



Retirement *Lifestyle*
Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Lawrence W. Reed
Foundation for Economic Education

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Dennis Tubbergen:

Welcome back to RLA Radio. I'm your host, Dennis Tubbergen. Joining me again on today's program is returning guest Lawrence W. Reed. Larry is the President Emeritus of the Foundation for Economic Education. He also served as president of that organization from 2008 to 2019. He was also the president of the Mackinac Center for Public Policy for 21 years. He taught economics full-time at Northwood University. He is an inspiring guy and I love to read his work. And Larry, welcome back to the program. Pleasure to chat with you again.

Lawrence Reed:

Hey, thank you, Dennis. I always look forward to these opportunities. I appreciate it very much.

Dennis Tubbergen:

And I should mention also that if you'd like to read Larry's work, every article that he publishes, all his writings you can find on his website, which is lawrencereed.com. It's lawrenceweed.com and I encourage you to do that.

So, Larry, let's talk a little bit about an article that you recently published that has a bit of a provocative title, When Equality Becomes Evil. And you mentioned that in the very first paragraph of the article, and I have it in front of me. It said, "Memorize the following line, teach it to your children, and shout it from the rooftops. It's one of the most important truths you'll ever learn or teach. Free people are not equal and equal people are not free". That certainly seems to run against the grain of what we're hearing these days.

Lawrence Reed:

Yeah, it sure does. And that's unfortunate because a lot of people have a fuzzy view of equality and an unqualified positive view of it. And now there is one sense in which it is a positive good all the time, something to strive for. And that is equality before the law. We should all want the law to be blind to such things as our race or where we were born, or any number of other irrelevant factors. We want it to be applied fairly and equally to us all. But the equality that I was referring to in this column is economic equality. And that is to say equality, in terms of what we earn in the marketplace or what we possess in a material way. And I'm basically arguing here that when people are free, they're not going to be equal economically. They're going to generate differences in incomes, they're going to generate differences over their lifetimes in what they materially possess. And that's mainly because

each of us is a very unique being. We are all very different, one to another, and nobody has identical talents to anybody else.

Dennis Tubbergen:

So, Larry, when you look at some of the political policies that are now being touted by many of the politicians on the left, you hear things like universal basic income. When I look at those things and I read your articles, such concepts are really destructive to the human spirit. Would you agree?

Lawrence Reed:

Oh, I certainly do. And as a student of history, Dennis, I can tell you that I cannot think of a single exception to this truism. And that is that when people begin to go down that path of expecting government to make them economically equal or to subsidize their behaviors, or to guarantee them a comfortable life without responsibility, the end result is always economic destruction, bankruptcy and the loss of individual freedom. It happens over and over and over again.

Dennis Tubbergen:

And Larry, I recall from a conversation we had a few years ago, and I'm sure it's going to be perhaps a new story for many listeners, you mentioned that as we're approaching Thanksgiving here, that the pilgrims initially were a socialistic society, and they gave up on that whole notion.

Lawrence Reed:

Yeah, they sure did. And this was largely because of the agreement that the pilgrims had with the investors back in England. Those investors well intentioned, though they may have been, they felt that, hey, if we're going to bankroll this venture into the new world, we want to make sure it has every chance to succeed. So, let's have a provision in here that once the pilgrims get to the new world, they have to put what they produce into a common storehouse and have it distributed amongst them equally so everybody gets the same. Well, the problem with that, as Governor Bradford of the Plymouth Colony later wrote, was that it incentivized laziness and it disincentivized things like investment at risk taking, entrepreneurship and private property. And so, for the first couple of years, the pilgrims did practice that, but then Governor Bradford records in his diary that more and more people said, well, why should I work if I get the same as the guy who does?

So, I'll just sit on my fanny, find something else to do, enjoy my life, and collect whatever the colony chooses to give me, which is going to be the

same as everybody else gets, regardless of their work effort. Well, that led to starvation. And then Governor Bradford decided irrespective of what the investors suggested we do; we're getting rid of that. And so, he said one day, and he wrote this in his diary, that we're going to have property held privately now. So, it's yours. You grow on it, what you want, you sell it for whatever you can get. But in any event, the reward for how you steward your property is going to depend upon just how well you do at it, not just the fact that you're breathing.

Dennis Tubbergen:

Well, if you're just joining us, I'm chatting today with Larry Reed. You can learn more about or read all his work, I should say, at lawrencereed.com. And Larry, I want to get back to your article, but as you were talking, it occurred to me that we really have a couple of different philosophies being promoted, if you will. One, the World Economic Forum. They're on the news again this past week and you can go to their website and see that they're pushing for a big reset. They're pushing for no private property ownership by 2030, I think they want us to eat bugs. And then on the other side of the coin, we have those of us that are our libertarian in nature that just want to be able to live our lives and do what we want to do as long as we don't hurt others and we're respectful. And there's these two big philosophies that seem to be colliding. One, do you agree with that assessment? And then two, how do you see it playing out?

Lawrence Reed:

Yeah, I think this is one very useful way to see the world, that there's a sizable chunk of people who want to free the individual from responsibility, want to guarantee him an existence, want to give him stuff irrespective of his productivity or entrepreneurship. And then there's the other group that says, leave people alone. Let them do their thing, and you will incentivize the kinds of things that feed and clothe and house all of us. It seems to me that when you take a look at history as well as economics, the verdict on which of those two paths works better is pretty pronounced. In America in the 19th century, there were several dozen efforts to have a communal society. Brook Farm in Massachusetts, New Harmony in Indiana, where they said, well, let's just have everybody put everything in a common storehouse and we'll divvy it up equally.

And not one of them lasted more than five years. Most of them went belly up in one, two or three years. And that's because of human nature. People want to be rewarded for the risks they take; they want the opportunity to create and to build enterprises. And the moment you start just sending them checks regardless of what they do, then they become lazy and expect more.

And then politicians will start buying votes with other people's money. And before long you've got national bankruptcy or local bankruptcy, whichever it may be. And there with that situation, then you can flush your freedoms down the toilet too.

Dennis Tubbergen:

Well, Larry, going back to the article that you wrote, I would encourage the listeners to go to lawrencereed.com and check out the article. It is titled, "When Equality Becomes Evil." And I thought it was interesting that going back to human nature, in your article you point out that in Cuba, North Korea, other unfree societies, that you still see this disparity in economic lifestyles. Can you comment?

Lawrence Reed:

Yeah. This is one of the paradoxes or hypocrisies you might say, of places like Cuba, North Korea, communists and socialist countries that love to denounce free countries or capitalist ones as being places of great inequality. And yet we're the countries, the free ones, the capitalist ones that have a broad middle class, that have upward mobility, that have opportunities for the poor to become wealthy. But in those countries like Cuba, North Korea, you've got the very wealthy at the top, they're the ones with the political connections, and then you've got everybody else who lives in quiet, desperation and poverty. So you don't do away with inequality by giving speeches about it or in putting the state in charge of everybody's life. All you do is make sure that the politicians and their friends have a lot more than anybody else.

Dennis Tubbergen:

And Larry, as we're approaching the end of this segment, how do you see these two philosophies playing out? I don't think I've ever seen a time that there's such political and ideological divisiveness. Do you see freedom winning out here or what's your take?

Lawrence Reed:

Well, I have to be an optimist, Dennis. It's part of my nature, I think. And of course, nobody knows the future, so what would be the point of being down on it before it even happens? So, I hope and expect that at some point, don't know when, people will relearn this lesson as they've had to so many times. Doesn't mean that we won't have some tough times to go through in the meanwhile, but ultimately people are going to come back and say we've tried this equality stuff economically by putting the state in charge of our lives so many times, it never works. Let's get over that and enjoy the fact

that people are different and when you leave them free, they are amazingly productive.

Dennis Tubbergen:

Well, I'm chatting today with Larry Reed. Larry is the President Emeritus of the Foundation for Economic Education. You can learn more about his work and read all his writings at lawrencereed.com. I'd encourage you to check that out as well. I'll continue my conversation with Mr. Larry Reed when RLA Radio returns, stay with us.

I'm Dennis Tubbergen. You are listening to RLA Radio. I'm chatting today with Mr. Larry Reed. Larry is the President Emeritus to the Foundation for Economic Education. He is the former president of the Mackinac Center for Public Policy, former Economics professor at Northwood University, and a prolific writer and commentator. You can check out his work at lawrencereed.com. And Larry, just to jump in, we've been talking about your article, When Equality Becomes Evil and you quote Austrian economist Hayek and you said that he said there's all the difference in the world between treating people equally and attempting to make them equal. And that's a pretty profound statement. What do you see as far as public policy now and US domestic policy now that we are through the midterms almost, although I guess there's still some undecided races unbelievably at this point. Do you see things changing a lot here in the next couple of years?

Lawrence Reed:

I don't think you'll see any big changes, Dennis. You'll see some investigations into matters that were covered up in the previous Congress by the party who controlled it then. That will be new and perhaps very revelatory. But in terms of major policy changes, it doesn't seem as though the President is interested in making any changes. But he'll be stymied many times now by the House. So, things may not even get to the Senate in many cases because they won't get through the House first. So, I don't think there'll be big changes. The presidential election of 2024 for all intents and purposes has almost already begun. So next year will be a highly politicized year, and the next one even more so. And that's when politicians tend to not get much done. They just run around talking and promising and attacking and so forth, and nothing gets done, which might be good actually. Gridlock can be good if it keeps the activists out of our pockets and out of our lives.

Dennis Tubbergen:

So, Larry, I want to talk about the elephant in the room if we could. You mentioned before we started recording that you just returned from Brazil. Huge protest there regarding the election. I think the High Court in Germany

just said that we need to redo these elections. You've got the elections here in Maricopa County. Kerry Lake is not conceding. There just seems to be a whole lot of confusion, alleged fraud, a lot going on around elections all around the world. And when I was growing up, we had paper ballots and we knew who won the same night. What's your take on all this?

Lawrence Reed:

Well, I'm a bit old fashioned Dennis, in a sense that I want to bring back the old days of paper ballots, same day voting on election day, maybe absentee balloting with legitimate reasons, maybe a couple days early voting for those who can't make it on election day. And certainly, I don't like this idea that some states now have ballot harvesting and mail-in ballots. And some people would say, well, wait a minute, voting is so important. We should make it easier and easier for people to do it. But the problem is, the easier you make it to vote, the more you make it easy to cheat. And also, you cheapen the whole business of voting. There have been tens of thousands, hundreds of thousands, probably millions over the years of Americans who have given their lives for things like the right to the secret ballot and to decide who serves in our government.

If you can't get out the vote or provide a legitimate excuse to get an absentee ballot, then I think you're shirking your responsibility as a citizen in a free republic. And we cannot survive this endless process of never knowing the outcome of so many of these races and having them challenged over and over again. But that's the direction we're going if we just keep making it a piece of cake for anybody to vote. Someday, if we keep going in that direction, we might get to where, and some people have advocated this, where you vote by phone, and of course we won't even know who it is who's pushing the buttons, but there are people who are trying to incorporate a vote by phone system where you just call in and you don't even have to get out of your recliner to do it. And I just think that cheapens a very important and essential right of a free people.

Dennis Tubbergen:

Larry, it seems to me, and I just like your take on this, that around the world a lot of things going on. We mentioned the World Economic Forum in the last segment, there's just a lot of things happening. There seems to be maybe waking people up, people that up to this point have been apathetic that are now saying, wait a minute, this just doesn't seem right. Is it just me or is there a grassroots, ground swell of people saying, you know what, we need to fix this.

Lawrence Reed:

Oh, I see that Dennis and I actually thought we'd see a lot more of it in the election here recently than we actually ended up seeing. There's an awful lot of people out there who just give up too. And I hate to see that because if good people give up, then it simply gives a blank check to bad people to hold sway. So, I think there are more and more people waking up and coming around to the idea that, for instance, government spending isn't our salvation, that our debt is massive and way too big and ought to be reduced, and that government should quit printing money, causing price inflation. There are more people who understand that today than 20 years ago, but we still have a lot of work to do.

Dennis Tubbergen:

And Larry, back to your article When Equality Becomes Evil, you made a really interesting point in the article that those obsessed with income, with economic equality divide society between villains and victims. And there seems to be this political strategy or tactic to divide the country and it seems to be working. Again, do you see any of this maybe shifting a little bit more to the way you and I might like to see things go, and how do you see this play out?

Lawrence Reed:

Well, I'm certainly working 24/7 to move things in our direction. Sometimes I think we're up against what's often being taught to young people in public schools, which is not friendly to freedom and free markets all too many times. But yeah, you see this all the time. People seem to think that everybody's one or the other, either a villain or a victim, and they're constantly angry. They're constantly demanding that something be done to those who are more successful than they are. But you cannot drag down other people who simply are more successful and thereby pull yourself up. You just end up dragging all of society down. And that's been repeated historically over and over again.

Dennis Tubbergen:

I'd like to take too on Fed policy. The Fed has been increasing interest rates in an attempt to get inflation under control. It was amazing to me that the report came out and this heavily manipulated consumer price index came in at 8% year over year, and there were those taking victory laps. I happen to think that the Fed probably is going to have to pivot. I think that ironically, maybe Fed policy is leading people. I think Americans took on \$351 billion in new debt in the third quarter, which tells you how they're dealing with inflation. Could it be this strange irony that maybe it's this Fed policy that in

my view, has caused some of these issues that will ultimately be the catalyst that maybe wakes people up?

Lawrence Reed:

Well, I certainly hope they prove to be that, and I do believe that the Fed is responsible primarily for the price inflation that we're suffering from now. I remember two years ago, people like me, a lot of economists were screaming from the roof, rooftops, that the Fed was stepping on the gas too much. It was printing money at double-digit rates. And we warned that this would eventually lead to higher interest rates, to higher price inflation and then some kind of corrective recession or even depression. So, people have short memories. They look to the Fed today to provide answers. But if I just think back to a few months or a couple of years ago, they'll find that the Fed was creating the problem in the first place.

Dennis Tubbergen:

I thought it was interesting to one analyst, and I don't recall who, I wish I could give credit in this interview, but said Bernanke's recent award was like giving a fireman an award for putting out a fire that he started himself. And I thought that was a pretty fitting analogy. In the time we have left here. Larry, I'd love for you to talk about the Foundation for Economic Education. I'd love your work and would love to get those listeners who are of that mind, to learn a little bit about the organization and support your organization.

Lawrence Reed:

Okay, thank you, Dennis. Well, the organization is known as The Foundation for Economic Education, FEE or fee. Its website is fee.org and even though I'm retired to the emeritus role now, I'm still very active as a writer and speaker. And our purpose is to educate and inspire young people of high school and college age in ideas of private property, free enterprise, entrepreneurship, the rule of law, and most critically personal character. I happen to believe, as we all do at FEE, that if we don't get that right, personal character, not much else is going to matter. That no society has ever lost its character and kept its liberties or its prosperity. And so a key ingredient, indispensable ingredient in making our society free and prosperous in the future is going to be to fix the character problems that we see all around us, unfortunately.

Dennis Tubbergen:

Well, my guest today has been Mr. Larry Reed. You can read his work at lawrencereed.com. Larry, always a pleasure to catch up with you,

appreciate you being so generous with your time. I know you're a busy guy and happy Thanksgiving to you and your family.

Lawrence Reed:

Hey, same to you Dennis. Really appreciate it.

Dennis Tubbergen:

We will return after these words.