

1. Professor Milton Friedman's research led him to believe in the power of **free markets** and **economic freedom**.
2. If the government gives everybody the same freedom to work . . . some will do better than others. The result will be **equality of opportunity**, but not **equality of outcome**.
3. After World War II, Hong Kong became a refugee camp with millions of extremely poor people. Hong Kong had no **prospects**, no **natural resources** and **little land that could be cultivated**. But almost by accident it was given **economic freedom**. . . . As a result, Hong Kong became an **economic power house**.
4. In the small Baltic country of **Estonia**, Prime Minister Mart Laar took his inspiration from Professor Friedman's book Free To Choose. What three things did he do to imitate the Hong Kong model?
 - **Zero tariffs**
 - **Flat tax**
 - **Minimum of regulation**
5. Adam Smith's concept of the "invisible hand" was illustrated in the example of buying a tomato. The following 3 points were made:

We vote with our **pocket books**.

Every purchase **sends a message** .

To make your life better, you have to **better the lives of others**.
6. Economists call the constant renewal of the economy **creative destruction**. To increase our wealth and opportunities, we have to stop doing old things in **old ways** and start doing innovative things in **better ways**.
7. Swedish entrepreneurs are the **oldest** in the world. Young Swedes and entrepreneurial immigrants have moved from Sweden to Britain and the U.S. because the **rewards** are much greater there, where **taxes** are lower.
8. The Founding Fathers had learned the lesson of history. The great danger to freedom is the **concentration of power**, especially in the hands of a **government**.
9. As Milton Friedman said, "The society that puts equality before freedom will **end up with neither**. "The society that puts freedom before equality will end up with a **great measure of both.**"

10. If we applied the “fair shares for all” concept in this class, all students would receive an average grade of “C.” This would be accomplished by taking points away from students earning A’s and B’s to give to students earning D’s and E’s. Distributing points equally would result in “fair grades for all.”

Would you approve of this method in calculating your final grade? Why or why not?

How would this differ from “fair shares for all” economically?

Absolutely not. This in no way would be beneficial. If someone was given a job requiring a particular knowledge, but lacked that knowledge because the effort put into the understanding was at a “D” or “E” level, then they wouldn’t perform well. They wouldn’t know how to care for what they were given since they never learned the value of diligence and work ethic that would come from the effort in getting a “A” or “B” grade. Someone doesn’t automatically reach a “C” level, or “A” for that matter, just because they were given it with no merit of their own.

Johan Norberg said that in Sweden taxes are high but the redistribution of the wealth collected among the citizens is generous. This is done to reduce differences of outcome to make equality of outcome. However, many suburbs in Stockholm have higher than 50% unemployment, because the citizens get their check from the government in the mail. It wasn’t until the government made an effort to reduce equality of income by reducing taxes and having benefit systems less generous that increased the incentive to work. But even still, Swedish entrepreneurs moved to Britain or the U.S. Why? Because the reward was greater for entrepreneurs: a lot of wealth. If this were not so, then it is argued, the entrepreneurs would do something else, leaving us without the products and advancements they would have given us as a society. Johan Norberg said it like this: “If we did not allow a... Thomas Edison or a Bill Gates to become incredibly rich, we would be more equal. But Friedman would ask: ‘would we be better off?’”

And I would have to say “no, we wouldn’t be”. It goes back to the student grade analogy, which doesn’t differ from the “fair shares for all”. Just as redistributing grade points among all so everyone passes would keep the diligent from working hard and the idle still idle, so too would fair shares for all keep the industrious from making our society better and the indolent still indolent. This doesn’t mean give to the rich and keep the poor, poor. I believe in compassion and charitable contributions and so by letting the entrepreneurs become successful they would be able to do more for society than many generous benefit systems would. Look at the contributions of the Robber Barons, particularly Andrew Carnegie. Everyone has the same opportunity as do the entrepreneurs, and everyone has the potential to work hard and learn how to work hard in school. Knowing you have something to gain or lose is a necessity for progress. Furthermore, not giving everyone equality of outcome- meaning some fail- doesn’t mean uncompassionate. On the contrary, it is more compassionate to let someone reach their potential and become successful so they can help others with what they’ve gained, continuing compassion.

Reflective Writing

I never really knew what equality of outcome and equality of opportunity were before this class. Through ECON-1740, my knowledge of economics has undoubtedly increased in the importance of equality of opportunity over equality of outcome. By everyone having the same opportunity to succeed and therefore have a potential to fail helps us individually to seek our potential through different, innovative avenues of approach. Looking for innovation creates and maintains creativity.

Imagine if everyone didn't seek for creative ways to invent or improve on something. Many of the advancements in technology, or reasons for having them, may not have come as quickly or be the same. The reason things keep improving is because equality of opportunity acts as the black smith's bellows on the spark of innovation. The same would not be said if equality of outcome was the governing principle of our society.

Watching "Free or Equal" has helped me to see the difference between societies with equality of opportunity and equality of outcome, which has helped with critical thinking and gain substantive knowledge. Sweden uses equality of outcome which has led to higher unemployment rates because citizens are receiving checks from the government in their mail due to the generous benefit systems. As a result, many Swedish entrepreneurs move equality of opportunity societies. Our society once flourished because of the elements of risk and reward that come from equal opportunities and it is by maintaining such a principle that will allow us to progress forward economically.