

Envy
LEADS TO

DESTRUCTION

Interview with
LARRY REED

Lawrence (Larry) W. Reed is the President of the Foundation for Economic Education (FEE), formerly headquartered in Irvington, New York but finalizing a move to Atlanta, Georgia this October. He previously served for two decades as President of the Mackinac Center for Public Policy, which under his leadership emerged as the largest and one of the most effective and prolific of over 40 state-based “free market” think tanks in the country. Reed holds a B.A. degree in Economics from Grove City College (1975) and an M.A. degree in History from Slippery Rock State University (1978), both in Pennsylvania. He taught economics at Michigan’s Northwood University from 1977 to 1984 and chaired the Department of Economics from 1982 to 1984. He designed the university’s unique dual major in Economics and Business Management and founded its annual, highly-acclaimed “Freedom Seminar.”



Lara-Murphy Report: We first interviewed you in the August 2012 issue of the *Lara-Murphy Report*, but we wanted to have you back because you are such a pillar in the libertarian movement (and to remind our readers that you are the opening speaker once again on August 15 at this year’s Night of Clarity in Nashville!). The last time we spoke, you mentioned that the Foundation for Economic Education (FEE) was preparing to move its headquarters from New York down to Atlanta. As its president, can you update us on the move, as well as FEE’s activities in general?

Larry Reed: I’d be happy to! After nearly seven decades in Irvington, we will finally complete our move to Atlanta this fall. The decision to relocate was made about six years ago. The

main building at Irvington is 140 years old and would have required considerable capital investment over the next decade—funds we felt would be much better used for programs and publications. Other buildings on the grounds are not “up to code” and would be expensive to refurbish. The cost-of-living in New York, just north of the Big Apple, is extremely high. By moving to Atlanta, we will cut our operating costs by half and avoid a small fortune in future capital expenditures. Furthermore, we’re no longer a place that the world must come to; we are a place that takes its message to the world. So we need *office* space, that’s all. No need for on-campus housing and tiny lecture rooms as we had in Irvington.

So while we will miss Irvington and will pre-

serve its valuables on appropriate display in Atlanta, the economics of the issue made the move a very sensible decision and one that I personally advocated when I was chairman of the FEE board back in the 1990s. Atlanta offers a friendlier economic climate, easier access, a stronger local base of support, and many other opportunities we can take advantage of now but couldn't before. I knew our founder, Leonard Read, and I think he would approve. Not many people still live in the house in which they were born 70 years later; they moved, and usually for a lot of good reasons. In our case, though we will always value our heritage, we are first and foremost an educational organization devoted to liberty and free markets. We are not a museum. In Georgia, we can better fulfill our mission, reach far more people and do it all at far lower cost than if we had stayed in New York.

For the next two years, we will be housed in offices in north Midtown Atlanta and can take our time scouting out a permanent headquarters, likely to be within a two or three miles. We're growing rapidly again because we've implemented sound management principles, a solid strategic plan and targeted programs and publications aimed at reaching "newcomers" to liberty in high school and college. That means we need offices that will serve that growth and afford us maximum opportunities for more of it.

LMR: In this issue of the *LMR*, one of us (Murphy) presents a detailed and scathing review of Thomas Piketty's book *Capital in the Twenty-First Century*. Many libertarians have been surprised by the gushing reception the book received (it spent some time at literally the #1 spot on Amazon



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back in April), inasmuch as it is riddled with theoretical errors, misreadings of the empirical literature that destroy his argument, and completely inexcusable misstatements of policy history. Yet the progressive disdain for the market’s creation of disparities in wealth and income is apparently so great, that it trumps all other concerns. What do you make of this phenomenon, and how should the believer in individual liberty and property rights react? For example, should we tackle the progressive ideal of equality head-on, or should we try to win these people over by focusing on things that a classical liberal supports, like equality before the law?

LR: Piketty’s popularity so far has been among intellectual elites. I doubt that five percent of the population could tell you anything about his book or its thesis, though I have no doubt that many would be sympathetic. His message may

sound lofty and sophisticated but it is rooted in an age-old, flawed temperament—attitudes of bigotry toward those better off and envy of what they possess. A certain portion of any population will always find those attitudes appealing unless and until they realize that bigotry and envy lead only toward economic and spiritual destruction.

Certainly, we should all have a problem when people get rich because they use the power of government as a way to wealth. I hate cronyism, subsidy-seeking and politicking to get ahead. People who do that should be ashamed of themselves. That’s one of many reasons I’m for free markets because when markets are free and governments are small, there’s a lot less of that bad stuff. But political redistributionists like Piketty are guilty of bigotry toward the successful. He makes no distinction between the subsidized,

protected, and politically-connected rich and everybody else. When people make sweeping generalizations against a group of people because of their color, we call it racism. When the Pikettys of the world do the same thing against a group of people because of their bank accounts, it's supposed to be OK? Well it isn't. I choose not to dirty my hands by associating with such slimy motives.

As to the best way to respond to Piketty, it depends on the audience and the time you have to make your case. To some people, numbers make all the difference so for them I think you want to point out the many errors he makes by playing games with figures. To others, logic and context are more important so for them I think you want to emphasize his false assumptions, his spurious conclusions, and his serious omissions.

As you know, character means a lot to me. I'm not an end-justifies-the-means guy. If it's dishonest, irresponsible, or disrespectful of the rights and property of others, no batch of graphs and equations or lofty promises will make me say, "Then it's OK." I just don't see how much good can come from lousy motives like bigotry and envy. Seizing 80% of someone's earnings just because they've got it is never justified by how you propose to spend it once you've stolen it. What Piketty proposes is so ancient! It goes back to the first caveman who clubbed his neighbor because the neighbor bagged a bigger bird.

Even if I thought legalized theft against my better-off neighbor was a good idea, the last thing I want to do with the loot is give it to the politicians. In light of what they



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do with it these days, that's the part of Piketty's message that's truly primitive.

LMR: We know you generally like to steer clear of politics, but we can't resist: At this point, it is entirely possible that the usual libertarian stance of "there ain't a dime's worth of difference between the two parties" won't be very compelling in the 2016 election. Specifically, suppose the Republicans nominate somebody like Rand Paul, while the Democrats nominate somebody like Hillary Clinton. What should the lover of liberty do in a situation like this? Presumably the policies of a President Paul—even if he has to compromise in many ways to get elected and to push through his agenda—will be vastly preferable to a President Clinton. Yet on the other hand, if the economy crashes as many of us have been warning, do we really want that happening the moment a fiscal conservative takes office?

LR: I've heard that argument a lot over the last 40 years, namely, we shouldn't elect someone vastly better than the other guy because our side will get the blame when the other guy's bills come due. That's an argument for never electing anybody BUT the other guy. I think it holds water when there's good reason to believe that the choices are all bad, which I admit does happen most of the time. An old friend of mine used to say that switching from one party to the other was like "leaving a spoiled diaper on a baby and just changing the safety pin."

But with someone like a Rand Paul, you've got a potential candidate who—perhaps more than anyone since Grover Cleveland—has the right instincts and a deep appreciation for the values of liberty, individualism and minimal government. He's got a dad who, I'm quite confident, would help keep him on the straight-and-narrow. Rand is not in politics for the sake of it



as most of them are in Washington. He would be an articulate educator-president, meaning he would use every opportunity to educate and inspire the American people in the values that gave us America in the first place. The hour is late for the country, and I would be happy to take a chance on someone of the caliber of a Rand Paul. That's a personal view, not an official one from FEE because FEE takes no stand on politics or politicians. But you asked, and you received.

I also think, by the way, that it's a huge gamble betting on good things coming from disaster. Sometimes they do, sometimes they don't.

LMR: Speaking of President (Hillary) Clinton, you once remarked at a talk at Hillsdale College that Bill Clinton was the worst or one of the worst presidents in U.S. history. This surprised some of the students in the audience who

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were probably expecting you to say Woodrow Wilson or FDR, but you explained that it had to do with character. Can you elaborate?

LR: If I said Clinton was the worst, I reacted in haste or misspoke. For as long as I can remember, I’ve thought (and publicly stated) that Wilson was the worst (See <http://tinyurl.com/bnjh458>, for example). There’s no question in my mind that Wilson was the worst in policy and among the worst in personal character too. In the years since his presidency, Clinton—whom I never have rated very highly—has risen slightly on the policy side but remains near the bottom in personal character. The guy even bombed some people in Africa to improve his standing at home. He was sleazy, dishonest and pathologically untruthful. His lust for power and the limelight is insatiable.

LMR: As we mentioned in the first question, you are returning to speak at our Night of Clarity in Nashville this August. (Full details at www.NightOfClarity.com.) This year the theme is “Capitalism vs. Corporatism.” Can you give our readers a taste of your perspective on this distinction?

LR: I am really looking forward to the “Night of Clarity” in Nashville, where I’ll be talking about “The One Rockefeller It’s OK to Like.” It fits nicely into the theme.

For one semester, I was a political science major. I quickly came to realize that “if it’s politics, it ain’t science.” For the same reason, I despise the phrase, “crony capitalism.” If it’s cronyism, it ain’t capitalism. Maybe the phrase “crony socialism” never caught on because people innately understand that it’s redundant. Socialism, stripped of its silly, ivory tower theorizing, always reduces to cronyism. Unlike genuine capitalism, it comes down to who you know in government. In capitalism, you get ahead by serving the customer. In socialism, you get ahead by using your political connections to plunder him.

We simply must help people understand that 99% of the time, what they think they don’t like about capitalism is caused by or exacerbated by some form of government intervention.

