

Is Milton Friedman a Libertarian?

I. Introduction.

Milton Friedman calls himself a small “l” libertarian.¹ Just because he does so, however, does not mean we have to concur with this self-styled description.² As with all empirical matters, we must check the evidence if we are to properly evaluate such a claim.

Why is it even more important to do so in this case than in many others? There are several reasons. First and foremost, Friedman is widely and heavily associated in the public mind with libertarianism. If his claim in this regard is given credence, then critics of more extreme versions of libertarianism will continue to be confronted with the “Even Milton says

...” argument, implying that anyone with a purer vision of economic freedom and free enterprise is for that reason alone too extreme.

Second, categorization is a very important aspect of political economic analysis (Block and Cwik, 2007). If we cannot make reasonable distinctions, such as the one the present paper is attempting to establish, then our efforts are to that extent less scientific. It is an exaggeration, to be sure, to say that chemistry and biology consist of nothing more than categorization, but only a slight one. Much depends upon where on the periodical table of elements a given chemical is placed; similarly, whether a plant or animal is to be associated with this or that family, species, phylum, etc., is a crucially important question in biology. If political economists wish to have their efforts considered systematic, we, too, must be more than merely acquainted with the niceties of categorization. We must apply them, without fear or favor.

This does not mean, of course, that libertarianism, or any other political philosophy, is an all or none thing. To be sure, there are continua here, as there are in most phenomena (Block and Barnett, 2008). Murray Rothbard used to say: “Every dog gets one bite.”³ By this he

¹Small “l” as opposed to large “L.” This refers to the Libertarian Party. Friedman is thus maintaining that while he does not vote for the latter, perhaps for strategic reasons, its philosophy on political economic issues is closest to his own, of all political parties.

²See, for instance, the following websites: www.pbs.org/wgbh/commandingheights/pres_s_site/people/pdf/friedman_intv.pdf#search=milton%20friedman%20libertarian; www.reason.com/9506/FRIEDMAN.jun.shtml; sfgate.com/cgi-bin/article.cgi?file=/c/a/2005/06/05/ING9QD1E5Q1.DTL.

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³Personal communication with the author. However, I doubt whether Rothbard would have allowed so serious a deviation from free

meant that most libertarians, or, indeed, adherents of any political economic philosophy, deviate in one or even a few points that can otherwise be used to define that perspective. Just so, in libertarianism. But to acknowledge that this field of thought admits of grey areas is not to surrender to the notion that distinctions are impossible, or unimportant. The present paper discusses in some detail Friedman's divergences from libertarianism in just a few cases. Were space to have permitted, these, also, could have been added: withholding tax, tradable emissions rights, neighborhood effects, road socialism, the Fed 3 % rule, flexible exchange rates, eminent domain, democracy. It is thus my contention that this economist's claim to the mantle of libertarianism cannot be sustained. There are simply too many issues upon which he disagrees with its twin axioms of non-initiation of aggression and private property rights.

At the outset, Friedman's assertion that he should be considered a small "I" libertarian looks like an eminently reasonable one. The name "Milton Friedman" has been connected over the years with a whole host of free enterprise initiatives,⁴ and this is certainly a large part of

enterprise principles as this, even if it were the only one: In a television interview ([video.google.com/videoplay?docid=6813529239937418232](https://www.google.com/videoplay?docid=6813529239937418232), beginning around 15:23) Friedman endorses the New Deal WPA and PWA as necessary emergency action. It is difficult to reconcile this with the libertarian philosophy.

⁴Even the unrelievedly partisan left wing television series *West Wing* has acknowledged no less (http://www.westwingguide.com/S5/Episodes/96_DR.html). Who are we to disagree?

libertarianism.⁵ For example, he opposes rent control (Friedman and Stigler, 1981), minimum wages (Friedman, 1962, 1980, 1983; Brozen and Friedman, 1966), socialized medicine (Friedman, 2001), tariffs (Friedman, 1962, 1975, 1977, 1997),⁶ and wants to reduce the size of government (Friedman, 1987). He was especially courageous not just merely for opposing occupational licensure, but for actually applying it to the hitherto sacrosanct practice of medicine (Friedman, 1962, chapter 9).⁷

But libertarianism encompasses far more than only free market economics. It also includes the field of personal liberties. And here, as well, Milton Friedman shines. His opposition to the "War on Drugs" (1992a, 1998) is a dramatic case in point. And this is only the tip of the iceberg. There is a whole range of economic and personal liberties on the basis of which this Nobel Prize winning author can be considered well within the mainstream of libertarian thought.

⁵Hayek has never claimed the libertarian mantle for himself, but he is as widely considered as such by many of those who consider Friedman in this category. For an alternative view of Hayek, see Block (1996, 1999), Block and Garschina (1996), Friedman vs. Block (2006), and Rothbard (1998, pp. 219-29).

⁶Once, at a gathering of the American Economic Association I attended, he made the following statement that made the assemblage very proud of being economists. He stated (my paraphrase): "Thanks to the efforts of all economists for the last two centuries, tariffs are probably .01% lower than they otherwise would have been. And in so doing, we have increased world GDP by a large multiple of all our salaries" (he mentioned "ten thousand fold").

⁷See also Friedman and Kuznets (1945).

II. Libertarianism.

Before discussing the points of divergence between Friedman and this political economic philosophy, let us take a detour and characterize the various topics of concern to libertarianism, the better to be able to compare and contrast his views with that system.

At the most extreme⁸ point on the libertarian spectrum is located anarcho-capitalism.⁹ Here, *all* functions of government would be privatized, and turned over to free enterprise. The entire system would be run on the basis of the twin axioms of libertarian homesteading, and the non-aggression axiom. The former would be used to set up private property initially (Rothbard, 1998; Hoppe, 1993), and the latter to determine how property may be legitimately transferred from one person to another. The short answer is that the former requires of each of us that we keep our sticky paws off the persons and property of others, and the latter implies we be limited to voluntary interaction with one another, such as trade, gifts, etc.

The next most radical aspect of this philosophy is limited government libertarianism, or minimal government, or, for short, minarchism.¹⁰ Here, the state has but one proper role, to safeguard the persons and property of only its own citizens, and only when they are located in its own territory. To this end there are but

three legitimate institutions. First, there are armies. These are to keep foreigners from attacking us while located in the domestic country, not while traveling abroad. These are *not* to be used to be the policeman of the world, engaging in “regime change” for countries that violate their own citizens’ rights. A department of *defense* is justified, but not a misnamed such department, which really serves as a department of *offense*.

Secondly, there are police. This institution is to protect us from local miscreants: murderers, rapists, arsonists, kidnappers, pickpockets, fraudsters, etc. But not those engaged in victimless “crimes” such as drug using or dealing, sexual acts between consenting adults, gambling, etc. And third are courts. The purpose of the judiciary is to distinguish innocence from guilt in criminal matters. (Civil issues would be privately adjudicated.) All property other than that needed to perform these three functions (army barracks, planes, tanks and guns, police stations, jails, courthouses) would be privately owned.

The least radical category of libertarianism might be characterized as minarchism plus, or moderately limited government.¹¹ In this case the state would take on, in addition to the three institutions mentioned above, control of what is characterized by some (public choice) as “pure public goods.” For example, mosquito control, swamp draining, prevention of communicable diseases, ownership of transportation arteries (roads and highways, but not railroads), bodies of water (rivers, lakes, sewers), fire protection (since fires spread), but *not* the post office (the U.S. constitution authorizes, but

⁸I am tempted to say, at the most “right wing” part of it, but based on the Nolan Chart analysis (www.freedomkeys.com/nolancharts.htm), this would not be quite correct.

⁹Examples include Rothbard (1998), Hoppe (2001), and David Friedman (1989).

¹⁰The most famous instance is Nozick (1974).

¹¹See Murray (1997), Boaz (1997), Epstein (1995), and Machan (1990).

does not require, that such amenities be under government control). But that would be just about it. If any additional functions are added to this,¹² then we move out of the realm of libertarianism and into its first cousin, classical liberalism.¹³

In this case, government takes on the additional roles, for example, of providing welfare for the poor, but only of a last (not a first) resort. However, there is no income redistribution from the very to the moderately rich; there is only a safety net placed under the very, very poor, so that they do not die from starvation, from the elements, etc., in case private charity does not first meet this need. Too, government is assigned the task of supplying a monetary medium, and taking on some limited¹⁴ responsibility regarding health, education and welfare.¹⁵

¹²The text makes it sound as if there are clear and fast lines between categories of political economy, and number and type of functions of government. In actual point of fact, the demarcation between anarcho-capitalism and minarchism and between minarchism and looser libertarianism or minarchism plus is reasonably sharp. But there is something of a gray area between the latter and classical liberalism.

¹³For instance, Hayek (1944); for a critique see Block (1996).

¹⁴Very limited.

¹⁵The place of immigration law is a very contentious issue amongst libertarians, so we abstract from such questions at present. For this debate, see pro open immigration: Block (1998, 2004), Block and Callahan (2003), Gregory and Block (2007) Huerta de Soto (1998); anti open immigration: Brimelow (1995), Taylor (1998), Hoppe (1998, 2001), Kinsella (2005).

III. Categorizing Friedman.

With this overview, which hopefully will enable us to identify the players without a scorecard, we can now attempt to categorize Milton Friedman. Is he an anarcho-capitalist? To ask this question is to answer it: he is not.¹⁶ Can he be found amongst the minarchists? No, he defends a far more intrusive government. The horse race here is between loose libertarianism or minarchism plus, on the one hand, and classical liberalism, on the other. Certainly, Friedman's opposition to rent control, minimum wage, tariffs, the drug war, etc., tend to drag him in the former direction. But there are several stands of which propel him the other way entirely.

1. *Money.*

Friedman (1960, 1992b; Friedman and Schwartz, 1963) is a monetary statist. That he favors "rules not authorities" cuts little ice in this regard. For him, the free enterprise system is simply incapable of providing this lifeblood of the economy, e.g., the gold standard. He has been vociferous on this matter, railing against this market alternative, dismissing its advocates as "gold bugs."

It cannot possibly be overstated how important money is for a free society. Again, it is the very lifeblood of the economy. Apart from the miniscule number of trades financed through barter, money is one half of *every* transaction undertaken. Lenin knew well that the surest way to undermine a society is to debauch its currency.¹⁷ A large part of the

¹⁶His son is (David Friedman, 1989), but Milton Friedman deserves no such honorific.

¹⁷Keynes attributes this statement to Lenin:

blame for the rise of Hitler in the 1930s was the German hyperinflation of the 1920s, which pretty much unraveled the entire economy.

There is such a thing as a free enterprise monetary system. It is based on whatever medium of exchange is selected by people who are “free to choose”¹⁸ amongst competing alternatives. Historically, whenever the situation was free enough for this decision to be made by market actors, gold was the overwhelming choice.¹⁹ This metal beat out other commodities because it was malleable, easily divisible with low cost, had a high value per weight and volume and thus was easily transportable, etc. When government substituted its easily inflatable fiat currency for this free market money, it constituted, in effect, an act of counterfeiting. And yet this outrage garners Friedman’s support.²⁰ This is not even minarchism plus.

2. *Welfare.*

Then, there is his negative income tax (Friedman, 1962, 1963). This is not a safety net protecting the very poorest from a death or near death experience.²¹

www.brainyquote.com/quotes/quotes/j/johnm_aynar124917.html

¹⁸This is the title of one of Friedman’s books (1980). Too bad he does not apply this to monetary economics, one of his chief fields of specialization.

¹⁹Silver played a secondary, but still significant role.

²⁰For more on this see Block (1999).

²¹According to Stigler (1962, p. 2), what is needed to keep body and soul together for a year is *very* minimal: 370 pounds of wheat flour, 57 cans of evaporated milk, 111

Instead, at any level likely to be publicly acceptable (and Friedman is nothing if not a person with his ear to the ground in terms of the politically feasible²²) those without any other visible means of support will still have color television sets, air conditioning, refrigerators, stoves, restaurant meals, a car, travel, and all the other accoutrements to which a life of “poverty” has entitled them, under our benevolent welfare state. This hardly sounds like any kind of libertarianism at all, even under the widest possible interpretation of that term. For under the negative income tax, the poor would receive their dole as a matter of *right*. There is nothing in this scheme, except for the fact that the supposed arch-conservative, Milton Friedman, has proposed it, that should in principle be unacceptable to the ultra liberals, for example the outright socialist Welfare Rights Now movement.²³

What about his (1962) view on “neighborhood effects”? He claims that this, too, is an instance of “market failure,” and can be corrected only by government. But virtually *every* human action has some sort of “effect” on someone else. If A buys a loaf of bread, he slightly raises its price higher than that which would otherwise have prevailed, worsen-

pounds of cabbage, 25 pounds of spinach and 285 pounds of dried navy beans.

²²For a critique of relying on what is politically feasible in making public policy recommendations, see Hutt (1971).

²³It is beyond rational explanation why the left has not seized upon and made its own the various Friedman nostrums such as the negative income tax, school vouchers, etc. The only possible reason is that they mistakenly associate Friedman with the right, or with libertarianism, and reject his socialist proposals on that ground alone.

ing the economic welfare of all other customers (and raising it for sellers). Similarly, by exhaling, he increases the rate of carbon “poisoning” by an infinitesimal amount. So much for negative externalities.

But a similar analysis applies to the positive side. If B smiles, or takes a shower, he improves the well being of his neighbors.²⁴ Presumably, this means that Friedman favors a plan for government to either force everyone (or subsidize them) into engaging in all such “positive” pursuits.

To be fair to this author, though, there is nary a neoclassical economist who would not buy into this pernicious doctrine; he is hardly alone in this error. But this is irrelevant. All it shows is that none of these members of the dismal science, nor Friedman, either, can be considered libertarians of any shape or variety. Here he is an out and out leftist. In contrast, one combs in vain through the writings of other economists, such as Mises or Rothbard, in an attempt to find support for this dogma that in principle justifies government action (taxes or subsidies) since ordinary economic activity can be interpreted as helping or hurting others, without compensation in the market. No, especially for Rothbard, the only time force is justified is when it is used against someone who has first initiated a property rights violation against someone else.

Consider this statement by Friedman (1962, p. 191):

It can be argued that private charity is in-

²⁴The wearing of perfume is a positive externality for some, and a negative externality for others, indicating the intellectual incoherence of the entire doctrine.

sufficient because the benefits from it accrue to people other than those who make the gifts—again, a neighborhood effect. I am distressed by the sight of poverty; I am benefited by its alleviation; but I am benefited equally whether I or someone else pays for its alleviation; the benefits of other people’s charity therefore partly accrue to me. To put it differently, we might all of us be willing to contribute to the relief of poverty *provided* everyone else did. We might not be willing to contribute the same amount without such assurance Suppose one accepts, as I do, this line of reasoning as justifying governmental action to alleviate poverty; to set, as it were, a floor under the standard of life of every person in the community

....

It is difficult to see how this line of reasoning can be reconciled with libertarianism. Remember, according to that philosophy the only time violence can be employed is to prevent, or retaliate against, a prior use of force. But, here, Friedman is advocating compulsory taxes from the middle class and rich, in order to give the money to the poor. This is a *per se* violation of economic liberty. There are many other problems with this line of thought as well.

First, just what is the “community?” Reading in between the lines, one would infer that Friedman has in mind the citizens or residents of a given city, state, or perhaps country. But why stop there? Surely people living abroad have just as much “right”²⁵ to the wealth of Americans. Yet, if we were to apply this doctrine in that manner, the living standard of the average American would plummet to unimaginable depths.

Second, Friedman is not interpreting

²⁵None at all, would be the libertarian response.

poverty as a negative externality. Rather, he is viewing the alleviation of poverty through forced income transfers as a positive externality. But both are equally justified, at least from his Chicago-esque perspective where externalities justify the use of force.²⁶ Let us then apply the former. If Friedman is distressed by poverty, why not outlaw it? That is, declare poverty to be a criminal offense. This would have the benefit of drastically reducing this state of affairs (no one would admit to being poor), as well as solving this externality problem.

Third, from an economic point of view, whenever you subsidize something, you tend to get *more* of it, not less of it. Here, Friedman is supporting a policy of subsidizing poverty. Is it any accident that welfare programs such as the Friedmanian negative income tax tend to exacerbate this very problem?

Fourth, how does Friedman *know* that “we might all of us be willing to contribute to the relief of poverty provided everyone else did”? Maybe there are some citizens who *enjoy* the sight of poverty in other people (misanthropes), and perhaps, even, in themselves (ascetics). By what right does the majority of the electorate *force* this minority to do the bidding of Friedman, just because he is in the majority on this particular issue? There is no right at all that would justify such undertakings, at least not according to libertarianism.

²⁶Negative externalities such as pollution do justify legal prohibition, since pollution comprises an uninvited border crossing of smoke particles. For more on this see Rothbard (1982).

3. *The voluntary military.*

There is yet another dimension of libertarianism we have so far not mentioned: foreign policy. For minarchists, the isolationist and non-interventionist policies of George Washington and John Quincy Adams are definitive.²⁷ Trade with all countries, but “entangling alliances” with none.²⁸ “Invasion” of goods and services, on a voluntary basis, yes.²⁹ Imperialist, that is, actual invasions of other countries by our armed forces, the placing of U.S. military bases on foreign soil, no. Attacks on countries that have never threatened us, and are so powerless they could not possibly pose a credible threat against us? Definitely not.

²⁷John Quincy Adams, speaking on the Fourth of July, 1821: “Wherever the standard of freedom and independence has been unfurled, there will [America’s] heart, her benedictions, and her prayers be. But she goes not abroad in search of monsters to destroy. She is the well-wisher to the freedom and independence of all. She is the champion and vindicator only of her own ... She well knows that, by once enlisting under other banners than her own, were they even the banners of foreign independence, she would involve herself, beyond the power of extrication, in all the wars of interest and intrigue, of individual avarice, envy and ambition, which assume the color and usurp the standard of freedom. The fundamental maxims of her policy would insensibly change from liberty to force. The frontlets upon her brows would no longer beam with the ineffable splendor of freedom and independence; but in its stead would soon be substituted an imperial diadem, flashing in false and tarnished luster the murky radiance of dominion and power. She might become the dictatress of the world; she would no longer be the ruler of her own spirit.”

²⁸Washington (1796).

²⁹Which means they are *not* invasions.

Let us now consider the U.S. invasion of Viet Nam, and Friedman's contribution to that event. To wit, his advocacy of the voluntary military at that time (Block, 1969). This is a complicated incident to analyze, for Friedman promulgated this initiative for two entirely different reasons, one completely compatible with libertarianism, the other certainly not.

In the former case, he worked to end the draft to promote justice³⁰ by reducing the draft-slavery of young male Americans. Nothing could come closer to the very essence of libertarianism than that. But on the other hand, this can easily be interpreted as an initiative to better enable the evil U.S. government to more efficiently and effectively promote its imperialistic foreign adventurism (Anderson, 1978; Boudreaux, 1993; Friedman, 1967; Oi, 1967a, 1967b).

Admittedly, this is a tricky argument to level against Friedman's credentials as a libertarian. For if he favors the voluntary military for one reason, this adds to his standing in this regard, while for another this detracts from it. We are properly accustomed to determining guilt or innocence based on *action* not motive. Doing the latter verges perilously close to hate crime legislation, where people are (additionally) punished merely for their *thoughts*, not their acts.³¹

³⁰This is a concept antipathetic to him. He states: "the search for justice will kill us all" (verbal statement from Milton Friedman to present author). See also on this Sowell (1999).

³¹On the other hand, surely this is justified in distinguishing between purposeful and accidental rights violations. If someone has not formed *mens rea*, he cannot be guilty of a crime, only, at most, negligence.

However, here we are not attempting to determine guilty or innocence for a crime. Rather, we are merely trying to categorize an eminent scholar's political economic beliefs. So thoughts and motives are entirely relevant.

If Friedman supports the voluntary military so as to promote the unjustified war efforts of the U.S. government, he is to that degree not a libertarian; indeed, he is an *enemy* of this philosophy. If he favors the ending of the draft *despite* the fact that he thinks it will promote this foreign adventurism, his motives are completely compatible with libertarianism. If he entertains both goals, he falls into some sort of midway position, and then we rank him in terms of the strength with which he holds each.

Consider this statement of Friedman's (1967, p. 4):

A volunteer army would be manned by people who had chosen a military career rather than, at least partly, by reluctant conscripts anxious only to serve out their term. Aside from the effect on fighting spirit, this would produce a lower turnover in the armed services, saving precious man-hours that are now wasted in training or being trained. Also it would permit intensive training and a higher average level of skill for the men in service; and it would encourage the use of more and better equipment. A smaller, but more highly skilled, technically competent, and better armed force could provide the same or greater military strength.³²

It is difficult to resist the interpretation that Friedman's goal, here, it *not* to oppose the fighting of unjust wars. Rather, it is to get more "bang for the buck" from military spending. But, if the U.S. is pur-

³²Cited in Boudreaux (1993).

suing a war that is unjust from the libertarian perspective, then it is not clear that doing so more efficiently promotes the libertarian cause. If anything, the very opposite is the case.

The most reasonable categorization of his views in this arena is that of *conservative*, and therefore not libertarian even in the classical liberal sense of that term.

4. *School vouchers.*

If there is any one area most closely associated with the subject of our discussion, other than monetarism, it is competition in education, particularly primary schooling, K-12.³³ Are educational vouchers pro- or anti-liberty? I take the latter position. It cannot be denied that they would introduce a modicum of competition to the public schools, which sorely need it. As competition invariably improves service, it is difficult to see why that would not be the result in the present case. But that is the nub of the problem, at least from the libertarian perspective. For the *last* thing a follower of this viewpoint wants is to improve socialist schooling. Rather the goal is to completely privatize this industry. School vouchers resemble nothing so much as the market socialism of Tito's Yugoslavia. Yes, this offered significant improvements over pure communism, or at least the type of thuggery economics that long pre-

vailed in the USSR. But the libertarian does not welcome slight improvements in socialism; he favors instead an eradication, root and branch, of this pernicious system. If school vouchers constitute one step "forward" in public education, it is hard to resist the notion that they also embody two steps backward for the ultimate goal in this field of private education. For, at present, the malevolent hand of government only lightly rests on the shoulder of the overall educational marketplace. Private education is still relatively free. But with the advent of vouchers, where their owners can cash them in for *any* type of school, this will change, and for the worse. "He who pays the piper calls the tune" is true of all human events, not just this one. It is as certain as anything can be that the U.S. government, at least as presently constituted, would never countenance a Nazi elementary school, where the kiddies drew swastikas, goose-stepped, sung the *Horst Wessel* song, etc.³⁴ If so, then the government must of necessity promulgate rules that distinguish "legitimate" grade schools from illegitimate ones. How soon after will come down the *pronunciamento* that female and male teachers must be paid equally, that "affirmative action" quotas must be upheld for different racial groups, that "inclusive" language must be utilized, that Lincoln and FDR must not be denigrated, etc?

One argument in favor of vouchers is that at present the government is involved in two ways in elementary education: financing and provision. Vouchers, at least, would eliminate one of these, the

³³When Milton Friedman retired, he set up an institution for educational vouchers, the Milton and Rose D. Friedman Foundation for School Choice (www.friedmanfoundation.org/; en.wikipedia.org/w/index.php?title=Milton_and_Rose_D._Friedman_Foundation_for_School_Choice&action=edit), not for the 3 per cent rule in central banking, not to rid the country of minimum wages, rent controls or tariffs, so it is difficult to deny this is his primary focus.

³⁴A communist school would be an entirely different thing, for some inexplicable reason. It is not for nothing that there are communist parties in Europe, but none upholding Nazism. See Ferrini (2005).

latter. Let us try this out with food. Suppose we lived in a society where the institutions for feeding ourselves were on the same plane as education now is. For example, there were both public and private grocery stores and restaurants; the former were for the most part a shambles (out in the suburbs things were not so bad, though) and the latter functioned reasonably well. Along comes a Friedman on food, who offers a program whereby *all* eating establishments would be brought under government control, so that the public food-dispensing organizations could benefit from more competition. Would we regard this as a step toward greater liberty? Not bloody likely. We would rather interpret this as an attempt of the authorities to even further extend their control.

Milton Friedman set up a foundation to promote educational vouchers. He poured into this some of his own money, a lot of his time, and all of his name and reputation. He *could have* set up an entirely different organization, along libertarian lines, dedicated, far more simply, to the promotion of privatization in education. He chose not to do so. We infer from this decision that he is not a libertarian, at least not on this one issue, which is obviously of great importance to him. Market socialist nostrums cannot reasonably count as any form of libertarianism (not even the weakest version, classical liberalism). Here his pigeon-holing speaks for itself: market socialism, a bare one-step up from pure socialism.³⁵

³⁵It is more than passing curious that in his treatment of socialized medicine (Friedman, 2001) this author eschews vouchers. If he were logically consistent, he would favor this form of market socialism for *everything*: health care, but also, rubber bands, paper clips, bananas, whatever.

5. Monopoly.

How does Friedman stack up on the issue of monopoly? Not too well. For him, there is such a thing as a crime of monopolization that has nothing to do with violation of private property rights or the non-aggression axioms of libertarianism. In Friedman's view, this crime is triggered solely on the basis of too high a concentration ratio in a given industry. He states:

Now we come to Silicon Valley and Microsoft. I am not going to argue about the technical aspects of whether Microsoft is guilty or not under the antitrust laws. My own views about the antitrust laws have changed greatly over time. When I started in this business, as a believer in competition, I was a great supporter of antitrust laws; I thought enforcing them was one of the few desirable things that the government could do to promote more competition. But as I watched what actually happened, I saw that, instead of promoting competition, antitrust laws tended to do exactly the opposite, because they tended, like so many government activities, to be taken over by the people they were supposed to regulate and control. And so over time I have gradually come to the conclusion that antitrust laws do far more harm than good and that we would be better off if we didn't have them at all, if we could get rid of them (Friedman, 1999).

But this simply is not good enough. For one thing, Friedman admits that for most of his intellectual life he favored antitrust laws. If that alone is not a serious deviation from libertarianism, then nothing is. Second, even his "born again" adherence to free enterprise principles is entirely too shallow. For him, it is now in effect an empirical matter. If the next few econometric regressions indicate that this evil and pernicious law on net balance

does more good than harm, he would be open to once again changing his mind. In other words, even his renunciation of his previous statist views falls short, far short, of being a matter of libertarian *principle*. Further, no true libertarian, at least on this issue, would raise the issue of whether Microsoft is or is not guilty of a rights violation, and then fail to answer, strongly, in the negative.³⁶ His advocacy of freedom in this regard is far too superficial to be called libertarian.

The mainstream view of antitrust is dead from the neck up. The concentration ratio is arbitrary, and so is the definition of an industry. Does registering more than 10 %, 20 %, 30 %, 40 %, 50 % of sales, profits, employment of an industry qualify for antitrust scrutiny? Well, the more narrowly one defines it³⁷ the more likely an entrepreneur is likely to find himself in the dock and there is no correct non-arbitrary definition in this regard. But even if there *were* a correct non-arbitrary definition of monopoly in terms of concentration ratios, it still does not logically follow that, at least for the libertarian, this ought to be found in violation of law. For there is simply no initiation of violence necessarily connected with amassing even 100 % of an industry, however defined. It all depends upon how the “monopoly” is attained. If through dint of lowering prices, increasing quality, beating the competition in a race to satisfy the consumer by introducing new and better products, then *whatever* result ensues it is compatible with libertarian law. On the other hand, if the way company *X* increases its market share is by firebombing the premises of company *Y*, or, more likely, through government pri-

³⁶See on this Anderson, *et al.* (2001).

³⁷Bread, rather than wheat products; colas, instead of all beverages.

vileges, then, even if *X*'s market share is only 1 %, it is *still* in violation of proper law, at least as seen by the libertarian. The point is, one can attain any market share by employing purely legitimate means; therefore, it is impossible to infer rights violation from such a source.

The purpose of the law, legitimate law that is, is to distinguish between licit and illicit behavior, and to ban the latter. But in monopoly law, an entrepreneur can be found guilty of a violation no matter what he does. For example, if he sells at a price deemed by the state apparatus to be too high, he is found guilty of profiteering or price gouging. Too low? Then predatory pricing or cutthroat competition. The same as everyone else? Then collusion, cartelization. For a supposed libertarian to actually support such a legal monstrosity is an outrage.

To be fair to Friedman, virtually all mainstream economists believe in the legitimacy of antitrust law. None would bar it, outright. However, this only indicates the parlous nature of the economics profession. In any case, we are not here considering the libertarian credentials of all dismal scientists, only those of one of its eminent leaders, a self-styled libertarian. Here, he again fails.

III. Conclusion.

We have discussed the various varieties of libertarianism, and have examined Friedman's views on several issues of public policy. Is he a libertarian? On some issues, this is absolutely correct. On others, he is no better than a market socialist. Overall, I would characterize him as a classical liberal, but not a libertarian, even utilizing a relatively inclusive definition of that term. His deviations from

this philosophy are simply too wide, deep and important for any such categorization.

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