

Capitalism and Freedom

Friedman (1956, 1962, 1982, 2002)

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Introduction

- Inaugural address of President Kennedy(1961),
“Ask not what your country can do for you—
ask what you can do for your country.”
- Neither half of the statement expresses a
relation **between the citizen and his
government** that is worthy of the **ideals of free
men (自由人) in a free society.**
- “what your country can do for you” implies
that government is the patron(保護人), the
citizen the ward(被保護人).

- “what can you do for your country” implies that government is the **master**, the citizen the **servant**.
- The **free man** will ask **neither** what his country can do for him **nor** what he can do for his country.
- He will ask “What can I and my compatriots do **through** government” to help us discharge our individual responsibilities, to achieve several goals and purposes, and above all, **to protect our freedom?**

- And: “How can we keep the government we create from becoming a Frankenstein(怪物) that will distroy the very freedom we establish it to protect?
- Our minds tell us, and history confirms, that the great threat to freedom is the **concentration of power**.
- Government is **necessary to preserve** our freedom, it is an **instrument** through which we can exercise our freedom; yet by concentrating power in political hands, it is also a threat to freedom.

- Even though the men who wield this power **initially** be of good will and even though they be not corrupted by the power they exercise, the power will both **attract** and **form** men of a different stamp.

- How can we **benefit** from the promise of government while **avoiding** the threat to freedom?
- **First**, the scope of government must be **limited**. Its major functions must be **to protect** our freedom both from the enemies outside our gates and from our fellow-citizens: **to preserve** law and order, **to enforce** private contracts, **to foster** competitive markets.
- **Second**, government power must be **dispersed**. If government is to exercise power, better in the county than in the state, better in the state than in Washington.

- The very difficulty of avoiding the enactments of the federal government is of course the **great attraction of centralization** to many of its proponents.
- It will enable them more effectively, they believe, to **legislate** programs that- as they see it- are in the **interest of the public**, whether it be the transfer of income from the rich to the poor or from private to governmental purposes.
- They are in a sense right. **But** this coin has two sides.

- The power to do good is the power to do harm; those who control the power today may not tomorrow; and, more important, that **one man regards as good, another may regard as harm.**
- The **great tragedy** of the drive to centralization, as of the drive to extend the scope of government in general, is that it is **mostly led by men of good will** who will be the first to rue(後悔) its consequences.

- The preservation of freedom is the **protective** reason for **limiting** and **decentralizing** government power. But there is also a **constructive** reason.
- The great advances of civilization, whether in architecture or painting, in science or literature, in industry or agriculture, have **never** come from centralized government.
- Their achievements were the product of individual genius, of strongly held **minority views**, of a social climate permitting **variety and diversity**.

- Government **can never** duplicate the variety and diversity of individual action.
- At any point in time, by imposing uniform standards in housing, or nutrition, or clothing, government could **undoubtedly improve** the level of living of many individual;
- By imposing uniform standards in schooling, road construction, or sanitation, central government could **undoubtedly improve** the level of performance in many local areas and perhaps even on the average of all communities.

- **But** in the process, government would replace progress by stagnation, it would substitute uniform mediocrity(平庸) for the variety essential for that experimentation which can bring tomorrow's laggards(落後者) above today's mean.

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Relation between Economic Freedom and Political Freedom

- It was widely believed that democratic socialism is **possible**. i.e. It is possible for a country to adopt the essential features of Russian economic arrangements and yet to ensure individual freedom through political arrangements.

- A society which is socialist cannot also be democratic, in the sense of **guaranteeing individual freedom**.
- Freedom in economic arrangements is itself a **component** of freedom.
- Economic freedom is also an indispensable **means** toward political freedom.
- Capitalism is a **necessary** condition for political freedom, but not a **sufficient** condition.

There are only two ways of co-ordinating the economic activities of millions.

1. Central direction involving the use of **coercion**— the technique of the army and the modern totalitarian state.
2. Voluntary co-operation of individuals— the technique of the **market place**.

- Exchange can bring about co-ordination without coercion. A working model of a society organized through voluntary exchange is a *free private enterprise exchange economy*— what we have been calling **competitive capitalism**.
- So long as effective freedom of exchange is maintained, the central feature of the market organization of economic activity is that it **prevents** one person **from interfering** with another in respect of most of his activities.
- Consumer, seller, employee are all protected from **coercion**.

- The existence of a free market does not eliminate the need for government.
- On the contrary, government is essential both as a **forum** for determining the “rules of the game” and as an **umpire** to **interpret and enforce** the rules decided on.
- The characteristic feature of action through political channels is that it tends to require or enforce **substantial conformity**.
- The great advantage of the market, on the other hand, is that it permits **wide diversity**. It is, in political terms, a system of **proportional representation**.

- Market provides economic freedom.
- Political freedom means the **absence of coercion** of a man by his fellow men.
- By removing the organization of economic activity from the control of political authority, the market eliminates this source of coercive power. It enables economic strength to be **a check to political power** rather than a reinforcement.

- Economic power can be widely dispersed.
- Political power, on the other hand, is more difficult to decentralize.

Example:

- One feature of a free society is surely the **freedom** of individuals to advocate and propagandize openly for a radical change in the **structure of the society**.
- Political freedom in a capitalist society requires that men can openly **advocate** and **work** for socialism.
- Equally, political freedom in a socialist society would require that men be free to **advocate** the introduction of capitalism. But, is this possible?

The Role of Government in a Free Society

- The role of the **market** is that it permits unanimity (無異議) without conformity; that it is a system of effectively proportional representation.

- On the other hand, the characteristic feature of action through explicitly **political** channels is that it tends to require or to enforce substantial conformity. The typical issue must be decided “yes” or “no”. The final outcome must be a law applicable to **all** groups.
- The **wider** the range of activities covered by the market, the **fewer** are the issues on which explicitly political decisions are required.

Government as Rule-Maker and Umpire

The basic roles of government in a free society.

- to provide a means whereby we can modify the rules,
- to mediate differences among us on the meaning of the rules,
- and to **enforce compliance** with the rules on the part of those few who would otherwise not play the game.

- The major problem in deciding the appropriate activities of government is how to resolve conflicts among the freedoms of different individuals.
- Definition of **property rights** is both difficult and important.
- The existence of a **well specified and generally accepted** definition of property is far more important than just what the definition is.

Action through Government on Grounds of Technical Monopoly and Neighborhood Effects

- **Monopoly** frequently arises from government support or from collusive agreement among individuals.

- With respect to these, the problem is either to avoid governmental fostering of monopoly or to stimulate the effective enforcement of rules such as anti-trust laws.
- **Technical monopoly** such as telephone services within a community is a special case.
- When technical conditions make a monopoly the natural outcome of competitive market forces, there are only three alternatives that seem available: **private monopoly, public monopoly, or public regulation.**

- In a rapidly changing society, the conditions making for technical monopoly frequently change and both **public regulation** and **public monopoly** are likely to be less responsive to such changes in conditions, to be less readily capable of elimination, than private monopoly.

The problem of “neighborhood effects”:

- pollution of a stream.
- provision of highways.(?)
- parks. (?)

- Considerations under the heading of neighborhood effects have been used to rationalize almost every conceivable intervention.
- In many instances, however, this rationalization is special pleading rather than a legitimate application of the concept of neighborhood effects.

Action through Government on Paternalistic Grounds

- Freedom is a tenable objective **only for** responsible individuals.
- Parents are generally best able to protect their children and to provide for their development into responsible individuals for whom freedom is appropriate.

- The paternalistic ground for governmental activity is in many ways the most troublesome to a liberal; for it involves the acceptance of a principle— that **some shall decide for others.**

個人和國家的關係?

- 以國家興亡為己任, 置個人死生於度外
- 沒有國哪裡會有家
- 覆巢之下無完卵
- 犧牲小我, 完成大我。
- 不要問國家能為你做什麼, 要問你能為國家做什麼。

國家

詞: 劉家昌

曲: 劉家昌

沒有國哪裡會有家, 是千古流傳的話,
多少歷史的教訓證明, 失去國家多可怕。
炎黃子孫用血和汗, 把民族_{民族}的根扎下,
多少烈士獻出生命, 培育出自由的花。
國家, 國家, 我愛的大中華,
四海之內的中國人, 永遠在青天白日下。

沒有國哪裡會有家, 是萬世不變的話,
當你踏上別人的土地, 才知道更需要它。
在風雨中使我有信心, 就是我的國家,
苦難中把我撫養長大, 也是我的國家。
國家, 國家, 我愛的大中華,
四海之內的中國人, 永遠在青天白日下。

個人和群體(團體)的關係?

- SARS 期間的隔離政策?
- 婚姻移民
- 古蹟?
- 二手煙? 禁煙?