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Transcript

00:00:10 Speaker 1

Hello and welcome.

00:00:11 Speaker 1

To the Coke Podcast, a podcast brought to you by the quality of Government institute at the University of Gothenburg.

00:00:20 Speaker 1

In this podcast, we have conversations with well known experts to try to make sense of politics and governments.

00:00:26 Speaker 1

All over the.

00:00:28 Speaker 1

Your host for this show is Professor Victor La Puente, and in this episode he will be joined by Professor Deidre McCloskey, one of the most heterodox, provocative and prolific economists of our time.

00:00:41 Speaker 1

In this episode, we will talk about the question McCloskey has devoted a great deal of her work.

00:00:47 Speaker 1

While some nations are successful and others fail.

00:00:51 Speaker 1

Mcclusky will explain her answer to this, which may not be the most convincing for all of us, but it is definitely the most beautiful and romantic one.

00:01:01 Speaker 1

Economic development is not the result of the accumulation of capital or of exploitation, or of military conquest and colonial oppression.

00:01:12 Speaker 1

But of ideas and values and in particular of love, we will talk about why and economists need to care about love and not simply about utility.

00:01:22 Speaker 1

Mcclusky will defend her view that economics is not about the material or materialism, but it is about ideas.

00:01:30 Speaker 1

It's not only.

00:01:31 Speaker 1

About factories and cars and smartphones, but mostly about what happens between the.

00:01:38 Speaker 1

And though we will talk a lot about ideas, we will also talk about the materialist most pressing social question how to alleviate poverty and tackle inequality.

00:01:51 Speaker 1

We hope you find this episode interesting.

00:01:53 Speaker 1

Please like and share it if you do.

00:02:04 Speaker 2

My name is Victor Alpuente and today in the podcast we have Professor Day, the McCloskey, one of the most provocative and prolific economist of our time, was written 24 books, around 400 academic and popular articles on issues as diverse as economic history, rhetoric, philosophy, statistical.

00:02:23 Speaker 2

Theory, economic theory, and she describes herself as a literary, quantitative, postmodern free market, progressive Episcopalian ex Marxist Midwestern woman from Boston who was once a man not conservative.

00:02:38 Speaker 2

I am a Christian classical liberal.

00:02:40 Speaker 2

She says her work is as vast as the oceans.

00:02:44 Speaker 2

And her methods as well, she's able to masterfully dismantle the statistical architecture of Thomas Piketty's data on inequality, and two paragraphs later, masterfully using the verses of Shakespeare to illustrate her points.

00:02:58 Speaker 2

I've gained so much wisdom reading her and I have lost maybe so many friends recommending her work.

00:03:04 Speaker 2

Well, not so many.

00:03:05 Speaker 2

Everyone appreciates the brilliancy of your way of thinking.

00:03:09 Speaker 2

Theatre and Makovsky has addressed, like many others in different disciplines.

00:03:14 Speaker 2

And like many researchers here at the quality of government institute, the big question of.

00:03:18 Speaker 2

Why some nations are successful and others fail?

00:03:22 Speaker 2

And I don't know if McCloskey provides the most convincing answer, but definitely hers is the most beautiful response.

00:03:29 Speaker 2

It's ideas, its virtues and capital among them.

00:03:34 Speaker 2

It's love.

00:03:35 Speaker 2

At least love plays a vital role in her explanation and it's capitalism.

00:03:40 Speaker 2

Of course it's liberal ideas of free exchange.

00:03:43 Speaker 2

To be more precise, but we can say that hers is the most romantic if you allow me the adjective that probably you don't like much an idealist, an objective that probably you don't like either defense of capitalism.

00:03:57 Speaker 2

Not only for that strange mixture of love and capitalism, hard work should be mandatory for any graduate student, but also for policy makers.

00:04:06 Speaker 2

So welcome to our podcast, Professor McCloskey.

00:04:10 Speaker 2

The first question is about the profession of an economist or social scientist in general.

00:04:15 Speaker 2

Why an economist needs to care about love.

00:04:18 Speaker 2

And not simply about utility.

00:04:20 Speaker 2

You claim that economics is not about or not only about the material or materialism.

00:04:26 Speaker 2

It's about ideas.

00:04:27 Speaker 2

It's not only about factories, cars and smartphones, but it's mostly about what happens between the.

00:04:33 Speaker 2

Do you want economists to follow the steps of?

00:04:36 Speaker 2

I don't know.

00:04:37 Speaker 2

Adam Smith in the theory of moral sentiments and become moral philosophers?

00:04:41 Speaker 3

Yes, that's certainly what I want them to do.

00:04:44 Speaker 3

I want them to go back to Adam Smith and I always cross my sin self.

00:04:49 Speaker 3

When I mentioned Smith.

00:04:51 Speaker 3

Because he had, he was, as you said, a philosopher and also an observer of the economy in a in a phrase above hubbers Smith was a worldly philosopher.

00:05:08 Speaker 3

And that's exactly the combination.

00:05:10 Speaker 3

That we ought to have.

00:05:12 Speaker 3

And it's plain that humans are loves.

00:05:16 Speaker 3

And they hate, unfortunately, and their and their prudence and their imprudent, they're just and they're unjust.

00:05:27 Speaker 3

And all these things are part of how we behave in the marketplace or in the Council.

00:05:36

And so.

00:05:36 Speaker 3

It's it's clear from the outset, as Adam Smith said, that we should be not hopping along on one leg, the province leg, but also the other legs have evoked image.

00:05:56 Speaker 3

Of A7 legged.

00:05:59 Speaker 3

But you understand what I mean.

00:06:01 Speaker 2

Yeah, and and you you talk about.

00:06:04 Speaker 2

Transforming economics in human nomics or and and you you want to avoid to fall into extremes.

00:06:07 Speaker 3

Yeah, that's.

00:06:11 Speaker 2

On the one hand, the mere study of the objective reality, which probably provides you an empty response to deep things of of the humans, but also on the other side, you want to avoid the mere study of the subjective experience.

00:06:25 Speaker 2

It would be also a daunting task, and then you opt for studying something that you refer to with a term that I assume you have coined, and I find it particularly useful the conjecture.

00:06:25 Speaker 3

That's right.

00:06:37 Speaker 3

Let's say.

00:06:37 Speaker 2

Could you explain us what the conjunctive?

00:06:41 Speaker 3

What we know, it's what we know together because we speak to each other because we're raised as we live.

00:06:49 Speaker 3

And a racist.

00:06:51 Speaker 3

Children were in.

00:06:54 Speaker 3

It's impossible to get inside someone's mind.

00:06:58 Speaker 3

I think the brain scientist.

00:07:03 Speaker 3

Who tries to identify this organ?

00:07:06 Speaker 3

The brain with the mind.

00:07:10 Speaker 3

He's having a hard time at it.

00:07:12 Speaker 3

I can observe flows of oxygen in your brain, but I can't get inside your own mind.

00:07:21 Speaker 3

And then so far as the objective is concerned, I can't be sure this is an old prudence philosophy that this, this so-called was material, which as we all know is actually composed largely of empty space.

00:07:41 Speaker 3

Is there perhaps it's a trick of this mind of mine?

00:07:46 Speaker 3

But what we can know?

00:07:49 Speaker 3

Is in between the two.

00:07:51 Speaker 3

Is how we interact with each other, how our how our language goes.

00:07:57 Speaker 3

What the price?

00:07:59 Speaker 3

We asked and.

00:08:01 Speaker 3

And how we regard that as unfair or something of that sort.

00:08:06 Speaker 3

So so it's it's a room where we can actually have solid information for sure.

00:08:13 Speaker 3

Now, that doesn't mean I'm.

00:08:15 Speaker 3

I'm not interested in mines or much material, but a great deal of what we do.

00:08:22 Speaker 3

US humans takes place in this conjunctive.

00:08:27 Speaker 2

In your trilogy, the Burji era that started in 2006 with the bourgeois virtues continued in 2010, with the bourgeois dignity and culminated in 2016 with the bourgeois equality.

00:08:38 Speaker 2

Three fantastic books.

00:08:40 Speaker 2

There is a a particular historical period that you pay a lot of attention, which is the industrial revolution or to be more precise.

00:08:47 Speaker 2

Great enrichment that takes place in a relatively unlikely corner of the wall, which is northwestern Europe, mostly the Netherlands and Britain, and the question is, what made this great enrichment possible there?

00:09:02 Speaker 3

Well, I claim it was a change in ideology.

00:09:06 Speaker 3

It was a change in me, not in how entrepreneurs thought.

00:09:12 Speaker 3

But how the rest of society thought about entrepreneurs?

00:09:17 Speaker 3

And there's a great deal of evidence that this changed the place.

00:09:24 Speaker 3

If you contrast the attitudes of Shakespeare about entrepreneurs such as himself, he's sincere.

00:09:35 Speaker 3

He's utterly.

00:09:37 Speaker 3

Miss stains full of such folk.

00:09:40 Speaker 3

The heroes in Shakespeare are the inherited aristocrats. The self-made men are chemical in his view, and then you grow to a couple of centuries afterwards to someone like Jane Austen, whom I.

00:09:57 Speaker 3

Whom I love.

00:09:59 Speaker 3

And she she had a a brother who became active in banking in London.

00:10:07 Speaker 3

And she's amiable, which is one of her favorite words towards entrepreneur.

00:10:13 Speaker 3

Years and it's a great change that happens in Sweden, essentially in the middle of the 19th century and results in enormous economic growth.

00:10:26 Speaker 3

Sweden goes from being one of the poorest countries on the continent to be being Sweden.

00:10:34 Speaker 3

We all appreciate essentially from the 1818 sixteenths to the 1930s.

00:10:42 Speaker 3

And so it's gone.

00:10:45 Speaker 3

In every country that has come to honor entrepreneurship in art as much as in commerce, there's been a corresponding explosion of rape and entropy that this spectacular modern case, of course, is China.

00:11:03 Speaker 3

Which until 1978 was crawling along on one or \$2.00 a day per person. And then what happened was not a psychological change within the Chinese, but a change of the attitude of the society in particular.

00:11:23 Speaker 3

The attitude of the Chinese Communist Party.

00:11:27 Speaker 3

Towards commerce and the result was that now China has about the same average income as Brazil.

00:11:37 Speaker 3

I apologize for being so non fluent this this morning.

00:11:41 Speaker 3

I'm I usually don't matter so much when I get into the flow I get better and The Alchemist.

00:11:48 Speaker 2

You know it's it's say.

00:11:50 Speaker 2

We we understand perfectly your your very clear ideas say OK, coming back to this northwestern Europe, I think that there were of course as much as I appreciate your hypothesis on ideology, there were other things different as well in the Netherlands.

00:12:08 Speaker 2

In Britain and coming back to a traditional explanation that we, the political scientists, tend to like a lot.

00:12:16 Speaker 2

Why not institutions?

00:12:18 Speaker 2

It didn't.

00:12:18 Speaker 2

The democracy or proto democracy help to explain the industrial revolution that took place precisely in the post glorious revolution, when the power moved from the king to the.

00:12:30 Speaker 2

King in parliament?

00:12:32 Speaker 2

Or or in.

00:12:33 Speaker 2

Or in the the whole and the constraints on.

00:12:35 Speaker 2

On on the king.

00:12:36 Speaker 3

But here, here's there is a way in which such changes with this.

00:12:42 Speaker 3

Man with more than.

00:12:44 Speaker 3

The the so-called Glorious Revolution of 1689. It was more like the English Revolution of.

00:12:52 Speaker 3

Hoardings that very much earlier made it clear that an anointed king could be tried and executed.

00:13:00 Speaker 3

Yes, indeed, the main idea that made for the modern world is one I always stood around.

00:13:09 Speaker 3

Apologize. It's liberalism.

00:13:13 Speaker 3

And indeed, for that route, the ethical, the gradual, very gradual at their very beginnings, the gradually emancipations.

00:13:26 Speaker 3

Of the 17th, but especially the 18th, and then most especially in 19th century, mattered a great deal for the economy.

00:13:36 Speaker 3

That being the.

00:13:38 Speaker 3

So it I would claim, and I've I've kind of clearer on this clearer and clearer I that it's this idea.

00:13:49 Speaker 3

Of a society without slaves, a society without coerced subordination, no subordination of wives to husbands or apprentices to masters or slaves to masters, or indeed citizens to the state.

00:14:09 Speaker 3

That idea that we should be free, not free, to blow COVID up each each other's noses. Not free to rob each other, but free within the constraints of other people. Readers. That idea is central to the modern world.

00:14:30 Speaker 3

And makes for it turned out someone you should say I should say by accident.

00:14:38 Speaker 3

Turned out to be extremely encouraging for ordinary people to try things out in the economy now.

00:14:49 Speaker 3

The counter force.

00:14:53 Speaker 3

Is the the growth of the state.

00:14:55 Speaker 3

But observe the state starts really growing in, in, in the West and lots of other places.

00:15:03 Speaker 3

Only in the 20th century, and by that time, as I said, as I claimed about Sweden.

00:15:11 Speaker 3

These countries that had adopted liberalism, those countries had already achieved.

00:15:18 Speaker 3

High incomes, very high incomes, historically, completely unprecedented incomes.

00:15:25 Speaker 3

So it was not the coming of the state, as you sometimes claimed, that made us on which if that were the case, there were lots of earlier large arrogant.

00:15:38 Speaker 3

State powers in the world and the great enrichment should have happened in Rome or in China, but in fact it happened in unpromising quarter of Eurasia.

00:15:52 Speaker 2

Actually, many political scientists who?

00:15:55 Speaker 2

Defend a strong action of the.

00:15:57 Speaker 2

State would agree.

00:15:58 Speaker 2

With you in the sense that probably the emphasis should not be in the quantity of the state, but in the quality of the state, that is an.

00:16:03 Speaker 3

Oh, yeah, well, you agree.

00:16:06 Speaker 2

Well, here at the quality of government institute, we do not only like government, but we even like bureaucrats, non elected officials.

00:16:13 Speaker 2

So in that sense we would say.

00:16:16 Speaker 2

And that before democracy, we need bureaucracy.

00:16:19 Speaker 2

There is a a war by Michelle Garcia and Marina and Eskaya here from the quality of Warm Institute that show that countries where the state develop extensive enforcement capacities and using as indicator of historical and state capacity the extent and quality of catastral records will be for democratization.

00:16:36 Speaker 2

They exhibit while better provision of exceptional public good.

00:16:40 Speaker 2

Protection of property rights and and so on. So maybe you need a bit of of a state. If in Pakistan there are roughly 30% of children who are born and they are not registered that it's impossible to really organize a society in those races.

00:16:53 Speaker 3

Yeah, yeah.

00:16:54 Speaker 3

But, but, but that's about organization from above.

00:16:59 Speaker 3

And what makes for in enrichment?

00:17:04 Speaker 3

Is spontaneous order from below?

00:17:07 Speaker 2

And they are not complementary to each other.

00:17:10 Speaker 3

Sometimes in small amounts they are, but it's perfectly clear that if you have massive regular.

00:17:18 Speaker 3

The United States Federal Government has millions of regulations of the details of our lives.

00:17:28 Speaker 3

It's clear that to go to an even further extreme, central planning such has occurred in the old Soviet Union or in.

00:17:37 Speaker 3

Ohh, it's China doesn't work.

00:17:40 Speaker 3

Doesn't work at all.

00:17:42 Speaker 3

It's not not only usual in being unfree, but it's evil in being unproductive now that yes, there needs to be the rule of.

00:17:55 Speaker 3

But the rule of law doesn't depend on kings.

00:17:59 Speaker 3

This is a fundamental error.

00:18:02 Speaker 3

Which my friend Doug North and my friend very white guys always commit.

00:18:08 Speaker 3

They always think as James, the first of England thought.

00:18:13 Speaker 3

That all law comes from the king.

00:18:16 Speaker 3

Therefore, if you don't have a strong king, you don't have law.

00:18:21 Speaker 3

And that's just just if you'll think about it, it's historically absurd.

00:18:26 Speaker 3

Most of the laws that actually govern our lives in Sweden are the United States or India, wherever you want.

00:18:37 Speaker 3

Are spontaneous orders from below?

00:18:41 Speaker 3

The Swedish language for exam.

00:18:44 Speaker 3

Has no central control.

00:18:46 Speaker 3

Thank God.

00:18:47 Speaker 3

And and it would be the the French Academy keeps trying to outlaw English words, but they but French people still say no weekend and the the French Academy hates it.

00:19:03 Speaker 3

That's the centralized power attempting to control the French language, language, French.

00:19:12 Speaker 3

In Sweden, and it's in my country and others, there's no central control of who you become friends with.

00:19:21 Speaker 3

Ordinary behavior, such as in in our conversation here, has nothing to do with the state or the courts, and indeed most legal what we would call commercial disputes in the actual world as against.

00:19:40 Speaker 3

The fantasies of people who believe that the state.

00:19:44 Speaker 3

Is honest and competent all the time, as it is for the most part in Sweden, and as it is not in my own country, most of what we do.

00:19:57 Speaker 3

Is governed by spontaneous orders.

00:20:00 Speaker 3

So institutions, the formal institutions that people talk about in new institutionalism courts, government regulations.

00:20:11 Speaker 3

And so forth.

00:20:12 Speaker 3

Those are a small.

00:20:14 Speaker 3

Part of our lives.

00:20:16 Speaker 3

They have to come from somewhere.

00:20:18 Speaker 3

They usually don't come from the state.

00:20:22 Speaker 2

You make this point with grace and elegance in the in the book written with Art Carden with the provocative title of leave me alone, and I'll make you rich.

00:20:31 Speaker 2

How the world, your deal and reach the World and you talk about the importance of this bonjour deal for the development of Holland and Britain. But if in the year 1799, for example.

00:20:42 Speaker 2

It was our God prevented that from happening, but there was a World Bank index of state capacity or government regulation.

00:20:51 Speaker 2

Where do you think that the cases of Holland and Britain would rank?

00:20:54 Speaker 2

Because Joel Mokyr in the review of your book argues that that probably these two countries are areas in which actually economic regulation was tight and taxation was relatively heavy in comparison with other countries.

00:21:09 Speaker 2

And he argues that the British, let's see a fair economy took place later, not before this great enrichment.

00:21:15 Speaker 2

To put you.

00:21:17 Speaker 3

You know.

00:21:18 Speaker 3

Respond Joe is a dear friend of mine and and he and I agree deeply agree.

00:21:25 Speaker 3

That ideas made the modern world, but it wasn't trade that it wasn't.

00:21:32 Speaker 3

Various forms of state portion.

00:21:34 Speaker 3

It was not banking.

00:21:36 Speaker 3

It was not canals, it was ideas.

00:21:40 Speaker 3

Jolt tends to think that it's the idea of science, and I tend to think it's the idea.

00:21:46 Speaker 3

Of liberalism.

00:21:47 Speaker 3

And that's the main gap between us, but it's not.

00:21:52 Speaker 3

In the larger scale, it's Joel and me against the the prudence.

00:21:58 Speaker 3

Only materialists such as as north.

00:22:03 Speaker 2

And I think you you really you and and your mother provide a very refreshing view after years, probably decades, at least in political science of of the meaning of the institutionalist explanation you provide this educational one about the.

00:22:14 Speaker 3

Yeah, yeah, yeah.

00:22:17 Speaker 3

And and and and and and.

00:22:19 Speaker 3

And observe the institutions of which.

00:22:23 Speaker 3

Joel is speaking only work if you have an idea of integrity in public service.

00:22:33 Speaker 3

And to claim that Britain in the 18th century was more well organized than France in the 18th century strikes me as slightly crazy.

00:22:45 Speaker 3

And it's Joe were here.

00:22:47 Speaker 3

I would.

00:22:47 Speaker 3

I would make this point in exactly the same terms because I have.

00:22:52 Speaker 3

So it's very odd to think that state capacity with superior in England or in Holland now it's true what is true is that the kind of taxation that was used in England.

00:23:08 Speaker 3

Was able to collect more funds to fight the French in the 18th century.

00:23:15 Speaker 3

Then the French were able to arrange because the French.

00:23:18 Speaker 3

Had the unhappy idea aristocratic idea that aristocrats and literally should be free from taxation.

00:23:29 Speaker 3

In fact, in France you could buy.

00:23:33 Speaker 3

A patent of nobility which you would give cash to the king and then the king would exempt you and your family forever from taxation.

00:23:43 Speaker 3

Now this is obviously not a good way to get money to build ships.

00:23:49 Speaker 3

To fight the British.

00:23:51 Speaker 3

But that's really the only respect in which administration was superior in Britain compared with France.

00:24:01 Speaker 3

France was then and before and ever after, centralized.

00:24:07 Speaker 3

And that's the ideal of the statist.

00:24:12 Speaker 2

So and I.

00:24:12 Speaker 3

My friends, my dear friends, they believe gross and progress, and apparently they think art and music and the Swedish language all come from the state and they're mistaken.

00:24:26 Speaker 2

In that sense, I think it it agrees with the argument of quality of government.

00:24:29 Speaker 2

So here the difference that we have is that probably the the French were violating this rule of impartiality and the ones who have connections or or so could pay this.

00:24:40 Speaker 3

That's completely false.

00:24:42 Speaker 3

No, that that's false.

00:24:44 Speaker 3

It it's it's well known that in Britain in the 18th century, you could buy yourself out of almost anything.

00:24:53 Speaker 3

Look, my hometown of Chicago.

00:24:57 Speaker 3

In the late 19th century was the fastest growing city in the world.

00:25:02 Speaker 3

Every politician, every policeman, every judge was for sale.

00:25:08 Speaker 3

The only question is, would they stay bought or would they also sell themselves?

00:25:14 Speaker 3

Do the others?

00:25:15 Speaker 2

Correct me if I am wrong, but I think this tradition has continued.

00:25:18 Speaker 2

Several governors in Illinois have been.

00:25:21 Speaker 3

Something like the majority, I think it's four of the last 7 governors in Illinois have ended up in jail.

00:25:29 Speaker 2

Yeah, I I think and I know I I think this is your your idea is really original and this ideological change that happened in north Western Europe.

00:25:38 Speaker 2

The question is why happened?

00:25:41 Speaker 2

There was just Europe, lucky or there was for example.

00:25:46 Speaker 2

Which is because.

00:25:47 Speaker 2

You don't discuss much or or you don't give.

00:25:50 Speaker 2

Maybe too much attention to the Enlightenment philosophers enlightenment ideas.

00:25:55 Speaker 2

Don't you think that the idea Richard Robertson in his latest book on on the Enlightenment, for example, when he talks about a movement moving in in all Europe in the direction of expanding human liberty and and the pursuit of happiness and so on, don't you think that this idea of the financial first later role?

00:26:14 Speaker 3

Here's the problem, and here is here's another point in which Joe and I don't entirely.

00:26:21 Speaker 3

I emphasize the the the part of the Enlightenment which which I'm perfectly prepared to acknowledge, was a very important change that made that made people free, whereas Joel wants to emphasize not the.

00:26:41 Speaker 3

The freedom side of the Enlightenment.

00:26:44 Speaker 3

But the reason side of the Enlightenment, I think both are important and interesting.

00:26:52 Speaker 3

But the part that made for economic growth was not the reason side, but the freedom side.

00:26:59 Speaker 3

It's the French Enlightenment versus the Scottish versus.

00:27:03 Speaker 3

The French Enlightenment was much larger.

00:27:06 Speaker 3

The French Enlightenments emphasis was on reasoning and on the application of reason to human affairs, but the form of the application was French and centralized and statist.

00:27:22 Speaker 3

That was the French idea.

00:27:24 Speaker 3

The Scottish idea, on the other hand, was to apply reason to thinking about society, not organizing the society.

00:27:34 Speaker 3

It's not just Adam Smith, it's it's it's, it's human and the whole slew of others.

00:27:41 Speaker 3

You have this idea of gradual improvement, but not massive reason, governed regulation of the economy or anything else.

00:27:53 Speaker 3

And it's this freedom, you know, it's it's as though there's something in between.

00:27:58 Speaker 3

I spoke of the conjunctive before.

00:28:01 Speaker 3

There's the king.

00:28:02 Speaker 3

Let's think of the the thing of the state in terms of the king.

00:28:06 Speaker 3

And then there's you.

00:28:09 Speaker 3

And that's nice.

00:28:11 Speaker 3

You, the king, can act, and you can act.

00:28:15 Speaker 3

But wait a second.

00:28:17 Speaker 3

What mainly goes on in any society happens in the middle.

00:28:23 Speaker 3

In the conjunctives.

00:28:25 Speaker 3

It happens by the spontaneous orders and music and language and art and science.

00:28:32 Speaker 3

The very things that Joel emphasized in science in particular are themselves spontaneous orders that come from freedom.

00:28:42 Speaker 2

I I one of the most counterintuitive ideas of yours is this, that the scientific revolution did not play the role that many assumed, that it play, that maybe poetry was more important.

00:28:53 Speaker 2

Actually, you have even argued have jokingly, I guess that if governments have to subsidize intellectual activities, better if they fund.

00:29:02 Speaker 2

Poets than astronomers, which I I cannot avoid thinking how the US would look like if billions the billions invested in in NASA have been invested in poets.

00:29:12 Speaker 3

It would be wonderful cigarettes.

00:29:13

Yeah, yeah.

00:29:14 Speaker 2

With cafe lattes and and breweries and all over the place and hipsters that.

00:29:19 Speaker 2

Yeah, probably.

00:29:20 Speaker 2

But can you develop develop a little bit more?

00:29:22 Speaker 2

Because most people tend to think that scientific ideas are developed initially in labs or in university papers.

00:29:29 Speaker 2

That is called the basic science, and then they translate into the real world.

00:29:33 Speaker 2

That's the prevailing view by, for example, Mariana, macho culture, the entrepreneurial estate, a book that I guess is.

00:29:39 Speaker 2

Not of your.

00:29:41 Speaker 3

I wrote an entire short book with Alberto Mingardi on her book and we said no.

00:29:50 Speaker 3

It's wrong.

00:29:51 Speaker 3

That view is not entirely mistaken nowadays.

00:29:57 Speaker 3

There is to some degree this chain of causation from the laboratory, the inquiring scientist to engineering, and after all the technology that we're now employing.

00:30:13 Speaker 3

Started in some labs and it's now we're we're actually able to speak from Sweden to the United States.

00:30:22 Speaker 3

Alright, but I would argue that.

00:30:25 Speaker 3

The great enrichment, which is a much better term by the way, than the industrial revolution, which has all kinds of problems.

00:30:33 Speaker 3

The one thing what's meant by industry.

00:30:36 Speaker 3

But but the great enrichment happened well before science became crucial.

00:30:43 Speaker 3

So that's just a matter of historical chronology.

00:30:48 Speaker 3

And Joe and I argue about this, but Joe really hasn't got very much of an answer.

00:30:54 Speaker 3

And the other problem is that science, or indeed the Enlightenment, were European wide and yet the greats enrichment clearly started in England and Scotland.

00:31:08 Speaker 3

So that's another problem.

00:31:11 Speaker 3

And then there's the.

00:31:11 Speaker 3

3rd and perhaps the most important.

00:31:14 Speaker 3

That is that when we think of science, we think of it as though it were a German, or, for that matter, Swedish word.

00:31:22 Speaker 3

Science and technology, that's what we say.

00:31:26 Speaker 3

We say with science and technology, it's very important and I say yeah, technology is important is important.

00:31:36 Speaker 3

Ericsson, the Swedish engineer who invented the screw.

00:31:43 Speaker 3

In ships, his achievement was mainly technology was mainly ingenuity.

00:31:50 Speaker 3

The Swedish nurse, I forget her name.

00:31:54 Speaker 3

Who invented the little cart that old people use?

00:31:59 Speaker 3

You know?

00:32:00 Speaker 3

You'll see.

00:32:00 Speaker 3

You'll see them on the street going shopping and they're holding on to this this cart that was invented by a Swedish nurse.

00:32:09 Speaker 3

It's not science.

00:32:12 Speaker 3

Inexpensive steel and and so forth.

00:32:15 Speaker 3

That's what goes into it steel itself.

00:32:19 Speaker 3

Was not a primarily scientific cheating, so science and technology is to claim is that every ingenuity such as the zipper is it is caused by someone, some academic in a lab, and that's just not true.

00:32:42 Speaker 2

Let's talk a little bit about love.

00:32:43 Speaker 2

I mean, we normally see capitalism and I know you don't like the word capitalism.

00:32:47 Speaker 2

You prefer others like innovation or innovision.

00:32:51

You know.

00:32:51 Speaker 2

But many see.

00:32:52 Speaker 2

This capitalism or innovation, as opposed to love?

00:32:55 Speaker 2

Probably there is nothing more opposed to love in the public discourse, and especially in the public culture as capitalism.

00:32:56 Speaker 3

Yes, they do.

00:33:01 Speaker 2

But you actually argue that love is one of the drivers, one of the seven virtues behind the model that promoted capitalism.

00:33:09 Speaker 2

Can you explain for us?

00:33:11 Speaker 2

For the romantic, cheesy Marxist who can see capitalism as based on the exploitation of workers and hate class and not love, but actually you see this, this kind of link between actually between capitalism and this, the seven capital virtues of the Christian tradition, which are the four cardinal virtues of prudence.

00:33:31 Speaker 2

Justice, temperance, and fortitude.

00:33:34 Speaker 2

That come mostly from ancient Greece and Rome, with the three theological virtues of faith, hope and charity, or or love, that come from the Christian religion.

00:33:43 Speaker 2

They are very old.

00:33:44 Speaker 2

Why they are important actors in your story.

00:33:48 Speaker 3

The sort of easy.

00:33:49 Speaker 3

Answer is or the last is last page and 1/2.

00:33:54 Speaker 3

Of the first book in the trilogy called the Bourgeois Virtues, which is a short sermon, you you might say, on how the virtues play in a commercial system insiding, these aren't new.

00:34:12 Speaker 3

Animism does not invent new virtues, but it uses, and indeed encourages.

00:34:21 Speaker 3

The old virtues in new.

00:34:26 Speaker 2

So sorry, which is the causal relationship, comes from the virtues to the capitalism or from to liberalism, or from liberalism?

00:34:33 Speaker 2

To this virtue.

00:34:34 Speaker 3

Virtues both.

00:34:36 Speaker 3

I mean it.

00:34:36 Speaker 3

It's clear as Wanda steer point.

00:34:40 Speaker 3

He called it new commerce, sweet commerce because commerce like stones in a stream and a mountain stream winding each other.

00:34:54 Speaker 3

The constant interaction of commerce.

00:34:57 Speaker 3

Evokes calls out ordinary human virtues and reinforces them.

00:35:04 Speaker 3

It's not true, as is often thought, that the way to wealth, Univision is cheating.

00:35:11 Speaker 3

That's that's just not true.

00:35:13 Speaker 3

It doesn't work out.

00:35:14 Speaker 3

But on the on the particular.

00:35:17 Speaker 3

Virtue of love.

00:35:19 Speaker 3

How does an office or for that matter, a academic department, actually operates?

00:35:27 Speaker 3

It operates on love.

00:35:30 Speaker 3

If you don't have a certain affection for your colleagues.

00:35:35 Speaker 3

In any enterprise, it's going to work poorly. Take Donald Trump's enterprises.

00:35:43 Speaker 3

Well, Trump doesn't love any.

00:35:47 Speaker 3

He's just lacking in any ethical compass, you might say.

00:35:52 Speaker 3

Well haha, that shows that being a Donald Trump is how to succeed in this modern society.

00:36:00 Speaker 3

As though there weren't hundreds of examples in history of Donald Trump like.

00:36:07 Speaker 3

Characters who for a moment succeeded.

00:36:11 Speaker 3

These enterprises have all sales.

00:36:14 Speaker 3

Everyone's he's he's terrible at commerce.

00:36:20 Speaker 3

Love runs human families and the family is a model, psychologically speaking, for how to treat other people.

00:36:31 Speaker 3

Your friends.

00:36:32 Speaker 3

When you're a teenager, your colleagues, when you're an adult, no society can operate without.

00:36:40 Speaker 3

Love and that doesn't mean that the economy is a matter of charity alone.

00:36:46 Speaker 3

It's a matter of exchange.

00:36:48 Speaker 3

But even exchanges result in encouraging love.

00:36:54 Speaker 3

You buy a newspaper from the man at the corner every day.

00:36:59 Speaker 3

And you eventually become his friend.

00:37:01 Speaker 3

It's it's just how humans are.

00:37:04 Speaker 2

This is truly beautiful.

00:37:06 Speaker 2

Let's finish the discussion talking about the dark side, which is inequality, you're provocative with everything, but with inequality, I would say that you are doubly provocative because you.

00:37:18 Speaker 3

I don't mean to be.

00:37:19 Speaker 3

I'm not trying to be.

00:37:21 Speaker 2

Yeah, but, but yeah, you can try, but yeah.

00:37:22 Speaker 3

I'm trying to tell the truth.

00:37:23 Speaker 2

Your, your, your, your.

00:37:24 Speaker 2

Ideas end up being and and you not only deny that inequity.

00:37:28 Speaker 2

Quality objective inequality has bad effects on the workings of democracy.

00:37:33 Speaker 2

What put you against the vast majority of economies, but you also to start with question, one of the most conventional working assumptions that we have in social science in general, that there has been an increase of inequality in recent decades and we have been told that, for example, the share of the economy.

00:37:49 Speaker 2

That goes to the labor in contrast to the capital has been falling since the 70s, and so on.

00:37:53 Speaker 2

And but you you questioned that.

00:37:56 Speaker 3

They're all all this stuff is false, and I don't say it just to say.

00:38:00 Speaker 3

Now, let's see.

00:38:02 Speaker 3

Here's what everyone says.

00:38:04 Speaker 3

Ah yes, I'll say the opposite, because that'll make me I don't know.

00:38:10 Speaker 3

That's really.

00:38:12 Speaker 3

I promise you.

00:38:13 Speaker 3

That's not my motivation.

00:38:14 Speaker 3

What I do, and I think every scientist should, is I I examine the conventional views and when they're correct.

00:38:24 Speaker 3

Like that, democracy in voting is a fine idea.

00:38:30 Speaker 3

I think about it for a while and I come to agree with it in that particular case, not because to democracy always results in good collective decisions, because it's easily seem that it does not necessarily.

00:38:48 Speaker 3

Sometimes it does, but often it does not.

00:38:51 Speaker 3

But because giving votes to people is crucial in treating them as equals.

00:38:59 Speaker 3

It's equality of permission that's important to a society, not forced as it has to be.

00:39:08 Speaker 3

Equality of outcome or equality of opportunity.

00:39:14 Speaker 3

Your parents were undoubtedly excellent. How are we going to make your experience of life your opportunities equal to someone else's? Haha, let's take away you from your parents and hand you over to less skilled parents or.

00:39:33 Speaker 3

We can use the instruments of the state.

00:39:36 Speaker 3

To force the bad parents to be improved and to some degree, I'm Saber of that.

00:39:44 Speaker 3

But it's very small in its actual it's it's it's not a quality of opportunity or certainly of outcome that we should be concerned with.

00:39:56 Speaker 3

It's equality of permission.

00:39:59 Speaker 3

Liberalism is deeply egalitarian.

00:40:04 Speaker 3

You are to have as as a woman, as a black, as whoever you are.

00:40:10 Speaker 3

Older young you're to have the same permissions. They're not to be regulated by other people's interests. That's central.

00:40:20 Speaker 3

To the whole.

00:40:20 Speaker 3

Idea of a free society and it's been massively forgotten in the modern world now, as to the statistics.

00:40:30 Speaker 3

On inequality, they're mistaken.

00:40:33 Speaker 3

And the central mistake they.

00:40:36 Speaker 3

Which I've pointed out as have a number of other economists about Timon. Piketty's calculations in particular.

00:40:44 Speaker 3

Is that they ignore the wealths that's between our ears and in the skills of our hands.

00:40:51 Speaker 3

Wealth properly defined.

00:40:54 Speaker 3

Is a stock of something.

00:40:58 Speaker 3

That yields income.

00:41:00 Speaker 3

That's all it is.

00:41:02 Speaker 3

It's not a machine necessarily.

00:41:05 Speaker 3

It's not even necessarily a thing.

00:41:08 Speaker 3

It's quite appropriate to speak of the social capital of the Swedes.

00:41:13 Speaker 3

One of the reasons that the state operating in Sweden it operates much better than in other countries is precisely the social capital of a habit of integrity among Swedish civil servants.

00:41:30 Speaker 3

And I have I have friends who are Swedish.

00:41:34 Speaker 3

So they if you measure capital correctly, capital is become more equal in its distribution in the last, say 100 years.

00:41:48 Speaker 3

Our great, great grandparents.

00:41:51 Speaker 3

Had few skills calling Sweden, by the way, in the 19th century this was not exactly true, but for the most part my Irish ancestors.

00:42:02 Speaker 3

My Norwegian ancestors were highly skilled, but let us.

00:42:05 Speaker 3

Not get into that but.

00:42:07 Speaker 3

My my Irish ancestors had very little human capital.

00:42:11 Speaker 3

They knew how to operate a shovel, and that's that was about it.

00:42:16 Speaker 3

Whereas their modern ancestors.

00:42:20 Speaker 3

In Ireland itself, finally, and certainly outside of Ireland, have acquired very great skills and those skills are owned by the worker.

00:42:33 Speaker 3

So it's it's grave mistake in accounting.

00:42:38 Speaker 3

I've always said that an economist who doesn't get the accounting right, you will not get the economics right.

00:42:45 Speaker 3

You have to get the capital is not just a bunch of common stocks, it's not just.

00:42:53 Speaker 3

Stock certificates in gold.

00:42:57 Speaker 3

It's the things that.

00:42:58 Speaker 3

Make income for.

00:43:00 Speaker 3

Us so it's actually statistically wrong that there's been a growth of inequality.

00:43:07 Speaker 3

And then I could add a fourth point just in one sentence, which is that many inequalities we want, not most of them actually.

00:43:17 Speaker 3

If someone's a better football player than the average Swede.

00:43:22 Speaker 3

The people watching the Swedish national team want him to be on the team and to be paid more if it's necessary to attract them from other occupations to pay him more.

00:43:35 Speaker 3

The customers want him to be on the team, they want him to be paid more if.

00:43:42 Speaker 3

We are going to get brain surgeons, we've got to pay them more.

00:43:47 Speaker 3

To attract people, it's much easier.

00:43:51 Speaker 1

Unfortunately, we had some technical issues and their recording decided to stop here.

00:43:56 Speaker 1

Therefore, this will be Daddy's last word for this podcast, but we still hope that you gained some new thoughts from this episode and that you enjoyed listening to it.