

Example of friedmans capitalism and freedom book review

[Philosophy](#), [Freedom](#)



In Milton Friedman's *Capitalism and Freedom*, Friedman argues that political freedom cannot come about without economic freedom, and argues for the perpetuation of the free market as a philosophical and practical solution to many of society's problems. Friedman's perspective is decidedly liberal, though this is framed through the European definition of the word (i. e. limited role of government), instead of the American one (expansion and increase in size of the social safety net).. In this way, he seems to be the quintessential libertarian, believing that the private sector can and should provide for the needs of a free society. This resistance to government oversight of the economy deals with several themes in Friedman's work: the hazards of consolidated power, the aforementioned connection between political and economic freedom, and the instability of the Federal Reserve. The difference between what is intended and what actually comes of it is also a big concern, as well. *Capitalism and Freedom* is the encapsulation of Friedman's perspectives on economics and its role in a free society, and has many important things to say about the extent of government interference in the economy (as well as how it relates to ideas like the broken window fallacy).

One of the most important tenets of Friedman's perspective is the relationship between economic freedom and political freedom: " there is an intimate connection between economics and politics, that only certain arrangements are possible and that, in particular, a society which is socialist cannot also be democratic, in the sense of guaranteeing individual freedom" (Friedman 7). In essence, if we are to posit that a free society is the best society, and is the one we want to participate in, it is vital that the

government take a limited role in controlling the economy. If the economy is placed under the control of the government, exchange of ideas is limited, as we do not have the opportunity to freely dissent against the way the government is regulating said business by using alternatives. In order for real exchange of ideas to occur, " bi-laterally voluntary and informed" transactions have to be mutually beneficial to both parties involved; the government, according to Friedman, interferes with that process and makes it far from viable (Friedman 15). Granting the individual the economic freedom to make his or her own choices with their money is the only way individual dignity can be maintained; the interference of government in the economic process forces a mixed, confused system that does not know how many freedoms it wants to give its people.

Friedman does not seem to argue against the good intentions of the government; he acknowledges that the overall purpose of the government, and what it sets out to do, is backed up by virtuous notions of protecting the people and making sure they are not being swindled or harmed by others. However, according to Friedman, " The power to do good is also the power to do harm those who control power today may not tomorrow; and, more important, what one man regards as good, another may regard as harm" (Friedman 3). In essence, while the government regulates in order to do good, they may also be doing harm to someone else for an as-yet-undiscovered set of reasons. They may be restricting opportunities for his own business, and Friedman would also argue that it restricts the dialogue

between all equal parties to find solutions if the government passes down regulations that limit what they can actually do about problems.

Friedman's opposition to government oversight is interesting when viewed in light of the actions governments take to attempt to facilitate gentrification and economic stimulus. One of the prevailing theories regarding economics and renewal is the 'broken window fallacy,' which is an economic strategy usually trotted out in order to perpetuate notions of renewal stimulating the economy. However, Friedman would argue that this is a limiting perspective, particularly from an economic point of view. The broken window fallacy states that, when a window is broken, the shopkeeper will spend more money to get that fixed. In essence, he creates jobs and stimulates the economy by perpetuating a cycle of constant recreation and renewal, so that the people who create windows will still have jobs. To Friedman, however, this just takes away money the individual had to spend somewhere else, which would have stimulated that particular industry - therefore, the overall wealth of the society has not increased, it just has been moved around somewhat. The problem is that the money was wasted on another window instead of creating something more for the community.

Friedman's perspective seems to run entirely counter to the economic model suggested by Keynes. According to Keynesian economics, modern economies often shoot themselves in the foot by performing small, deliberate errors in order to further the individual aims of certain people operating within it. A general glut of goods would occur when there would be too much of a certain type of good, more than was demanded - as a result,

the economy would experience a downturn, making for higher unemployment and turning people out of jobs they did not need. After all, if too much of a thing is made, there is no call for making more unless what has been made has been sold.

In essence, what Keynes did was concentrate on “ institutional obstacles which prevented the adjustments called for by classical theory”; namely, tightly wound interest rates and wage costs that kept the working force and those in debt from finding a way to better their own means (Skidelsky, p. 17). They would work at the same level of pay or keep the same high interest rates day after day, and this led to overly high interest rates that could never be paid down. As a result, Keynes felt that government influence needed to come to bear in this special case, in order to regulate businesses and lower their overhead, as well as increase worker’s welfare and lower unemployment to acceptable levels. Friedman, however, argues that this infringes upon the freedoms of businesses and individuals to pay their workers what they feel like; as economic freedom is an inextricable part of political freedom, Keynes' basis for economics sets up a socialist system wherein individuals are no longer given that freedom, instead being forced to give up some of their money (and therefore their own potential for political agency) for the sake of others. Friedman, conversely, believes that the choice to contribute to those things (worker pay, lower unemployment) should be the purview of the individual, who gets to make that individual choice.

One of Keynes' more famous defenses of his definition of economic growth came when he was challenged to a debate with Friedrich Hayek (Skidelsky, 1983). According to Hayek, Keynes' theories were reckless and dangerous, discouraging reliable capital investment and encouraging business cycles, which makes economies more inclusive. This would leave a great deal of the private sector out of the loop, as many of Keynes' suggestions would involve government involvement in the economy. This can create systems of governmental control that may never go away, thus shooting the economy forever in the foot. This creates a microeconomy that is primarily controlled by the government, taking it out of the hands of private citizens and businesses. Friedman would sincerely oppose this, as he at least agrees with Hayek's principles that the free market should win out over a government-controlled one.

In conclusion, Friedman, in *Capitalism and Freedom*, establishes his noted dissimilarities with Keynes when it comes to the role of government in the economy. Friedman believes that having monetary and economic capital is, effectively, our ammunition for making our political beliefs and preferences known and actualized. By spending where we like, and giving our money to what we please, we make political choices and exercise our freedom.

Government interference in that process is akin to political persecution, as it limits our ability to be free as individuals, regardless of the good intentions for which regulation is often made.

Works Cited

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