

FREE TO CHOOSE

A Personal Statement

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A BROADER VIEW

Adam Smith's "invisible hand" is generally regarded as referring to purchases or sales of goods or services for money. But economic activity is by no means the only area of human life in which a complex and sophisticated structure arises as an unintended consequence of a large number of individuals cooperating while each pursues his own interests.

Consider, for example, language. It is a complex structure that is continually changing and developing. It has a well-defined order, yet no central body planned it. No one decided what words should be admitted into the language, what the rules of grammar should be, which words should be adjectives, which nouns. The French Academy does try to control changes in the French language, but that was a late development. It was established long after French was already a highly structured language and it mainly serves to put the seal of approval on changes over which it has no control. There have been few similar bodies for other languages.

How did language develop? In much the same way as an economic order develops through the market—out of the voluntary interaction of individuals, in this case seeking to trade ideas or information or gossip rather than goods and services with one another. One or another meaning was attributed to a word, or words were added as the need arose. Grammatical usages developed and were later codified into rules. Two parties who want to communicate with one another both benefit from coming to a common agreement about the words they use. As a wider and wider circle of people find it advantageous to communicate with one another, a common usage spreads and is codified in dictionaries. At no point is there any coercion, any central planner who has power to command, though in more recent times government school systems have played an important role in standardizing usage.

Another example is scientific knowledge. The structure of disciplines—physics, chemistry, meteorology, philosophy, humanities, sociology, economics—was not the product of a deliberate

decision by anyone. Like Topsy, it "just grewed." It did so because scholars found it convenient. It is not fixed, but changes as different needs develop.

Within any discipline the growth of the subject strictly parallels the economic marketplace. Scholars cooperate with one another because they find it mutually beneficial. They accept from one another's work what they find useful. They exchange their findings—by verbal communication, by circulating unpublished papers, by publishing in journals and books. Cooperation is worldwide, just as in the economic market. The esteem or approval of fellow scholars serves very much the same function that monetary reward does in the economic market. The desire to earn that esteem, to have their work accepted by their peers, leads scholars to direct their activities in scientifically efficient directions. The whole becomes greater than the sum of its parts, as one scholar builds on another's work. His work in turn becomes the basis for further development. Modern physics is as much a product of a free market in ideas as a modern automobile is a product of a free market in goods. Here again, developments have been much influenced, particularly recently, by government involvement, which has affected both the resources available and the kinds of knowledge that have been in demand. Yet government has played a secondary role. Indeed, one of the ironies of the situation is that many scholars who have strongly favored government central planning of economic activity have recognized very clearly the danger to scientific progress that would be imposed by central government planning of science, the danger of having priorities imposed from above rather than emerging spontaneously from the gropings and explorations of individual scientists.

A society's values, its culture, its social conventions—all these develop in the same way, through voluntary exchange, spontaneous cooperation, the evolution of a complex structure through trial and error, acceptance and rejection. No monarch ever decreed that the kind of music that is enjoyed by residents of Calcutta, for example, should differ radically from the kind enjoyed by residents of Vienna. These widely different musical cultures developed without anyone's "planning" them that way,

through a kind of social evolution paralleling biological evolution—though, of course, individual sovereigns or even elected governments may have affected the direction of social evolution by sponsoring one or another musician or type of music, just as wealthy private individuals did.

The structures produced by voluntary exchange, whether they be language or scientific discoveries or musical styles or economic systems, develop a life of their own. They are capable of taking many different forms under different circumstances. Voluntary exchange can produce uniformity in some respects combined with diversity in others. It is a subtle process whose general principles of operation can fairly readily be grasped but whose detailed results can seldom be foreseen.

These examples may suggest not only the wide scope for voluntary exchange but also the broad meaning that must be attached to the concept of "self-interest." Narrow preoccupation with the economic market has led to a narrow interpretation of self-interest as myopic selfishness, as exclusive concern with immediate material rewards. Economics has been berated for allegedly drawing far-reaching conclusions from a wholly unrealistic "economic man" who is little more than a calculating machine, responding only to monetary stimuli. That is a great mistake. Self-interest is not myopic selfishness. It is whatever it is that interests the participants, whatever they value, whatever goals they pursue. The scientist seeking to advance the frontiers of his discipline, the missionary seeking to convert infidels to the true faith, the philanthropist seeking to bring comfort to the needy—all are pursuing their interests, as they see them, as they judge them by their own values.

THE ROLE OF GOVERNMENT

Where does government enter into the picture? To some extent government is a form of voluntary cooperation, a way in which people choose to achieve some of their objectives through governmental entities because they believe that is the most effective means of achieving them.

The clearest example is local government under conditions