedman reassured her: “You don’t have to worry about not knowing anything about economics. There are many people who studied economics for years and don’t know anything about economics. Stick with me and you’ll learn the correct way.”

Chairman of the Federal Reserve Alan Greenspan, who has called Friedman one of the most productive intellects of the century, comments: “As far as Milton Friedman is concerned, if something is true, it’s true. He talks the same way to an eighteen-year-old college student as he does to the President of the United States.” And he has regularly and persuasively talked with both.

Born in 1912, Milton Friedman is the product of America’s hard, rich immigrant experience. His parents emigrated from a province of the Austro-Hungarian Empire in the late nineteenth century. From the age of fourteen, his mother worked as a seamstress in a New York sweat shop, an institution Friedman vigorously defends as a source of low-skill, low-paying jobs. “Sweatshops serve a very useful function. If present-day labor laws had been in effect in the 19th century, you never would have been able to have all the immigration you did.”

As a child, Friedman showed a talent for mathematics, graduating from high school before his sixteenth birthday and dreaming of becoming an actuary for an insurance company. But at Rutgers College, where he was a student of Arthur Burns (later chairman of the Council of Economic Advisers and chairman of the Federal Reserve), Fried-

man fell in love with economics. Graduating in 1932, at the darkest moment of the Great Depression, he was offered a scholarship to the University of Chicago.

That university, he remembers, “exposed me to a cosmopolitan and vibrant intellectual atmosphere of a kind that I had never dreamed existed. I have never recovered.” The University of Chicago’s economics department was populated by free-market giants, including Frank Knight, Jacob Viner, and Henry Simons. Here Friedman also encountered another formative influence—a fellow graduate student in economics named Rose Director, who became his wife and frequent collaborator. Her husband, she recalls, was supremely studious, with little interest in things non-academic. Once, before they were married, she dragged him to the symphony in New York in a vain attempt to civilize him. “When I saw that he sat beside me reading a book while the music was on, I gave up.”

After wartime work in Washington (where his efforts led to income tax withholding from paychecks to fund the war effort), Friedman returned to the University of Chicago, this time as a professor. Lindley Clark, editor and columnist at the *Wall Street Journal*, was one of Friedman’s students in the late 1940s. He remembers him as “exciting, even exhilarating” teacher who, unlike some colleagues, “wasn’t always canceling classes because his advice was wanted in Washington.”

The University of Chicago, after World War II, was in the midst of a conservative golden age. Richard Weaver taught English and rhetoric. Friedrich von Hayek lectured on social philosophy. Leo Strauss attacked relativism and revisited Athens and Jerusalem in political philosophy. And Milton Friedman began a thirty-year run of scholarly achievements that changed the landscape of American economics. In 1950, he wrote a landmark piece on flexible exchange rates which has been called a “modern classic.” In the early 1960s, he authored, with Anna Schwartz, the 860-page *A Monetary History of the United States*, reconstructing money supply data back to the Civil War from old bank records. Other works dealt with consumption theory, statistics and economic methodology. “People at MIT and Harvard didn’t know what they were going to work on until Milton made a

speech,” says fellow University of Chicago Nobel Laureate, the late George Stigler. His influence transformed an academic department into a movement, the “Chicago School,” of which Friedman was the spiritual leader. One professor at the time was led to conclude, “At most universities, people are either conservatives or liberals, but at Chicago, you are either a libertarian or an authoritarian.”

Along the way, Friedman participated in the founding of the Mont Pelerin Society on April 1, 1947—an organization which has been called a “kind of Comintern for the free-market.” Convened by Hayek in Switzerland, the meeting attracted thirty-nine prominent European and American scholars and connected Friedman to an international network of like-minded intellectuals. The tone of that first conference was somber. Its concluding declaration warned that “the position of the individual and the voluntary group are progressively undermined by extensions of arbitrary power.” Yet the effect was encouraging. “The importance of that meeting,” Friedman observes, “was that it showed us we were not alone.” It was a “rallying point,” he says, for outnumbered troops.

Friedman’s rising star was quickly noticed in Washington. He turned down an invitation from President Eisenhower to serve on his Council of Economic Advisers. “I really thought I could be much more helpful and useful in the world at large as a maverick than I could be in Washington as a civil servant.” But Washington kept insisting. In 1964, Friedman served as economic adviser to candidate Barry Goldwater.

But through it all, Friedman remained a maverick, unafraid to criticize slipshod economic thinking, whatever its source. When President Nixon imposed wage and price controls in 1971, Friedman wrote in the *New York Times*: “The controls are deeply and inherently immoral. By substituting the rule of men for the rule of law and for voluntary cooperation in the marketplace, the controls threaten the very foundations of a free society. By encouraging men to spy and report on one another, by making it in the private interest of large numbers of citizens to evade controls, and by making actions illegal that are in the public interest, the controls undermine individual morality.”

In this period, one of Friedman’s great achievements was the all-volunteer military. Beginning at a University of Chicago conference in December of 1966, Friedman debated vigorously against the draft. Eventually, he served on the presidential commission that voted to terminate it. And our experience since the summer of 1973, culminating in the Gulf War, has confirmed Friedman’s faith in the ability and commitment of soldiers who give their service without compulsion.

In 1966—the same year that William Buckley started “Firing Line”—Friedman began his regular column in *Newsweek*, dueling with liberal economist Paul Samuelson, and spreading his ideas to a broader popular audience. In 1967, he was elected president of the American Economic Association. In 1969 he was featured on the cover of *Time*, in which he was called a “maverick messiah.” Historian George Nash observes: “Here was a man of increasing prestige within his profession, a man whom even opponents respected as one of the very best American economists, who was articulating conservative viewpoints with a felicitous combination of learning and wit.”

The Nobel Prize came in 1976, the two hundredth anniversary of Adam Smith’s *Wealth of Nations* and Thomas Jefferson’s Declaration of Independence, statements of economic and social freedom that Friedman has given new vigor and voice. In that same year, he left the University of Chicago. “I reached the age of 65 and had graded enough exam papers.” But a broader exercise in teaching was just beginning. On January 11, 1980—a landmark date in American conservatism—the first episode of Friedman’s “Free to Choose” aired on PBS, making a compelling case to millions of viewers on the essential connection between capitalism and human freedom. The ten-part series took Friedman from Hong Kong harbor, to the Glasgow classroom where Adam Smith lectured, to a Japanese electronics factory, to the ornate boardroom of the New York Federal Reserve. The book based on the series, and written with his wife Rose, was simultaneously on the bestseller list of every English-speaking nation in the world. One reviewer commented, “The Friedmans come out swinging on page one of the Preface and do not let up until the

last page of Appendix B.” Ronald Reagan called it “must reading for everyone.”

In 1988, Milton Friedman was awarded the Presidential Medal of Freedom. He now lives in San Francisco and is a senior research fellow with the Hoover Institution. His overriding interest, he says, remains the same: “To try to understand as much as I can of the world around me—and to enjoy myself in the process. And no doubt, one has to confess, not only to understand, not only to enjoy—but to reform.”

I first met Professor Milton Friedman in 1964 when he was a visiting professor of Economics at Columbia University. The late Don Lipsett arranged a meeting with Frank Meyer, William Buckley, Milton, Don, and me at the Sheraton-Atlantic Hotel in New York City. This was the organizing meeting of what would become the Philadelphia Society. Incidentally, this was also the first time that Friedman and Buckley had met each other. I was very much the junior man at the meeting, but plans were laid for a major American institution patterned after the international Mont Pelerin Society as an interdisciplinary organization of academics, businessmen, journalists, and others involved in studying and promoting the Free Society.

After our initial 1964 meeting, I came to know Milton and Rose as active participants in the public policy process, as well as participants in both Philadelphia Society and Mont Pelerin Society meetings. Milton’s acuity was never sharper or more pithy than the time in 1968 at the Chicago meeting of the Philadelphia Society when he challenged me for my support of revenue sharing. Suffice it to say that in this case, like so many others before and since that meeting, Friedman was right and I was wrong, despite the seeming political attractiveness of the idea at the time.

The active involvement of both Milton and Rose in the Fiftieth Anniversary Special Gathering of the Mont Pelerin Society in Mont Pelerin, Switzerland, was a special occasion for all 120 of us who participated in it. To many of us, this was the capstone of his career as the leading intellectual light of the worldwide movement for liberty, especially since he was the only member of the Society who attended both the founding meeting and this golden anniversary celebration.

Milton Friedman carefully defines himself as a free market liberal, not as a conservative—a liberal in the classical sense, concerned primarily with the freedom of individuals. But it is impossible to deny that Friedman’s greatest influence has been on, and come through, the American conservative movement, which has this same concern at its core.

In *Free to Choose*, he talks of “the importance of the intellectual climate of opinion, which determines the unthinking preconceptions of most people and their leaders, their conditioned reflexes to one course of action or another.” Friedman’s contribution to conservatism has been to influence that climate like the thaw after an ice age.

First, he has been able to thoroughly discredit the idea, common since the Great Depression, that capitalism is inherently flawed and requires the “fine-tuning” of government to avoid excess and disaster. This has been the central conceit of the Keynesian state, administered by educated elites, adjusting tax and spending policies to tame the business cycle. As late as December 1965, *Time* could run a cover story on John Maynard Keynes, concluding, “Today, some twenty years after his death, his theories are the prime influence on the world’s free economies, especially on America’s. Keynes and his ideas still make some people nervous, but they have been so widely accepted that they constitute both the new orthodoxy in the universities and the assumption of economic management in Washington.”

Friedman attacked these beliefs at their root. He ambitiously argued that the Great Depression was not caused by the “defects” of capitalism but by government incompetence. Going back to the 1930s, he demonstrated that the one-third fall in GNP was due to a one-third cut in the money supply from 1929 to 1933. “The Great Depression in the United States, far from being a sign of the inherent instability of the private enterprise system, is a testament to how much harm can be done by mistakes on the part of a few men when they wield vast power over the monetary system of the country.”

This astonishing revision of the conventional wisdom changed the entire context of economic policy. Keynesians argued that an unstable private sector must be stabilized by the public sector. Friedman showed that an essentially stable private

sector has been the victim of irrational shocks by government. In the process, he made it academically and intellectually respectable to believe there was life left in Adam Smith, even after the soup lines of the 1930s.

Second, Milton Friedman has shown, in case after case, that government interventions in free markets are not only ineffective, but result in the exact opposite of their intended purpose. He has called this the “invisible foot”—the unseen force that makes things go terribly and perversely wrong with social programs. The minimum wage, instead of helping poor people, eliminates low-paying, entry-level jobs. Price controls on energy actually resulted in the energy shortage and crisis of the 1970s. Public housing has led to inhuman living conditions. “The government solution to a problem,” Friedman concludes, “is usually as bad as the problem.”

Yet, on the other side of this ledger, when free markets are allowed and encouraged to work, they often prove an unsuspected, constructive power to solve social problems—in education and the protection of workers, consumers, and the environment. Freedom leads, not just to economic efficiency, but to social justice. And this has led Friedman beyond the realm of economic theory to draw the hopeful policy implications of his ideas. Above any conservative economist of his time, he understands the inadequacy of a vision without a task. He has not only criticized current social and economic arrangements, he has proposed specific, free-market alternatives like school vouchers, the flat tax and deregulation. His brainstorming has provided conservatives with a positive agenda. Friedman is a realist with a passion for the possible, who sees his role not only in the demolition of bad ideas, but the construction of better ones. And this has helped turn free market economics into a force of hopeful reform.

Third, and most important, Friedman has made a case with passion and power that economic, social, and political freedom are inseparable—part of the same yearning of the human spirit. He has defended “the fundamental proposition that freedom is one whole, that anything that reduces freedom on one part of our lives is likely to affect freedom in the other parts.” “It is widely believed that politics and econom-

ics are separate and largely unconnected; that individual freedom is a political problem and material welfare is an economic problem.... Such a view is a delusion,” wrote Friedman in 1962. “On one hand, freedom in economic arrangements is itself a component of freedom broadly understood, so economic freedom is an end in itself. In the second place, economic freedom is also an indispensable means toward achievement of political freedom.”

This is perhaps the most revolutionary idea of the twentieth century, with more dramatic promise than anything claimed by Marx, and it is a profoundly conservative concept. What Jefferson called the “disease of liberty” cannot be quarantined; it is bound to spread rapidly, as a number of the world’s tyrants have discovered to their discomfort. Economic freedom is connected not only to the liberation of men and women from poverty, but their liberation from tyranny and torture, and from the oppression of conscience and information. Friedman argues that the finest achievement of capitalism is not the accumulation of wealth and property but “the opportunities it offers to men and women to extend and develop and improve their capacities.” And Friedman’s unquestioned success in making this case is the primary reason William Buckley refers to him, simply, as “my hero.”

This essay is one of the classic statements of the philosophy of freedom. *Capitalism and Freedom*—dubbed by some followers as “Capitalism and Friedman”—is described by George Nash as “one of the most significant works of conservative scholarship of the 1960s.” It has been in print for thirty-five years, sold over half a million copies and been translated into Spanish, French, Swedish, Italian, German, Japanese, Hebrew, Icelandic, Arabic, Russian, and Portuguese.

With typical iconoclasm, Milton Friedman launches his defense of liberty with an attack on John Kennedy’s call to ask what “we can do for our country.” In place of this concept, Friedman elevates another objective: “We take freedom of the individual, or perhaps of the family, as our ultimate goal in judging social arrangements.” His reasons are practical, noble, and compelling: because social progress—in art, ideas, and the relief of misery—results from a social climate of variety and diversity;



because free markets are a necessary condition for political freedom (though not a sufficient one); because “democratic socialism” can never be democratic; and, most important, because freedom and justice head in the same direction, rewarding merit and allowing for coordination without coercion. Opposing free markets is a serious matter, because “underlying most arguments against the free market is a lack of belief in freedom itself.”

This essay is a bold assault on the core convictions of modern liberalism by a classical liberal in the tradition of Adam Smith. And it reveals a conviction at the heart of modern conservatism: that justice, opportunity, and even social morality depend on personal liberty and limited government—on structures of freedom that honor accomplishment and cherish human dignity.

There is no more articulate voice in defense of freedom than Milton Friedman. But he is careful to note that, while freedom is the highest goal of society, it cannot be the highest goal of individuals. “In a society, freedom has nothing to say about what an individual does with his freedom; it is not an all-

embracing ethic. Indeed, a major aim of the liberal is to leave the ethical problem for the individual to wrestle with. The really important ethical problems are those that face an individual in a free society—what he should do with his freedom.”

In mid-1998, Milton and Rose Friedman’s joint autobiography will be published by the University of Chicago Press. At that time, the same publisher will release a new edition of *Capitalism and Freedom*. We hope that this excerpt from that seminal work will pique the interest of the new generation to reflect on the timeless principles of liberty as expounded by Milton Friedman a generation ago.

Economic and social freedom, Friedman reminds us, is not a state of nature, but it is also not a state of grace. It creates the space where souls can make their own choices, informed by bishops and rabbis, poets and philosophers. “The central and supreme object of liberty,” said Lord Acton, “is the reign of conscience.” And in the end they are inseparable.

*Edwin J. Feulner, Ph.D., is President of The Heritage Foundation.*