

- Speaker 1: Welcome to the Bill Walton Show, featuring conversations with leaders, entrepreneurs, artists, and thinkers, fresh perspectives on money, culture, politics, and human flourishing, interesting people, interesting things.
- Bill Walton: Welcome back. I'm here talking with Jay Richards, a moral philosopher and economist about his recent book, Money Greed, and God. We've been talking about socialism, capitalism, free enterprise, and a lot of the mythology that springs up around capitalism and what it is and what it isn't. In his book, he talks about eight myths, and we've covered some of them. I wanted to get to the nirvana myth because that sounds very seductive. I think the nirvana myth would be, in my way of saying it, we've got an economic system compared to what.
- Jay Richards: Yeah, Bill, that's actually the question. Whenever someone says, "Well, is free enterprise a moral system?" The question isn't, well, is it moral and as good as say nirvana or the kingdom of God or whatever the kind of utopian idea that we can imagine is? The relevant question is, how good is this system compared to the other ones that we have some capacity to realize, right? That's the real moral question. Of course, compared to the kingdom of God, every system looks terrible and decadent and depraved, but that's not the relevant question. We don't have the ability on our own to establish the kingdom of God. Actually that's God's job.
- Jay Richards: We do know from history that there's some different ways of arranging economies. There's command economies like they tried in the Soviet Union. There's complete basket cases where you don't even sort of have a functioning state and a rule of law, and you have generally free and open economies where you have limited government, private property rights, rule of law, and then a wide amount of economic freedom. That's what you want to compare, sort of socialism, fascism, anarchy, and free enterprise. When you sort of frame it that way, free enterprise wins hands down. If you compare it to nirvana or the kingdom of God or whatever, well, of course, it's going to look bad, but what's your alternative?
- Bill Walton: When we hear about well, we're going to free a universal free health care, we're going to have free education, we're going to have free, I don't know, why not food.
- Jay Richards: Well, yeah, why not? Absolutely, I mean, surely food and water are more important. Why don't we nationalize those?
- Bill Walton: Start with those, start with that, yeah.
- Jay Richards: The reality is that by declaring something a right or saying that it's going to free, that doesn't actually increase the supply. These are still scarce goods. I always remind people when we're talking about free college, well, are professors not going to get paid? Obviously, it's not free in itself. It's free at the point of

service, which means, well, it'll be free for the students that actually consume the education and will force someone else to pay for it. That's the kind of economic reality. The reality is if something's a scarce good, you can't make it abundant and literally free simply by declaring it so.

Bill Walton: Well, and I don't think you have it down as one of your myths, but one of the things that strikes me is that, and my background is in investing, is that there are always trade offs.

Jay Richards: Sure.

Bill Walton: There's going to be if you want-

Jay Richards: Absolutely.

Bill Walton: ... this good thing, there's going to be this bad thing, and you never get both. You never get both-

Jay Richards: That's right.

Bill Walton: ... all good.

Jay Richards: You have lots of good things, but you can't have all of them, and so that ends up being a bad. In fact, this does relate to one of my myths called the piety myth, which is confusing your good intentions for the actual consequences of policies. If you assume that you can have all outcomes, all sort of desirable outcomes, that's easy, but the reality is we have limited amount of time, we have a limited amount of resources. That's kind of the most basic principle of thinking economically is to think in terms of trade offs, in terms of opportunity costs. Unfortunately, probably 95% of the people that engage in economic policy debates haven't even learned that first lesson.

Bill Walton: Well, and you don't get elected.

Jay Richards: Absolutely. You don't get elected reminding people that there are these tough trade offs. That's exactly right. The incentives of politicians in a democratic society are different from the realities of markets.

Bill Walton: Well, we talked in the earlier segment about the issues of what happens as technology advances and the nature of work changes and how people cope-

Jay Richards: Right.

Bill Walton: ... with that. Then you've written the book, The Human Advantage. What is your outline for how people cope with change in a rapidly changing technological world and social world?

Jay Richards: Well, my general argument in the book is that we first want to know, okay, what's the new economy like, what we call the information economy. What are the kind of key features of it? Well, it's disruptive. It grows exponentially. It's hyper connected. It's digital, and what I say is it's evermore informational. Then the question is, okay, so what do we need to do as human beings to adapt ourselves to that? I argue that there are actually these five virtues that we need. In highly disruptive environments, you need to exercise courage. Courage is the willingness to act in the context of failure. If you don't try anything, you're very unlikely to succeed.

Jay Richards: Failure itself is not the pathway to success. You also need to be able to learn from failure, to improve from failure. Those are sort of the kinds of virtues that I argue that we need to cultivate. The argument's not everybody needs to get a master's degree in computer engineering. Rather, we need to emphasize those things that are uniquely human, that humans can do and that machines cannot. The basic idea is that whatever can be automated eventually will be automated, and that will leave all of the uniquely human assets for us to focus on.

Bill Walton: You're talking about characteristics, they're really virtues, characteristics that only individuals can develop.

Jay Richards: Yeah, or at least individuals primarily, and so of course, a firm can also exercise courage. It can learn from its mistakes, but I think it helps to think first about individuals because what virtue is is essentially we act consciously and freely in a particular way to be punctual or to be kind, right? That eventually becomes a habit, but if we do it long enough, it actually works its way back into who we are so we become more than we were at the beginning. I actually think the sort of lesson of the high tech economy is that we need to focus on those things, the best things about what it means to be human.

Bill Walton: Well, who in our education system or is that being taught?

Jay Richards: Well, not very much. Unfortunately, I mean, one of the key virtues I talk about is anti-fragility, which is just this ability to improve when you're perturbed or damaged or when you fail. Of course, if you look at the average college scene now, we're making kids evermore fragile rather than training them and teaching them to be able to deal with difficult people and difficult ideas with which they disagree. We are training kids to be instantly angered and outraged by some particular slight. This is absolutely not a formula for success in the wider world.

Bill Walton: Well, one of the high school systems here in Maryland just abolished the valedictorian and grade ranking and because they felt, the kids felt, I guess they were the prime movers here, they didn't want to be made to feel bad-

Jay Richards: Right.

Bill Walton: ... that they weren't number one.

Jay Richards: I guess either everybody is number one or no one's number one. I mean, this is what you end up with. There's very little to aspire to unfortunately in that kind of system.

Bill Walton: Who's the book aimed at? Is it aimed at people who want to improve themselves or is it aimed at policymakers?

Jay Richards: It's mainly the former. I've thought of the reader of this book is someone who is just trying to decide what they ought to do, a high school or a college student or maybe somebody that's been displaced by a job. It's a sort of manual on how they can succeed in the new economy. There's some stuff about policy. I have a section at the end where I talk a lot about policy because I think that's important, but I do think that the main lesson is these particular virtues that these individuals need to cultivate. That's really the primary audience for the book.

Bill Walton: Again, ticking off the list of virtues, what do we need?

Jay Richards: Well, so you need courage. You need anti-fragility. You need altruism. You need the ability to collaborate because we're in a hyper connected economy, and you need a virtue that I call creative freedom, which is the ability to constrain yourself so that you can create things of value. Because when we create things of value, like if you're a great musician, right, you become free to play Debussy or Rachmaninoff, not by just banging around on a piano but by constraining yourself for years to learn how to play the piano. The same way in business, you acquire a kind of freedom to create value for people, but you do it by constraining yourself initially. Again, it's about discipline and virtue.

Bill Walton: Self-discipline, saying, "I'm going to choose to do this and not do that."

Jay Richards: Not that, altruism is thinking about the needs and wants of other people, so you try to anticipate the sorts of things that people might want if you are able to produce it, and then you set about finding a way to produce it.

Bill Walton: That's not in today's curriculum in most public schools.

Jay Richards: No, it's probably not in most public schools. I mean, I'll say just a shameless bit of promotion that at the Busch School of Business at Catholic University-

Bill Walton: That's where you are, that's where you teach.

Jay Richards: ... that's where I am, we plug virtue into every class because we think it's an essential part of what it means to do good business.

Bill Walton: How do you do that?

Jay Richards: Well, we don't just have a business ethics course. That's how most schools do it, right, where you have you do business ethics.

Bill Walton: You do business here, and then you do ethics over here.

Jay Richards: It's some kind of unique thing that business people are supposed to do, but I mean, ethics is ethics. Don't kill people. Don't steal from people. Don't defraud them. Treat people kindly. Those are the universal kind of ethical rules, and so that matters whether you're doing finance. It matters whether you're doing economic policy. It matters if you're doing accounting obviously. We focus a lot on accounting ethics. The reality is we think it's not just that we ought to do business in a certain way. We actually think that when you do things the right way, you're much more likely to succeed in business itself.

Bill Walton: Do employers value that?

Jay Richards: Absolutely.

Bill Walton: Is your placement rate high?

Jay Richards: Absolutely. I mean, the reality is if you think about the high tech economy in California, I mean, these companies compete with each other for perks for their employees. Now, their employees are highly motivated, obviously, and work really hard, but there's also competition for skill, and so companies are constantly worried that they're going to lose their most valued and best trained employees to someone else. That's something that is important to remember. If you've got a company that you're working for, a boss that treats you like an animal, like a dog, you're not likely to stay there very long if you're a very skilled employee.

Bill Walton: No, but I think there's an under valuing of the soft skills in business, at least the way it's taught-

Jay Richards: Absolutely.

Bill Walton: Maybe that's what you're describing, and we have in the conservative movement, for example-

Jay Richards: Right.

Bill Walton: ... there are people talk about economic agendas, and then there are people that talk about social, I don't really think you can separate them.

Jay Richards: I don't either.

Bill Walton: I don't think there's a vibrant market economy, vibrant economic growth unless you have a solid base in family and civil society and religion.

Jay Richards: Absolutely, and I mean, I think if anything, the last 20 or 30 years has taught us that, that the state of the family, whether a small child has his parents around or not, that's the number one predictor of childhood poverty. If you thought, "Well, that's a social issue," well, it's also connected to the most important economic issue, which is childhood poverty. You need a vibrant culture in order to have the rule of law. Rule of law isn't just about what the government does. It's about what's written on the human heart. It's about these culture and virtue forming institutions, churches, synagogues, families. Those have really, really important economic implications, and honestly, I think the lesson of the last 50 years has taught us that.

Bill Walton: What are you working on now?

Jay Richards: Well, actually, it's a completely unrelated book which I finished actually on fasting. It comes out in January in 2020.

Bill Walton: I noticed you're looking a little thin.

Jay Richards: Well, okay, so I hope I'm not too thin. I discovered fasting a few years ago, and turns out there are thousands of scientific articles on the physical and health benefits of fasting. I thought as a Christian, this is something that Christians for hundreds of years did, and we've mostly let it fall by the wayside. I built the spiritual and the physical case for renewing fasting as a form of basic lifestyle.

Bill Walton: I'm calling an audible. We're changing the subject of this show. Tell me about fasting. What is it that's good for you? Why should we want to that?

Jay Richards: The reason we should want to do it, I mean, there's a bunch of them, but one is that if you think about the long course of human history, people didn't have access to Froot Loops, right? We didn't have access to granola and sugar and simple carbs-

Bill Walton: I thought that was a right.

Jay Richards: Yeah, it should be a right.

Bill Walton: Right.

Jay Richards: You know, this is how we normally live our lives. It's every three to four hours, we get a little sugar boost essentially. This is the standard American diet. For most of human history, I mean, we're designed to eat sometimes, to feast sometimes, and then not to eat at other times. I mean, that's how the seasons varied, right? I actually think you sort of look at it physiologically, we're actually

designed to function this way and where sometimes we eat a lot, sometimes we eat very little or not at all.

Jay Richards: Now we know that when you do this kind of fluctuation, you're much more likely to have low insulin levels. You're much more likely to have a healthy blood sugar. There is a physician that wrote the forward in the book in Toronto who is reversing severe obesity and type 2 diabetes with fasting, not with medicine, but with fasting. This is all sort of new information. I mean, you might have suspected maybe there was a physical benefit to this stuff, but for a long time, people just thought of fasting as a spiritual discipline, something to sort of exercise discipline and self-sacrifice. It turns out there's a lot of evidence that it's actually good for you.

Bill Walton: By fasting, you mean not eating for a day, three days?

Jay Richards: Either one. Fasting strictly just means a period of time in which you don't eat, and so if you have a water only fast, it might be 20 hours during the day, right? That's often called intermittent fasting, so you limit the amount of time during a 24-hour day to four or eight hours, and you eat all your calories then, and then you don't eat for the rest of the day and of course while you're sleeping. That actually has a very specific metabolic effect. It brings your insulin levels way down. It trains your body basically to use body fat for fuel rather than to use the sugar that's always floating around in your blood. There's all these somewhat intricate metabolic effects that take place that are highly positive if you actually practice this as part of a healthy lifestyle.

Bill Walton: You re-released Money, Greed, and God. When you re-release The Human Advantage, there are going to be six now, not just five. The sixth is going to be fasting?

Jay Richards: Well, fasting of course is an exercise of personal discipline, and so I think I can subsume it under one of the virtues.

Bill Walton: Well, the reason I enjoy these after shows is just sort of wandering around different topics, but it seems like you're really in the business of teaching virtue as much as anything.

Jay Richards: Yeah, I mean, I'm really interested in this kind of intersection between different areas, so the intersection between lifestyle and health and science or the intersection between philosophy and morality and economics. I mean, that's something that is fascinating because so often these are put in different buckets. The truth of the matter is that almost everyone that goes in to study economics is usually interested in it initially because they have moral concern. They're usually not thinking, "Oh, gosh, I really want to understand the inelasticity of supply." They're thinking about, "Well, how is wealth created? How is poverty reduced?"

Bill Walton: Well, and unfortunately, economics has been driven into a cul-de-sac of mathematical models.

Jay Richards: Yeah, and that's the problem. There's a lot of physics envy in economics, and so you treat the discipline as if it can't be scientific or rational unless we treat everything as if it's physics, but economists are studying human beings. We're studying groups of human beings and the way we buy and sell and exchange goods and services and information, how we act, right? We want an economic science that's appropriate to the object of study, and economists shouldn't think or pretend that they're studying atoms and molecules. They're studying people, and so if you're not talking about people and what we do and what we want and what we can create, it's unlikely you're talking about the main subject of what economics ought to be about.

Bill Walton: Are people rethinking the teaching of economics, or are people getting at what your view is? You know, most people think it's something that's not for them, and you're saying-

Jay Richards: No, absolutely.

Bill Walton: ... we ought to come back to the original idea that it was called political economy.

Jay Richards: It was political economy. I mean, Adam Smith was a moral philosopher. He wasn't even a political economist unfortunately-

Bill Walton: Well, so are you.

Jay Richards: Well, oh, absolutely, no, I'm a shameless generalist, but I think all of these things are interesting. I think we need to just understand what exactly it is we're doing. I'm not saying math is bad. I'm not saying that economic models are bad. I'm saying they get it just a small sliver of the reality, and very often, they capture the least interesting aspects of economic reality.

Bill Walton: Great. Jay, thank you.

Jay Richards: Great to be with you, Bill.

Bill Walton: Great fun talking, and hope you enjoyed this segment. We've got a bonus tip on fasting, and I'm going to look into it, so enjoy. Thanks, Jay.

Speaker 1: Thanks for listening. Want more? Be sure to subscribe at thebillwaltonshow.com or on iTunes.