



WOODS: Let's dive right into this. We're using as a jumping off point for discussion an article that appeared by a previous guest on this program, Tyler Cowen over at George Mason University. And he has a piece over at his Marginal Revolution blog called "What Libertarianism Has Become and Will Become — State Capacity Libertarianism." And you had a ten-point response on Facebook, each point of which could be a separate discussion. But would you mind just starting off maybe giving an overview of what Cowen is arguing here? Like what's gone wrong, and where should we be going?

DEIST: This has started on New Year's Day. I had a couple little things to do in the office. I just came in, and someone had sent it to my attention. So really, this was just something I dashed off on Facebook very quickly as sort of a knee-jerk or reflexive reaction to Cowen's article. And I'm sure you'll post both his article and my response in the show notes so people can take a look at it, but it was something that I guess normally — I mean, obviously I know who he is. I know several of the professors at George Mason. I know that he also has gigs with *The Atlantic* and places like that. And I have a very different sort of perspective on, I guess, libertarianism than most people at George Mason, and that's fine, but nonetheless I probably would not have given him much thought if he didn't have a little jab at Ron Paul at the beginning, where he says, *Well, libertarianism is moribund. It's basically got two branches. One is this Ron Paulism, which is just a bunch of alt-right and worse, and then the other is the George Mason view, but that's not gaining many new adherents.* So that's how he starts off.

So that kind of thing just gets to me a little bit, because it's so dismissive, and I don't think Tyler Cowen is in a position to be dismissing Ron Paul. I just don't. And it's not about the relative name idea of the two men or comparing their careers something like that. It's just that Ron's a friend, and I defend my friends, and that's it. I mean, even if Ron was wrong, I'd defend him against someone like that because he's my friend. So that's first and foremost.

And so I sort of dashed this off as a response, and basically, the gist from my perspective of Tyler Cowen's piece is that, well, what libertarianism needs if it's going to actually hold any sway in the world is it needs what we call state capacity. It needs to be able to recognize that, while markets are very powerful, there are certain things for which we need government, and government needs to do those things, sort of these big-picture projects, whether that means in technology or whether that means in defending the rights of the downtrodden and minorities. And so he sort of goes on to consider all the great things that state capacity libertarianism might affect or might work out for us.

And so it's just kind of a homily of sorts to what we may call pragmatic libertarianism, what we might call the Niskanen Center style of libertarianism. "Liberalitarianism" is a term I've heard applied, where there's sort of a role for the state, but there's also a role for civil society and markets, but most importantly, it's all to sort of carry out this bureaucratic or technocratic vision of society where we can't really allow the rubes too much sway, because they might vote for the wrong person or they might not want the things that are best for them.

So it just has a hubris to it, and I don't like to see hubris from academics. If you're some guy who's out there and you started a company and made a billion dollars — even then you ought to be humble, but if you're not, you could say, *Hey, look at me, I'm a billionaire.* But

academics, I think being an intellectual ought to mean the process of jettisoning one's own hubris, that one ought to have a very inquisitive and open mind towards things that perhaps they don't fully understand. And so his little dismissive chop at Ron Paul was what engendered a response for me. And that's something, I think, if people go and take a look at the article and my response itself, will give them a sense of what I'm talking about.

WOODS: Well, when you look over this piece, I recognize a lot of people in it. It's things like: we are people who recognize that markets have their place, but there are some areas where, let's face it, the state does a very good job, like public health or infrastructure or science subsidies or nuclear power and space programs. We should stand up for those things. And we're not noninterventionist. We should have strong alliances with other relatively free nations. And so I mean, I know there are times when Tyler can be very free market in some things that he writes. But by the time you get through all the different exceptions that he's laying out in this piece, well, I don't know. What are you, a middle-of-the-road social democrat? Like, what's left at the end of this?

DEIST: Yeah, we've all heard the argument for public goods. That's hardly novel. We've all heard the argument for intervening in the Middle East. That's hardly novel. I mean, I think this thing, maybe it was something he dashed off as well, and maybe I'm overreacting in the idea that he's trying to sort of, at least superficially, come up with a manifesto for some sort of new doctrine. Maybe it's not that. But again — and I think Peter Klein responded to this, as well, the idea that for certain things like space and technology and science, we need the hand of government in the form of subsidies or direction. Okay, those arguments are pretty easily parried by libertarians. This isn't new stuff.

But what's apparent, though, here is that there is a weariness amongst people like Tyler Cowen and Paul Krugman with the world as it is, with the stubborn natural people out there. And that I particularly object to. I want to see a liberty that is for common people, that is for ordinary people, that is for the soccer mom, that is for the self-employed small businessperson, that is for the local minister. I really dislike snooty libertarianism, and that's what we're getting here, is this sort of technocratic mindset that certain people know best. And maybe they do, but I'm not so sure that it's our place to say.

Being a libertarian means we don't know. It means we don't know what's best for 320 million people in the US, much less 7 billion across the world. So that to me involves humility. It involves positioning liberty as, you know, a lot of human history and human experience is just muddling through. And the best way to muddle through is privately, where people are putting their own capital towards things, where they have skin in the game, where they have the right incentives, and not having government do things. I think those are two big lessons that we can accept as libertarians. And so when you say that we ought to be humble and that we ought to allow private solutions to work whenever possible, I'm getting the opposite from this piece by Tyler Cowen.

WOODS: I want to read a little something from what you wrote in response over on Facebook, and maybe if you'll let me reproduce it, I'll reproduce the text of this on the show notes page, TomWoods.com/1567. But you say:

"There is no political will or constituency for skillful technocratic state management of society. This is a pipe dream, once simply referred to as elusive 'good government.' When do public choicers of all people give this up?"

Of course, the public choice point of view, which we've talked about quite a number of times on this podcast, is very skeptical of state action because they say that state actors have particular incentives that are not the kind of incentives you would want them to have. I mean, they're not the incentives that private owners have, and they're incentives that are governed more by a desire for reelection and increase in their personal power than they are for really successfully solving problems.

And as Peter Klein points out about this piece, it seems to fall into the usual academic trap of policymakers can be irrational, except my friends. We can't allow the state to do A, B, and C, because of all the inherent problems with state activity, but since D, E, and F are really cool things, like space exploration, then we've just got to do it. It's like an ad hoc, make-it-up-as-you-go-along philosophy with no clear and obvious principles running through it. By what fixed principle can we say the state should intervene in providing space exploration and this and that, that's not just arbitrary? I mean, maybe you think space exploration is a good idea, but all right, maybe you privately fund that. How would you know how much space exploration there should be, or how many of people's private plans should be disrupted so that the resources can be diverted to, of all things, space exploration? How can you possibly know the answer to that? And so that's just a completely arbitrary value judgment, and he's acting like he's a technocrat who's just dispassionately looking at the evidence and drawing conclusions. No, he's making ethical judgments here about what's right and wrong.

DEIST: And of course, there's no such thing as policymakers. Donald Trump's found that out pretty quickly. Members of Congress find that out. It's all the permanent nonpolitical bureaucracy that never comes or goes, it just stays and grows. Those are the policymakers. They're not sitting there waiting for the next article in *The Atlantic* from Tyler Cowen. They're making sure that their union job is secure and that they're going to be at NASA for another ten years or whatever. I mean, that's the policy. There's no such thing as a policy maker.

WOODS: That's a good point. I hadn't quite thought of it like that. Can we talk about also a phenomenon that you described in your response to this piece that you call libertarian futurism? I mean, I guess I associate that initially in my mind with Virginia Postrel in *Reason* years ago. But what does that term mean, and how's Tyler Cowen advancing that idea?

DEIST: Well, it means that there are people in the libertarian sphere who think that there's a deterministic arc to history and that things are always getting better and freer and that liberty is breaking out all over. And of course, we know that that isn't true there. There are periods in human history where things have gone sideways, and there are periods in human history where things have gone backwards. So we all have to wake up every day, hopefully, and create a better world that's becoming more prosperous.

And look, much of the 20th century and certainly the last few decades have been very bright in terms of infant mortality, in terms of life expectancy, in terms of access to clean air and water, in terms of getting the poorest people on the globe out of desperate poverty. I mean, there are plenty of good sides, and I cheer all that. And I understand that those signs are the result of markets and not state action. As a matter of fact, all of those things occurred in spite of state action, to be frank, especially when it comes to aid to third-world countries. We all know what that does, and that's a separate subject.

But this idea that we know what's happening and that certain things are sort of set in motion and that they can't be stopped, I mean, Mises certainly warned about this. That is something that bothers me. There was a guy on the website Medium, where people post their own stuff, and I wish I could find him. If any of your viewers know, let me know, or listeners know, let me know. But his moniker on Medium was, Whatever a Futurist Is, I'm the Opposite [laughing]. So I really like that, because I don't like the idea of determinism in any form.

I don't like these silly notions of transhumanism or the singularity, or that there's going to be a post-scarcity world. I think all of this is nonsense. I think economics will always be economics. There will always be some form of scarcity. There will always, as a result, be some form of choice and opportunity cost as long as humans are alive. So anything that drips with fore knowledge of what's going to come in the next few decades sends up a red flag with me. Futurism as genre is not something I like. And look at the futurists of the '60s and '70s and how wrong they were about everything. If you like markets, and I'm sure your listeners do, then

those markets get up and assemble themselves and go where people want to go as a result of where they're inevitably destined to go.

WOODS: Let me read a couple of lines from the piece. He says, "Rapid increases in state capacity can be very dangerous (earlier Japan, Germany), but high levels of state capacity are not inherently tyrannical." And then he goes on to say, "A strong state is distinct from a very large or tyrannical state. A good strong state should see the maintenance and extension of capitalism as one of its primary duties, in many cases, its number-one duty."

And this kind of recalls, at least indirectly, a theme that came up earlier in this week about the libertarian centralists. They're going to bring about liberty through oversight of society through the courts or something. And likewise, here, we're going to have the state. The state is going to guarantee capitalism for us. But of course, I would say a pretty good, if not entirely, public choice response to that, wouldn't that be that the same state that can effectively, whatever, enforce capitalism — let's say enforce contracts or whatever other institutions need to be upheld for capitalism — can also turn against capitalism and loot it and bilk it? I mean, so is that just a risk we take, or why is that not mentioned? I mean, I don't even see that as a concern. It's like people who are concerned about that are just backward rubes not sophisticated enough to understand the value of the state.

DEIST: Right, and where do we find these bureaucratic experts who are not subject to the same self-interest and response to incentives? I mean, that's what public choice teaches us, is that this applies to the government sector as well as the private sector. So I don't fully understand why we imagine that what he's terming here state capacity libertarianism is going to be able to perform these muscular duties to which he's assigning it without regard to all the problems, all the political problems, all the dug-in bureaucratic problems. I mean, we are a country that has a ton of debt. We have the blue and red state problem where everyone's at each other's throats. We have the problem of entitlements and the so-called fiscal gap, which is maybe \$200 trillion between what we are likely to take in in taxes in the future and what we're going to owe to people in terms of entitlement promises.

So the American government and the American bureaucracy is sclerotic. It has a lot of built-in headwinds, and these things can't just be dispensed with easily so that we can fund some giant space center or whatever it might be. I mean, these things are embedded in the system, so it's a system that needs to be mostly done away with, in my view. It's not something that we can just turn and say all those old things we used to do — which were give everyone Social Security and Medicare and VA benefits and have all kinds of farm subsidies — we can't just flip a switch and change the priorities. So I don't know where the political will or the pragmatic element of any of this comes from. And that's fine. I don't care if this is a theoretical stab at how things ought to be. I think that's fine. But the problem is, of course, the same people who are this pie-in-the-sky are accusing ancaps of being just that.

WOODS: We could actually carry on further analyzing this, but I think I'm actually going to pivot here, because we are at the end of the week. And I want people to walk away with something — they walk away with a lot of theoretical stuff, a lot of empirical examples, some current events, but I also want them to walk away with a sense of "what can I be doing that would be helpful for what I believe in? And I think we have some ideas of things that are not helpful. And of course, there's no silver bullet: if you all do this thing, then we're going to have liberty. But I think people feel like, I have only so much time, I have only so many resources, I want to get the most bang for my buck in terms of what's going to go the farthest. Now, obviously supporting the Mises Institute is up there on the list, but what else can you tell people?

DEIST: Oh, my gosh, that's a tough question. That is so, so difficult. Ron used to get asked that question all the time in his congressional office and on the campaign trail, because there's just no one right answer. I mean, first and foremost, you have to take care of yourself and your own personal situation. That includes, of course, finances. For a lot of people, I

would say, for younger people, especially if you don't have kids or a particular set of attachments, I would look very strongly at getting a second passport. I mean, first, if you can, diversifying yourself politically is probably one of the most liberating things you could possibly do, because you're going to have an exit potentially for what I think it's going to be a very nasty sort of confluence of debt and problems with the dollar and political problems and maybe even cultural or sort of a cold civil war here in the United States. So I guess that would be first and foremost.

And now, don't just listen to people about what you need to do with respect to college. I mean, one thing that has changed is life expectancy. And absent some sort of real calamity, hopefully that's going to continue, and so we can expect many of us to live into our 90s or whatever, which means you're going to be working probably well into your 70s, and not retiring, let's say, in your 60s like your grandparents might have, and maybe retiring never. So as a result of that, I would counsel younger people: take your time getting through college. It's better to get through college at 30 with zero debt — and I know that sounds old — versus rushing through at 22 with a bunch of debt. And then some people compound that by, let's say, going to med school. And so they're eating up their whole 20s, and they're borrowing hundreds of thousands of dollars, and they get out of school at 28 or so. And then two years later, they discover that they don't like being a doctor.

I think we're entering an era where people don't work the same job their whole career. They certainly don't work at the same employer their whole career. The gig economy is probably growing, whether we like that or not. And so I think the ability to be nimble and to turn quickly is probably going to be valued in the future. So maybe knowing a little bit about a lot of things is going to be better than going all in on sort of one subject and devoting your whole life to, like, getting a PhD in economics and trying to find a tenure-track job somewhere, which is increasingly a unicorn. And that's what I call going "all in." So it's an interesting time, and there's fortunes to be made. There's little kids out there making millions of dollars on YouTube. I'm not saying that's easy. But it's like any crisis. There's opportunity if you want to find it, but boy, I'll tell you what: you can't count on government to be there for you, that's for sure.

WOODS: Can we close by just saying a brief word about a project that the Mises Institute is doing that features a fellow named Hunter Hastings and it has to do with entrepreneurship? Because that's something sort of practical too, that you don't have to be an academic. You don't have to commit yourself to getting a PhD. It's another path, and I'm just curious about that particular Mises Institute project.

DEIST: Yes, we have a project called E for E, which means Economics for Entrepreneurs, which is sort of a separate track. It's a project of the Mises Institute, but it's housed elsewhere. You can go to LinkedIn, for example, and look up Mises for Business or Economics for Entrepreneurs and find a lot of great content there. So the goal here is to take what is basically the big lessons or the big takeaways of Austrian economics and apply them to entrepreneurship. And as we've found over the years in talking to a lot of people and meeting a lot of people is that people were already sort of applying these things in their business lives, almost unknowingly, that they had absorbed these lessons, which are maybe conclusions that one can draw from studying Austrian economics as well. So if we dovetail the two things together, hopefully we might help create people who are more successful and more skillful at making decisions about their business lives or even their career within an employer's business.

So there are so many things which just seem obvious to us, which just seem intuitive, like the idea that consumers determine value rather than the labor theory of value or the idea that costs determine how much something should be priced. Well, that seems so obvious to us. No, of course, Apple builds an iPhone and they hope people will buy the next generation. And what it costs, it depends on how much consumers value it in supply and demand. It doesn't

matter how much the individual units of each iPhone cost, because that's just not how the world works. And that's a core insight of Austrian economics that is apparently not so obvious to most people, and we're still somehow, Tom, debating the labor theory of value or the cost version of value.

So Economics for Entrepreneurs is just a project where we can give people some tools, some learning, some knowledge, without any ideology, without any theory, and just sort of package it and say: look, here are some insights that are really going to help you, because there are plenty of people in business who are just not going to read economics. They don't have the time, or it's not their thing. So we have a lot of projects like that going, but this one in particular. And I know some of your listeners are entrepreneurial, I would suggest you go to LinkedIn and find the Mises for Business page and go from there.

WOODS: I guess there actually is one more thing. I remember you saying, maybe at the Supporters' Summit, about a master's program through the Mises Institute in economics. What can you tell us about that?

DEIST: Well, that's a big project. It's really the culmination of years of action and thought by a lot of different people. I mean, if you go way back to decades ago, Ludwig von Mises had a benefactor in Chicago named Frederick Nymeyer, who was trying to create what they were going to call a Liberal Institute at the University of Chicago. And they were going to have some financial backers and create what we basically a school of civilization, not just economics, but liberalism broadly. And for a variety of reasons, that didn't happen. Mises hoped that a graduate program might be created at Grove City. For various reasons, that has not materialized. He also hoped that FEE back in the day, the Foundation for Economic Education, might create a graduate program.

But really from our very start in the 1980s, with Murray Rothbard as the Academic Vice President, we've always wanted the Mises Institute to be a school of sorts, an alternative school. And it has been that for people for many, many decades now. They've consumed material and educated themselves, not in traditional ways with 15-week semesters and tuition and books and all that stuff, but in nontraditional ways by consuming our articles or videos, etc. But we've always identified a hole out there in academia for a real master's degree and a real master's program in Austrian economics. As Mises said, there's all kinds of places where you can learn the so-called mainstream, where you can learn the rest, but there are not too many places where you can learn real, pure Austrian economics.

So we have created a program that's going to begin in the fall of 2020, which is going to be very, very inexpensive, which is going to be mostly online, self-guided, and it is going to involve the granting of a master's degree for some people who have an undergraduate degree, but a master's certificate for people who don't. It's going to be a year or two's worth of work, depending on whether one goes full time or part time. There's going to be some sort of introductory prerequisite material that you might think of as comprising about a third of the program. There's going to be some really core intermediate material, again, at a graduate or master's level of all kinds of really core Austrian economics, things like the history of economic thought, money and banking, capital interest structure production, business cycles, all the things you might imagine that will form really the upper-level core of this master's program. And then the final third, if you think of this as maybe three 10-hour chunks of a 30-hour master's program, the final third is going to be research and creating a paper just like you might in a master's program anywhere else.

So we're going to have a faculty, which of course will consist of Joe Salerno and Mark Thornton, but also other outside advisors, so you'll have a committee of sorts. Patrick Newman, who has been Rothbard's editor on the *Conceived in Liberty* and *The Progressive Era*, is going to be heavily involved as an instructor, and we are going to begin taking a small amount of students in fall of 2020 and issuing them a master's in Austrian economics. So we're

excited about it, and it's going to be something that we hope people who are thinking about putting a lot of time and big money into other programs will consider ours.

WOODS: Well, that is fantastic. I had no idea this was going on, and when I found out about it, I remember I just thought back to years earlier people talking about this, and I just didn't know how it would work and what kind of accreditation is necessary. It just sounded like a nightmare and an awful lot of work to put together, but I'm glad to hear that it is ongoing.

And I've really enjoyed our entire week. I think we've hit a huge array of topics. A lot of people have gotten to know you well. And if you like what you hear, and even if you don't, you should support the Mises Institute, which is really my favorite place in the world physically to be. I thoroughly enjoy being there with all the good folks. I feel very strongly about the Mises Institute, which more than anything else, has helped to shape me into who I am. Now, whether that's bragging rights for you or a matter of shame, that's another matter, but I am very deeply indebted to the Mises Institute. So Jeff, thanks for your ongoing good work and for your tremendous contribution by being on five episodes in a row of *The Tom Woods Show*.

DEIST: Well, I enjoyed it. Thank you so much, Tom.