



## Episode 950: Case Study: How the Market Better Provides a State Service

Guest: Justin Nguyen

**WOODS:** Let's talk about your project, and first let's set the stage for it. You are in effect – you're suggesting that libertarians have done really well in theorizing about how different things might work in a free society, but maybe it's time, in addition to the theorizing, to actually get out there and do something, to actually show people how a viable, non-state approach to certain problems might be accomplished. So I think I'm correctly describing the theoretical motivation here. And you've also cited the great example of the heroic Lysander Spooner as an inspiration for what you're doing, so let's start there. We know about Spooner and some of his writings, but what is it that he did in his life practically, a particular example, that involved competition with the state?

**NGUYEN:** Sure, so the way that I see libertarianism going forward, we have a big problem with imagination. A lot of people who aren't libertarians have trouble envisioning a world where the state doesn't provide the solutions that we say that it doesn't have to. And the one big thing that Lysander Spooner was he competed directly with the post office. He had his own company called the American Letter Mail Service, and they eventually litigated him out of business, but what he did was he sent mail in big cities up and down the Eastern Coast and basically outcompeted the U.S. Post Office. So that's kind of the direction that we want to take it.

What we're doing is we are looking at waste management. There's a lot of work to be done in waste management. What is happening right now is we have municipal services, and they pick up your waste. There is some plastic recycling, as everybody knows. You've got your blue bins. But with all your other garbage, especially food waste from restaurants, from hotels, from homes, what people are doing right now is the waste management company comes in and picks it up, and it sends it to landfills. And that is open and shut. People generally know that.

I think what people don't really understand is that there's so much research being done right now about different ways that we can do that. So we know from the work that's been done that waste is really just an economic calculation. And we have the saying, "One man's trash is another man's treasure." So we're kind of putting that into action, and we're taking food waste, specifically, and changing it into animal food. Because what you can do is there's this fly called the black soldier fly, and it eats food waste. Everything that we eat, it eats. They love fruits and vegetables. They can eat meats, breads, cheeses, coffee grinds, all sorts of stuff like that. And so they eat all this food and then they go to pupate, and you can collect them at that phase. They're very

high in protein, so you collect them and you can change them into a protein base for animal food. So that's kind of the direction that we're going, and we want to show that, okay, the municipal service has relegated this as waste, but we don't see it like that. We see the food waste as our actual raw materials.

**WOODS:** Okay, so now the question is – and maybe you can't really know this until you've tried it out, but can you make this self-sustaining and profitable?

**NGUYEN:** Yes. Yes, we can, because there's so much food waste out there. And a lot of people don't know this. So all animals eat protein. Like anything that we would eat – like chickens or swine or ducks or any kind of meat, a lot of aquaculture, shrimp – they all have a protein base. And usually what people use when they're making their animal food is fish meal for protein. And so what we will do is we'll take this protein base and make our own animal food. And that's where the profit comes in, because our overhead is so low. There's no electricity costs; there's no any kind of breakthrough technology that you have to have a major investment in. It's very simple but very effective.

So because there's such a low overhead and a lot of restaurants, they're willing to go green in that kind of – you know, it's the chic culture. Everybody wants to go green, but they don't want it to cost them anything. So we've talked with a lot of different hotels and a lot of different restaurants that are very willing. As long as we pick it up, they'll give it to us for free, because they're paying for a service already. And so we get that for free, and then it's very cheap to convert it into animal food. So yeah, it can really be a self-sustaining model. It's very, very hopeful.

**WOODS:** Okay, so tell me then about the crowdfunding aspect of this.

**NGUYEN:** Okay, so what we're doing is we're crowdfunding it. So first and foremost, we're Christian, and we're secondly family, and we're third libertarian. And what we want to do is kind of show libertarians that there is a next step, that there is something more that we can do. Mises said that we're fighting the intellectual battle, and I think the second front to that is – based off the intellectual battle – is the political battle, and we have heroes like Ron Paul and Rand Paul and other people that are really fighting to curb state power. But there's a third battle that we can do, and that's the market battle.

And the reason that we're crowdfunding this is that we want to get people involved. We want people to be able to see, Oh yeah, I'm a libertarian and – You know, people always ask me, What do you do that is effective? There's a lot of talk. And a lot of the talk is really good with withdrawing our consent and anti-state this and all these different kinds of things, which I totally support. I'm as Rothbardian as they come, you know. But somebody was challenging me and they said, What is your meaningful, effective change? What have you actually done? And that kind of stuck with me for a while and has been one of the driving forces to this, and I think that other people are having that problem too. It's great to read these books, and we need that. If we didn't have that kind of foundation, I wouldn't be having this interview right now. If we didn't have that, then there wouldn't really be anywhere to go. There wouldn't be anything to do. We would all just be slaves of the state forever and ever. But because we have

that and because we've seen the light and because we know, we can step out and put products and put services on the market.

So through crowdfunding, we want — if we have a thousand people all give us 25 bucks, that's a lot of people that's starting the movement of people saying, Look, yeah, there is this intellectual foundation and we support them. There are politicians who are trying to change it from the inside. But now we're kind of expanding the reach of free markets by saying, This is what we're doing right now. Because one of the problems is that like there's so much beauty in the free market. There are so many people who are free market geniuses, whether you look at Facebook, you look at drones, you look at WiFi — so many of these great things. But one of the things is that when these people get a platform to talk, they end up calling for universal basic income. They call for more regulation. They call for more taxes. So these genius free marketeers are really putting free markets at a disadvantage, because they're not really giving the free market its due. So these entrepreneurs have really done the free market a disservice because they're economically illiterate or, you know, for whatever reason.

So we need to have services on the market that the leaders stand up and say, Yeah, no, I'm a libertarian, or, I'm a Rothbardian, or, I'm a Misesian, or, I believe that free markets solve problems. Because if we don't, then I don't — there's no way — I mean, the people working in politics right now, it's very admirable. But it just seems desperate. It doesn't seem like there's any headway being made. Maybe little by little, maybe inch by inch. But we can expand that and we can say, Look, here's a market battle, here's what we're putting on the market.

And it gives us such a great way to take back that environmental movement, because it's been written many times that libertarians should be the greatest champions of the environment because we believe in private property. But somewhere along the way, that's been propagandized and that's been lost. And so now it looks like everybody who believes in free markets, you're all greedy capitalist pigs and you all want to blow smoke into people's faces and have babies' lungs black before they turn a year old and all these things.

And we inside the movement know that that's not really true, and what we're doing with this Recycle Revolution is giving shape to that, because the state service of municipal trash, just picking it up and they send it to landfills. And if that was the best that we could do as a society — you know, I don't think that people should starve and we should restrict consumption — then that would be the best that we can do. But on the market, we see that we can do better things. We can take this and make it into something new. We can use this waste as a raw material.

And it does a few things, because if the food waste is not going to landfills, we're conserving the land. And we're making money from that, right? So then also, when food rots, it releases methane gas, and methane is a greenhouse gas, which is much stronger than CO<sub>2</sub>, but it's less concentrated because there's a lot less of it. And there's a lot of talk about this upcoming impending food crisis where there's not going to be enough food and all these things.

But the thing – and you've talked a lot about this – is these people who say all humans are going to die by 2020 or there's going to be no more life on Earth in 2050, they can't account for future developments that come from the free market. So this is one of those developments. This is making a sustainable animal food without restricting consumption, without increased regulation. It's helping conserve land and it's reducing greenhouse gases, all just by virtue of being a byproduct of this capitalistic endeavor of basically making money. And I think that that is what we need. I see that that's what we need, that we show that you can make money and be a great champion of the environment, and we can kind of take back that area for free markets and for libertarianism.

**WOODS:** I've been reading in preparation for talking to you about these black soldier flies that you have been interested in, and there seems to be quite a bit to say about them, actually, in terms of benefits – the sort of thing that the average person knows absolutely nothing about and you pretty much know everything there is to know about it. So share some of that with us.

**NGUYEN:** Yeah, it's not something that regularly comes up on your newsfeed, right? "Oh, yeah, let's learn more about flies and worms and stuff." So yeah, black soldier flies are very common. They originated in southwest United States, but now they're all over tropical environments all over the world. And people have probably never seen one because they're antisocial. That antisocial behavior means that they don't like interacting with other insects, they don't like interacting with other animals, and they don't like interacting with people.

A really big benefit of that is that they are not classified as a vector of disease, and what that means is that – Regular house flies, so they fly from here and they fly from there, and so they are notorious for spreading diseases. But black soldier flies don't spread disease, so what actually happens is they eat when they're larvae. They can eat up to ten times their weight every day. And I mean, I have a small farm that we use with some friends' restaurants and our food waste at my house, and they just consume, and they eat food so fast.

And then what they do is they pupate and they crawl away from the colony and you collect them. And then when they become adults, they lose their mouth, so they can only drink water. And they're only alive from five to eight days. And they're really weak fliers. So they're not flying around, checking your food, doing this or that. So they're very sanitary, which makes them so interesting. People have tried to use house flies for insect protein, but it's just not really workable because they don't have the characteristic. They're vectors of disease and things like that. And that's one of the reasons that puts black soldier flies in kind of a commercial viability.

Their nutrient profile – a nutrient profile is if you read the back of a cereal box and it tells you things have got like 40% protein and whatever things that they have in there. The black soldier flies are packed with protein and fat and calcium, and it's exactly what aquaculture – so like fish and shrimp and also poultry, turkeys, chickens, ducks – that they really need to thrive. So they're very, very workable.

And then another thing – so we've been kind of focused on the protein, but there are three other really interesting things, but also – Well, we'll start with the first one. So

the first one is – so they eat all the food and then they separate out from the colony. And what they leave behind, what they pass through their guts is a nitrogen-rich soil amendment. So we can also sell that. You can sell that for very cheap. You can sell it for like a penny a pound or two cents a pound, and you can sell that to poor farmers in like Southeast Asia and Indonesia and that kind of region very, very cheaply and help them enrich their soil. And that's another benefit of us profiting. We can sell it very cheaply and we help nutrient-deficient soil and help farmers in developing nations.

And the second thing – and this is kind of down the line. This is one of the most interesting things, is that the fat that they have can be extracted. You toss them in like a Swedish Täby press or a different kind of oil press, whatever you might use. And what happens is you take out the fat and it's perfect for biodiesel. And there are people doing this, just very small-scale farms around the world just popping up here and there. And what is great about that is biodiesel, one of the reasons why it's not developing as an industry is that it can't compete price wise. Looking at some of the prices last year, regular diesel, petroleum diesel was about a buck fifty a gallon, and biodiesel was about 3.50 a gallon. And one of the reasons is they extract biodiesel from sunflower and different – soy – different plants, and they can't use anything with byproducts. But for us, what we can do is we use the protein for animal feed and we separate out the fat, and we make that into biodiesel. That will take a lot more research and a lot more investment, but that is a potential thing that we can do.

So if we kind of trace back what we're doing is we're taking this food waste and we're turning it into animal food, we're turning it into soil amendment, we're turning it into biodiesel down the line. And so this is just like the more that you research and the more that you learn about black soldier flies, the more that it just becomes so exciting and such an expression of the free market. Because we're just taking this thing that's just waste. And waste is an economic calculation, so it's our raw material. But in general, people don't think that you can do anything with it. And so we're taking that – it was like Rockefeller. A few hundred years ago, petroleum used to be just this sludge, and now look at what it's done throughout the whole world and all the development that it's been responsible for.

So if we look at food waste now, just, Ugh, food waste, what am I going to do with that? Well, Recycle Revolution wants to do something with it. We want to take it and turn it into these things. We'll focus first on the protein for the food and the soil amendment that comes with it, and then later down the line once we kind of establish, we'll start reinvesting for the biodiesel, which I think is – it's really promising; it's really exciting. All the academic trials have been really, really positive, and so what we'll have to do is kind of pivot that to industry.

And then another thing that we like to do here is like – so we want to tackle the environment and we've kind of talked about that. And what we also want to do is use our profits for charity. So we're going to be based in Bali, Indonesia, and what we're going to do is we're going to take our profits once we get established after we start bringing in some money and getting in some clients, we're going to open a soup kitchen. And Bali doesn't have a soup kitchen. There's a lot of homeless people. There's a lot of different problems going on. And so we want to reinvest in community development, because we also feel that that is another thing that is incumbent upon libertarians. So we want to show people that the market works in

the environment, and we want to show people that the market also works in terms of personal charity. It's our personal responsibility to help people if we can, rather than letting the state do it and saying, Oh yeah, I'll pay more in taxes.

**WOODS:** Now, let me ask a more marketing kind of question. There were two ways you could have gone with this, the way you pitch the project. You could have tried to make a pitch that would resonate with environmentalists, or you could have tried to make a pitch that would resonate with libertarians. Now, I think you're more or less doing both, but when I look at the bonuses I get if I donate, well, I'm getting a lot of libertarian propaganda as bonuses – which is great. I love that. That's all I do all day. But I wonder what – I mean, libertarians are going to like what you're trying to do because in principle they like the idea of showing up the state. But are they going to like that enough the way a passionate environmentalist might like what you're up to? But on the other hand, the environmentalist might be turned off by the market stuff. So it's kind of a tightrope you're walking.

**NGUYEN:** Yeah, right. That's one of the problems that we've run into, is that the environmentalists don't want the libertarian stuff. And to be honest, because it's me who's doing it, I can't deny who I am. If you go to the page, there are three things that have propelled me. Number one is I'm a Christian. Number two, I'm a family guy. And number three, I'm a libertarian, in that order. And so I can't deny who I am, and so when they ask – because we've had people say, Well, you know, if you just don't talk about God, we can support you. Or if you drop the libertarian manifestos, we'll support you. And if I didn't believe so strongly, then maybe I could compromise. But I think we need that kind of Mises Institute, Tom Woods, Rothbard, kind of uncompromising, relentless fervor put into the market.

And some environmentalist have been like, Yeah, well, you know – If they're a true environmentalist, they're going to support it because they're going to see the benefits. And some people have done that, but the problem is that a lot of environmentalists won't concede that the free market can solve these problems. They're just that kind of Van Jonesy kind of green, communist-type, "only the state can provide solutions," and that's kind of their driving philosophy, so they're not willing to see, even if you just look at it from a purely business perspective, like this is a really good idea. And we've had businesspeople come up and say, Once you do your crowdfunding, once you've got something that you can sell, we want in. And if you look at it from that perspective, it's undeniable. It's just there. This is just a great idea. And it's not going to change whether you believe in libertarianism or you're a statist – well, I guess those are the only two options. Either you're a statist or you're not.

So some environmentalists, the real true ones – and that's when I've talked with people and I've said, you know, true environmentalists support us, because if you are an environmentalist because you are anti-capitalist, you're going to come to my page and you're going to say this is garbage, and you're going to miss the idea because you're blinded by your economic illiteracy or your political philosophy. But if you're a true environmentalist – and there have been people who have already backed us that say, I'm not a libertarian; I am an environmentalist, and this is a great idea.

**WOODS:** Yeah.

**NGUYEN:** And so I think if people are really environmentalist – and it kind of shows their true colors, right? So if they really do care about the environment, they can get on board with this project, because if the environment is their driving force, then they're not going to care so much about the political philosophy.

**WOODS:** Right.

**NGUYEN:** So yeah, that has been a problem that we ran into, but I can't – it's the free market doing this, and there's no – I'm not going to be a sellout, you know? The libertarian philosophy is just so robust and it's so good and it's so true, I can't deny that. I don't want to be whoever – a sellout. I don't want to name names or anything like that, but there's a lot of people who've been like, Yeah, I'm for libertarianism, and then they sell out. I don't want to be that kind of person, and if that means that we start with less but we stay true to our values, then you know, that's kind of what it means.

**WOODS:** Well, of course needless to say, we're going to link to what you're up to, as well as an article about it at [TomWoods.com/950](http://TomWoods.com/950). But I'm also creating a special, easy-to-remember redirect link to get people to your crowdfunding page if they want to contribute, and that's simply – because we've been talking today quite a bit about the black soldier fly, it's going to be [TomWoods.com/fly](http://TomWoods.com/fly). Very easy to remember, F-L-Y. [TomWoods.com/fly](http://TomWoods.com/fly) takes you right to the Indiegogo page where you're trying to generate dough to make this happen. So if what you've heard today appeals to you, then definitely check out [TomWoods.com/fly](http://TomWoods.com/fly), and we'll try and put our money where our mouths are when it comes to this stuff.

**NGUYEN:** Yes.

**WOODS:** So okay, listen, I appreciate this. It's interesting that this is all being directed from Indonesia. That's a whole other question I'd be interested to know about life in Indonesia, but we'll have to talk about that another time. But anyway, best of luck with this project. It looks really excellent.

**NGUYEN:** Thanks, Tom. Thanks for having me on.