"The Government as Nanny"
by Milton Friedman
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The 1960s Corvair was condemned by Ralph Nader as ‘unsafe at any speed’. Since Nader’s attack, it has been increasingly accepted that we need government protection in the market-place. Today, there are agencies all over Washington for bureaucrats to decide what is good for us: agencies to control the prices we pay, the quality of goods we can buy, the choice of products available. It is already costing us more than $5,000 million a year. Since the attack on the Corvair, government has been spending more and more money in the name of protecting the consumer.

This is hardly what the third President of the United States, Thomas Jefferson, had in mind when he defined a wise and frugal government as one which restrains men from injuring one another and leaves them otherwise free to regulate their own pursuits of industry and improvement. Ever since the Corvair affair, the US Government has increasingly been muscling in between buyer and seller in the market-places of America. By Thomas Jefferson’s standards, what we have today is not a wise and frugal government but a spend-thrift and snooping government.

The Consumer Product Safety Commission is one of the newest agencies set up on our behalf. One of its jobs is to give advice to consumers. But its main function is to produce rules and regulations—hundreds and hundreds of them—designed to ensure the safety of products on the market. It is hard to escape the visible hand of the Consumer Product Safety Commission. Except for food and drugs, ammunition and automobiles (which are covered by other agencies), it has power to regulate just about anything you can imagine. Already it costs $41 million a year to test and regulate all these products on our behalf, and that is just the beginning.

The Commission employs highly-trained technicians to carry out tests, like checking the brakes on a bike. But the fact is that 80 per cent of bike accidents are caused by human error. The tests may one day lead to safer brakes, but even that isn’t sure. The one thing that is sure is that the regulations will make bikes more expensive and will reduce the variety available.

Or, take children’s swings. No matter how many tests are done, children’s swings are never going to be totally safe, for you cannot outlaw accidents. If you try, you end up with ludicrous results. And, though it hardly seems possible, the Commission really does use highly-skilled people to devise regulations that will prevent toy guns from making too big a bang.

The Commission, in effect, is deciding what it thinks is good for us. It is taking away our freedom to choose. Consumers don’t have to be hemmed in by rules and regulations; they are protected by the market itself. They want the best possible products at the lowest price. And the self-interest of the producer leads him to provide those products in order to keep customers satisfied. After all, if they bring out goods of low quality you are not going to keep coming back to buy them. If they produce goods that don’t serve your needs you are not going to buy them. And therefore they search out all over the world the products that might meet your needs and might appeal to you.
Over a quarter of a century ago I bought a second-hand desk calculator for which I paid $300. One of those little calculators today, which I can buy for ten dollars or so, will do everything the old one did and more besides. What produced this tremendous improvement in technology? It was self-interest, or, if you prefer it, greed: the greed of producers who wanted to produce something that they could make a dollar on, the greed of consumers who wanted to buy things as cheaply as they could. Did government play a role in this? Very little—only by keeping the road clear for human greed and self-interest to promote the welfare of the consumers. When governments do intervene in business, innovation is stifled.

In the 19th century, pharmacies contained an impressive array of pills and potions. Most were ineffective and some were deadly. There was an outcry about drugs that maimed or killed. The Food and Drug Administration, in response to consumer pressure, succeeded in banning a whole range of medicines. The tonics and lotions with their excessive claims disappeared from the market. Today, every drug marketed in the United States must pass the FDA. It is clear that this has protected us from some drugs with horrific side-effects, like thalidomide. And we all know of people who have benefited from modern drugs. What we don’t hear much about, however, are the beneficial drugs that the FDA prohibited.

For ten years Mrs Esta Esdain suffered from severe asthma. The medication she received had serious side-effects. Her condition was getting worse, but the drug her doctor preferred was prohibited by the FDA. So twice a year Mrs Esdain had to set out on a journey. The drug her doctor wanted her to have had been available for use for five years in Canada. Once across the border at Niagara Falls, Mrs Esdain could make use of a prescription that she had obtained from a Canadian doctor. All she had to do was to go to any Canadian pharmacy. There she could buy the drug that was totally prohibited in her own country. The drug worked immediately. It was easy for Mrs Esdain to get around the FDA regulations because she happens to live near the Canadian border. Not everyone is so lucky.

It is no accident that, despite the best of intentions, the Food and Drug Administration operates so as to discourage the development of, and prevent, the marketing of new and potentially useful drugs. Put yourself in the position of a bureaucrat who works for it. Suppose you approve a drug that turns out to be dangerous, a thalidomide. Your name is going to be on the front page of every newspaper; you will be in deep disgrace. On the other hand, suppose you make the mistake of failing to approve a drug that could have saved thousands of lives. Who will know? The people whose lives might have been saved will not be around. Their relatives are unlikely to know that there was something that could have saved their lives. A few doctors, a few research workers, may be disgruntled but only they will know. You or I, if we were in the position of the bureaucrat, would behave exactly in the same way.

Drug companies can no longer afford to develop new drugs in the United States for patients with rare diseases. Increasingly, they must rely on drugs with high-volume sales. Four drug firms have already gone out of business. And the number of new drugs introduced is going down. And where it will lead we simply haven’t learnt from experience. Remember Prohibition?

In a burst of moral righteousness at the end of the First World War, when many young men were overseas, the non-drinkers imposed on all of us prohibition of alcohol. They did it for our own good. And there is no doubt that alcohol is a dangerous substance. Unquestionably, more lives
are lost each year through alcoholism—and also through the smoking of cigarettes—than through all the dangerous substances that the FDA controls. But where did it lead? Prohibition didn’t stop drinking, but it did convert a lot of otherwise law-obedient citizens into law-breakers.

Fortunately, we are a very long way from that today. But make no mistake about it, there is already something of a grey market in drugs that are prohibited by the FDA. Many a conscientious physician feels himself in a dilemma, caught between what he regards as the welfare of his patient and strict obedience to the law. If we continue down this path there is no doubt where it will end. After all, if it is appropriate for the government to protect us from using dangerous cap-guns and bicycles, the logic calls for prohibiting still more dangerous activities, such as hang-gliding, motorcycling, skiing. If the government is to protect us from ingesting dangerous substances, the logic calls for prohibiting alcohol and tobacco. Even the people who administer the regulatory agencies are appalled at this prospect and withdraw from it. As for the rest of us, we want no part of it. Let the government give us information, but let us decide for ourselves what chances we want to take with our own lives.

All sorts of things happen when government starts to regulate our lives by setting up agencies to tell us what we can buy, what we can’t buy, what we can do. I started out by talking about a Corvair: a motorcar that was castigated by Ralph Nader as ‘unsafe at any speed’. The reaction to his crusade led to the establishment of a whole series of agencies designed to protect us from ourselves. Well, some ten years later, one of the agencies that was set up in response to that move finally got around to testing the Corvair that started the whole thing off. What do you suppose it found? It spent a year and a half comparing the performance of the Corvair with the performance of other comparable vehicles. And they concluded: ‘The 1960 to 1963 Corvair compared favourably with other temporary vehicles used in the tests.’ Nowadays, there are Corvair fan clubs throughout the United States. Corvairs have become collectors’ items.

Consumers have given their verdict on Ralph Nader and the government regulations. As Abraham Lincoln said: ‘You can’t fool all of the people all of the time’. It is time all of us stopped being fooled by those well-meaning bureaucrats who claim to protect us because they say we can’t protect ourselves.

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