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COMMENTARY

Friedman's Legacy

 By **THOMAS F. SIEMS**
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Today, in cities across America, events are being held to celebrate the ideas, vision and influence of the late, great economist and Nobel prize-winner Milton Friedman. This would have been his 95th birthday.

The occasion gives us a chance to look back on many of the questions Friedman contemplated during the course of his productive career. In particular, why do people in some countries prosper, while those in other countries live in poverty? Is it luck? Is it something that their governments do? Or perhaps it's something that their governments don't do?



Milton Friedman

Friedman knew that the answers depended on the extent to which governments supported personal freedom, political freedom and economic freedom. And thanks to his advocacy, many countries around the world have come to see the connection between freedom and prosperity.

Friedman's views on freedom could be summed up by the aphorism, "There's no such thing as a free lunch" -- a saying which he popularized, but did not invent. Friedman knew that nothing in life is truly free, but he argued vigorously that free


markets and private property rights are as close to a "free lunch" as we might get in the real economic world.

As he saw it, some countries prosper while others flounder and stagnate because the successful ones have economies of largely free and open markets. This kind of "free lunch" is guaranteed by institutions that promote and respect personal, political and economic freedoms.

Friedman advanced his views on freedom through bold ideas on a wide range of public policy issues: economic growth, school choice, taxes and the role of government, an all-volunteer military, exchange rates, money and inflation, trade and globalization, just to name a few. Through these disparate issues, he revived the economics of liberty by consistently advocating the virtues of freedom and opportunity.

Friedman reminded us of the economic principles first outlined by Adam Smith. Take Smith's concept of the "invisible hand," by which individuals, who may intend to pursue only their own interests, ultimately promote the public welfare. In other words, a society composed of individuals acting in their own interests creates a freer, more stable and prosperous economy than one planned by the state.

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Friedman's ideas also derived from those of Thomas Jefferson -- in particular, his principle that every person is free to pursue his own life in accordance with his own values. Put another way, people should be allowed to make their own choices because they know what's better for themselves than any outsider can know.

Thanks to his unwavering support for free enterprise and open markets, Friedman's ideas have elevated standards of living for a rising share of the world's population. More and more people are free to choose their path in the economy, acting in their own self-interest by engaging in mutually beneficial exchange under the rule of law. More and more central banks have followed Friedman's advice and taken control of money growth; indeed, inflation has fallen around the world in developed economies, emerging markets and even among most less-developed nations. And more and more nations are engaged in trade with each other, seeing new markets as a source of greater opportunities and additional resources.

Friedman taught that economic growth comes from innovation and entrepreneurship, by individuals whose minds are open to ideas and by firms engaged in competitive markets open to trade. Friedman saw cooperation in this competition. He saw opportunity in free markets and globalization. And he saw education and the free exchange of ideas as prerequisites to advancing this freedom for the next generation.

Indeed, Friedman once said, "Freedom is not the natural state of mankind. It is a rare and wonderful achievement. It will take an understanding of what freedom is, of where the dangers to freedom come from. It will take the courage to act on that understanding if we are not only to preserve the freedoms that we have, but to realize the full potential of a truly free society."

So as we celebrate Milton Friedman's birthday and achievements, we must continue his legacy and keep making the case for freedom.

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