



Retirement *Lifestyle* Advocates

RADIO PROGRAM

Expert Interview Series

Guest Expert: Dr. Peter Jacobsen
Economics Professor, Ottawa University

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Dennis Tubbergen:

Welcome back to RLA radio. I'm your host, Dennis Tubbergen. Joining me on today's program is first time guest Peter Jacobsen. Peter, welcome to the program. It's certainly a pleasure to have you on.

Peter Jacobsen:

Dennis, thanks for having me. It's an honor to be here.

Dennis Tubbergen:

So, Peter, just for our listeners benefit, talk a little bit about your background and your work and kind of the path that took you to where you are now.

Peter Jacobsen:

Yeah, absolutely. Well, I will start by saying that I'm currently a professor at Ottawa University in the greatest Ottawa, which is in Kansas, of course. I am an economics professor, and I got my PhD from George Mason University up in Fairfax, Virginia studying institutions and development. And one of my big areas of interest is population growth. And so, I studied a bit of that, did my undergraduate at Southeast Missouri State, but I've just always had an interest ever since my first economics class in high school, I've always had a real interest in economics and how it impacts people's actions. Understanding people and what they do is very interesting to me. And I think economics is a great way of doing that. And so that's kind of my background.

Peter Jacobsen:

Now I'm at, like I mentioned at Ottawa, we have the Gwartney Institute, which is an Institute that looks at human freedom and flourishing. And we kind of have an angle of faith in economics as well. And so we're a Christian university here at Baptist University in Ottawa, Kansas. And so we kind of are at the intersection of those things. And so that's what I work on in the present day.

Dennis Tubbergen:

And Peter, you had mentioned before we started recording today's conversation that you do, or your organization, your university does a faith and economics podcast. Can you talk a bit about that?

Peter Jacobsen:

Sure. Yeah. That's so myself, the founder of the Gwartney Institute, Dr. Russ McCullough, and we have a philosopher, a professor of philosophy here

at Ottawa University, who also does it with us, Dr. Justin Clark. And basically, what we do is we try to approach different topics generally having to do with economics. And we try to tie in faith. We're all Christians, and we're interested on the Christian perspective on different things. Dennis, that's really important to me that in my work, I try to tie it together with the things that I believe. And so, we'll talk about everything for policies and what economic implications they have and what that has to do with our Christian worldview. But we also do things like talk about different intellectual discoveries over time. So, we talked about, for example, the Stanford prison experiment. So, we've talked about kind of all sorts of things, free will versus determinism. And we try to tie in faith and economics at all aspects.

Dennis Tubbergen:

So, Peter, just for the listeners benefit, one of the reasons I reached out to you and wanted to get you on the program is that as all the longtime listeners know, I'm a big fan of the Foundation for Economic Education. Larry Reed has been on the program numerous times, and you wrote an article for FEE. That the listeners can find on fee.org, I should say, that really got my attention. Can you just maybe start by giving a broad overview of the article, and then we'll drill down?

Peter Jacobsen:

Yeah, absolutely. So, the article came about because a few years ago I had read an article by an economist named Ronald Coase. And Coase is famous for a lot of discoveries in economics and a lot of good sorts of innovations to the field. But this article is not one of his more well-known ones, where he talks about the market for goods and services and the market for ideas. And Coase's puzzle that he puts forward, and listeners, it will benefit to realize that he was writing this in the seventies. And so, this will maybe become important in a little bit here, but Coase's question was why is it that the professional intelligence, the academics, and journalists, why is it that they defend so vigorously the market for ideas free speech, in other words, we could say, but they don't defend the market for goods and services?

Peter Jacobsen:

And so, he has a whole article trying to explain why that's the case. And so that's interesting, but another interesting thing, and listeners probably thought of it as soon as I said it, is that there's not really a feeling, at least in my life and I'm sure with the life of many, that journalists and professors are really the stalwart defenders of free speech anymore. So, the fact that the article assumes that is very interesting, and it says something about where we are today that academics and journalists aren't really thought of

as the defenders of free speech. And so, in my article, I kind of use Coase's argument and make my own argument on why that change has occurred.

Dennis Tubbergen:

So just for clarity, Peter, let's drill down on that a bit. As far as the market for ideas versus the market for goods and services, can you just give some examples for clarity's sake?

Peter Jacobsen:

Yeah, sure. So, market for goods and services, we can think of someone who works in producing things. And so that's everything from early production, like mining to later in production, like refining, and last of all, we could say sales or giving financial services, those sorts of things. So, things that you buy and sell, we can generally think of as the market for goods and services and having to do with that market. The market for ideas is more abstract. There is a thought that basically when we are exchanging our ideas, it's sort of like a market. In other words, we're giving our ideas, and someone gives us something back. They give us their ideas, and there's sort of this competition that's going on that maybe sort of mirrors or looks like market competition. And this competition allows some ideas to win and some ideas to lose. And the traditional view is that bad ideas lose, and good ideas win in this market. And so that's kind of the dichotomy that's the two different markets there.

Dennis Tubbergen:

So, when you talk about, these, weren't your words, these are my words. But when you talk about really the maybe confidence loss that a lot of us have now in mainstream media and some of the traditional institutions that maybe we used to rely on for information, comment a little bit from your perspective as to what has really catalyzed that change.

Peter Jacobsen:

Yeah. So, I think this is an important question you bring up. For me, I actually don't think a whole lot in those industries from, for example, the mainstream media from the intellectual class, from journalists, I actually don't think a lot of what they do has changed. I actually think that the difference is that we have sort of a new entrance into the market for ideas, and that's regular people. And so, we have things like social media coming up. We have podcasts that people listen to. There's all sorts of channels by which average everyday people can communicate their thoughts. And it turns out when people are able to do that when there's more people in this realm of ideas, what happens is a lot of bad framing and a lot of dishonest

practice, or may maybe honest but bad practice, fail practice of journalism comes about.

Peter Jacobsen:

So, people see the story, and they research it themselves. And then they see the framing on NBC CNN, whoever it is. And they say, well, that's not actually an accurate framing at all. I read this story myself. And so, I think the advent of technology has introduced some competition. And we're just seeing what those industries now look like on the underside now.

Dennis Tubbergen:

So, Peter, why the... And this, I guess is my perception, but it seems that when you look at some of the censorship that's occurred on Twitter and some of the stories that are covered on the major news networks to use that term, that there seems to be a genuine fear among the older institutional type companies, fear of maybe these citizen journalists to use that term, is that fair?

Peter Jacobsen:

Yeah, Dennis, I'd say so. Absolutely. In fact, that's my argument in this article that this shift that has occurred from really defending free speech to being more, we'll say desiring censorship more, this shift has occurred because these people who are now sort of these freelance journalists, we could say, or people who research the ideas independently and put them online, these people are viewed as basically a business threat. That it used to be that only a certain group of people were allowed to talk about the ideas and craft the narrative and go through the news. But now that this is, some people like to use the word democratized, that's very popular.

Peter Jacobsen:

I'm a little reluctant to use that term, but for sake of ease, we'll say now that this market has been kind of democratized, that the market for ideas, doesn't just sit in the hands of a few people. I think this current industry, or the vested interest, the old institutions as you put it, are really afraid that this competition is going to beat them. It's not hard to imagine how it could either. I mean, you look at the numbers that most of these cable news shows are doing, and you compare them to an episode of Joe Rogan's podcast and there's no comparison, right. So, I think this is fear from the sense that people aren't going to be interested in the stories that they put out anymore.

Dennis Tubbergen:

Yeah. And one example, I think, Peter, when you look at CNN plus, this streaming service, and CNN invested lots of money into it, I don't know the number off the top of my head, but I mean, that was around for like what, less than a month?

Peter Jacobsen:

Yeah. They were predicting something like hundreds or tens of thousands of listeners and got very few. Yeah, I think that's a perfect example of the old institutional framework, the old bureaucracies that they work in just aren't suited for the new technology. And I think they're discovering that more and more.

Dennis Tubbergen:

Well, my guest today is Peter Jacobsen. Peter is a professor at Ottawa University. He does the faith and economics podcast. And Peter, if somebody wanted to learn more and listen to your podcast, I'm assuming available on all the traditional podcast sources?

Peter Jacobsen:

Yeah. So, we're up at Spotify. You can find us on Anchor. Basically, anywhere you get your podcast, you can find us. Another route that they could go is I have a personal website. It's kind of an academic website, but the podcast is there. And it's at peter-jacobsen.com. So that's another option, or you could Google faith and economics podcast. So those would probably be the best ways.

Dennis Tubbergen:

Well, terrific, well, fascinating conversation. The good news is I will be back in the next segment with Peter Jacobsen. So, stay with us.

Dennis Tubbergen:

Welcome back to RLA radio. I'm your host, Dennis Tubbergen. I have the pleasure of chatting today with Dr. Peter Jacobsen. Peter is a professor at Ottawa University, as he pointed out in the first segment, this is the good Ottawa it's in, think you said, Kansas, correct, Peter?

Peter Jacobsen:

That's right. Great state of Kansas.

Dennis Tubbergen:

The great state of Kansas. And he is the sponsor or one of the co-hosts I should say, of the faith and economics podcast, which you can find at all the traditional podcast sources, as Peter pointed out in the last segment, Spotify and Anchor, a couple good places to go. And Peter, let's just go back and maybe start where we did in the last segment. Your article that, again, I found fascinating put forth a theory by, I believe you said Ronald Coase. And that theory kind of predicted that we would eventually get some censorship. So, can we dig into that a little bit?

Peter Jacobsen:

Yeah, absolutely. And so just to refresh listeners, Coase's main question was, and again, writing in the seventies, why is it that these professors and these journalists are so intent on defending the first amendment and don't want any regulation on the first amendment, but they love having regulations on the market for goods and services, different product regulations and things like that. And so, Coase goes through a couple possible explanations that are sometimes given. One explanation is, and this language actually sounds pretty familiar to listeners probably that we need to have speech. And then here's the familiar part because it's necessary to have free speech for our democracy to function. And I actually don't even think that that's a super bad argument. I think that makes a lot of sense. The ability to share ideas is necessary in order to have a well-functioning democracy, but Coase points out a problem.

Peter Jacobsen:

And what he says is, that's true, but that's also true of the market for goods and services. If free speech is necessary for a well-functioning democracy, you would think clothes and houses and food would also be necessary for a well-functioning democracy. And so, the fact that speech is necessary for a well-functioning democracy doesn't imply that it should be free of regulation, unless you also say that things like food, clothing, housing, goods, and services should also be free of regulation. And so, this is one of the arguments that Coase tackles. And so, what he's pointing out is basically, there's this hypocrisy going on there. There's sort of this talking out of both sides of your mouth. And Coase's main argument, and he actually is making a very, I won't say it's not weak in the sense that it's not a good argument, it's weak in the sense that he's not even claiming that much.

Peter Jacobsen:

What Coase is saying is basically, well, if you believe in regulation of one, you should believe in regulation for the other. And if you don't, you've got to be able to give a good explanation why. And Coase gives his own

explanation. He says, the reason I think this is the case is that the people who are in the market for ideas, view their market as very high and important. And they view the market of goods and services that they're not in this very lowly. And even more, the people in the market for ideas are the ones who are crafting the regulations. And so not only do they view their market as higher, they also view themselves as the ones who are going to craft regulations for that market for goods and services. And so that's, I think a pretty compelling explanation that Coase puts forward for why there's the change or why there's this apparent hypocrisy.

Peter Jacobsen:

But then the question is, well, why is there this change? And I think, Dennis, this gets to something that you and I were talking about, which is that journalists, professors, whoever you want to call the professional intelligent class, who trades in the market for ideas, basically they wanted to keep it free of regulation because they were the ones in charge of it is Coase's argument. And what we should notice is over the last 50 or so years, this group has no longer become in charge, or this group has lost its control of this market for ideas, again, because of podcasts, social media, things like that. And so, the reason they had to protect that market is now gone. In fact, it's probably even intensified. You look at a lot of industries, and it seems to be the case that industry monopolists will beg for regulations when competition seems like it's the most likely to beat them out.

Dennis Tubbergen:

So, Peter, when you go back and kind of take a look at some recent events, we had Elon Musk who was going to buy Twitter. We had this federal agency that was then formed, from my perspective in response, that was called department or office of disinformation. I don't even know what it was called, but I think that's now put on hold. Just talk about that in light of Coase's theory.

Peter Jacobsen:

Yeah, absolutely. I think that there is something kind of disappointing, but predictable about all this. When we had the 2016 election and there was all this clamoring about social media, disinformation being spread, listeners might remember that Mark Zuckerberg voluntarily went up to Congress to testify. They didn't ask him to. He kind of showed up. And that should make anybody who's watching suspicious. Whenever there's someone who is going to politicians and saying, I agree with you, my industry needs to be regulated, there's a good chance that what's going on is something called regulatory capture. And the idea of regulatory capture is, well, in order to make rules for Facebook or for social media, the government needs

someone who is intelligent and who understands that industry to help them craft the regulations. It's not like the congressmen who are asking those questions, who didn't even know what Facebook is, can make those regulations themselves.

Peter Jacobsen:

And so, they rely on these experts. The problem is the experts they rely on are often the people who are being regulated. And so, this leads to a situation where industry insiders can craft regulations to keep out industry outsiders. And so, when I see this information governance board, I think is the name, while you were saying it, it popped into my head. When I see something like that rise up, my first thought is, well, this is politicians' attempt to create an organization which will work with industry insiders to keep out industry outsiders. I am not at all convinced that this board is particularly concerned with dis-information. I think the board is concerned with the wrong information. And thankfully, of course there was a disbanding of that board, but they've since replaced, very loosely replaced it with this board on anti-harassment online or something like this. It's funny that without much context, you can basically see that these two organizations, even though they have very different names, probably serve the same purpose.

Dennis Tubbergen:

So, Peter, from your perspective, how do you see this way we all get our information evolving, moving ahead? I mean, I look at how I get my information today versus how I got my information just a couple years ago, and I have certain sources that I trust and then certain sources that frankly have let me down, and I don't trust them again. So, the way I've gotten my information has changed a lot. Do you think this evolution is in process? Are we just getting started? How do you see all this playing out?

Peter Jacobsen:

I hope it's in process. And the reason I say that is the way that the internet currently is, makes it particularly susceptible to things like censorship, by things like the Disinformation Governance Board. Basically, right now, how the internet works is that there's servers all over the world. But when you interact with the internet, what you're interacting with isn't really information that belongs to you. It's information that's housed in the servers of various companies. And so, when you go to an article on Fox News and you make a comment, or you go on Twitter and you make a tweet, that comment is not your property. It exists on a server that you don't have any sort of access to. And so, there is sort of a centralized component to how the

internet is today. And this wasn't planned. It kind of happens because we slowly built up the internet on the old framework and stuff like this.

Peter Jacobsen:

I hope the internet moves into a more decentralized direction, and if we want to escape things like censorship, that would be what we would have to do. And so that looks something like more housing your own data on your own computer, more peer-to-peer transfers, more being able to encrypt messages from your own computer. That's kind of my view. If the internet is to continue to grow and exist without censorship, I think that's the only option is sort of a more owner, or more user owns, type of internet, type of computer situation.

Dennis Tubbergen:

So, Peter, do you think that we can ultimately get there? Do you think that I guess these, again are my terms, do you think free market forces can overcome the desire of, I'll say the ruling class, to be able to control information?

Peter Jacobsen:

Well, this is the ultimate question, right? Is can the market outrun the force of the market? So, it's a tough question. I want to kind of set it up, so listeners understand why. The more wealth that's generated in a particular industry, in other words, the more beneficial it is to the people who are the buyers, the more the government has an incentive to try to capture that wealth, because the bigger the pile of the money, the better it is to have a cut of the pie of money. Right? And so, the downside is this, is that as markets get better and as technology improves, that wealth generation goes up. And so, the incentive to capture it also goes up. But Dennis, I'm a big fan of an economist named Julian Simon. Julian Simon was a big supporter of the idea that things are getting better, not worse.

Peter Jacobsen:

And he would constantly take data to that. And he would show, well, pollution over time has gone down. The cost of food over time has gone down. The hours you need to work to drive a mile have gone down. And kind of this across the board, Simon threw up all these different doom and gloom forecasts and showed how they didn't come to be, and they won't come to be. And so, I tend to be an optimist. I tend to be an optimist because I look at the world and from a realistic perspective, I do think that the forces of creation have outrun the forces of capture and destruction. And even though there are occasional backslides and bad moments throughout history, this doesn't mean that forever more we're in some utopia or something like that.

Even though we have those bad moments, I think ultimately things do swing back around.

Dennis Tubbergen:

Well, my guest today has been Dr. Peter Jacobsen. He's a professor at Ottawa University. He is the cohost of the Faith and Economics podcast that you can find at most, any podcast source. And Peter, really enjoyed the conversation today. I know the listeners will as well, and certainly appreciate your perspective and your work. And I'd love to have you back down the road.

Peter Jacobsen:

Yeah, that sounds great, Dennis. It was a pleasure to be on really. And again, thank you very much. I'm grateful for the opportunity and grateful that your listeners took time to hear me.

Dennis Tubbergen:

We will return after these words.