



Episode 1,799: John Mackey on Elevating Humanity Through Business

Guest: John Mackey

WOODS: I've wanted to have you on forever, and I only recently got up the guts to – I felt like I was in high school asking our mutual friend, "Could you approach him and see if this would work out?" So good old Gene Epstein, that guy, he'll do anything for you. So I'm really, really glad to have you on.

So we're talking about this book *Conscious Leadership*. And I've read your book *Conscious Capitalism*, and you make mention of it a couple of times in the introduction of this book. What's the connection between the two, and what is conscious capitalism?

MACKEY: Well, Conscious Capitalism, it's a book, it's an organization, it's a movement, which we now have, gosh, I don't know how many cities in the United States have chapters. And increasingly, we've got, I don't know, a couple dozen chapters around the world. And basically, conscious capitalism is capitalism, so it's not socialism. It's capitalism, but just done in a more conscious way. And what we mean by that is, first, there are four pillars that conscious capitalism is based upon. The first pillar is every business has the potential to understand itself in terms of a higher purpose that includes, but is not limited to, just maximizing profits. Secondly, that all the stakeholders in your organization matter, and all need to be paid attention to. Number three, we need conscious leadership, and conscious leadership is – well, we have a book that defines it in detail. But basically, conscious leaders are those who are leading their businesses from a sense of higher purpose, a sense that all stakeholders matter. They tend to try to lead with integrity, purpose, love, so they're more servant leaders. And the fourth pillar is conscious culture, and conscious culture is creating the type of working environment where people flourish, where they enjoy their work, and they work there for a long, long time.

And we wrote *Conscious Leadership* as a follow-up sequel to *Conscious Capitalism*, because *Conscious Capitalism* was published in 2013. And since that time, we had two chapters in *Conscious Capitalism* on conscious leadership, but the questions I get asked the most over the years was: how do we operationalize these ideas into actual, operating businesses? And I realized that what we'd written on conscious leadership just didn't go far enough or deep enough. And so *Conscious Leadership* is an attempt to basically expand the ideas we began in *Conscious Capitalism* about conscious leadership.

WOODS: I want to mention something I said to you over email? Who was it? Mark Skousen sent me the video of you talking to Kevin O'Leary at one point, I think possibly at Freedom Fest.

MACKEY: Yeah, we're having a debate.

WOODS: Yeah. And O'Leary is known for being on *Shark Tank*. And he's known for his abrasiveness and for really focusing more or less exclusively on the bottom line, not that he's necessarily opposed to charitable work, but he keeps the two things fairly separate. And there were times in that conversation the two of you were having, where it sounded like it would be very, very difficult and demanding to work for him. And you were just not persuaded by his style. And yet, there's a part of me, and I think a lot of people who may wonder, doesn't a guy like that tend to win over the nice guy, though?

MACKEY: Yeah, we kind of address that a little bit in *Conscious Leadership*, because there's one of the things that limits leadership and limits business potential, in my opinion, is the binary polarity that we create, unnecessary polarity that we create in business that sees itself as hyper competitive. We actually in *Conscious Leadership*, we talk about *Shark Tank* in particular as a metaphor, because business is usually portrayed as hyper competitive.

And the metaphors that we use to think about business, think about it. We've got war metaphors. "We have to conquer or kill the enemy," the competitor. "Let's retreat to the war room and work out our strategy" or "our campaign." "We've got to motivate the troops." We use a ton of war metaphors in business. We also use Darwinian metaphors. "It's survival of the fittest." "It's a jungle out there." "Only the paranoid survive." Or there are sports metaphors that are focused on "winning isn't everything, it's the only thing." "Nice guys finish last," which is what you just sort of referred to. And so there's this hyper competitive metaphor that we use to think about business.

Now, competition is certainly part of business. But it's not the essence of business, the essence of business is creating value for other people. The essence of business creates value primarily for customers. And then in order to create value for customers, you have to create value for the employees, who are voluntarily exchanging with the business, or you won't be able to keep them or won't keep the good ones. You have to create value for customers by working with suppliers in a number of ways. If you're a food retailer like Whole Foods, to get our fresh produce, our meat, and seafood, we don't have farms/ We're having to work with farmers. Thousands, tens of thousands of different suppliers, actually go into supplying our stores. And then we're parts of communities, and you have to go along to get along. And you have to follow the laws and the communities that you're in, and to generally be a good neighbor or a good citizen. That's just good business. So all of those are connected together for value creation.

And competition has sort of been sensationalized. And *Shark Tank* is another metaphor for hyper competition. Who in their right mind would climb into a tank full of hungry sharks? Only a fool would do such a thing. So O'Leary, I think part of it's just branding on his part, as part of his shtick, I think. I don't know Kevin. I thought he was a pretty nice guy when I met him at Freedom Fest. And certainly, he was gracious, and we chatted because we're both business guys, so we had a mutually good conversation.

So chances are good all these people that Kevin invests in, he's not nearly the sort of asshole that he portrays himself to be, or else people wouldn't want to exchange with him, right? They wouldn't want to take his money if he's going to be calling them up frequently at three o'clock in the morning, because he had an idea and expects them to answer the phone. He actually said that when we were on the call. And I can tell you, having built a very large company now, I would never call up any of my executives at three o'clock in the morning, because I want them to rest so they'll be good to go for the next day. Whatever it is, there's

seldom an emergency that needs to be dealt with at three in the morning. I might send them an email or text they'll see the first thing in the morning.

So this hyper competition misleads the world into what business is. It's not this cutthroat, kill-or-be-killed mentality. It's about creating value for other people. And because business is misrepresented, it's also disliked for that reason. It's seen as this sort of awful place. Commerce and business has always been disdained by the intellectuals throughout all history. Deidre McCloskey really draws this out well in her three books on the bourgeoisie dignities and the bourgeoisie virtues, etc. So do you remember Chainsaw Al Dunlap?

WOODS: No, but I wish I did.

MACKEY: Okay, well, Chainsaw Al was famous back in the '90s, I think, where he would be hired as a CEO. And he's called Chainsaw Al, because he'd basically cut everybody, fire everybody, and he would just cut everybody, cut all the expenses. And he was seen as this very successful manager, until he wasn't seen as this successful manager anymore, because it blew up on him. So if you read about Chainsaw Al, that being an asshole, it can pay off from time to time, but as a way of leading all the time, it's probably not going to produce the greatest amount of value in the long run, because people will think you're a jerk and they're not going to want to work for you if you don't have any care or you're not able to lead people and through purpose and through love. So *Conscious Leadership* is putting forth a different vision.

WOODS: Well, one of the nice things about you and about this book, is that you don't just flap your gums about stuff like this, but then live the opposite of the principles that you're teaching. And a lot of what you're talking about is manifested in Whole Foods and some of the decisions you've made with Whole Foods. So how would you describe how the way Whole Foods has operated over the years has reflected the kind of conscious leadership you're talking about in the book?

MACKEY: Well, I think that's, of course, what I've mostly drawn upon in writing both *Conscious Capitalism* and *Conscious Leadership*. I'll tell you a story for how we got started on *Conscious Capitalism*. So I don't have a background in business. In the universities, I never graduated from UT or Trinity in San Antonio. I've got like 120 hours of electives. I just took courses I was interested in. I took complete control of my own education, and I audited plenty of classes. And it's kind of a long story, but I more or less just study what I wanted to study. And I so I didn't do the degree, but I was paying my own way, and it was easy to live inexpensively back in the early, middle 1970s when I was going to school. And so I never took any business classes.

And so when I got going in business, I had no idea what I was doing. I began to read tons of books, tons of business books, and I probably quickly got an education, plus I was making a lot of mistakes and learning from them. And my father had been an accounting professor at Rice University, and then he'd gone into business, and he mentored me in the early days at Whole Foods, or I'm sure pretty sure I would have wrecked the company. And so the story is that we just sort of made it up as we went along with Whole Foods. We wanted to create a company that was idealistic. It was going to make money, but it was going to be a good place to work, and it'd sell healthy food to people. So we were started by very idealistic people, me being probably the most idealistic of all.

And so we didn't know how we were supposed to do it. We didn't copy anybody else, really, except for the advice I got from my dad. And we reinvented the wheel countless times. Things that people had discovered about business, you know, business 101, we were a little bit late to the game. But what also happened was we were free to innovate, and we created new ways of doing things, new ways of organizing. And we created a culture where people really flourished.

And so for the longest time, I thought Whole Foods was just this – even after we were a public company – I thought we were this weird company and nobody else was like us. And then I read this book called *Firms of Endearment* by Raj Sisodia, who I ended up becoming very close friends with, and he was coauthor of *Conscious Capitalism* with me. In *Firms of Endearment*, Raj had identified 30 companies that were sort of universally loved by all of their stakeholders. And guess what: Whole Foods was one of those 30.

And so I contacted Raj and his coauthor, David Wolfe, met up with him. And Raj is a professor at Babson University in Boston now, that's what he's doing now. And we decided to go ahead and create this conscious capitalism movement. And what ended up happening is I found out I wasn't alone, and Whole Foods wasn't a one-off. There were lots of other companies that had some very similar philosophies to us. And hence, the start of the conscious capitalism movement was to network those companies together, meet up regularly so we could exchange ideas, and spread the word that this is actually a really effective way to do business. You're not a fool or a sucker for doing it this way. It's actually the best strategy for long-term success.

WOODS: Well, as a matter of fact, in part three of your book, you spend a little time talking about the internal culture of a company. And we've all heard horror stories about places that are deeply toxic as workplaces. But as you say, of course, there are examples of the other way. What does a healthy internal company culture look like, and how do you foster it?

MACKEY: Great question. So I'll use a metaphor to explain it a little bit, and then I'll get into some details. So let's take a garden as the metaphor. So what will happen if you don't do anything with a garden is you're going to get a lot of weeds, a lot of toxic weeds, which will strangle whatever kind of fruits and vegetables you might be trying to grow in your garden. So you have to weed the garden. You have to weed the garden, and you have to nurture the plants that you wish to grow. It's the same way with a business. You're going to have toxic elements in it. You need to weed them. You need to get them out. And you need to continue to fertilize and water the healthy plants, so they will grow stronger and spread.

So the first idea here is that the CEO or the founder of the leadership has to pay attention to the culture or you won't get a good culture. It won't be automatic, and a lot of a lot of weeds will grow in the garden. So it starts, in my opinion, healthy culture, is to have a higher purpose. As I always say when I'm arguing with somebody who believes – usually not somebody who's doing a business, by the way, but an intellectual. Many of these are in the libertarian movement, of which I self-identify, is that the only purpose of business is to maximize profits.

But imagine, Tom, that you're starting a business and it's orientation for new employees. And you're sitting in front of them, and you say, "So glad you decided to join Whole Foods Market. While you're here, your job is to maximize profits for our parent company, Amazon. Are there any questions?" That is not nearly going to be as motivating or as exciting to people as, "Hey,

welcome to Whole Foods Market. Our purpose is to nourish people and the planet. And we have set up our entire business model and our whole strategy to do exactly that."

And then we go into details of what it means to nourish, because there's not just food; there's psychic, emotional nourishment as well. People means not just our customers, but our employees and all different stakeholders that we interact with. And the planet is partly to say it's environmental integrity, but it also relates to the ways that we are trading – Whole Foods trades around the world. So how we nurture those relationships and that responsibility we take for our supply chain represents that, as well as what we've done with our Whole Planet Foundation, which is making microcredit loans around the world and has had a huge impact in helping lessening poverty for literally millions of people now. So that is all very inspiring. So it starts with your higher purpose.

And then it's about the core values, the way that you will manage the business. And Whole Foods' core values are that we want to sell the highest-quality natural and organic foods available. That's the first core value. And we want to satisfy and delight our customers, our second core value. We want to foster growth and happiness with our team members so that they can be fulfilled in their work. That we want to have integrity in relationship with all of our supplier partners. We see them as partners. That we want to be good citizens in our communities, and we want to minimize any kind of environmental damage that we might be doing, take responsibility for our impacts. Those are our core values, and we teach those things.

And then finally, we have our leadership principles. Basically, the way we do things at Whole Foods, that's too long of a list for me to go over right now. There are 17 leadership principles that we manage the company by. We actually have a program at Whole Foods we call Cultural Champions where people can get certified, as they go through our purpose, our core values, and our leadership principles, because we want to inculcate the culture as deeply as we can into people.

And I mean, one of the things that Amazon was most astounded about Whole Foods when the merger first happened was how long people worked for our company. We have so many people that have worked for Whole Foods for 20, 30, even 40 years. I've been doing the company for over 42 years now, and I've still got people working with me that were almost at the very beginning. Because if you give people the two things they most want in life, in my opinion, which is purpose and love, you're going to create tremendous loyalty. You're going to create a sense of community, a sense of family. People want to be cared about, and if you give them that and also give them something that the work that they're doing is actually making a difference, making the world a little bit better place, helping other people, you're going to deeply fulfill people. So I'd say those are the elements of a healthy culture.

WOODS: I want to ask you something that I didn't actually – I don't know how I didn't know this about you until reading this book, but you have several pages where you talk about animal rights activists protesting Whole Foods, and then some, let's say, examination of your own conscience in connection with that, which led you to become an ethical vegan and to make some different decisions about Whole Foods and suppliers and things of that sort. Can you talk about that? Because again, that's the sort of thing that makes me worry that somebody who does what he thinks is the right thing is going to wind up putting himself at a competitive disadvantage, because now he's got to source for more expensive suppliers. Can you walk us through that?

MACKEY: In a case like Whole Foods Market, first I'll just answer that final statement, is you could put yourself in a competitive disadvantage if the only thing that matters is price, but Whole Foods markets to a more conscious customer who values our supply chain integrity. So Whole Foods Market, because we focus on seafood sustainability, because we focus on animal welfare, we have selected for customers where that's most important. Now, we're still going to always be criticized for being a little bit more expensive, and some people will choose not to shop with the company for that reason. But hey, Tom, we're doing \$20 billion a year in sales now, so there's a reasonably big market of people that want to eat this way, let me put it that way, that make these choices themselves. So the story of how that all came about, is that what you're interested in?

WOODS: Yeah. So this was back — let's see now. This was back in 2003, 17 years ago, and we were having our annual shareholders meeting in Santa Monica, California, because we rotated where we'd have our annual meeting. When we were public, we didn't just have them in Austin. So we were being picketed by two animal rights groups. One was PETA, the other one was Viva, Viva USA. And they were upset because they were arguing we were selling duck meat that they felt was coming from a factory farm, and they didn't want us to do it. So they were protesting it.

Now, initially, I was not very happy about this, because we had a shareholder meeting. We wanted to talk to our shareholders, and they were obviously there to disrupt the shareholders meeting, create publicity, and to try to get a platform from themselves, and I didn't think it was appropriate. So I definitely argued with them, because I thought, hey, why are you picking on Whole Foods, because we already are doing more than anybody else in this category. Now, it turned out that we weren't doing nearly enough, but we were certainly we're probably doing more than anybody else was. Later on, I asked, why did you attack us? And they said, because we thought you would listen. Nobody else will.

WOODS: Wow.

MACKEY: So I ended up in a dialogue with this little Latina woman, very passionate, powerful woman named Lauren Ornelas. And we argued that day, and then we swapped emails, and we continued the debate online for a month or so. And then she sent me an email, and she said, you know, Mr. Mackey, you seem to be a pretty idealistic man, but when it comes to what's happening to animals that you're selling in your store, you seem to be sort of willfully blind about it. I don't think you really want to know what's going on. You're believing what your team is telling you. I'm telling you that they're wrong. You owe it to yourself, you owe it to your customers, you owe it to the animals to look deeper into this issue.

So I took that challenge on in the summer of 2003. I read about a dozen books on livestock practices in the United States. And by the end of the summer, I was shaking my head because she'd been absolutely right. I'd been wrong. My team was wrong. And I decided that at that point, I decided I personally was going to not eat animal foods anymore. That was an individual personal decision. And I was going to do all I could for Whole Foods to — obviously, Whole Foods cannot become a vegan company or we would go out of business, but we could do what we could do to make higher animal welfare standards. And that's what we created.

I remember talking to Lauren after the summer, I called her up and told her what was going on and asked her for her help. So we began to hold meetings that had animal rights activists, combined with animal scientists, combined with farmers and ranchers, combined with Whole

Foods Market team leadership, and we were going to collectively work on standards that would rate animal welfare. And that's what we developed, was a five-step process rating the welfare standards of animals.

And those were some pretty interesting meetings, Tom, I can tell you, because initially, those first meetings, you had these animal rights activist, and you had farmers and ranchers who were deeply threatened. They thought these people were going to dare to put them out of business, to wreck their business. And there was a mutual discovery process that occurred, because the farmers and ranchers realized that these people didn't want to put them out of business. They just wanted them to behave more caringly and ethically to their animals. And the animal rights people realized that these farmers didn't hate the animals. They were kind of stuck between having to meet the competitive market prices they found. It was not that they wanted to abuse the animals. That's just what practices were.

What Whole Foods realized was we could raise this animal welfare standards here if we had a big enough customer base who'd be willing to pay a little bit more for higher welfare standards. But we'd have to do a lot of job marketing it, communicating it, and helping brand the farmers and ranchers who sort of were willing to upgrade their welfare practices. That's exactly what we did. And now 17 years later, we've created a whole network. A lot of the producers that we were working with – for example, that duck producer we ended up stopped doing business with, because they were unable or unwilling to change.

But we have other producers who were willing to change, and we saw lots of new entrepreneurs come in who wanted to do it a different and better way. And we loaned them money, we supported them, we nurtured them. Another example of nurturing people on the planet. That's our higher purpose. We nurtured them and helped them, and now we have literally hundreds and hundreds of animal food producers that are producing at higher standards of welfare. That was all made possible ultimately by that fight that I had with Lauren Ornelas and the protesters back in April of 2003.

WOODS: I really think that's a tremendous story. That was very interesting to me. I want to be fair to you with your time, so I'm going to ask just one more thing. We hear statistics from time to time about X percent of businesses fail after three years. And it's some grim statistic. Now, there's no way to break this number down, but I'm just asking you to use your instincts here. Obviously, some of those businesses fail because maybe they didn't understand their market, maybe their market wasn't big enough to support another firm. There are a lot of reasons on that side of things. But you've just written a book on leadership. I don't know what percentage of these businesses fail because of poor leadership, but it must be some of them. What do you think are the biggest mistakes on the leadership side that are being made that account for these failures?

MACKEY: Well, I told the story about how when I started up my first business, which by the way was called *Safer Way*. And my girlfriend and I started it up. I was 24 and she was 20, and neither one of us had any business experience. We should have been one of those statistics that failed. And I think the only reason we didn't was that I had my dad, and he was such a good mentor and helped me make good decisions, saved me from making bad decisions. And also, I'm just a very rapid learner. I did learn from a few mistakes that I made, and I just read so much. So otherwise, I think *Safer Way* would have become one of those failed statistics. We had \$45,000 in capital when we started out, we lost \$23,000 of it in the first year, even

though Renee and I were basically working for \$200 a month each and living in the store, living on the third floor of the store.

WOODS: Oh, wow.

MACKEY: Yeah, so I think most people fail because they're incompetent and they don't have enough working capital. We're seeing that play out in this pandemic, Tom, because a lot of restaurants are failing, a lot of small businesses are failing. They just don't have the working capital that they needed to sustain a protracted shutdown. And the bigger corporations are surviving, not flourishing necessarily, but surviving, because they have the working capital to sustain the shutdown for a longer period of time. So working capital is very important in any startup business.

And obviously lots of restaurants fail every year, not just in a pandemic. Lots of bars fail. Things to get trendy. I've had friends that had restaurants that were successful for years, and then unexpectedly, they just fell out of favor, right? And people just stopped going there for six months, maybe. And they didn't have the working capital to survive it, so they had to shut down. I think that's more common than we realize.

WOODS: Well, I'm sure you realize this, but this book, *Conscious Leadership*, along with *Conscious Capitalism* are very helpful antidotes for those people out there for whom capitalism is a dirty word, or who have a caricature view of what capitalism is. They think it's a guy with a monocle, carrying a sack of money with a dollar sign on it, who thinks only about profit all the time. And then you come along, and you're as capitalist as can be, and you just blow people's minds with some of these ideas. I would tend to think that makes you maybe a more effective communicator, more able to reach people, than maybe, well, some of the ideologues around here, maybe my myself included [laughing].

MACKEY: I think that the people that I'm really talking to, that are receptive to this message are just business people in general. Because business people, they're getting so battered. I mean, the statistics are phenomenal. When I do my conscious capitalism speech, I bring up these statistics. I talk about all the incredible things capitalism has done the last 200 years in terms of increasing prosperity, ending poverty, increasing the lifespan, ending illiteracy, childhood nutrition. There's just so many things that capitalism has done to make the world a better place in the last 200 years that people don't know about, because most people are historically sort of illiterate. They don't they don't know their history. They don't read about it.

And yet, despite all the great things business has done, it has a very low approval ratings across the society. I mean, most people think big business is evil. Most people think – I mean, not just a few people. I mean, like 86% of Americans think big business is not good. It has too much influence on government, that it makes too much money. They think most CEOs are not trustworthy, that they sort of always lie. Millennials now, a majority of millennials prefer socialism to capitalism. It's astounding to me. So there's lots of reasons why that's true, primarily because the intellectuals have always disdained commerce throughout all history actually, and they certainly hate capitalism, and they are the ones that are teaching in our universities and that's the message they deliver consistently.

So business people are tired of being told they're the villains in the tale. And I tell them: you're not the villains, you're the heroes. You're the ones that are creating the most value in

the world. Business creates far more value than all the nonprofits and all the governments combined, exponentially. In fact, all the nonprofits and all the governments are ultimately dependent upon business, because business is what produces wealth and that's what can be taxed away or given away with business as the engine. So it's highly contradictory to see business as something that is bad, when everything else is dependent on business producing wealth and prosperity.

So we're in a difficult time in America right now, because a fairly large percentage of the people think profits are bad, that big business is evil. So *Conscious Capitalism, Conscious Leadership* is getting people to think a) they're not bad people, that they're the heroes of the story, and secondly, capitalism is good, but we can make it better and we can tell a different narrative about it. You're never going to persuade people that maximizing profits – we put ourselves in a hole when we're trying to communicate with the larger world when we say the purpose of business is to maximize profits.

It's like my friend Ed Freeman says. He uses a good metaphor that I use as well. It's like, look, my body has to produce red blood cells, or I'm going to die. If I stop producing red blood cells, I won't be on this planet very long. It doesn't follow just because I have to produce red blood cells, that that's the purpose of my life, to maximize red blood cell production. Similarly, business has to make money. If it doesn't make profits, it's going to die. Profits are absolutely essential to business, because it's the foundation for everything else. But that's not necessarily the purpose of business, to maximize profits, it's necessary.

But again, business's real purpose is to create value for other people, for all the stakeholders, I would argue, but at the very least, its purpose is to create value for customers. Profits come as a result of doing that. You were talking about lots of businesses failing. They fail because they don't produce enough value for their customers. If they did, the customers would reciprocate by voluntarily exchanging with the business, and the business would flourish and make money. So it's putting the cart before the horse. The cart is the profits. They're necessary. They're important. That's not really why business exists primarily, although we need the profits, because that's how prosperity is created and that's how we grow and that's how the world makes progress.

They're all important, and profits are important. And it's just that's a bad communication strategy, a bad marketing strategy, in my opinion. We should be marketing the fact that business creates value for customers and all of its stakeholders. And profits are good and necessary, but they're not the primary reason business exists.

WOODS: Lately, I've been giving an example like this about the value of the division of labor and of business. And I'll leave it here. I take the example of a toaster. I can probably buy a toaster at Walmart for \$10. But if I were to try to make a toaster from scratch and source everything and fly all over the place to gather the parts and then figure out how it goes together, the cost, the time, the knowledge I would need would be astronomical. It probably cost thousands of dollars. Yet I can go down to Walmart and get it for 10, which means we'll be zero compared to what it would cost me normally. And that's the same thing with Whole Foods. Where would I even begin? For most of the food I eat, where would I even begin with it? It would take me forever. I wouldn't know where to where to go. I wouldn't know what to do. I would have to grow it.

MACKEY: You'd have to grow it yourself, Tom. You'd have to do what you used to do for thousands of years.

WOODS: Yeah. And instead of doing that, I can save all that time. And again, practically compared to what it would have cost me in terms of time and effort and research and learning, it costs me practically nothing. That's the value that I'm getting. Somebody else's work is making my life easier. Why I would complain about that is beyond me. That's another matter, the psychology of all this.

MACKEY: I think it's a great example, that people take for granted our prosperity, because again, they're historically ignorant. They don't understand how hard it was for the world to get to where it is today. And they're dissatisfied with it, but it's because they don't know what the world was like 200 years ago or 300 years ago or 500 years ago or 10,000 years ago. There's a tendency to romanticize the past and not see the problems that existed and not to see how squalid and hard it was to even stay alive and how it was rare to become old. People just don't understand that. They take it for granted.

And not only could you not make a toaster in a cost effective way; you know of course the famous Leonard Read, "I, Pencil," by Leonard Read. We can't even make a pencil, and that's just a few pennies. Nobody has the knowledge to make a pencil. It would be extremely difficult to do.

The division of labor and voluntary cooperation for mutual gain, people don't understand that about business and it's not taught. I actually think one of the most important things we could teach in school is – well, we don't teach personal finance, really, for most people either, and that's a travesty. But we don't teach the basic ways of cooperation in our society through voluntary exchange. We don't teach what business really is. We just condemn it as somehow or another greedy and selfish and exploitative. And I think far too often, business people and particularly libertarians oftentimes say: you're right, it is all about greed, and is all about selfishness, and those things are good. That is a very tough sell to the average person. It's far better to talk about value creation that we're doing for other people, and that's the foundation of business and capitalism. We're creating value for other people and through voluntary exchange, because nobody has to trade with anybody else. They do so for their own gain.

WOODS: Well, that is it. That is the message of your work, which I'm deeply grateful for, and this book, which I urge people to read, *Conscious Leadership: Elevating Humanity Through Business*. I'm linking to it on the show notes page, TomWoods.com/1799. John Mackey, thanks so much for your time today. I'm delighted to talk to you.

MACKEY: Thanks, Tom.