

Proper role of government

Business



Response to Article and Clip I agree with Milton Friedman's argument that the government needs to provide its citizens with services such as security and national defence. This is because the private sector may find it inefficient to invest in providing these services because they are unprofitable (Robert 534). However, despite their lack of profits, services such as security are essential for economic growth and development. However, Milton Friedman's argument is based on a free society where the market operates without any regulations. Friedman failed to recognize the fact that the market is not always efficient because of factors such as externalities (Robert 536). In the absence of regulation and in the presence of externalities, all individuals in the society may not be comfortable. Therefore, I propose that the government should regulate the market to eliminate inefficiencies such as externalities and inequalities in income distribution.

Response to Classmate's Post

I agree with you that there is a need for the state to provide protection and national defence in an economy. However, you argue that the state and its citizens should act in a way that all parties find happiness while they struggle to co-exist. This means that the state and the citizens live in a market where equilibrium may be achieved through the forces of demand and supply. This may be hard to achieve because all individuals have their own personal interests unlike the state, which aims at achieving national security (Robert 539). Therefore, the differences in individual interests may hinder the state and the citizens from achieving happiness that is brought about by market forces.

Work Cited

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Robert, Ashford. " Milton Friedmans Capitalism and Freedom: a Binary Economic Critique." *Journal of Economic Issues*. 44. 2 (2010): 533-542. Print.