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The Twelfth
Sol Feinstone Lecture

on

THE
MEANING OF FREEDOM

by

Milton Friedman

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The United States Military Academy is pleased to sponsor an annual lecture series on the Meaning of Freedom. It is significant that this lecture program has been made possible by the generosity of the late Mr. Sol Feinstone, a dedicated American patriot whose commitment to the ideals of the American Revolution led him to devote many years of effort, as well as considerable personal resources, to the collection of important letters, manuscripts, and books dealing with our heritage of freedom. His donation of these items to libraries and educational institutions insures that the message which they proclaim will be preserved and transmitted to future generations of Americans.

Mr. Feinstone's abiding faith in a brotherhood of free nations of men has found further expression in several lecture series which he has endowed in order to permit prominent Americans to interpret The Meaning of Freedom.

The U. S. Corps of Cadets and the staff and faculty of the Military Academy are pleased to recognize the generosity and loyalty of this great American for providing a living endowment in the defense of freedom.

THE MEANING OF FREEDOM*

This is a lecture series on the meaning and role of freedom. I thought it appropriate that in such a talk at West Point I should discuss the role of the military in a free society. That is a major issue and, for you young people, it is an important one in determining your future place in this great country.

One of the great achievements of the United States, a major pillar of our freedom, has been the maintenance of civilian control of the military force. All of us tend to take the good things in our society for granted. We tend to worry about the bad things, but we take the good things for granted. And, because we do so, we seldom recognize how rare and unusual an achievement it is for a country to have a tradition in which civilian control is maintained over the military.

This special distinction of the United States goes back to the very founding of our country. After the end of the Revolutionary War, as I am sure many of you have been learning in your courses in American history, there was widespread dissatisfaction among the officers. The government of the United States, the Congress, acting under the Articles of Confederation, was disorganized. It had no money; we had been through an inflation; and, the officers hadn't been paid.

One consequence of the widespread dissatisfaction was that a group of officers made a plan essentially for a military junta, a military takeover of the Congress. Some people who were later among our great national leaders, like Alexander Hamilton, were part of the conspiracy. Their original idea was to persuade George Washington to head the coup d'etat. They also had in the background an alternate, namely General Gates. They called a mass meeting at the headquarters of the American Army to discuss this issue. The mass meeting was to be attended by, and spoken to by, General Washington.

There is a marvelous four-volume biography of Washington by James Flexner. In my opinion, the most moving chapter in the whole four volumes is the chapter that describes what happened at this mass meeting. General Washington got up, and after making some initial comments opposing the whole idea that had little persuasive effect on the assembled officers, took from his pocket a folded piece of paper containing a letter that he wanted to read to the audience. He couldn't read it, and so he reached in his other pocket to take out a pair of spectacles and said something about the fact that in the years of service he had given to his country, he had, unfortunately, been losing his eyesight. That scene moved those officers so much that it created an

*The twelfth Sol Feinstone Lecture on "The Meaning of Freedom," presented at the United States Military Academy on September 26, 1984. Text is an edited version of the address. Copyright 1985 by Milton Friedman.

emotional situation in which there was a spontaneous rise of support for George Washington, who had come there to tell them that what they were planning was wrong, that the war had been fought to preserve freedom and independence and not to establish a new aristocracy or a new control by the military. There is no doubt that it was George Washington's behavior on that occasion to which this country owes the fact that the American Revolution ended differently than other revolutions.

Consider the other great revolutions. How did they end? The French Revolution ended ultimately with dictatorship by Napoleon. The Russian Revolution ended with dictatorship, first by Lenin, and then by Stalin. The Chinese Revolution ended with dictatorship by Mao. The emergence of independence in the countries in South America, in almost every single case, ended in dictatorship. The African countries, which in recent decades have achieved their independence, are almost all one-party countries with essentially a dictator in charge. It is hard to recall any other revolution in human history that has ended the way in which the American Revolution did, with a return to civilian control and without a takeover by a military or other dictator. And, as Flexner notes, we owe that to the personal characteristics of General George Washington of whom there is a magnificent statue I saw today in front of your buildings.

The experience of other countries, as well as this particular recent episode at home, was very much in the mind of the framers of the U.S. Constitution. And you know, many of them objected to a standing army. Thomas Jefferson, when he became President, dissolved the standing army. He established West Point in order to train engineers, not soldiers. The framers of the Constitution provided (or did so subsequently in the Bill of Rights) for the right of citizens to bear arms. They wanted to depend on a voluntary militia and not on a standing army. So, the fact that we have been able to maintain civilian control of the military for 200 years is a remarkable achievement that we should recognize and not simply take for granted.

I want to talk about the question of principle that is involved in the relation between the military and the civilian economy as well as the question of practice. Why should there be a problem? Why is it that history shows us that it is hard to reconcile military power, on the one hand, with human freedom on the other. Reduced to its essentials, the answer, I believe, is very simple. It is because the basic principles of organization of military force and of a free society are the very opposite of one another.

There are only two fundamental ways that human activity can be organized that will enable large groups of people to cooperate toward some common objectives. One way is the method of command. That is

the way of the army. The military is organized from the top down and it has to be organized that way. There is no alternative, given its particular purpose. We have seen it here tonight. The general gives the orders, and I march. The general gives the orders to the colonel, the colonel to the major, the major, etc. That is the fundamental principle of military organization -- from the top down.

A free society, on the other hand, is the opposite. It's organized from the bottom up. The fundamental principle of a truly free society is voluntary cooperation among individuals who choose to cooperate with one another because all of them will benefit from doing so. I stated this to you in terms of the military versus a free society. In fact, the real conflict is more subtle. It is not so much between the military and civilians. It's fundamentally the difference between the use of political mechanisms to organize activity, and the use of market mechanisms. It's political means versus market means.

When we choose to organize activity through political means, that inevitably involves command. It is true not only in the army but also elsewhere. The government is not financed by people voluntarily putting money into a hat. The government is financed by somebody commanding people to turn over so much money. The individual does not have a choice.

On the other hand, the miracle of the market (which is why the market is the essential foundation of a free society) is that it enables large numbers of people to cooperate together on a voluntary basis without anybody having to give any orders or commands. In the book called *Free to Choose* based on the TV program the general spoke about (one of the books my wife and I have written together), we used an example of a pencil. Two weeks ago we were in France, and we visited in the town of Grasse a perfume factory. It provided an equally interesting illustration of the miracle of the market. The perfume factory displayed a large chart with a map of the world showing where all the ingredients of the perfume came from. I don't remember the names of all exotic chemicals that were being used in order to make something that smelled nice on women. It's amazing the lengths to which people will go for that purpose. But in any event, the chart showed items coming from the Fiji Islands, Indonesia, China, Hawaii, Oregon, and so on and on. Many of the items that were brought together in Grasse to be mixed chemically to make perfume were available only in the particular faroff places listed. Here, literally thousands of people from all over the world were cooperating to produce perfume. They didn't speak the same language. They had different religions. Many of them hated one another, would have shot one another if they had met face to face. There was nobody sitting in a central office and sending out an order to the Fiji Islands to grow so much

of this particular spice in order that it could be used in the perfume. And yet somehow or other, these tens of thousands of people all over the world were cooperating together peacefully without anybody fighting, and it was all working.

The same thing is true if you contemplate the way the economy in general works. The organization of large-scale markets does not require a command economy. It can be done through voluntary cooperation and free markets. Indeed, all of the evidence suggests that the market mechanism is vastly superior to a command mechanism for organizing economic activity. As we have resorted more and more in the United States to political means, to trying to control a greater part of our society by political measures, we have increasingly threatened individual freedom because we have reduced the area within which voluntary cooperation operates, and expanded the area in which command operates. In the process, we have also reduced our productivity.

I want to illustrate the problem more concretely for the military by using the example of the attitudes of the military to a volunteer force versus conscription. And I hope you will pardon me if I do so in part by telling a personal anecdote that happens to involve one of General Scott's predecessors. I was fortunate enough to be a member of President Nixon's Commission on an All-Volunteer Armed Force. I say fortunate because there are few things of which I am prouder than the role that I was able to play in ending conscription and in bringing into being a volunteer armed force.

The commission had 12 members to begin with. At the outset, six of those members were in favor of a volunteer force, six were in favor of the continuation of conscription. (It was the so-called Gates Commission, headed by former Secretary of Defense, Tom Gates.) At the end, we produced a unanimous report signed by all 12 people in favor of a volunteer armed force. One major dividend I got out of that experience personally was getting to know a great man, General Al Gruenther, who was a member of our commission.

At any rate, in the course of our work, we held hearings. One person who testified was General Westmoreland. He was then, I believe, Chief of Staff of the Army, and he was testifying in that capacity. Like almost all military men who testified, he testified against a volunteer armed force. In the course of his testimony, he made the statement that he did not want to command an army of mercenaries. I stopped him and said, "General, would you rather command an army of slaves?" He drew himself back and said, "I don't like to hear our patriotic draftees referred to as slaves." I replied, "General, I don't like to hear our patriotic volunteers referred to as mercenaries." But I went on to say, "If they are mercenaries, then I, sir, am a mercenary professor, and you, sir, are a mercenary general; we are served by a mercenary

physician, we use a mercenary lawyer, and we get our meat from a mercenary butcher." There is nothing wrong with a mercenary. That is the way the market operates. As Adam Smith said 200 years ago, you do not owe your daily bread to the benevolence of your baker. You owe it to his desire to promote his own self-interest and to the fact that he finds that he can promote that self-interest in common with you.

I say this not in any way to criticize General Westmoreland. His attitude was typical of most people in the military. In one sense, that is a paradox. The officer corps in the military consists entirely of volunteers. Yet a large majority favor the use of conscription to fill the enlisted ranks. In another sense, it is entirely understandable. The military is formed on the basis of command. It seems natural to say that if you need soldiers, you should command them to be soldiers. And yet, that is the very opposite of the basic principle on which this country is founded. This country is founded on the principle of free individuals who voluntarily contribute to the defense of their nation, who serve their nation because they believe in it and not because they'll go to jail if they don't. They serve because they believe in the cause for which the nation is fighting, and because their fellow citizens are willing to reward them appropriately for performing that function. That's the question of principle, and it brings out very clearly the reason why there has always been tension in a free society between the maintenance of a strong military force on the one side and the maintenance of human freedom, individual liberty on the other.

So far as the question of practice is concerned, in the United States today, the principle of civilian control of the military is fortunately so firmly imbedded in our tradition that no one is seriously concerned about any threat to our political liberties from the military. That is the great achievement of the 200 years of our tradition, but it does not mean that freedom in our society is safe. The major threat, in my opinion, comes from a very different source.

Freedom in our society is threatened not by the military, but by the expansion of the role of government in our society. The threat is twofold. There is a direct threat because expanded government means less human freedom. There is an indirect threat, which is more directly relevant to this particular audience, because the expansion of government tends to reduce the willingness of the public to maintain an adequate defense establishment.

From the beginning of our country, from say 1780 to 1930, spending by governments at all levels, federal, state, and local, never exceeded about 10 percent of the national income except during times of war, during the Civil War and the First World War. Spending by the federal government alone, the central government, never exceeded about 3 percent of the national income except, again, with the same

exception of war. During each war, government spending shot up in order to pay for the cost of war. After the war, it came back down and settled again at 3 percent of the national income, half of which went to pay for the cost of military defense.

From the 1930s on, the scope and size of government expended as a reaction to the Great Depression. Today, government spending at all levels, federal, state, and local, amounts to over 40 percent of the national income. Federal spending alone is roughly about 30 percent of the national income or close to ten times as high as in 1930. In 1930 half of federal government spending was going for the military forces. Today, less than a quarter of federal government spending is going for the military.

You will again and again hear citizens around the country complain that the source of our budget deficit is excessive military spending. Maybe the spending is excessive but that isn't the source of our deficit. That isn't where our major problem comes from. The situation is rather the reverse. The expansion of other forms of spending threatens the willingness of the people to support an adequate military force. Currently, every individual in the United States works from the first of January to sometime in June to pay for the expenses of government and only then can he start to work for himself. There would be nothing wrong with that if people were getting their money's worth. But hardly anyone thinks he's getting his money's worth.

Aside from getting your money's worth, the high government spending means that our freedom is reduced. To that extent we are not our own masters. We are working for somebody else. Over and above the effect of the spending of money on our freedom, there is an effect through restrictions and controls. There is no way in which anyone today can become a physician, a lawyer, a banker, a taxicab driver, in most states a beautician or a barber, without getting the permission of the government to do so. No way in which two people can make a mutually satisfactory arrangement to work together, for one to work for the other on terms that are mutually satisfactory, unless those terms conform to various government regulations. Ezra Stone's father and my mother could never have come to the United States when they came at the age of 14 if the United States had then had the laws and regulations that it has now. They would have been unable to be employed because they weren't worth what today the law requires you to pay any individual who is hired. So our freedom is threatened in many ways.

Nonetheless it is still true that this is the freest major country in the world. There is no comparison. Moreover, even more fortunately, a backlash is developing among the people in this country against the overextension of government. There is a widespread feeling that

government has grown too large and needs to be cut back, that it's become too intrusive. I have a great deal of confidence that that change in opinion and attitudes of the people will be effective.

Let me return to the problem that is of more direct interest to this audience. The expansion of government has an indirect effect on our military strength. In the most recent book that my wife and I have published, called *Tyranny of the Status Quo*, we comment that the major threat to the national security of the United States does not come from Russia. It comes from the growth of the welfare state. That seems like a silly, crazy statement. How can that be? The answer is simple. The expenditures that we are making on the welfare state absorb our taxable capacity and produce a great deal of pressure to cut down on what we spend on the military. When World War II started, total government spending in the United States was in the neighborhood of a quarter of the national income, with the federal government spending about half of that or about 12.5 percent of the national income. It was possible to increase that spending to 50 percent of the national income to fight the war. Today, when total government spending already absorbs as much as 40 percent of the national income, and the federal government 30 percent, it would not be easy, indeed, not possible, to expand the amount on the military in case of a great emergency to anything like the same extent. Emergency aside, if you look at the political situation, it is hard to get funds for the military by raising taxes. People don't want to have their taxes raised. It is also hard to get funds by cutting programs that are already in effect. Each program has a small group that benefits very greatly from that program, and they will fight like the devil to avoid its being reduced. All of us will be willing to have military expenditures increased -- provided it's done at somebody else's expense. When government spending is small and there is an urgent necessity to expand military spending, it is much easier to do at the expense of spending in general by raising taxes. When government spending is already very high, the situation is just the opposite. That is why nearly every politician favors cutting defense spending.

The freedom that we have enjoyed is a rare and precious achievement and we shall not keep it unless we recognize the threats that beset it and act to offset it. And, I believe the military has a very important role to play in this respect. The most obvious role is, of course, to maintain the tradition of civilian control of the military and to keep up the morale and effectiveness of the military force.

But I believe there is a much less obvious, but perhaps more important role, and that is for the military to make every effort to improve its operations so as to reduce the cost of providing for our military defense. The cost of providing for our national security is

partly a question of foreign policy, of the commitments we undertake. That is not within the responsibilities of the military. Partly, however, the cost of the military forces is a question of the organization and the structure of the military itself. As you all know, there is very widespread criticism of the military for waste. Much attention is paid to the stories about screwdrivers that cost \$1,000, and so on. Much of that criticism is not justified I am sure; but, unfortunately, much of it is justified. What is most clearly justified is the wasteful results of competition among the separate services. Each service has become a special interest, jealous of its own turf and unwilling to see it touched upon. There is a Joint Chiefs of Staff, but it is composed of people who have grown up within the separate services and whose loyalties are to the separate services. Just by calling the group Joint Chiefs of Staff, you don't make them joint. And so you have the very unpleasant spectacle, and one which does no good to the willingness of the American people to support adequate military forces, of each particular department of the military fighting against other departments to get its own project, rather than truly joining in a coordinated, cooperative venture for all.

I am not an expert on this subject, and I am not competent to judge how it can be solved. But I am sure that continued evidence of military waste, continued evidence of wasteful competition between the services, will even further erode the willingness of the populace to support the military forces we need to defend this nation against foreign enemies. I am also sure that if we are going to succeed in maintaining adequate military forces, two things will have to happen. I, and my fellow citizens, will have to be successful in checking the growth of government spending in general, and you and your fellow members of the armed services will have to devote more attention and more care than you have so far devoted to making sure that the American taxpayer gets more for his money in the way of national defense. This is a great country, and we can keep it great. But it will not stay a great country, unless we continue to fight, and to work, and to strive to make it one. Thank you.

ABOUT THE SPEAKER . . .

Milton Friedman, Nobel Prize winner for excellence in economics, is a Senior Research Fellow at the Hoover Institution, Stanford University. He is also Paul Snowden Russell Distinguished Service Professor Emeritus of Economics at the University of Chicago, where he taught from 1946 to 1976, and was a member of the research staff of the National Bureau of Economic Research from 1937 to 1981. He is widely regarded as the leader of the Chicago School of monetary economics, which stresses the importance of the quantity of money as an instrument of governmental policy and as a determinant of business cycles and inflation. He has published many books and articles, most notably *A Theory of the Consumption Function*, *The Optimum Quantity of Money and Other Essays*, and (with A. J. Schwartz) *A Monetary History of the United States*, *Monetary Statistics of the United States*, and *Monetary Trends in the United States and the United Kingdom*.

In addition to his scientific work, Professor Friedman has also written extensively on public policy, always with primary emphasis on the preservation and extension of individual freedom. His most important books in this field are *Capitalism and Freedom* (with Rose D. Friedman); *Bright Promises, Dismal Performance*, which consists mostly of reprints of tri-weekly columns that he wrote for *Newsweek* from 1966 to 1983; and (with Rose D. Friedman) *Free to Choose*, which complements a ten-part TV series of the same name, shown over PBS in early 1980, and *Tyranny of the Status Quo*, which complements a three-part TV series of the same name, shown over PBS in early 1984.

He has also been active in public affairs, serving as an informal economic adviser to Senator Goldwater in his unsuccessful campaign for the Presidency in 1964, to Richard Nixon in his successful campaign in 1968, to President Nixon subsequently, and to Ronald Reagan in his 1980 campaign. He was a member of the President's Commission on an All-Volunteer Armed Force and of the President's Commission on White House Fellows. He is a member of the President's Economic Policy Advisory Board, a group of experts from outside the government, named in early 1981 by President Reagan.

Professor Friedman did his undergraduate work at Rutgers University (B.A., 1932), and his graduate work at the University of Chicago (M.A., 1933) and Columbia University (Ph.D., 1946). He has been awarded honorary degrees by universities in the United States, Japan, Israel, and Guatemala.

Professor Friedman is a past president of the American Economic Association and of the Mont Pelerin Society, a member of the American Philosophical Society, and of the National Academy of Sciences.

SOL FEINSTONE'S CREDO

DEDICATED TO

The Judeo-Christian commitment of self-sacrifice for peace on earth, and the brotherhood of free nations of free men;

The Spirit of '76, a struggle of free men to remain free;

The immigrants who came after the revolution and helped build our country in freedom;

The underprivileged of all races who, by uplifting themselves, will raise all mankind to a higher humanity.

MY DEFINITION OF FREEDOM

In the beginning there was the void of sameness; the spark of life made everything different.

The stamp of sameness is the stamp of death.

Freedom to me means a social order based on individual freedom to live differently and to dream differently. I dream of a Brotherhood of Free Nations of Free Men.

Sol Feinstone