

BY MILTON FRIEDMAN



A NEW HOLIDAY

As the quiet succeeded the fireworks (ever more muffled thanks to consumer "protection" laws) on the Fourth of July, it occurred to me that this country needs a new holiday to complement our national Independence Day. The new holiday would celebrate our Personal Independence Day—that day in the year when we stop working to pay the expenses of government—Federal, state and local—and start working to pay for the items we severally and individually choose in light of our own needs and desires.

The new holiday would, of course, have a variable date. As the accompanying table shows, total government spending has grown from about 10 per cent of national income prior to 1929 to about 40 per cent today. Over the same period, the relative role of the Federal government and state and local governments has been reversed. In 1929, state and local governments spent more than twice as much as the Federal government; in 1970, the Federal government spent almost twice as much as state and local governments. As he grew, Big Brother moved from town hall and state capitol to Washington.

This change is mostly a product of the past 40 years, dating from the onset of the New Deal. For the first century and a half of our nation's existence, total government spending—so far as we can judge from the meager data available—never exceeded about 10 per cent of national income except in time of major war. And state and local spending was throughout roughly twice as large as Federal spending. Total spending as a percentage of national income nearly doubled in the decade after 1929, and then nearly doubled again in the next three decades.

FROM WINTER TO AUTUMN

Our forefathers would have celebrated Personal Independence Day in dead winter, and our fathers as winter was turning to spring. We would now celebrate it in late spring. If the trend continues, our children will celebrate it in summer, and our children's children in autumn.

A simple statistical extrapolation from the dates recorded in the table for 1929 and later years gives 1988 as the year when Personal Independence Day would coincide with national Independence Day, July 4—

though by the time that happens Big Brother may not permit innocent merriment to call attention to his encroachment on our lives and, of course, all signs of fireworks will have disappeared under the disapproving frowns of the NARJFL—the National Administration to Remove Joy From Life.

The variable date of the new holiday is an advantage. Congress or the President would be required to declare the date each year. This would force the one or the other to inform us each year, as neither does now, how much government as a whole is costing us. Such a public announcement might well be more effective

GOVERNMENT SPENDING AS PERCENTAGE OF NATIONAL INCOME

| Year | Federal | State and Local | Total | Date of Personal Independence Day |
|------|---------|-----------------|-------|-----------------------------------|
| 1900 | 3.4 | 6.1 | 9.5 | February 4 |
| 1929 | 3.0 | 8.9 | 11.9 | February 12 |
| 1940 | 12.3 | 10.4 | 22.7 | March 23 |
| 1950 | 16.9 | 8.3 | 25.2 | April 2 |
| 1960 | 22.4 | 10.4 | 32.8 | April 29 |
| 1970 | 25.5 | 13.6 | 39.1 | May 23 |
| 1988 | — | — | 50.8 | July 4 |

Sources: 1929-70, "Economic Report of the President," 1974; 1900 and 1988, author's estimates

than the recent, much-vaunted Congressional budget reforms in imposing some discipline on government spending and perhaps reversing the trend. Moreover, it would enable political candidates dedicated to enhancing our individual freedom to have an easily publicized slogan: "Return Personal Independence Day to March 31" or whatever other date can be made to appear feasible.

Of course the date of the Personal Independence Day that is recorded in the table is a national average. The correct date differs from state to state. Maybe, once a national Personal Independence Day is established, individual states will take steps to establish a state Personal Independence Day.

Can you think of a more attractive competition among states than for them to strive to see which can have the honor of having its holiday the earliest?