

00:54:51:18 - 00:55:24:22

Kent Lassman

I want to thank everybody for joining us both here at the Competitive Enterprise Institute's offices, as well as online. Today we have another book forum. I am tremendously excited to introduce to you Johan Norberg. He joins us as the author of the most recent bit of work, *The Capitalist Manifesto*. And I need to apologize straight away. There's a very lovely, striking book cover that is white, and it has the capitalist manifesto right across the top.

00:55:24:22 - 00:55:33:13

Kent Lassman

You can find it when you're looking on Amazon or in bookstores. However, I lost mine somewhere along the way, so I can't show it to you.

00:55:33:13 - 00:55:35:12

Johan Norberg

So now. It looks more like that other manifesto.

00:55:35:12 - 00:56:00:23

Kent Lassman

That other manifesto, the little red book there. But we're bringing to you some of the most important ideas that are the foundation of our work on regulatory policy. And there's no one better suited to talk to us about capitalism and growth and what it means for our world and the world that we're going to create than. Johan Norberg - he is a fellow with the Cato Institute.

00:56:01:12 - 00:56:23:23

Kent Lassman

He is a 2019 winner of the Julian L. Simon Memorial Prize and just a delightful person that as we get going here, I'm going to turn to you to help me with the questions so that we can talk about his new book. And I want to start with perhaps what is the easiest question that you get during all of these interviews you do.

00:56:24:12 - 00:56:41:19

Kent Lassman

Johan, you've written *recently open*. You've written *progress*. Why turn to capitalism? What was the driver to get you to sit yourself down and do the hard work of writing a book?

00:56:43:04 - 00:57:11:16

Johan Norberg

You know, I have this weird tendency to write books about hopeless causes. You know, I wrote *progress* when it seemed like everybody thought the world was going to the dogs, and then we got the pandemic and the world shut down. So I wrote *Open the Values of Openness*. And now to me, it seems like we're losing the debate on economics and on on capitalism in in many ways.

00:57:11:22 - 00:57:36:09

Johan Norberg

Did you see the Indiana Jones movie? The latest one, actually a very good movie, but not very social commentary. So there's one scene in which Harrison Ford tells the villain played by Mads Mikkelsen, you stole it. This ancient mechanism that they're all fighting over. Yes, but then you stole it, he responds. And then Indiana Jones goddaughter says, And then I stole it.

00:57:36:10 - 00:58:08:14

Johan Norberg

It's called capitalism. But that's the take on on capitalism. And when you go to social media and the social sciences, it's even worse. We now have a tendency where people say that, look, we've tried with global capitalism, global supply chains and market forces, and it's dangerous, it's risky, it's scary. And now we have to have an active industrial policy protectionism, subsidize particular businesses and regulate big business out of existence and so on and so on.

00:58:08:14 - 00:58:11:16

Johan Norberg

And then I thought, we need a capitalist manifesto.

00:58:12:03 - 00:58:33:19

Kent Lassman

In the we is not I don't want to project onto you. But my understanding is when you say that the we is not just you and your friends, it's not just people at home in Sweden, it's not just people who agree with you. It's literally a billion plus people. It is.

00:58:34:00 - 00:58:34:08

Johan Norberg

Right.

00:58:34:13 - 00:58:39:09

Kent Lassman

Is that right? Have I over interpreted and put my priors on to your beliefs?

00:58:41:09 - 00:59:11:14

Johan Norberg

No, this is I mean, I don't think it's exaggerated to say that the whole world is in the balance. I mean, not because of minor decisions back and forth, but whether we continue to unleash the creativity and innovation of billions of people, or whether we stop doing that because we've seen historically that that's. We live in a unique era in our history for thousands.

00:59:11:21 - 00:59:37:05

Johan Norberg

For 99% of Homo sapiens time on Earth, nothing much changed. We all lived it. 90% lived in extreme poverty. Most people lived in chronic undernourishment. And then suddenly everything took off. And now it's intensified. Over the past 20 years, we've seen how 130,000 people have been lifted out of extreme poverty every day, despite all the problems and the horrors and the difficulties.

00:59:37:14 - 00:59:51:07

Johan Norberg

But that doesn't happen by itself. It's not an automatic process. It's dependent on this openness for innovation and for surprises. And that's why, if we want continued progress, we need to defend these institutes.

00:59:52:04 - 01:00:16:05

Kent Lassman

Well, I want to ask you, as I share with everyone the subtitle, I want to ask you about a particular word. Again, just listening to you talk about this, there's an incongruence for me. You've written here The Capitalist Manifesto on direct call. Back to that other manifesto. But the subtitle is Why the Global Free Market Will Save the World.

01:00:17:15 - 01:00:42:08

Kent Lassman

And hearing you get animated and excited about the work that you've done and that you're sharing, I wonder if save is the right word. It strikes me that what you're really talking about is creating a world for tomorrow and giving of the world to the people who need it. And it's much more dynamic than a backward looking preservation.

01:00:42:20 - 01:00:51:07

Kent Lassman

It again, is that just putting too much of my own value system on there, or is there something to that that we need to reflect on?

01:00:51:10 - 01:01:12:18

Johan Norberg

I think that's a great point. It's very perceptive, and I think that one of the reasons why we chose this title, it'll Save the World is it's a bit of a play on what the other side says all the time. We've got this plan to save the world. This is what we need to do to save the world, which is really a backward looking thing.

01:01:12:18 - 01:01:44:20

Johan Norberg

We've got something we need to protect it at all costs. And then of course, everything else we do is risky and dangerous. And that's a mindset that's dangerous. And I agree. I'm of the creative mindset. We are not saving something old. We're constantly rebuilding we and we're constantly building something new for the future. And that's the mindset that we need the world in a way, has to be saved from all the saviors who come up with new plans all the time.

01:01:45:23 - 01:02:14:18

Johan Norberg

But what I am trying to say is that we actually, partly by accident, partly by experiments and learning from what works, we've come up with a unique set of institutions, a set of institutions based on on the rule of law, of property rights, of free exchange, which creates and continues to create this amazing progress. And we shouldn't throw those institutions away.

01:02:14:18 - 01:02:18:04

Johan Norberg

They have to be saved in order to to build something new.

01:02:19:17 - 01:02:50:02

Kent Lassman

I promise to get off of this nitpicking on particular words. But just just one more question about the subject matter in your title. These institutions, taken together, I understand, to be your vision of capitalism. And many people in our audience are familiar that capitalism as a term it's a word of the left. It comes from those other folks writing manifestos, Engels and Marx.

01:02:50:12 - 01:03:13:03

Kent Lassman

To my mind, capitalism is more about cooperation. It's about finding a way to serve the need of others and the institutions that make that possible. Why did you hone in on this language of the left? I think there's an interesting discussion there for our audience. Understand why you didn't write a book called Open or Progress or Cooperation. Yeah.

01:03:13:09 - 01:03:14:08

Kent Lassman

Why Capitalism.

01:03:14:22 - 01:03:47:01

Johan Norberg

I love this kind of nitpicking and I hope it's an opportunity for me to also explain that we didn't just get it out there for publication purposes, but there's some thought put into it. And and these words that we're using and I understand where this question comes from, in why one of my best friends is says that, you know, I love the book and and the title except two words capitalist and manifesto.

01:03:47:16 - 01:04:19:04

Johan Norberg

He he was okay with it. But that's that's about it because it seems like manifesto it's some kind of orthodoxy and capitalism is a difficult word. It's one that's mostly used by our enemies and most popularized, of course, by Karl Marx. And it gives this impression that the this system is about capital, that it's about owners of capital doing something of of terrible importance for good or ill.

01:04:19:14 - 01:04:46:12

Johan Norberg

And that's, of course, not what it is. We have capital in in every kind of system. What's make what makes free markets unique is that it's about voluntary cooperation. It's about how owners of capital have to put their resources and their energy to work for our needs and demands. Otherwise, they will lose that capital, unlike in any other system that we've ever had.

01:04:46:20 - 01:05:07:15

Johan Norberg

So why do we use it? Why don't I write books with titles like Progress and Open? Well, I've tried that. So. So now I try this. Well, one reason is that the word is still there. It's always there. It's always being used. And I hear it constantly. Whatever I read, whenever I talk about this matter, people talk about capitalism.

01:05:07:15 - 01:05:37:07

Johan Norberg

And eventually I've realized that if we don't fill this concept with meaning with content, someone else will, and in that case will lose an excellent opportunity to, to to talk about the system. Because even in Karl Marx, a concept of capitalism, he said that it's about three things. It's about private property, not government. It's not state owned means of production.

01:05:37:15 - 01:06:02:23

Johan Norberg

It's about free labor, at least in the legal sense, he adds, meaning it's not slavery, it's not feudalism. For the first time, workers can go to the places in the economy where they think they will do the best job for them and and the world. And it's about how the price is, how the coordination is not set from the top, but from the voluntary interaction between all these forces.

01:06:03:04 - 01:06:21:09

Johan Norberg

And that's a pretty good summary. I think it's just that he didn't understand that it would save the world rather than than hurt it. So so that's why I use the word capitalism. Why do I use the word manifesto? Well, that's actually more for publication purposes- And but but it's-

01:06:21:10 - 01:06:34:13

Kent Lassman

This is my opportunity to interject. Yeah. This book is for sale. All fine booksellers also find it online. And as good capitalists, I encourage you to buy multiple copies. Please proceed.

01:06:36:01 - 01:07:09:08

Johan Norberg

Thank you. We thought and by we, I, me and my, my closest allies whom I discuss and friends and relatives who might talk about this all the time. We thought that it's a fun thing, that there's a if you Google the capitalist manifesto, you won't just find mine. You'll find 10, 11, 12 different capitalist manifestos. But if you're looking for the Communist Manifesto, there is just one.

01:07:09:08 - 01:07:58:07

Johan Norberg

And everybody knows exactly what you're talking about when you talk about the Communist Manifesto. And isn't that neat? Isn't that perfect? Doesn't that show exactly what sets our ideas apart? It's not one orthodoxy thought out by one or two guys, and we're all just supposed to follow those ideas. On the contrary. Capitalism, free markets, individualism,

classical liberalism. It's about encouraging a plurality of ideas, of encouraging this diversity, this back and forth, constant experimentation and feedback and pushback and adaptation of your ideas and obviously encouraged competition from other books called the The Capitalist Manifesto.

01:07:58:07 - 01:08:02:08

Johan Norberg

So there's actually some some thought to the manifesto part as well.

01:08:03:11 - 01:08:36:19

Kent Lassman

Now, I found the book as I expected. It progresses very nicely. It starts with an overarching description. Then there's very heavy 50 pages or so about data and evidence trend lines that are supported by data before you get into kind of a core argument. But I would like to skip ahead for our audience before we go back to some of those data sets and the implications for policy.

01:08:37:11 - 01:09:04:14

Kent Lassman

And I'd like you to explain for us what you mean when you close with the meaning of life. What is all this about? Because this is a much more philosophical approach than the anyone who might get bogged down with the heavy data presentation. Are there some people that should start at the end? What is the end all about?

01:09:05:03 - 01:09:10:00

Kent Lassman

Why? Why do we have that? In a book talked about capitalism?

01:09:11:19 - 01:09:47:17

Johan Norberg

Yeah, it's not always that I write a chapter called The Meaning of Life, and when you're looking for it there, you'll be disappointed because there isn't one answer to it, of course. And that's that's the whole point. And that's a way of dealing with this attempt from anti-capitalists and interventionists who say that, look, with this kind of open society, in capitalist society, you're building, you're you're only focusing on material gain.

01:09:47:17 - 01:10:16:14

Johan Norberg

You're focusing on competition, ruthless competition and sharp elbows, and will end up being lonely and will end up being depressed and empty because you can't find the meaning of life in a shopping mall. That's what you hear from the traditional anti-capitalist left. But it's also something that you hear from new national conservatives and populists on the right who say that, look, we need something else.

01:10:16:14 - 01:10:45:18

Johan Norberg

We need some sort of common project, a collective enterprise that will take us away from our own individualist, atomized selves. And I tried to

explain why I think that's incredibly dangerous. It's true. You can't find the meaning of life in a shopping mall, but you can't find it because it's bigger than that. But neither can you find it in a political party.

01:10:46:03 - 01:11:36:12

Johan Norberg

And if you do, you'll get disappointed and you'll become weird. So. So we need something else, of course. But what? And that? What differs from each and every one of us, because we are all different. And what is meaning is based on background and context and individual preference. And it's not something that we're I go through this, you know, if what's the one collective project that could fill the empty hearts of such diverse individuals such as I don't know Joe Biden and Kim Kardashian and Johan Norberg and Kent Lassman and Nick Cave and and what have you.

01:11:37:07 - 01:12:12:04

Johan Norberg

I don't think there is one, but I know there are plenty of them if we're allowed to search for them. So we have to be much more sensitive about the the wealth and richness of human nature than just trying to turn this into into a political project. But I think that one of the things that we can see early on is that, look, now we're sitting here spending an hour talking about the meaning of life and about different economic systems, which is something that only a tiny elite could do in every previous generation.

01:12:12:18 - 01:12:37:16

Johan Norberg

Those who had inherited a large fortune or were sponsored by someone who had like Karl Marx, who who got that money from from the cotton fortune of the Engels family. So that's something that capitalism has contributed to making the world less materialist, because in all previous generations, we had to devote all our time to putting food on the tables of our children.

01:12:37:23 - 01:12:57:21

Johan Norberg

Now, for the first time, we've liberated time and energy to other pursuits in life, to culture, to literature, to meaning. And that's one of the best things with capital is I think we don't have to think about capital all the time. And that's why I end the book with the meaning of life.

01:12:58:10 - 01:13:31:11

Kent Lassman

Is it. Is it fair to say that your most recent book prior to this Open is about the environment for the institutions that make for a good life, the liberal order, an open society, and your manifesto for capitalism is about the mechanism once you have the environment in place. Is that a fair treatment of how those two sets of ideas fit together?

01:13:31:21 - 01:13:41:10

Johan Norberg

Yeah, I think you summarize it correctly. This is putting some flesh and institutions onto the spirit of the previous book.

01:13:41:22 - 01:14:03:19

Kent Lassman

I'm going to bring us down because we're operating at this very high level of abstraction and everyone doesn't do philosophy at lunch. So I want to talk about the very last thing that you asked for before we step to the front of the room, and that is this cup of coffee. Tell me about the coffee that you walk us through in the book.

01:14:04:03 - 01:14:08:14

Kent Lassman

And why is this so illustrative of what's important for capitalism?

01:14:10:04 - 01:14:52:20

Johan Norberg

Yeah, it's I think it's such a great starting point in thinking about processes of innovation and creation, to look at basically anything that surrounds us because we are surrounded by pretty magical things. And I'm not just thinking about the cameras and the microphones, but our clothes, our chairs or tables are our coffee cup. And whenever you think about the process of the thousands of people and the millions of interactions that it took to get that cup of coffee into my hand, it's it's just mind blowing.

01:14:53:08 - 01:15:45:16

Johan Norberg

And it's a process that started some eight months ago, somewhere in South America, someone getting that that being from the coffee tree. And it's not just the that particular bean and the process of roasting it and turning it into coffee. It's every part of that process of every truck, every ship, every tool, every chainsaw that it took to get the tree done to create the, uh, all the material that we needed to even transport the beans, coffee beans to, to the warehouse.

01:15:46:04 - 01:16:21:21

Johan Norberg

And in that warehouse, how do we make sure that moth doesn't eat all the all the beans? Well, then it takes an entire chemical industry to come up with pheromones to make the moths lose interest of the other sex so that they don't procreate anymore and make sure - we don't have all those beans being eaten. And then, of course, the water that goes into the cup and the plastic bags that have to be specially designed to make sure that it doesn't lose its aroma.

01:16:23:01 - 01:16:44:07

Johan Norberg

When you begin to think about these things, it's absolutely mind blowing. There are tens of thousands of people involved in just getting that coffee cup going and people who don't know me, people who might not even like me, they might not want me to have a cup of coffee so that I'm more focused when I'm talking about capitalism, because they might be socialists.

01:16:44:18 - 01:17:22:06

Johan Norberg

And yet we've created this incredible machine of cooperation where they all get up early in the morning and work hard to try to make sure that I get a cup of coffee in the morning, which is just stunning. It's it's it's magic. They might not even know that they're producing a cup of coffee because they just think of the plastics or the chemicals or the tree or the steel or the insurances that goes to the ship to make sure that it can sail safely, even though they haven't get revenue yet from from their trip.

01:17:23:21 - 01:18:00:09

Johan Norberg

So the coffee cup is, is magical, but so is everything else. So is the are these trousers, even though you might not think they're very magical, the shoes, the chairs, the tables, because every all of these things are have these incredible machinery of cooperation that makes it possible. And that's what capitalism is about. Voluntary cooperation and what growth is all about is that all of those 10,000 people think a little bit about how they can do this process a little bit better tomorrow than they do today.

01:18:00:23 - 01:18:22:09

Johan Norberg

And innovation is all about how they're thinking about how can I make this process smarter, how can I come up with something new? And that's also, I think, goes to say why this cannot be a top down system. This coffee cup doesn't exist because we have a coffee czar telling us how to produce the best coffee and the best and cheapest way.

01:18:22:14 - 01:18:53:05

Johan Norberg

In fact, it wouldn't work if we tried to do it that way. It works only because we exploit that local knowledge of those tens of thousands of people who constantly think about what they can do, what they could be doing besides. And the only thing that coordinates it is their own individual talent, creativity and self-interest, and the pricing system that guides them to the areas of the economy where they can produce something a little bit better tomorrow than today.

01:18:53:12 - 01:18:56:05

Johan Norberg

So that's why I love coffee.

01:18:56:05 - 01:19:21:02

Kent Lassman

I want to pick up on this this last point about guiding people to the place where they can contribute, where they can create value and wealth by doing it a little bit better. But I need to reference the book and to give me a moment to get there. I want to share and ask you to explain a little bit about the double.

01:19:21:02 - 01:19:53:00

Kent Lassman

Thank you. As I mentioned, Johan won the Julian Simon Award in 2019 and the next person in that line, a friend of ours, Steve Horowitz, an economist, wrote extensively about the double. Thank you. And it's something that shows up with that cup of coffee every time you go into the shop. I wonder if you could explain that for folks, because it is such a powerful illustration of a word you keep using.

01:19:53:00 - 01:19:55:07

Kent Lassman

Cooperation and volunteerism.

01:19:55:11 - 01:20:22:19

Johan Norberg

Yeah- This is how we're reminded every day in our smallest commercial interactions about the beauty and the uniqueness of free markets. The fact that you go down to the store and you buy a cup of coffee and you say thank you, and they say thank you, which is odd, right? Because you've heard that you're supposed to say thank you.

01:20:22:19 - 01:20:44:21

Johan Norberg

Someone has done you a particular service, right? That's what happened down in the grocery store. They've done you a service. They've given you coffee, but you have done them a good service. You paid them something that they thought was more valuable than that cup of coffee. So you both walk away thinking that you both benefited from this exchange.

01:20:44:21 - 01:21:10:17

Johan Norberg

And this is what we hear everywhere. Whether there are voluntary negotiations could be in the in the boardroom where you've just signed a new deal or it could be out on the village market, or it can be when you when you check out from from Amazon and you just bought a book and and you're all thinking, thank you, or at least the algorithm produces a thank you.

01:21:10:17 - 01:21:16:13

Johan Norberg

And this is unique. This is so different in human history so that it's almost counterintuitive.

01:21:16:13 - 01:21:21:09

Kent Lassman

Show up with our feudal forebears. Right. They weren't saying thank you to the lord of the manor.

01:21:21:12 - 01:21:49:07

Johan Norberg

Quite right. You know, every previous system was built on the opposite of this. It was built on extraction, on taking something from from others in slavery or feudalism or socialism or fascist economists. They're built on taking value from those who produced it. And they of course, you don't

say thank you when you were being stolen from, but you don't have to say thank you when you steal from someone.

01:21:49:07 - 01:22:19:23

Johan Norberg

It only happens in situations where you both have an option, an alternative. You could walk away from every single deal if you thought that this was worse than any other any other option. And that's something we should think about every time we hear or a part of that double. Thank you how unique this is and how beautiful it is because it means that you're both valuable human beings with dignity and a mind of your own and a right of your own to say no if you don't like it.

01:22:20:22 - 01:22:55:09

Kent Lassman

Well, as you know, we do these book forums to celebrate and to elevate and to help promote ideas that we think are important authors that are doing interesting work. But that's not all we do here. In fact, we we focus a good deal on public policy. So I want to pick up on that last thing you were saying about each person and of the thousands involved in your coffee, which I know you value, your coffee drinker, the coffee guy, but doing it a little bit better.

01:22:55:12 - 01:23:34:13

Kent Lassman

And I'm going to read from your own work here in my coffee. This is at page 68. It's just a short, short paragraph, but I'd ask you to reflect on the following for us. It says, This is one reason why regulations are always problematic, even those that are necessary, for example, to maintain safety or environmental protection. Every ban or requirement placed on the 10,000 people from the outside makes it a little harder, more expensive and slower for them to adapt, adjust and do something just a little bit better.

01:23:35:13 - 01:23:50:06

Kent Lassman

Is that is that all there is to our work focus on the regulatory state? Or is that a is that an oversimplification? Because to me that sounds like a great one. Paragraph treatment of why CEI exists.

01:23:50:06 - 01:24:23:16

Johan Norberg

Yeah, feel free to use it. You know, I think this this 10,000 person project of producing my cup of coffee. In reality, millions, if you add everything, it's not always a well oiled machinery. Things happen constantly. Sometimes people don't show up to work, sometimes deal increase in price. Sometimes there's a bad harvest and you have to change. You have to adapt to doing that.

01:24:24:00 - 01:24:54:04

Johan Norberg

And one of my points in the book is that capitalism is one wonderful when it comes to doing that. It's amazing because it's not run by this one czar telling everybody what to do. It's run by those 10,000 people who

are constantly looking at those changes, looking at how the world changes in unpredictable ways, and using their local knowledge about that world and about what they can do and constantly tweak what they're doing, constantly improvising and adapting.

01:24:54:09 - 01:25:27:17

Johan Norberg

And I think the lesson from the pandemic was that markets were amazing at rebuilding supply chains in real time. The whole world shut down, and we all thought that we were going to run out of food and toilet paper and we began to hoard it. But it was a matter of days before all the canned food and the toilet paper was back on the shelves, because despite all those problems and obstacles, those 10,000 millions of people constantly improvised an adapted and rebuilt supply chains.

01:25:27:22 - 01:26:03:09

Johan Norberg

And then Russia invaded Ukraine and they had to do it all again. And they're doing it all over again and again and again. And that's difficult, hard work. It's difficult enough in itself. But whenever a third party adds particular regulation, even though it might be well-meaning and perhaps it was based on best practice at that time, it produces more obstacles to that adaptation and improvisation, and that makes life much, much harder for each and every one of those to use their local knowledge.

01:26:03:09 - 01:26:21:10

Johan Norberg

And that's very dangerous. And that's even in this system of 10,000 people doing the usual stuff. But it gets even harder when you're trying to innovate, when you're producing something that's new that wasn't there before and that the bureaucrats haven't taken into consideration when they wrote the rules.

01:26:22:09 - 01:26:49:04

Kent Lassman

I want to assure everyone that you did not look at my my notes, but you've just backed us into my next topic. And it comes from an idea I recently learned from a man, a politico, bare knuckled politico named Rahm Emanuel. He served at the White House. The mayor of Chicago, a member of the House.

01:26:49:11 - 01:27:23:22

Kent Lassman

But he's now improbably become a diplomat. He's he's the U.S. ambassador to Japan. And Rahm Emanuel posits that three things have changed. All of our analysis needs to be rethought. All of the assumptions need to be reconsidered for what was dominant for the last half century. And he calls these three things COVID, conflict, and coercion. Now, the first one is quite self-evident.

01:27:23:23 - 01:27:54:17

Kent Lassman

The second one he was referring to state conflict, what's happening in Ukraine, what's happening in Israel, what's happening in a dozen other places around the world right now. The third one, coercion very explicitly. He's talking about a warping of market behavior by state actors like China. Can we just start with COVID? And I want to pick up there because you brought it up.

01:27:54:17 - 01:28:04:23

Kent Lassman

What did we learn from COVID about, say, carbon emissions? What did we learn from COVID about capitalism?

01:28:05:10 - 01:28:36:06

Johan Norberg

Yeah, well, we learned all the wrong lessons. I think if you listen to Rahm Emanuel and I think most politicians right now, they would say we learned from the pandemic that the world is far too dangerous for free markets and global supply chains. And we need to take control of of what's going on, and especially make sure that most of the important production that we get, we are in charge of that.

01:28:36:06 - 01:29:07:16

Johan Norberg

We repatriate things and make sure that we don't have to depend on these extended supply chains. But the interesting thing is that when you look at this and there's been much evaluation, which companies and countries were most successful, counterintuitively, the ones with the most complex supply chains. Why? Because they were used to thinking about they were used to thinking about options, thinking of many different producers.

01:29:07:20 - 01:29:16:20

Johan Norberg

And they could quickly begin to tweak the supply chains and production and turn to new places that weren't under lockdown at that particular moment.

01:29:16:20 - 01:29:38:14

Kent Lassman

And so let's be clear. When you say which countries were most successful, we're talking about 2020 and 2021. Yeah, success for you means human well-being, lives saved. We're not talking about dollars in the bank account or balance sheets. Right. So can you just repeat for us the countries that were most successful.

01:29:38:15 - 01:29:39:00

Johan Norberg

Yeah.

01:29:39:22 - 01:29:43:03

Kent Lassman

Were the they had what attributes. Again, this is super important.

01:29:43:03 - 01:30:25:21

Johan Norberg

Yeah. They were the most open to complex supply chains, free trade, being able to adapt, changing, constantly tweaking production according to changing opportunities. What workforce showed up? Resources disappeared. Inputs disappeared that they needed for their production. The ones who were most open to changing and rerouting everything from production to supplies. They were the ones who were most successful, the ones who failed, and especially companies that failed were ones who relied on one singular, one single or a few single producers, suppliers of intermediary goods, goods.

01:30:25:21 - 01:31:02:20

Johan Norberg

They needed to produce goods basically, because when they were under lockdown, they came over. They weren't used to finding alternatives or or switching suppliers. We saw the same thing, you know, with getting protective equipment and getting hand sanitizer and stuff like that. We some places were remarkable at just finding new supplies in strange new places, changing production from old, traditional jeans and T-shirts into producing protective clothes.

01:31:03:02 - 01:31:26:13

Johan Norberg

If they were open to it, if they were less regulated than than others, that's an important lesson. So what we learned from the pandemic, I think, is that we we have to be open to to options, to alternatives. And there's a reason why, you know, that old saying doesn't go put all your eggs in the same basket and protective regulations and tariffs, because you only have to drop it once and then it's gone.

01:31:26:13 - 01:31:42:16

Johan Norberg

And that's, you know, infant formula in the U.S. that was repatriated and safe. You had it all back here in the U.S. because of regulations and tariffs, which meant that you only had to have problems in one single factory or to end up in a national shortage.

01:31:43:18 - 01:31:56:03

Kent Lassman

Or in this case, one government failure, looking at the processes of that factory. Right. So even before the right, the government inspectors failed.

01:31:57:05 - 01:31:59:22

Johan Norberg

Right. And you asked me about CO2 emissions.

01:31:59:22 - 01:32:08:18

Kent Lassman

So so you discussed a little bit what happened with carbon emissions? Carbon dioxide emissions. What did happen?

01:32:08:18 - 01:32:15:11

Johan Norberg

Because, you know, I get this a lot from being from Sweden. My compatriot Greta Thunberg, she constantly says that we we should have.

01:32:15:11 - 01:32:16:02

Kent Lassman

You look nothing alike.

01:32:17:09 - 01:32:43:19

Johan Norberg

Thank you, that we should feel fleet scum flight shame when I fly to the U.S., when she flies to climate summits and so on, we should do less stuff. The problem with capitalism is precisely that we produce so much because then more people can consume and fly to to various places. Well, you know, we have just had a global experiment in degrowth.

01:32:44:05 - 01:33:11:17

Johan Norberg

We had the pandemic unintentionally. We experimented with what degrowth really looks like and it looks awful and not forget about the virus. Just think about the economic consequence of shutting down the world. With half the world's population under house arrest, all the flights were grounded, production stopped. The result was that probably 60 million people were thrown into extreme poverty in one year alone.

01:33:12:03 - 01:33:22:05

Johan Norberg

So the whole this ongoing capitalist project of ending extreme poverty was thrown back three years. Now we're actually back on track, but that's because the world opened again. So it was also.

01:33:22:06 - 01:33:48:13

Kent Lassman

This in context. If we took all of the people from the world thrown into extreme poverty, this is right on the edge. We're talking about the equivalent of one in five Americans. Yeah, if you look on the sidewalk, you see four people, one of you would have been thrown into extreme poverty. I think this context is important. It's very difficult for people to get their their arms around topics like growth.

01:33:48:13 - 01:33:54:16

Kent Lassman

Yeah, these big numbers. Big, big dollars, big people numbers. I didn't mean to cut you off.

01:33:54:16 - 01:34:18:15

Johan Norberg

Off, but that's an important context. But it means that degrowth doing less is a nightmare for humanity. More poverty, more hunger. It was we saw what those ideas led to in reality. So the question is then, did it at least save the planet from global warming? When we rounded all the flights and and stopped all the production from happening?

01:34:18:21 - 01:34:50:12

Johan Norberg

Well, how much did carbon dioxide emissions decline in 2020 by? No more than 6%. 6%. So if we were to try to reach the Paris climate accord until 2030 by doing less, we would need one pandemic like that every year. Until then, without any kind of rebound in between, it would be a disaster for humanity and it wouldn't save us from global warming in any kind of way.

01:34:50:21 - 01:35:05:10

Johan Norberg

So this is an important lesson from from the pandemic. I think that it's it's bad for for us. It's bad for the planet. It's bad for everything. Being able to do less is bad. Who would have guessed?

01:35:05:17 - 01:35:29:20

Kent Lassman

And why is it? I'm going to ask you to pause before you answer, because I want to let the audience know that if you a question, the way we'll handle that is a whole. I need you to signal so I can call on you. But your question needs to be tight enough so that I can both it and repeat it into the microphone so we won't be doing statements in the form of a question today.

01:35:29:20 - 01:36:00:04

Kent Lassman

We'll just have one sentence questions. If anyone in the audience wants to join the conversation. But I want to ask you about this. You had a negative in the way you framed that last point of conversation about it's not that this did not happen about saving the world from gross and CO2 emissions, but why is growth so important for the environment?

01:36:00:06 - 01:36:11:04

Kent Lassman

Yeah, let's put this in positive terms. What is it about capitalism and these institutions that we're talking about that make it possible for environmental protection?

01:36:11:10 - 01:36:53:06

Johan Norberg

Yeah, capitalism and growth makes it possible for us to do more things and do more things. Doesn't just mean getting a bigger car and a fancy watch. It means being able to do anything that you choose to do. And that's important in itself because it means if we want to start to deal with pollution and deal with polluted sea oceans and rivers and stuff like that, we can do it better if we're richer, if we have opportunities, if we have better technology.

01:36:53:06 - 01:37:18:18

Johan Norberg

That's what all the data shows in terms of environmental performance. The best countries, the countries that are doing best are the richest and most market based societies. So that's one obvious thing. But there's another thing built into capitalism as such. And the incentives of doing more for less that constantly means that we're reducing the pressure on the planet.

01:37:19:00 - 01:37:48:08

Johan Norberg

This was discovered, interestingly, by Soviet economists in the 1970s and 1980s when they looked at American factories and realized that for some reason we're producing the same results with twice the amount of energy and and of resources, inputs, metals and minerals. Why is that? Well, because we're not paying for it, because we are important industries according to the five year plan.

01:37:48:12 - 01:38:25:09

Johan Norberg

And in that case, we'll get that stuff. And there's no pressure on us to constantly reduce the inputs, to produce our output. And that goes for everything from cheap credits to metals to to energy. And there's no competition from other businesses who constantly come up with more ingenious ways and methods of producing what we're doing. And that's why, you know, the and still the most simple example is the metal can for our our sodas and our beers.

01:38:25:15 - 01:38:56:06

Johan Norberg

The fact that when I grew up, it was still sort of a a proof of manhood, of being able to buckle it and tear it apart because it needed so much aluminum to produce it. But nowadays it's it's like a fifth of of the metal that went into the can as it was back then for the simple reason that someone who comes up the business, who comes up with a method of just reducing it, the wall would buy a couple of.

01:38:56:06 - 01:39:02:02

Johan Norberg

Mm mm. We'll make millions and then everybody has to follow along.

01:39:02:11 - 01:39:29:02

Kent Lassman

And so they'll make millions. I think there's a couple of things we need to name for folks. They'll make millions because they'll have less aluminum inputs, which is a very expensive or expensive product to manufacture high energy intensive industry at the mine. It and process it. But you said earlier it's talking about the Soviets, looking at the American factories, that they had this incentive.

01:39:29:02 - 01:40:02:06

Kent Lassman

They identified the Americans had an incentive to do more with less. And I think we ought to name that for folks. That incentive is called the profit motive. Yeah. And and your work suggests that that profit is not, strictly speaking, dollars share price bank accounts, that profit is the resource necessary to make an input into doing something new, doing something innovative, solving another problem.

01:40:02:13 - 01:40:05:07

Kent Lassman

Yeah. And that's how that circle becomes virtuous.

01:40:05:17 - 01:40:07:00

Johan Norberg

Quite right.

01:40:07:00 - 01:40:18:18

Kent Lassman

So profit motive in that profit incentive is both a good thing and integral to the way this all works.

01:40:18:18 - 01:40:43:19

Johan Norberg

And that's what we're seeing now with the this year's winners of the Julian Simon Memorial Award, my colleague Marianne Tupy and Gail Pooley and their project on on super abundance showing that far from resources disappearing from our world compared to the early 1980s, now buying with our wages four times more resources than we did back then.

01:40:44:04 - 01:41:01:14

Johan Norberg

And one of the reasons is that greed, for lack of a better word, is green. You have to think of better ways of using those resources, finding them and recycling them if we're running out of them, because you want to make a profit.

01:41:01:17 - 01:41:18:13

Kent Lassman

Any questions in the audience? But because I could do this all afternoon and have a question about that distinction, positive and normative descriptions of capitalism, is this something as the world is or describing what ought to be?

01:41:20:10 - 01:42:11:17

Johan Norberg

I think the difference between the different manifestos here is that the utopians wanted- they weren't happy with the human beings they saw and they wanted something different, something with other and better motives and behaviors. Whereas I think that our classical liberal pro-market tradition is that it's always says, be careful with what you wish for, and if you're not happy with mankind, you will end up imprisoning them or worse, killing them off.

01:42:11:22 - 01:42:46:02

Johan Norberg

If they don't fit your model, you'd better come up with a system that makes sure that the human nature that we've got and the interests and the behavior that we've got can be channeled into something that's positive for mankind rather than trying to invent a new form of human being. So to me, at least, that's one of the greatest benefits of this tradition of saying that, look, this is what man was and women were like when we found them.

01:42:46:15 - 01:43:19:22

Johan Norberg

We're not trying to to change things. We are trying to channel that behavior into positive some outcome. And once you do that with rule of law, with an incentive system of a prize mechanism and voluntary cooperation, then you'll see that behavior appearing again and again. Eventually that becomes part of your character. I think. And this is something that I write a lot about in the chapter in the meaning of Life.

01:43:20:14 - 01:43:52:05

Johan Norberg

There is actually a way of making mankind more generous, more long term and more kind and decent and more cooperative. But that's not by trying to impose some kind of system top down. It's by constantly repeating mutually benefit beneficial exchanges with other human beings. Because once you do that, people have to take into consideration the needs and the demands of other human beings.

01:43:52:10 - 01:44:19:06

Johan Norberg

And that's what social scientists have found to their own shock and horror when they're playing sort of social economic experiments and games with people and trying to find out. So how would you negotiate in this kind of situation, the ultimatum game, the dictator game and other things where you have to give provide an offer to other people and they always think that people will have the most selfish option on the table.

01:44:19:09 - 01:44:47:08

Johan Norberg

But what they find out is that it's often a kind of a generous take. It's not, I'll get 99, you'll get one, it's closer to 5050. But even more interesting is where are people more generous? And to the shock and horror of social scientists, they found out that in cultures who have more experience of economic exchange, voluntary economic exchange, on free markets, they are more generous playing those games than others.

01:44:47:15 - 01:45:17:05

Johan Norberg

And they've even found that the closer people live to markets in places Ethiopia, the more generous they are because they have to take others other people's needs into consideration. Because if you build a system where you only get rich by enriching others, where you only make a success by trying to help other human beings, well, in that case, that becomes part of your constant attention and eventually, I think also your character.

01:45:17:09 - 01:45:30:07

Johan Norberg

So I don't think that selfishness and greed is something that's new to mankind. New thing is that we've been able to channel that into something that creates positive outcomes for others. I don't know if that answers your question, but that's.

01:45:30:09 - 01:46:15:12

Kent Lassman

You just paraphrased not only the 20th and 21st century research and Richard Thaler and these other Nobels, but the 18th century work, a man named Adam Smith called that the empathetic impulse. Right. The willingness and capability to see things from the eyes and perspective of the person across the table with whom you might bargain or negotiate and that brings me to this question, because it seems like when we when we get ourselves from Nobel Prize winners in the last decade back to Adam Smith, some of these problems haven't changed much.

01:46:16:07 - 01:46:48:18

Kent Lassman

And you you do discuss I believe it's an economic historian name- It's the three stages of of looking at socialism. Could you describe those stages for us? And are we in sort of a doom loop that we're always going to be doing these things and I'm going to give you a cheat. Phase one is honeymoon. And then we find ourselves defending these practices and then distancing ourselves from them before it repeats.

01:46:48:18 - 01:46:52:11

Kent Lassman

Can we get out of that process and how does that process work? Those three things.

01:46:52:19 - 01:47:18:03

Johan Norberg

It's a strange thing and you might of saw this playing out again and again when many Western intellectuals and leftists defended and excused first the Soviet Union and then China and then Cuba and then Venezuela. That at first it's always the honeymoon moon phase. It's like, look, they're doing things so much better than than than we do over here.

01:47:18:03 - 01:47:44:09

Johan Norberg

They they care about people because they've just taken all the resources they've get, they got and they redistribute it. And it's that is what we should be doing. But then eventually problems appear and they're running out of resources because there's no incentive to invest and to innovate and resources have been consumed. So now they enter the excuses phase.

01:47:44:15 - 01:48:14:11

Johan Norberg

You're saying that it was bad weather over there, unfortunately, bad harvests in North Korea. Funny how that never happened in South Korea. Always good weather over there. Or it was because of saboteurs within the system. They happened to end up with the wrong leaders, if only they had had better leaders, or if only the the US had been more kind to to that system, not impose the sanctions on Venezuela, even though that-

01:48:14:16 - 01:48:17:01

Kent Lassman

That's where we are with Maduro and Chavez.

01:48:17:01 - 01:48:44:11

Johan Norberg

And even though the sanctions appeared in 2019 and the economy had already collapsed by 60% by then. So it's the excuses phase. They they did their best, but there was saboteurs, if only we had better leaders, which incidentally makes makes us happy that we in markets have the idea that it's not having the right person in charge, but the right incentives in charge.

01:48:44:20 - 01:49:17:14

Johan Norberg

But then eventually we the phase three after the honeymoon and the excuses, suddenly you can't excuse it anymore, because in Venezuela now it's like one of the worst economic disasters in peacetime anywhere. GDP per capita collapsed by 75%, despite this windfall of \$1,000 billion from increased oil prices. It's like you can't excuse that away. So then we enter phase three and phase three is called It's not real socialism, because this was something else.

01:49:17:14 - 01:49:37:15

Johan Norberg

This was state capitalism. These were just guys in charge who were corrupt. Yeah. So this is something that's absolutely not what I had in mind. And they started doing that with the Soviet Union saying, Oh, that's not so real socialism, it's really socialism. That's Mao and what he's doing in China and the honeymoon excuses. And it's not real socialism there.

01:49:37:18 - 01:49:51:20

Johan Norberg

It's what Fidel Castro is doing in Cuba. And once that wasn't real socialism, they turned to Venezuela. And on and on they go to the next uniformed leader who enters the new honeymoon phase.

01:49:52:02 - 01:50:19:08

Kent Lassman

Okay. First of all, if should I forget, I want to say now thank you. And obviously I'm grateful that you're with us today. But more importantly, I'm grateful for the work that you continue to do and this is tremendously important work for, I believe, especially policymakers to hear. I know that's not the target audience of your book, but that's my target audience and the people that I'll be taking these ideas to.

01:50:20:13 - 01:50:50:02

Kent Lassman

So let's do a little bit of Rapid Fire and see if we can't wrap up for the afternoon. First, I want to ask you about big or small. 25 years ago, you burst onto the economic scene. You had a wonderful story to tell, evidence driven book, and you identified that the experts were saying the place where growth can happen is with small countries like Hong Kong and Singapore, Taiwan, maybe in the Caribbean.

01:50:51:04 - 01:51:09:23

Kent Lassman

And now the experts are saying, oh, we need to take the BRIC countries and expand the list. It's only big countries like India and China that

can have high growth and really turn tremendous returns for the disadvantaged. Is that big or small? Where is growth most likely to happen?

01:51:10:00 - 01:51:37:16

Johan Norberg

Yeah. Now it's funny that the lengths people will go to to deny that it's actually about freedom, that it's openness that creates progress. It's always something else. And I'm so astonished how this change this big or small thing because, you know, when you read the often the dependency theories and others, they say that, look, developing countries can never develop for real.

01:51:37:16 - 01:51:57:02

Johan Norberg

In a capital global capitalist market, only the smallest countries on the periphery, if they're tiny, like Taiwan, perhaps they can enter, but big ones can't. And now, of course, it's the opposite. They're saying, oh, only the big ones only. Yeah, yeah, China can do it and India can do it. If they liberalize their economies, they can grow rapidly.

01:51:57:05 - 01:52:19:03

Johan Norberg

That's only because they're huge. And they are. They're-they're so big. That's that's why it's possible. Or when it comes to religion, once it was only Protestant countries, they are the ones Catholic countries. That's impossible. But, you know, once Spain and Italy and Portugal after the Second World War started slightly to liberalize, they had the same growth rates.

01:52:19:03 - 01:52:44:09

Johan Norberg

And then- Yes. 20 years. And Max Weber's famously said that, yeah, Protestant European countries can do it, but Asia cannot. And it's probably because of Confucian ideas and it's probably because of the the Indian traditional structure and then the caste system. And now after they've seen what happened in Korea and in China and India.

01:52:44:09 - 01:53:08:16

Johan Norberg

Everybody says that, look, it's probably Confucianism, it's probably family relationships, it's probably those relation. That's why they can do it. How difficult is it to see the things that are in front of your nose? That's like it's the precise moment that they began to untie at least one of the hands they had tied behind their backs and allowed people to begin to work, invest and innovate.

01:53:08:20 - 01:53:13:15

Johan Norberg

That's when it happened. Whether you're big or small, whether you're Confucian or Catholic or Protestant.

01:53:14:20 - 01:53:46:04

Kent Lassman

There are a lot of people who are going to take this book and take it very seriously and they're going to share it. They're going to discuss it. They're going to do things like we're doing today. If there are one or two ideas that get picked up by some young, enterprising scholar that will carry this forward into a direction that you're not working on, what are those ideas that are embedded there that you'd like to see more work on in the next decade?

01:53:46:04 - 01:54:18:02

Johan Norberg

I mean, one thing, and this is obviously in an audience hard at work on these issues, but it's the there's some between innovation and regulation where we need much, much more work, partly because innovation is so unpredictable. So we constantly have to renew that work in in thinking about how we can make sure that regulations don't put those blocks in front of the entrepreneurs and the innovators.

01:54:18:16 - 01:54:48:13

Johan Norberg

We need much more work and much more case studies in in that area to provide us with more knowledge and more ammunition when it comes to doing that. Another area where I think that it would be useful is the meaning of life, because this is an area where economies are afraid to enter, because it's difficult to quantify.

01:54:49:03 - 01:55:44:18

Johan Norberg

It's difficult to quantify happiness and joy and meaning community loneliness, which means that that whole field has been left to others. But I think it's sometimes better to be to enter areas precisely because we can't quantify them and come up with best estimates and work much harder to enter that dimension of our lives, which I think we are much, much better at then than anybody else, because we have an appreciation of this diversity and wealth of the human experience and human nature, because we don't think that everybody is the same, but we fair to enter that area because because we can't quantify it.

01:55:44:18 - 01:55:47:18

Johan Norberg

So we have to give we have to enter it.

01:55:48:06 - 01:56:13:07

Kent Lassman

We've pulled back there. And I want to end with a note about the future. I started at the top of the hour and I, I shared with everyone just a sliver of how productive you are, books, film, all of these things. What are you excited about now? What projects are on your desk that we haven't seen? The fruit yet?

01:56:13:07 - 01:56:42:21

Johan Norberg

Well, thank you. Doing my best. But there are so many enemies to the open society in free markets, so we have to keep ourselves busy. As you well know. My next project is more about history and looking into the what we

call the Golden ages of of human history. And they weren't always golden and definitely not for everybody, not for the slaves and for women and so on.

01:56:42:23 - 01:57:19:10

Johan Norberg

But there are episodes of remarkable innovation and cultural flourishing in in some episodes in, ancient Athens and some eras of the Roman Republic and even in the Empire, the Abbasid Caliphate, the Dutch Republic, and so on. And I think we have to look into that to get-some learn some lessons about what makes it possible for human beings to create and to be creative and to be innovative, but also about how it ends and the kind of forces that drag down those societies and ended those periods.

01:57:19:10 - 01:57:26:10

Johan Norberg

So that's my next book, trying to learn some lessons from history that will hopefully be of importance to us.

01:57:27:10 - 01:57:41:11

Kent Lassman

Wonderful hinges of history, it seems. Everyone, if you could help me with one half of a double, thank you for our guest, Johann Norberg. This has been a treat for me and I really appreciate you being here with me.

01:57:43:02 - 01:58:09:06

Johan Norberg

Thank you. And let me then add the the other half of the. Thank you. Thanks for the invitation. Thanks for coming. And thanks to C.I. for constantly providing us with new knowledge and ammunition and for always being very supportive of of the work that I do and others do when it comes to trying to create and and have a creative mindset.

01:58:09:11 - 01:58:09:22

Johan Norberg

Thank you.

01:58:11:05 - 01:58:19:18

Kent Lassman

Thank you, everyone.