



**United States of America  
Federal Trade Commission**

**Milton Friedman Is Still Right: Marking the  
35<sup>th</sup> Anniversary of *Free Markets for Free Men***

**Christine S. Wilson\***  
**Commissioner, U.S. Federal Trade Commission**

*Remarks at*  
CPAC Brazil

Sao Paulo, Brazil

October 12, 2019

---

\* The views expressed in these remarks are my own and do not necessarily reflect the views of the Federal Trade Commission or any other Commissioner.

## I. INTRODUCTION

Good afternoon! It's great to be here with all of you, and with CPAC, today. My name is Christine Wilson, and I am one of five Commissioners at the U.S. Federal Trade Commission, or FTC. Here in Brazil, our counterpart agency is CADE. I'm pleased to hear that CADE is now back to a full complement of Commissioners.

Before I begin, I have to give the standard disclaimer: Today I speak only for myself and not for the FTC or any other Commissioner.

I am a lawyer by training, which has shaped the way I think about issues of conservatism and socialism. Like other lawyers, I focus on what the evidence actually shows. And it has been empirically proven, over and over again, that free markets provide the best outcomes for consumers. So both the FTC in the U.S., and CADE here, enforce the antitrust laws to help promote competition and free markets.

Given that focus on free markets, I am here in Sao Paolo today because I am excited about the privatization and deregulatory policies that President Bolsonaro is instituting in Brazil. These changes mirror deregulatory policies that President Trump is implementing in the United States. Our experience proves that these policies work for everybody – the U.S. stock market recently hit an all-time high while U.S. unemployment recently hit a 50-year low. President Trump also cut corporate taxes, boosting investment in American factories and American jobs.

These deregulatory policies align with my own strongly held beliefs about how to organize markets and economies to benefit consumers. My views can be distilled into three freedoms: Free enterprise, free markets, and free people. As Milton Friedman explained almost exactly thirty-five years ago today, free markets beget free people.<sup>1</sup> Although I would add free

---

<sup>1</sup> Milton Friedman, *Free Markets for Free Men*, Oct. 17, 1974, <https://review.chicagobooth.edu/economics/archive/free-markets-free-men>

enterprise to that list, I agree wholeheartedly with Friedman's observation that economic freedom is a necessary prerequisite to political freedom.<sup>2</sup> Indeed, let me illustrate the point with a personal story that explains why I feel so passionately about these issues.

In 1984, my mother and I took a trip behind the Iron Curtain to explore our ancestral roots. I distinctly recall the portion of our trip that involved traveling from West Germany into East Germany by bus. In West Germany, the fences were sturdy and straight, the fields immaculate, and the tractors well maintained. Just over the border in East Germany, however, the fences were either rickety or missing entirely, the fields were full of weeds, and the tractors rusty. Given the shared history of these two countries, it was quite clear that the problem was not with the East German farmers, their equipment, or their land. Instead, it was with East German economic policies that confiscated the fruits of their labor, altering their incentives in a way that over time dramatically reduced both economic output and consumer welfare.

And from East Berlin and Krakow to Moscow and Kiev, I saw long lines, empty shelves, misery, and deprivation. We ate pork and cucumbers three meals a day. But at least we ate — I'm sure many people went hungry.

This trip took place when Ronald Reagan was President. I remember watching with excitement as President Reagan beat Walter Mondale in a landslide. And a few years later, I remember watching with pride as Reagan called on Mr. Gorbachev to "tear down this wall." I married a man who has that same level of respect for Ronald Reagan, and we named our first daughter "Regan" in his honor.

Matt Schlapp and Eduardo Bolsonaro spoke during the opening session last night about knowing who we are. What do we believe, and what will we stand for? For me, the trip to the

---

<sup>2</sup> *Id.* ("Do free markets make free men, or do free men make the free markets? ... One's offhand impression is to say, 'Well, it must be free men who make free markets.' There's an element of truth in that, but I think to a far greater extent, free markets make free men and not the other way around.").

Soviet Union at the age of 14 was transformational. This experience, and growing up under Reagan, prompted me to pursue a career fighting for free markets and limited government.

Ironically, as Brazil is moving away from socialism, interest in socialism is on the rise in the U.S., despite the grim examples set previously in the USSR and Eastern Europe and continued today in Cuba, Venezuela, and North Korea. Indeed, a Gallup Poll earlier this year found that 43 percent of Americans say socialism would be a good thing for the country, up from 25 percent in 1942.<sup>3</sup>

It amazes me that people are willing to ignore the vast evidence demonstrating the benefits for consumers in market economies, particularly when compared with outcomes in command and control economies.

Perhaps it's simply the audacity of hope – in this case, hope over hard evidence. But as a lawyer, I look for hard evidence. And we'll talk today about what that evidence shows.

## **II. FREE ENTERPRISE**

In the United States, we have long been committed to an individual's freedom to start and own his or her own business. Thankfully, there is plenty of evidence that the United States remains a nation of ambitious and self-reliant entrepreneurs. In the U.S., 89 percent of all businesses have 20 or fewer employees. In 2018, the U.S. Small Business Administration found that firms with 20 or fewer employees created 1.1 million net jobs.

But some voices in the U.S., including several Democratic candidates for U.S. President, now call for the government to push private business out of more and more of the economy. For example, Elizabeth Warren would like to make the U.S. government the only payer for health

---

<sup>3</sup> Mohamed Younis, *Four in 10 Americans Embrace Some Form of Socialism*, GALLUP.COM, May 20, 2019, <https://news.gallup.com/poll/257639/four-americans-embrace-form-socialism.aspx> (discussing both the 2019 Gallup poll and the 1942 Roper poll).

care services.<sup>4</sup> Bernie Sanders, who infamously took his honeymoon to the Soviet Union,<sup>5</sup> prefers equally radical solutions for our health care industry.<sup>6</sup> And some have proposed the so-called “Green New Deal” that would effectively nationalize large swaths of our economy.

President Trump and his Administration have wisely emphasized the importance of free enterprise in the U.S. economy. For example, in his Summary of the 2019 Economic Report, President Trump wrote that maximum employment, production, and purchasing power “are generally achieved by providing maximum scope for the efficiency of free enterprise and competitive market mechanisms, and ensuring that those mechanisms are operative in both domestic and global markets.”<sup>7</sup>

I understand that here in Brazil, President Bolsonaro is working hard to return to a free enterprise system, including efforts to reduce the state’s ownership of private companies.<sup>8</sup> It’s my understanding that the federal government here owns 130 companies. But since the beginning of this year, the Bolsonaro Administration has achieved more than \$US 19 billion in privatizations.<sup>9</sup>

I agree with Presidents Trump and Bolsonaro that entrepreneurs, not bureaucrats, should be the ones running businesses. After all, does anybody know how many bureaucrats it takes to change a lightbulb? The answer is five – one to change the light bulb, two to apply for the proper permits, and two to write the environmental impact statement.

---

<sup>4</sup> See Health Care Is A Basic Human Right, ELIZABETHWARREN.COM, <https://elizabethwarren.com/plans/health-care/>

<sup>5</sup> See Michael Kranish, *Inside Bernie Sanders’s 1988 10-day ‘Honeymoon’ in the Soviet Union*, WASHINGTON POST, May 3, 2019, [https://www.washingtonpost.com/politics/inside-bernie-sanders-1988-10-day-honeymoon-in-the-soviet-union/2019/05/02/db543e18-6a9c-11e9-a66d-a82d3f3d96d5\\_story.html](https://www.washingtonpost.com/politics/inside-bernie-sanders-1988-10-day-honeymoon-in-the-soviet-union/2019/05/02/db543e18-6a9c-11e9-a66d-a82d3f3d96d5_story.html)

<sup>6</sup> See Bernie Sanders on Healthcare, FEELTHEBERN.ORG, <https://feelthebern.org/bernie-sanders-on-healthcare/>

<sup>7</sup> See, e.g., The White House, A Summary of the 2019 Economic Report of the President, Mar. 19, 2019, <https://www.whitehouse.gov/articles/summary-2019-economic-report-president/>.

<sup>8</sup> See, e.g., Brazilian Ministry of the Economy, Foreign Trade and International Affairs Secretariat, Brazil: Macroeconomic Monitor and Reform Agenda at 4, Aug. 19, 2019, available at <http://www.economia.gov.br/central-de-conteudos/publicacoes-em-outros-idiomas/brazil-macroeconomic-monitor-and-reform-agenda/brazil-macroeconomic-monitor-and-reform-agenda-august-19th-edition/view>.

<sup>9</sup> *Id.*

I applaud these efforts to pare back red tape and free our markets. For decades, study after study has found that “privately owned firms are more efficient and more profitable than otherwise-comparable state owned firms”<sup>10</sup> and they also deliver both cost reductions and quality improvements compared to state owned entities.<sup>11</sup>

### III. FREE MARKETS

I am also heartened by efforts in both the U.S. and Brazil to reduce the mountain of burdensome and economically inefficient regulations that have built up under previous Administrations.

In the U.S., at the very beginning of his term, President Trump imposed a rule that for every new regulation created, two must be eliminated.<sup>12</sup> This reform has helped significantly slow the growth of new federal regulations. One study shows that the federal government under President Trump is issuing roughly *half* as many new regulations as it did under President Obama.<sup>13</sup> In other words, President Trump is working hard to tame the regulatory leviathan that his predecessor left him.

And the good news is that he’s succeeding! Consider one rough measure of the magnitude of regulations. In the United States, all regulations are contained in the U.S. Code of Federal Regulations (CFR). At the end of President Reagan’s second term, the CFR ran to 122,000 pages. At the end of President Obama’s second term, it had reached a staggering 186,000 pages. In 2018, President Trump succeeded in *reducing* the length of the CFR.<sup>14</sup>

---

<sup>10</sup> William L. Meggison & Jeffrey M. Netter, *From State to Market: A Survey of Empirical Studies on Privatization*, 39 J. ECON. LIT. 321, 380 (2001).

<sup>11</sup> Andrei Shleifer, *State versus Private Ownership*, 12 J. ECON. PERSP. 133, 138 (1998).

<sup>12</sup> Executive Order 13,771, 82 Fed. Reg. 9339 (Feb. 3, 2017).

<sup>13</sup> Susan E. Dudley, Geo. Wash. Univ. Regulatory Studies Center, A Two-Year Lookback on Trump’s Deregulatory Record, July 15, 2019, <https://regulatorystudies.columbian.gwu.edu/two-year-lookback-trump's-deregulatory-record>

<sup>14</sup> Geo. Wash. Univ. Regulatory Studies Center, Reg Stats, <https://regulatorystudies.columbian.gwu.edu/reg-stats>.

Regulation can also appear indirectly, particularly through distortions in the tax code that alter the incentives companies face. President Trump has acted here, too, reducing corporate taxes and freeing businesses large and small to invest and innovate as they see fit. Many businesses used the tax cut to increase wages,<sup>15</sup> which may explain why unemployment has hit a record fifty-year low,<sup>16</sup> wages for American workers have risen sharply in the past two years,<sup>17</sup> and the stock market has hit all-time highs.

In Brazil, I understand the Bolsonaro Administration is also introducing new initiatives to cut red tape for small businesses and start-ups. One important measure I've heard about is the Economic Freedom Bill.<sup>18</sup> When it was announced, the Ministry of Economy said it was delivering on the promise of “getting the state off of people’s backs.” And that is a goal with which I can always agree.

I am particularly heartened by six freedoms that will allow small businesses to operate more freely here in Brazil.<sup>19</sup> These are:

- Freedom from bureaucracy: Small businesses in low risk fields outside food, health, and security will be able to launch businesses with fewer delays;
- Freedom for businesses to decide their own work schedules and days of operation;
- Freedom for businesses to set their own prices without interference from the government;

---

<sup>15</sup> Juanita Duggan, *The Tax Cuts Are Working for America’s Small Businesses – Here’s Proof*, FOXBUSINESS.COM, Oct. 3, 2019, <https://www.foxbusiness.com/money/tax-cuts-small-business-juanita-duggan-nfib-ceo>

<sup>16</sup> Sarah Chaney, *U.S. Unemployment Hit 50-Year Low in September*, WALL ST. J., Oct. 4, 2019, <https://www.wsj.com/articles/u-s-september-nonfarm-payrolls-grew-steadily-11570192288>

<sup>17</sup> Jeff Cox, *Payrolls Rise to 164,000 as Labor Force Sets a Record High*, CNBC.COM, Aug. 2, 2019, <https://www.cnbc.com/2019/08/02/us-jobs-report-july-2019.html> (wages grew 3.2% year-over-year in August 2019).

<sup>18</sup> MP 881/19.

<sup>19</sup> See, e.g., Brazilian Ministry of the Economy, *supra* note 8, at 6.

- Freedom from judicial interference: The judiciary will no longer be able to intervene in the specifics of business agreements they view as disadvantaging one of the parties, increasing legal certainty;
- Freedom to innovate: Companies no longer will need to get permits or licenses to test new products or services that don't pose a health or safety risk; and
- Freedom from burdensome economic regulation: I understand that regulations in Brazil are complex and sometimes contradictory, which can make it hard to launch or expand a business. Now, outdated regulations must be removed, and the impact of new rules must be carefully considered before they are enacted.

These efforts are, first of all, incredibly logical. Of course a business should be able to choose its own hours of operation and set its own prices. And second, these reforms are sorely needed. As the Ministry of the Economy recently noted, the Heritage Foundation ranks Brazil's economy as less free than fellow BRIC countries Russia, India, and China.<sup>20</sup>

Burdensome regulations can have enormous and often unintended costs.<sup>21</sup> In one famous example, Mother Theresa was unable to open a homeless shelter in New York because the city's building code called for an elevator that her group would not use and could not afford.<sup>22</sup> And I have recently talked to farmers in the U.S. struggling to earn a living while complying with

---

<sup>20</sup> *Id.*

<sup>21</sup> See, e.g., Howard Beales et al., The Regulatory Transparency Project of the Federalist Society, The Proper Role of Rules in a Gloriously Unruly Economy, Aug. 28, 2019, <https://regproject.org/wp-content/uploads/Regulatory-Process-The-Role-of-Rules..pdf>.

<sup>22</sup> See Sam Roberts, *Metro Matters: Fight City Hall? Nope, Not Even Mother Teresa*, N.Y. TIMES, Sept. 17, 1990, <https://www.nytimes.com/1990/09/17/nyregion/metro-matters-fight-city-hall-nope-not-even-mother-teresa.html>; see also Peter Passell, *Economic Scene: Understanding the Running Amok of Regulation in America*, N.Y. TIMES, Feb. 23, 1995, <https://www.nytimes.com/1995/02/23/business/economic-scene-understanding-the-running-amok-of-regulation-in-america.html> (using the anecdote as an example of the costs of regulation).



regulations designed for massive factory farming operations but that also apply to small family farms.<sup>23</sup>

Unfortunately, economically inefficient regulations are not a new problem. In the U.S., we developed massive regulatory regimes for railroads, airlines, and other transportation industries in the U.S. that made it hard for businesses to operate efficiently. To give you the 30-second version, railroad and airline regulatory frameworks initially were intended to promote “fairness” and avoid “discrimination” among customers. But they were eventually used to prohibit discounting, prevent competitive entry, and inhibit innovation — all to the detriment of consumers.<sup>24</sup>

For example, in the 1950s and 1960s U.S. railroads introduced several innovations, like new kinds of train cars, that reduced their operating costs significantly. And so the railroads wanted to reduce their prices to reflect their lower costs. But the railroads couldn’t set their own prices, so they had to petition their regulator, the Interstate Commerce Commission (ICC), for approval. In several famous cases, the ICC denied the attempts of the railroads to reduce their prices.<sup>25</sup>

The rationale? The ICC was attempting to protect a competing but less efficient form of transportation – barges.<sup>26</sup> But protecting rival companies meant that the customers of the railroads (shippers) were being hurt. This outcome is particularly ironic because the regulations were initially enacted to protect shippers in the first place!

---

<sup>23</sup> See, e.g., JOEL SALATIN, *EVERYTHING I WANT TO DO IS ILLEGAL* (2007).

<sup>24</sup> See Christine S. Wilson, *Remembering Regulatory Misadventures: Taking a Page from Edmund Burke to Inform Our Approach to Big Tech*, Address at the British Institute of International and Comparative Law, London, UK, June 28, 2019, available at [https://www.ftc.gov/system/files/documents/public\\_statements/1531816/wilson\\_remarks\\_biicl\\_6-28-19.pdf](https://www.ftc.gov/system/files/documents/public_statements/1531816/wilson_remarks_biicl_6-28-19.pdf).

<sup>25</sup> *Id.* at 9 (discussing the *Big John* and *Ingot Molds* cases).

<sup>26</sup> *Id.*

The airline regulator was at least as bad. Like the ICC, the Civil Aeronautics Board (CAB) had the authority to limit entry and set prices. Between 1950 and 1974, the CAB received 94 petitions for new airlines that wanted to start flying interstate routes in the U.S. – and it denied all 94 of them!<sup>27</sup> It also famously took the CAB eight years to decide whether United Airlines could fly a new route between Denver and San Diego.<sup>28</sup>

The CAB likewise required airlines to charge high prices that depressed demand. Indeed, the CAB’s own pricing formula assumed each flight would be only 55 percent full.<sup>29</sup> Although it may have been more pleasant to fly on half-empty planes, it also meant fares were sky-high and flying was only for the wealthy.

Economists were the first to spot the problem, led by Fred Kahn, an economist appointed to lead – and ultimately dismantle – the CAB. Fred Kahn is known as the Father of Deregulation in the U.S. (As an aside, I understand that President Bolsonaro has found his very own Fred Kahn in Paolo Guedes.) A bipartisan consensus eventually led to the dismantling of these massive and destructive regulatory frameworks.

Freed from these restraints, more planes flew more routes and prices fell dramatically. One economic study estimated that airline deregulation benefitted U.S. consumers to the tune of

---

<sup>27</sup> See CIVIL AERONAUTICS BOARD SPECIAL STAFF ON REGULATORY REFORM, REGULATORY REFORM: REPORT OF THE C.A.B. SPECIAL STAFF, at 49 n.1, July 1975 (on file with author) (“According to information supplied by the Board to the Subcommittee on Administrative Practice and Procedure ..., 94 applications for trunkline authority have been received from outsiders since 1950, and none has succeeded.”); Bradley Behrman, *Civil Aeronautics Board*, in THE POLITICS OF REGULATION 88 (James Q. Wilson ed., 1980) (same).

<sup>28</sup> See John E. Robson, *Airline Deregulation: Twenty Years of Success and Counting*, REGULATION (Spring 1998), at 17, 18 (“In a widely-cited example of the CAB at its worst, it took the board eight years to give Continental Airlines permission to fly between San Diego and Denver.”).

<sup>29</sup> Behrman, *supra* note 27, at 98 (“[I]n 1971 the CAB announced that all subsequent proposals for fare adjustments would be evaluated according to whether airlines would earn a reasonable return if they attained an average load factor of 55 percent.” (citing CAB Order 71-4-54, Apr. 9, 1971)); David B. Richards, *Did Passenger Fare Savings Occur After Airline Deregulation?*, 46 J. TRANSP. RES. FORUM 73, 78 (2007) (describing the DPFI pricing model developed by the CAB in 1974, and administered by Richards himself, which required “normal coach fares ... to be offered on a formula rate” based, *inter alia*, “on a 55% full-fare load factor” (emphasis omitted)).

\$6 billion to \$20 billion per year.<sup>30</sup> I'll give you an example of these consumer benefits — the cost of a flight from New York to Los Angeles fell in inflation-adjusted terms, from \$1,442 to \$268.<sup>31</sup> Suddenly everybody could afford to fly.

And we have seen similar benefits in other deregulated industries.<sup>32</sup>

#### IV. FREE PEOPLE

We've discussed free enterprise and free markets. Now, let me turn to free people.

As countless repressive socialist regimes have shown, you cannot have free people without free enterprise and free markets. Not in the Soviet Union, not even in Bernie Sanders' dreams. Not in Cuba. Not in Venezuela. And certainly not in North Korea.

As I mentioned at the beginning of our discussion, the famous economist Milton Friedman gave a talk called *Free Markets for Free Men* thirty-five years ago this month.<sup>33</sup> As he explained then, free markets and free enterprise help ensure a free citizenry. Or, as Former U.S. Representative Jack Kemp said, “there's no limit to what free men and free women in a free market with free enterprise can accomplish when people are free to follow their dream.”

And the corollary is also true: “Unfree markets destroy freedom” by dictating how a person spends his time, his money, and his effort. Alexander Solzhenitsyn, who spent time in a

---

<sup>30</sup> Steven A. Morrison & Clifford Winston, *The Dynamics of Airline Pricing and Competition*, 80 AM. ECON. REV. 389, 390 (1990) (“On average, deregulated fares are lower than regulated fares by 18 percent, amounting to an average annual savings to travelers of roughly \$6 billion (1988 dollars).”).

<sup>31</sup> See Stephen Breyer, *Airline Deregulation, Revisited*, BLOOMBERG, Jan. 20, 2011, available at <https://www.bloomberg.com/news/articles/2011-01-20/airline-deregulation-revisitedbusinessweek-business-news-stock-market-and-financial-advice>

<sup>32</sup> See, e.g., James M. MacDonald & Linda C. Cavalluzzo, *Railroad Deregulation: Pricing Reforms, Shipper Responses, and the Effects on Labor*, 50 ILR REV. 80, 90 (1996) (concluding that because of railroad deregulation, rail “shippers switched to low-cost methods of transport, productivity measures grew sharply, shipping rates fell, and carrier profits grew”); Submission of the United States to the Ibero-American Competition Forum at 8, Sept. 2007, <https://www.ftc.gov/system/files/attachments/us-submissions-occd-2010-present-other-international-competition-fora/ibero-trucking.pdf> (concluding “deregulation of the trucking industry ... has been entirely beneficial for consumers”).

<sup>33</sup> Friedman, *supra* note 1.

Soviet gulag, once said “that socialism of any type and shade leads to a total destruction of the human spirit and to a leveling of mankind into death.”<sup>34</sup>

That is why it is so important for the free people of the world – from Brazil to the United States and everywhere in between – to emphatically reject calls to socialize our enterprises and our markets. We know that individual freedom and personal initiative are keys to a strong economy. Indeed, there is an old saying in the United States, sometimes attributed to President Lincoln, that “you cannot help people permanently by doing for them, what they could and should do for themselves.”

Or, to borrow yet again from Milton Friedman, we must be *Free to Choose*.<sup>35</sup> I may be an American government official, but I do not presume to tell my fellow Americans how they must spend their time, their money, or their effort. Each person is free to choose what works best for him or her. President Trump is committed to this path in the U.S., and I am glad to say that the Bolsonaro Administration appears equally committed to this path in Brazil.

## V. CONCLUSION

I told you at the beginning of my talk that I’m a lawyer, and I base my decisions on evidence and proof. I’ve tried to share with you today evidence that government-controlled markets and businesses create toxic outcomes for consumers and citizens.

But the fight against socialism is unfortunately a constant struggle against the audacity of bad ideas. There will always be people seeking to revive these toxic ideas to serve their own designs on power.

---

<sup>34</sup> Alexandr Solzhenitsyn, A World Split Apart: Commencement Address at Harvard University, June 8, 1978, available at <https://www.americanrhetoric.com/speeches/alexandersolzhenitsynharvard.htm> (“Having experienced applied socialism in a country where the alternative has been realized, I certainly will not speak for it. The well-known Soviet mathematician Shafarevich, a member of the Soviet Academy of Science, has written a brilliant book under the title Socialism; it is a profound analysis showing that socialism of any type and shade leads to a total destruction of the human spirit and to a leveling of mankind into death.”).

<sup>35</sup> MILTON & ROSE FRIEDMAN, *FREE TO CHOOSE: A PERSONAL STATEMENT* (1979).

Nobody knew this better than Solzhenitsyn, who saw the incredible cruelty of the Soviet system from the inside. And he put it best when he cautioned that “modern society is hypnotized by socialism,” which causes us to lose “all sense of danger” and make us unable to see when socialism is coming swiftly upon us.<sup>36</sup>

So we must be alert, on guard, fighting each day to defend our free markets, our system of free enterprise, and ultimately our individual freedoms. Let us all remain vigilant!

Thank you and God bless.

---

<sup>36</sup> Alexandr Solzhenitsyn, *Solzhenitsyn's Warning*, WASHINGTON POST, Apr. 4, 1976 (reprinted in 122 CONG. REC. 9320 (1976)), available at <https://www.govinfo.gov/content/pkg/GPO-CRECB-1976-pt8/pdf/GPO-CRECB-1976-pt8-3-1.pdf>.