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## Milton and Rose Friedman: Liberty's Couple

By Lawrence B. Lindsey

*Milton and Rose Friedman started a revolution in public policy with the publication of their 1980 book *Free to Choose: A Personal Statement*, which still frames today's debates over limited government, greater economic freedom, and expanded choice in education and health care.*

In the company of history's great revolutionaries, Rose and Milton Friedman stand out as clear anomalies. Diminutive in stature and modest in speech and manner, they cannot easily be imagined manning the barricades or hectoring the crowds from a soapbox. Most important, unlike other visionaries who sought to change the world, the Friedmans did not say, "Put us in charge of the government, and we will make your life better." Rather, they argued that governments then in charge should get out of the way so that individuals could get on with the job of making their own lives better.

Their 1980 book *Free to Choose* successfully instigated a revolution in public policy because it offered conservatives both a rhetorical weapon and a legislative program. Until then, the Left had a clear advantage on both scores. Rhetorically, the Left promised compassion and equality and packaged them with programmatic action in the form of ever-increasing government power. Those opposed to an ever larger and more intrusive state were thus forced to defend hardheartedness and inequality, and to oppose legislative change.

### A Choice Revolution

The Friedmans changed all this. First, they gave us the word *choice*, the rhetorical power of which is enormous in our consumer-driven society. The

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Left suddenly became anti-choice, at least after the point at which a child is born. They are against parental choice in where the child is educated. They are for limiting choice in what medical care the child may receive when he is sick, and they are philosophically opposed to the idea that his parents should be able to spend some of their hard-earned dollars on better care. More broadly, they are against giving the individual a choice in how to spend a significant portion of his earnings, preferring that the state make those choices. They are against choice in how most individuals invest the major source of their retirement savings, again believing that the choice should be made by government. Rhetorically, the Left no longer has an emotive advantage: thanks to the Friedmans, the rhetorical cleavage on most issues becomes one between "pro-choice" and "pro-government." But it is in the programmatic realm that *Free to Choose* is most empowering to those who support limited government. Conservatives in government had traditionally been the side opposing change. At a minimum this put us on the wrong side of the legislative ratchet. If we lost, individual freedom was further eroded by state power. If we won, all that happened was that things did not get any worse. After *Free to Choose*, the Right became the agent of legislative change. In the quarter-century since its publication, the posture of the Left has become so defensive that the phrase "reactionary liberalism" is now in vogue.

The publication of *Free to Choose* coincided with the high-water mark of government power. The Friedmans prophetically titled their final chapter “The Tide Is Turning.” In their modesty, Milton and Rose might say that all they were pointing out was that the emperor—in this case the welfare state—had no clothes. But it was they who pointed it out and suffered widespread criticism from the intellectual establishment for doing so.

### Advocating Economic Freedom

In 1980, the top marginal tax rate was 70 percent, and supposedly serious people were arguing that there would likely be little or no behavioral response if we let workers and entrepreneurs keep more than thirty cents of each dollar they earned. *Free to Choose* pointed to the experience of Sweden and the United Kingdom to show that these analyses were wrong.

Inflation was in double digits and was believed to be caused not by excessive money creation by government, but by the greed of corporations for higher prices and workers for higher wages. The Left’s answer was a government-driven “incomes policy.” The 1980 *Economic Report of the President* even made a virtue of so-called bracket creep, arguing that the rise in the share of personal income taken in taxes would help control inflation—that putting more money into the hands of government would so increase our national frugality that inflation would fall!

The Friedmans’ alternatives—monetary restraint and lower marginal tax rates—became the macroeconomic-policy centerpieces of incoming President Ronald Reagan. The policies were an obvious success—the proof of which, as Reagan later noted, was that “they don’t call it Reaganomics any more.” As successful as this change in macroeconomic focus was, however, it was the Friedmans’ microeconomic agenda that would frame the long legislative battle of later years.

*Free to Choose* advocated a negative income tax as an alternative to traditional welfare payments. This policy had been enacted in the Ford administration in the form of the earned income tax credit; Reagan expanded it significantly. Welfare reform, which sharply limited the programs the Friedmans criticized, was passed sixteen years after their book was published; but the surest sign

that the tide had really turned was the recent adoption of the concept of a negative income tax by the British Labour Party under Tony Blair and Gordon Brown.

### Revolutionary Reforms

On education, the Friedmans noted that the public-school monopoly was especially harmful to poor children in the inner cities and advocated that school vouchers be given to parents. This was then considered a revolutionary concept; today, most observers would agree that the Friedmans’ position has won the intellectual debate. What prevents a full victory is exactly what Milton and Rose predicted would block reform: the entrenched interest of the education lobby.

*Free to Choose* also took on the inanity of price controls on oil and gas, pointing out the advantages of the price mechanism. While today some still wish for a return to the 1970s experience of a windfall-profit tax, it is a tribute to the acceptance of the price mechanism that we avoided long lines at gas stations during our recent experience with \$3 gasoline.

There is still work to be done on a variety of fronts. The Friedmans advocated privatization of Social Security retirement accounts. In 2000 a believer in that cause touched the third rail of American politics and was elected president. George W. Bush again pushed for

Social Security reform after his reelection. Even though he has not succeeded to date, it is a testament to the Friedmans’ writing that the ideas in *Free to Choose* are being advocated by a president a quarter-century later.

In 1980, the ideas the Friedmans advocated were considered radical. Today they are in the mainstream of the conservative agenda, and many on the Left have taken ownership of them—failing, naturally, to give Milton and Rose Friedman the credit they deserve. In *Free to Choose*, they argued that the most successful political group of the 20th century was the Socialist Party: even though it never won a national election, its platform of 1928 became, largely, the law of the land. Although Milton and Rose Friedman have never been elected to any office and would probably be horrified at the thought of even running, it was actually their platform, not that of the Socialists, that ended the 20th century triumphant.

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