I don't have enough FAITH to be an ATHEIST
with Dr. Frank Turek PODCAST

Is Socialism More Christian Than Capitalism? with Dr. Jay Richards

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FRANK:
Ladies and gentlemen, is there a Christian case for the free enterprise system? A Christian case for what has been known as capitalism or is that based on greed and that wouldn't be Christian? We're going to get into it today with one of my favorite guests of all time, the great Dr. Jay Richards, who way back almost what maybe 16, 17 years ago wrote a book called *Money, Greed, and God*, and he updated it back in 2019.

Or 2020, that book, in my opinion, is one of the best books, if not the best book on economics that any Christian can read. We've had shows on this in the past, but there's been an increase in the interest in socialism here in America and around the world, and so we want to talk about that now from a Christian perspective.

So here he is, the great Dr. Jay Richards, ladies and gentlemen, all the way from the belly of the beast, Washington D.C. Jay is vice president of domestic and social policy at the Heritage Foundation, and he's good at a lot, including economics. Jay, it's great to have you on the show again. How are you?

JAY:
Oh, great, Frank. Thanks for, yeah, thanks for having me. I wish this were not a timely topic, but unfortunately it is.

FRANK:
It is, and it seems like every few years people need to be re-educated on the issue of economics and particularly socialism. Let's start by just asking the question, Jay, what is socialism and how does it differ from, say, communism and why do you think people are interested in it now?

JAY:
Well, I think people are interested in it for the same reason they always are. It always gets good branding. I mean, as you sort of joked at the top, I mean, the word capitalism for most people when they hear the word capitalism, they think of that character from the Monopoly game, the guy in the tuxedo running away with the bag of money. It's actually a caricature of the American financier J.P. Morgan. That's the picture we have.

Where socialism, when I ask people, okay, what are you imagining that is? It's got that nice word social in it, and so they usually have something, it's like a Scandinavian village where everybody's driving a Volvo and they have just enough and they get together and sing and that sounds great. It just has nothing to do with what socialism is. So, there are a couple of ways to do this. First, let's just go with the dictionary definition. If you look it up, socialism means a political and economic system in which the state owns the means of production, which basically means when the centralized government owns everything.

Now, so far as I know, you know, I'm quite certain that if we ask Gen Zers, okay, do you think, do you want Donald Trump to nationalize all the farms and all the restaurants and all the coffee shops, so he's in charge of the whole private sector, there not going to be a lot of takers, right? It's not like people are saying, "Okay, that's really what I want." When Bernie Sanders talks about socialism, notice in fact they talk about democratic socialism, which is sort of the idea that, well, we kind of get there, but we'll get there not by violent revolution as in Marxism, but you know through the ballot box.

and so that's the dictionary definition of socialism, though is something that actually most people wouldn't want if they saw it. But nevertheless it sort of travels in this kind of vague region semantically and conceptually where it sounds like some sort of wonderful thing. Now there is this complicated connection between socialism and communism, and so let me just put it this way. In Marxist theory, Karl Marx is the idea that developed a particular communist theory in his great Communist Manifesto, you can read it in 40 minutes in 1848, in which he said that it's basically all of history is determined by economic relations, and so historically you go through these different stages.

You get a primitive early communism, then you get a kind of slave state like ancient Egypt at the time, of course, of the Exodus in the Bible, and then that gives away to something called feudalism like you had in medieval Europe. That gives rise to something that he called Capitalism. In fact, Marx was the one who popularized the word capitalism in the 19th century, and he said, in that system, you get industrialization, you get centralization of power.

So a few very rich people basically have all the wealth, and they have a bunch of wage slaves that they pay as little as they can. And because of that tension between the 99% that are underemployed and poor and the 1% that are rich, there's going to be a revolution and a violent revolution gives rise to socialism where the state owns everything on behalf of the people. Now here's where people get mixed up.

If you'd asked Marx, okay, so socialism is where you want to go. He'd been, oh, absolutely not. Socialism is a temporary stage before we get to the communist utopia. So in communist theory, yeah, they could if you'd asked a Soviet apparatchik in the 1980s, say, look, this place looks dismal around here. It's very depressing. He'd say, oh, no, we're in the socialist stage, when the new socialist man will emerge, in which that the new socialist man is not attached to private property, and then we reach a stage in which the state is no longer needed.

The state dissolves, it withers away, as Marx said, and you get this communist utopia where everybody has enough to eat and so much that in fact they can maybe they might work in the morning and then they'll fish in the afternoons and then they'll read in the evening. So the communist utopia is one where you don't even actually have a state. Now that there's a sort of detail here that every time that Marxist experiment has been tried, it gets stuck at the socialist stage.

And the reason is because almost everything about Marxist theory was based on bogus economics. And so that's, you know the sort of difficult thing we have to unpack. We had the kind of communist Marxist experiments in the 20th century that were disasters. We're now decades past the collapse of the Soviet Union. None of the Gen Zers and, in fact, none of the millennials even have a memory of the Cold War, and so we're right back where we started again.

And if you think socialism is just kind of a way to resolve inequality or somehow it's going to solve poverty, then it sounds great to you. As long as you don't actually have to define it carefully.

FRANK:
Yeah, it seems like people think that prosperity is the default position and poverty is something that you have to work at. Well, it's exactly the opposite is true. Why do we, why do we think that way, Jay? Why do we think that everyone deserves to be prosperous? How, where does this come from?

JAY:
Well, part of it comes from the fact that we actually live in a prosperous country, even when we're doing badly. Even like right now, look, we've got massive national debt. We've got higher than average rates of inflation. Housing costs are very high relative to people's incomes. We're still basically the wealthiest country in all of human history.

In fact, even if you just kind of take the median income, it's unprecedented if you think it historically. If you had been able to sort of sort of survey all of human history, let's say from the time of the fall into the present, what you would have seen is just what you implied that the norm is poverty, in which people live at best a subsistence existence where they produce just enough to be able to feed themselves and their families, but there's no sort of accumulated wealth like we have now, and so we don't really have experience of that.

We have experience of the relative prosperity and abundance of an advanced country like the United States, and so it's sort of easy to imagine that that's natural and default. When in fact, the question is that where poverty comes from, it comes from scarcity, and there's just all sorts of scarcity out in the world. The question is why is it that some countries are able to pull themselves out of radical scarcity so that now when we talk about scarcity or inequality, it's sort of inequality at the level of who has the nicest TVs and the largest houses and things like that, because we don't have people starving to death on the streets like you had for much of human history.

FRANK:
But Jay, there's a great disparity between Jeff Bezos and the rest of us. Isn't it unfair that the CEO of Amazon or Elon Musk or somebody like that has billions if not trillions of dollars? Doesn't that hurt the common man, Jay?

JAY:
Well, see, so the question is always how did those guys get so wealthy? So there have been wealthy people in the world, and they got that way from, I don't know, being slave trading or mob stirring, right?

Or actual criminal activity where they're literally taking wealth from someone else and hoarding it. Elon Musk and Jeff Bezos became, well, gosh, yeah, Musk is now a trillionaire. Let's just say billionaires, because they provided services that people wanted in every case, so they had to create value. In fact, a lot more value than they themselves have. That's how market economies work.

If you have a basic rule of law, so people can't steal from each other, enslave each other, defraud each other, in a market economy, if you're going to become so successful, you're going to have to provide a good or service that people want at a price that they're willing to pay for, at a price that's lower than how much they're willing to pay in order to get the good, and to do it better than their competitors. And so yeah, it's very easy to see that in the case of Musk, who's

actually really building things, and Bezos in particular figured out a much more efficient way to deliver goods and services. And so I mean, I love talking about those guys because it's fairly obvious that they got wealthy by creating wealth for themselves and others.

FRANK:
And as we'll see after the break, them getting more wealthy helps the average person get more wealthy too. We're going to talk about it right after the break. We're also going to ask. Jay, the question: What about Sweden? Isn't Sweden a socialist utopia?

We're going to talk about that with my friend, the great Dr. Jay Richards. The book you need to get: *Money, Greed, and God*. Just absolutely fabulous. And we're back right after the break. Don't go anywhere.

Ladies and gentlemen, a lot of young people think socialism is a good idea. Is it really a good idea? Well, we're talking to the author of *Money, Greed, and God*, Jay Richards, who penned this book and updated it just, I think, about 2019 or so, Jay. The *book Money, Greed, and God: The Christian Case for Free Enterprise*. Is that when you updated it? It was a 10-year anniversary, I think.

JAY:
Yes, that's right. 2019.

FRANK:
2019, and I'm telling you, it's the best book out there on this topic. It answers so many of the objections that people have to the free market system. Of course, Jay, from a Christian perspective, anyway, out of the Ten Commandments, two of them seem to imply private property: thou shalt not steal and thou shalt not covet, which presupposes that somebody has something you don't have—

JAY:
And that they have a right to it, right? And you should be able to take it from them. Yeah.

FRANK:
Now, before we get to Sweden, how is it that somebody like Jeff Bezos or Elon Musk actually is helping the common man? Because I've heard you say this before, that a country or a state that has more billionaires actually has a better economic outcome for the average person than states that don't. Can you unpack that for us?

JAY:
Absolutely, with the one proviso that they got that way through a normal market economy as opposed to a kleptocracy like you have in Russia. The kind of key thing people have to remember is that wealth can be created. If you're thinking of the economy as this fixed amount of wealth like a pie, then you get this idea that well, okay, like a pie if somebody, let's say you have yourself and seven guests for everyone to have an equal amount, right, you have to cut equal slices if somebody eats a fourth of the pie, then everybody gets a smaller slice.

That's not how the economy is. We know that. The economy, of course is not the same size as, say, the American economy as it was 50 or 100 years ago, and that's the key thing is that certain things that people can do in a market economy will create wealth, will create value that was not there before, and the primary way people get fabulously wealthy in a market economy with the rule of law, that's a crucial point, is by creating value for other people.

They can't just create value for themselves. And so Elon Musk, one of the many things that Elon Musk has done, has dramatically reduced the cost of getting things into space. Something like 90 or 95 percent cheaper to get a pound of whatever you want into space than when we were doing, say, the Apollo missions. His goal is to get it down 99%. So it's like only 1% of the cost. That is a massive, massive creation of value for people, even if you don't quite know how he's doing that directly. And so that's the key thing. People can especially entrepr- good entrepreneurs can create wealth that was not there before and grow the economy. That means they are able to get wealthy, but they get wealthy by providing value. In other words, providing wealth for other people.

You can sort of easily measure that in a country like the U.S. with lots and lots of billionaires. The average and median income per capita is much higher than in places that don't have that. And that's just proof is in the pudding. It's not like we're having to just do this sort of theoretically. We can actually look at the look at the facts.

FRANK:
What is the mistake people make, I guess maybe they think that Jeff Bezos and Elon Musk, who are billion or trillionaires, they just have all that money sitting in their checking account. Like, what is that money doing for the average person?

JAY:
That is a great question because that's the other point I didn't make is that of course the sort of miser, the stereotype of the miser in the Middle Ages is it was a guy that hoarded his wealth like

a bunch, a bag of gold coins, which really isn't. It's just wealth that he's holding, and it's a kind of store of value, but it's not doing anything. If you look at Musk in particular, almost all of his wealth is actually stocks or stock options in his company, so in other words, he still has all of that wealth at risk.

It's not liquid in the sense that it's dollars in a bank or it's gold coins. It's actually money that's being invested and being put at risk so that his companies can create more value. And so when people say, "Well, you know, why should he have be sitting on a trillion dollars?" He is not sitting on a trillion dollars. He's sitting on hundreds of billions of dollars of stocks and stock options, all of which are at risk if his companies fail, and if he fails to provide value for customers, his companies will fail.

And so that's just, the money in those two scenarios: the miser hoarding his wealth, the entrepreneur putting it at risk, that's just two completely different scenarios. One is much more like the stereotype of greed. Putting your wealth at risk is not an obvious greedy thing to do. It's in fact, it's, you're willing to put your wealth at risk in pursuit of some vision.

FRANK:
And he's investing money that produces jobs, services, and products that the average person can either get a job or get a benefit from the products that they are creating and the services that they are providing. And so everybody seems to be better off when some something like that happens. Why do people think that somebody like Elon Musk or Jeff Bezos or any billion or millionaire out there is somehow pulling something away from the poor. Why do they think that?

JAY:
They think that because, as you know, in my book, I talk about these eight myths, which are just sort of, in other words, false beliefs that we have about the economy.

One is that idea that you know, I call it the sort of zero-sum game myth that if some, you know, if two people trade, one person's a winner and one person is a loser. But of course, if you think of almost any trade you do during the day, anything you buy or sell. Both sides see that themselves as better off. That's why it can happen voluntarily. People assume that the economy is just this fixed amount of stuff. I call it the materialist myth.

Just you know a bunch of land or a bunch of gold. When in fact more wealth can be created. If you understand that, then you're going to evaluate just sort of trivial inequality. In other words,

differences in income. You're going to say, okay, is that the result of this rich guy stealing from someone else or defrauding them, or is it just the result of that person being really good at creating value for other people, and so much of this, so much of our kind of moral analysis about what's going on in the economy, depends on us understanding some basic facts about economic reality.

FRANK:
So, bringing people out of poverty, the best system to do that in history has been what?

JAY:
It's what we can call free enterprise. As Frank, as you know, in 2009, my publisher really wanted me to use capitalism in the subtitle. I didn't want to do it. And finally, they let me do free enterprise in in the 2019 edition. So free enterprise is just a system in which you have limited government, rule of law.

So you want a government that's strong enough to be able to enforce the rule of law, keep people from stealing from each other and killing each other, but not so large that it violates the rule of law. And then very strong private property rights, entitling rights. At least minimally virtuous culture in which most people can be trusted most of the time. Those are the preconditions for wealth creation. And if you have those conditions, you can be someplace that actually has almost no material resources, like Hong Kong, for instance, prior to the communist Chinese taking it over.

And yet wealth will be created. So it's these kind of basic social conditions that have to be met. And then you can take a country or a place that maybe everyone was a subsistence farmer and in poverty. Institute rule of law, private property rights, and a few other things. Run it for 100 years, and that country is going to be much, much wealthier. We know the ingredients for building a wealth-creating economy. It's just that we're very tempted to forget them, unfortunately.

FRANK:
Now, people will always point to the Scandinavian countries as some sort of socialist utopia, but as you mentioned earlier, socialism is where the government has the means of production. It doesn't necessarily mean a welfare state, but there are some distinctions to be made here. Tell us, for example, about Sweden or Norway. What's different about those places?

JAY:
Yeah, all the Scandinavian countries. In fact, they're a perfect illustration. It's true that in the 1970s, if you look at their economy, there were a large fraction of the economy that had been nationalized. In other words, it was just controlled or owned by the central government, and they had the kind of effect that you would expect. It was a very moribund economic growth. It was like the UK just after World War II. Margaret Thatcher came in and had to sell off lots of things.

It did the same thing in Sweden and Norway and Denmark. Look at the index of economic freedom, which is a heritage product that we update every year. It ranks countries, all the countries in the world, according to how economically free they are. The Scandinavian countries are always very close to the top, and so it may be that they have a large kind of cradle-to-grave welfare system. But it's also really entrepreneurial.

It's actually easy to start businesses. It's easier. It's easy to hire and fire people. And so you've got some great companies that actually form in those Scandinavian countries. And so people have to sort of make those distinctions. And I do think it's also important to realize that those countries, at least until recently, were very homogeneous. They had very high social trust, and they're small. And so lots of things can work at a small scale at the size of Singapore.

Or think of the family, right? Lots of kind of collective ownership works at the level of the family that's not going to scale up well. And so, even if they were able to pull some things off in a small country with a few million Danes, doesn't mean it would work well in a large country like the U.S. But you don't even have to appeal to that. You can just say, look, let's just look at the index of economic freedom. They're nowhere near as socialist as people imagine.

FRANK:
Here in America, the Democrat Party has almost been taken over by socialists, and they have a platform. What is in that platform that would lead us to economic ruin?

JAY:
I mean, the people should just honestly pull up the Democratic Socialists of America. This is something that I could not have imagined in the 1990s. There's always a fringe on the left that talked this way. But it's essentially the kind of socialist program. Now they're not calling for violent revolution. That's the Democratic right. They think that we'll just get there by the ballot box, but it is essentially a kind of centralization of the means of production, massive punitive taxes on the wealth creators effectively.

It's quite diabolical. In fact, some of the you know some of the DSA statements actually move beyond economics. They're really kind of radical race and critical theory, gender ideology. It's kind of whole radical left-wing package, which I can't imagine appeals to large numbers of the American public. I don't think people are going to the website. I just think that they've got They've got some good branding. They've got, it's not Bernie Sanders anymore.

It's Mamdani, and who's a perpetually smiling, attractive, nice guy is now the mayor of New York City. This is extraordinary that we would have a Muslim, a self-identified democratic socialist that is the mayor elected democratically of our most probably our most important and certainly our most powerful country or city in the country.

That tells you something about where we are. This is, it's genuinely a threat talking about socialism. This is not just a bunch of right-wingers trying to sort of conjure up boogeyman. This is a real problem.

FRANK:
What do they want that won't work? I mean, I know that Mandami wants the government-run grocery stores.

JAY:
Grocery stores. Yeah, it's a perfect example. So anybody that goes to New York, I mean, you're constantly finding little grocery stores absolutely everywhere. So it's sort of perplexing. But there are places, particularly high crime places, where it's hard to find a grocery store, and that's because grocery stores work on very narrow margins, and so if you've got a lot of crime in the area it's very hard to make a living in a grocery store.

And so what he's going to do is just sort of have it'll be they'll be city-owned grocery stores and we can predict what will happen. They'll either be heavily subsidized, which that means everybody else is paying for the prices to be low, or they'll be perpetually substandard, or actually, if you know it's really centralized, you'll end up with sort of massive shortages of certain things to eat.

Now he's, of course, is going to do this as a city so that people have access to New Jersey and you know, and Long Island maybe and things like that. So there nobody's going to starve to death. But I'm absolutely confident that when we see these city-run grocery stores, these will not be popular sites to behold.

FRANK:
Yeah, what incentive do they have to keep products on the shelf that will please customers if there's no profit motive?

JAY:
No, exactly. I mean, this is the problem because you can go to countries. I mean, I'm old enough that you know, I remember as a high school or college kid, you could go to these socialist countries and you would discover that no one had an incentive to serve you. It's like, well, take it or leave it. But you know that that's not how it works in a market economy.

FRANK:
A lot more with Dr. Jay Richards. The book is *Money, Greed, and God*. We're going to talk more about that in a minute. Hey, wasn't the book of Acts socialist? We're going to cover that right after the break. Don't go anywhere.

AD:
Could you answer this question? Why doesn't God let everyone into heaven? Or do all religions get you to heaven? Well, Frank Turek can, and now you can. Watch him tackle the toughest questions from his latest college tour appearance. See real students challenge Frank, and watch how truth stands up under pressure. Subscribe to our Cross Examined YouTube channel right now to watch. That's Cross Examined, two words, on YouTube and sharpen your faith for the real world.

FRANK:
Two of the Ten Commandments seem to imply private property: "Thou shalt not steal" and "thou shalt not covet." Yet we even have Christians thinking socialism is a good idea, that we wouldn't have private property; it would be held in a collective. And one of the places they point to is the Book of Acts, right after Pentecost. It seems like it's some sort of socialist utopia there. We're all pooling our resources. We're coming together. We're sharing. Is that something that is prescribed on all of us, or is that just a description at the time? Let me ask my guest, the great Dr. Jay Richards, who is the author of the fabulous book *Money, Greed, and God: The Christian Case for pre-En- or for, easy for me to say, Free Enterprise*. Jay, what's your response to the Christians who say so socialism is taught in the book of Acts?

JAY:
It's absolutely not. In fact, the easiest way to see this is remember our definition of socialism is the state ownership of private property. What's happening in Acts? Well, the state's nowhere to

be seen. Herod's not around. Of course, the Romans are not around. Here's the scenario: you have thousands of Jews in the Roman diaspora come to Jerusalem. Remember, if you read in the end of Luke, they've come to Jerusalem for Passover. Christ was crucified, resurrected.

Pentecost happens. Thousands of Jews are now new believers, new Christians, and they're hundreds or thousands of miles away from their home. And in that scenario, the Holy Spirit moved the new community to make do with what it had. So the people that were there, right, that had property, they sold some stuff so that they could help tend to these new brothers and sisters in Christ.

There's no sign that this happened for a long period of time. It might have lasted six weeks or six months. They went back to their homes presumably. This is never prescribed anywhere else. Paul doesn't prescribe this in any of his letters to the various churches. And it, you know, the idea that, well, a particular moment in which a church in an unusual situation would pool its resources to help people that are away from home and without resources of their own.

The idea that is a model for socialism it just beggars the imagination because socialism involves the coercive confiscation of wealth by the state. It is not about people voluntarily sharing goods in common. If that were the case, then you know every family would be a socialist experiment, which it's not.

FRANK:
Right. Yeah. We don't charge our kids for dinner. Maybe we should, though, Jay. That no, I mean, that's what we said. Might make them eat everything on their plates, right? Exactly. You're paying for it.

JAY:
Well, see, that's right. You can already see hints of why socialism doesn't work.

FRANK:
It's, now we might say free enterprise system isn't perfect, but it's the best system known to bring people, the most people out of poverty.

JAY:
That's right. That's the way that's the way I would put it. You know, it's something like what Winston Churchill said. I forget if he's referring to democracy or something, but it's like the worst system except for all the others. Humans are still humans. We're still fallen. People can

still be greedy. They can still lie. They can still try to cheat. The only question is of the live alternatives, right, in this kind of middle time after the resurrection, right before the second coming, when the fall still is sort of operative, what's the best system that we can have?

And honestly, if you'd thought you know a thousand years ago, it said actually we if we tweaked a few things culturally and socially and legally, the country could completely eradicate starvation, for instance. I mean All advanced countries have eradicated starvation as a real problem. Now, some people might have a disease in which they waste away, but we have more abundance now than at any time in history.

I mean, that's why if you see a really overweight person on the street, they're more likely to be on lower income scales than on the higher income scales. That's kind of a sign that we've solved starvation and now we have another set of problems that we have to deal with. So there's nothing about anything that we're saying here that implies that free enterprise sort of ushers in a utopia. It doesn't. The claim is that it's the best of the live alternatives for allowing people to prosper and to flourish and to form families and feed their families.

FRANK:
Jay, we hear a lot about paying your fair share from politicians. What is the truth about our income tax system? Who pays the most? And is that even fair to charge people more based on their income? Is that even, should we even be doing that?

JAY:
Yeah, well, that's my question because of course we have a what's called a heavily progressive income tax. So basically what that means is that the higher your income, the more of a share above a certain threshold that you're going to pay. And so you have these sort of different rates going up. I think it's actually it doesn't seem fair to me. It seems like a sort of dumb way to do things. But if people are wondering the vast majority of income taxes are paid, by, the way it goes, you know, sort of a graduated way: 10 percent, top 10 percent, and the top 1 percent pay a massive fraction of the overall income, and so when you hear these stories on the news perpetually that so rich person didn't pay any taxes last year what they're probably talking about is sort of gains on their stocks that they have not cashed out of and so that's money that's still at risk; it's crazy to say so, so even your stocks that you're putting at risk, you're supposed to somehow pay taxes on that.

But when Elon Musk cashes out as he did recently a few years ago, he paid billions of dollars in taxes on that money. So it's just completely nonsensical. Now, of course, if we said what would

be the ideal sort of tax system, we have to tax something. I do think a tax on consumption, a tax on you know, on land holdings or something like that. That would make more sense when we're charging people taxes on their income we're basically charging and disincentivizing their economic activity.

If we're going to charge them for something, let's charge on the consumption side. But it's very hard to imagine that we would ever get rid of the income tax now that we have it, unfortunately.

FRANK:
Now, as we're coming up to a midterm election, we know that people are claiming that, well, if there's an affordability crisis, some of it has to do with fuel, some of it has to do with housing, education, healthcare. Turns out that housing, education, and healthcare have very high costs because why?

JAY:
The government has subsidized and corrupted it. So you could just say where has the federal government tampered most with markets? Healthcare, as you said, higher education, so college and housing. And so those three have gone up for decades now at over twice the rate of inflation.

Whereas as you look at consumer goods, especially adjusted for inflation, things like computers, almost sort of anything that's outside that arena, prices adjusted for inflation have gone dramatically down. Which means why does that matter? It means that we can get more of that with less and less and less and less of our work actually. And so even food, for instance, is adjusted for inflation.

Even though we've had inflation the last few years. If you compare it to the amount of our income spent, say, on the in compared to people in the 1970s, it's gone down. And of course, gas prices are higher than they were a few years ago. But that, you know, it's in part because of the war in Iran. And so things like gas prices, those are going to fluctuate either way. The stuff we've got to fix, the stuff that's really causing the affordable, affordability crisis, especially for Gen Zers, that they're strapped with tens of thousands of dollars of student loan debt because of the corruptions in that market.

And they're strapped with massive housing prices and interest rate prices on mortgages almost entirely because of government policy.

FRANK:
Yeah, let's talk about that for a second. Let's say, let's take housing prices. Housing prices are high because of what government policies that drive it higher, other than illegal immigration, that's part of it. You know, under the Biden years, when you flood the country with millions of more people you've got the same number of houses, but more people seeking them. The price is going to go up. But what other policies does the government have that drives pricing up?

JAY:
The big ones are, unfortunately, things called affordable housing policy. And so this is a bipartisan set of policies that has been happening really in the sense since the 30s, but certainly since the 1960s in which the federal government does things to the mortgage market to try to help people buy homes.

And so you think, okay, that looks good on the surface. But think of it this way: Imagine that the government sent everyone a check for $300,000, but the only thing they could use it for would be to buy a house. What is going to happen to the price of housing? If you remember your first lesson from economics, it's just going to inflate the cost of housing, and so that's unfortunately what has happened. So that houses as a percentage of our income end up just being a massive, massive amount compared to say our parents or grandparents in the 1970s, almost entirely the result of crazy housing policies that were intended to help people afford houses.

Same thing, unfortunately, in college. Schools have been able to, you know, spend huge amounts of money, not adding professors, but adding administrators that do very little of value. Because unfortunately, I hate to say it, but lots of easy student loans for students and lots of easy grants to college, which of course colleges love, but those inflate the cost of college just as surely as if the government gave everybody a hundred thousand dollars to buy a house would inflate the price of housing.

FRANK:
And how much of housing prices, particularly in blue states like California, are due to very restrictive environmental policies that prevent housing from being built?

JAY:
Huge amounts, and I didn't mention that only because that varies from place to place. So some places are much more friendly to development and things like that. But as you said, places like California have massive amounts of some; it may be justified for environmental reasons, but

many of the kind of zoning requirements in California really just involve rich people not wanting non-rich people living anywhere near them.

And so if you get massive restrictions on what kinds of houses you can build, where you can build houses, that's of course going to limit the supply of places. And so that's going to inflate the cost of land. And so in places like certainly New York City, but most of California, especially coastal California. It's you add all of the national policies that inflated the prices and then add all those local impediments to a really competitive housing market which we just unfortunately don't have.

FRANK:
We think gas prices are high here; they were higher under Biden for a while.

JAY:
Yes. No. Yeah.

FRANK:
But I think I just read the other day, you know, the average gas price here is just over $4 a gallon. In Europe it's over $9 a gallon. Why is that, Jay?

JAY:
It's because, well Europe is highly punitive. I mean, I've got European friends that come here and they see the price and go, gosh, that's it's really high because they think it's by the liter right, they do it by the liter; we do it by the gallon which is like roughly four times what a liter is we have unbelievably inexpensive gasoline compared to Europe, and it's because again Europe intentionally restricts the supply; they've got really kind of deranged environmental policies.

So that it's not just sort of gas you put in your cars, it's the fuel that you need to heat and to cool your homes. If you go to many places in Europe, I was there this summer. You can be in really nice, almost luxurious places. They don't have air conditioning because of some weird environmental policy, or that combining that policy with highly restrictive uses of energy just makes it too expensive. And so, you, it's it helps us, I think, to don't just compare what happened four months ago with the price of gas, which goes up and down here. Compare the price of fuel here with places like Europe, if you, that's really eye-opening.

FRANK:
And when you go to California, of course, you see the price of gas is maybe a dollar more than, say, it here is in North Carolina, if not two dollars. That's predominantly state taxes, is it not?

JAY:
That's right. That's right. And of course, there's always a tax attached to gasoline, and states and local places can add more and more. And so that's yeah, just almost everything we're saying might be generally true about the country, but it's sort of amplified in California if you want to see the sort of reduction to the absurd of a bad policy.

FRANK:
Yeah, friends, if you want to get your, if you care about people and you want them to come out of poverty, you need to support some sort of free enterprise system. And right after the break, I'm going to ask Jay a question that I think illustrates this so well. First, we're going to talk about is capitalism or free enterprise based on greed? And how do we even get things like iPhones? Because there's nobody in the world that knows how to build an iPhone. What? Yeah, yeah, but believe it or not, that's true. In fact, we'll talk about it right after the break. You're listening to I Don't Have Enough Faith to Be an Atheist. My guest, the great Dr. Jay Richards. Back right after the break.

Ladies and gentlemen, is capitalism based on greed, where socialism's based on love? Some people will try and make that case. We're gonna knock that out of the park here in just a minute. It's not the case, but before I get there, I want to mention that starting November 2nd, the great Dr. Brady Blevins is going to be teaching Conversations with the Faiths, one of our online courses at crossexamined.org. If you want to be better equipped to engage with Muslims, with Mormons, and Jehovah's Witnesses, you want to take that course.

Conversations with the Faiths, Dr. Blevins is a pro at that. And so go to crossexamined.org, click on online courses, you will see it there. Makes a great upcoming Christmas gift, by the way, too. All right, let me go back to my friend Dr. Jay Richards, who has written the fabulous book *Money, Greed, and God: The Christian Case for the Free Enterprise System*. Let me start by asking you this, Jay. You hear this a lot. Well, capitalism is based on greed; socialism is based on love and, why is that nonsense?

JAY:
It's nonsense because just look at the system. I mean, everywhere on Earth there are fallen human beings. So of course, there are always going to be humans motivated by greed and

selfishness and jealousy and things like that. But it's not greed that makes a free enterprise system run.

What it is, it's enterprise. It's a type of freedom in which entrepreneurs so people that have wealth are able to put their wealth at risk in pursuit of some vision. Now that vision might include getting rich, but if it's going to work, it's got to include something that's valuable to other people. So if you look at a person like Elon Musk, he's fabulously wealthy. I don't think any honest person could say that Elon Musk's primary motivation is just to hoard a lot of wealth.

In fact, he's known to sleep on a cot at SpaceX in Texas when he needs to. He is interested in creating value. He's got to cut a particular vision of what he wants to bring about. That's enterprise. If you look at a socialist system, guess what? When everybody is poor and the only way that they can sort of get by is to curry favor with federal official, government officials and things like that, they're actually much more likely to be petty and greedy than in a system like the one we have.

We also know, for instance, okay, if you think the U.S. is a capitalist economy and it makes people greedy, how do how do we do on things like charitable giving? Americans overwhelmingly are more charitable than any other country, and I think, and in fact I think the number two is usually half of what we are in terms of just charitable giving, and you think about all the entrepreneurs that maybe got wealthy in a business and then they hit 40 or 50 or 60 and they set up charitable foundations which that doesn't exactly sound like greed.

Now, yes it's true that there can be greedy people in business and so but here's the kind of key subtle question, Frank. Given that some people will be really greedy, what kind of incentives do you want? Do you want them to channel their greed into paying off government officials and stealing from people, or do you like them to channel their greed in ways that would be productive, that would create value for themselves and others?

That's what the great social philosopher and economist Adam Smith said. He said, in a natural system of liberty, which we're calling a free enterprise system, the butcher, the brewer, and the baker, even if they're motivated by greed the way they could actually succeed in making money is by providing things that their customers want at a price they're willing to pay and to do it better than their competitors. So the question isn't whether we're going to have greed or not. The question is what system is best at channeling greed, and it's hands down the free enterprise system.

FRANK:
And ladies and gentlemen, Jesus spoke a lot about money, and when you think about it, in order for the gospel to go all around the world to make disciples of all nations, it requires resources. It requires money, and the American system has put more missionaries out on the field and through social media than any system in the world.

So money by itself is amoral. What you do with it is whether or not it's good or bad, and obviously you can use it for bad, but you can also use it for good. Many of the people that that you may admire online or many of the pastors and churches that you see out there, they wouldn't exist without people making money and donating including our own ministry crossexamined.org.

Including the Heritage Foundation where Jay works. None of these places would be in place without people making money and donating it. So money is an important aspect of life. And a socialist system, I said this so many times, Jay. Our audience is going to get tired of hearing me say it, but I got to say it again. How many people do you know who are getting on rickety boats in Florida to escape for a better life in Cuba?

None. They're all coming in the other direction. How many caravans are going from the United States to Venezuela? None. They're all coming the other direction. When the Berlin Wall was up, how many West Berliners were trying to get into East Berlin? None. They were all going in the other direction. Why? Because as Jay points out in the book *Money, Greed, and God*, socialism has not only failed to produce freedom, it's failed to produce food, ladies and gentlemen. So, if we're going to be people that care about other people, we have to get behind a free enterprise system.

We can't be advocating democratic socialism. It's a dead end. More people are going to be in poverty, and religious freedom tends to go away too when you have such systems. But Jay, I want to ask you this because this is a brilliant point made in the book. I never thought about it till I read *Money, Greed, and God*. You say in the book that there's nobody out there that knows how to build an iPod or an iPod. You said that in the first book, really the iPhone now.

JAY:
That's right. And that's in the second one is iPhone.

FRANK:
That's right. And there's, and nobody even knows how to make a pencil. What do you mean?

JAY:
No. Yeah. I mean, it's a riff on a famous essay by a guy named Leonard Reed called iPencil. And he pointed out, a pencil's really simple, but if you think about all the components that are required, you've got graphite, you've got rubber and in at least old pencils you've got paint, you've got the manufacturing, you've got the wood; those things come from different places even then there's, you know somebody's cutting the wood that's a specialty somebody is getting the graphite out of a mine that's a specialty; all these people have a kind of particular role to play, but none of them individually knows how to make a pencil or has those resources.

Now amplify that, you know, a thousandfold when it comes to some complex technology like an iPhone. So the question is, well, then how do we get these things? We get these things because of a coordinated market system in which you have price signals that give information to people in the supply chain, to entrepreneurs and factory owners, all participating in some little part of this, that ultimately gives rise to the production of pencils and gives us pencils much more efficiently and less expensively than other systems.

That is absolutely remarkable, and I sort of spend a lot of time on this point simply because we spend a lot more time complaining about some greedy businessman that we imagine or that maybe is a character in a movie, and we don't notice this nearly miraculous feat of human cooperation enabled by the price system and the property system and a trading system that allows us to create things that none of us could make on our own. And I think that's, we need to be at least as enthusiastic and excited about that as we are worried about the downside of these things.

FRANK:
Now, how does this truth, Jay, show that a top-down system where the government owns the means of production will never produce prosperity?

JAY:
It's never going to work because a central authority or even a committee or even a really smart computer actually doesn't know what the price of any particular good or service is. It doesn't know, okay, what is the capacity for production of this factory. How much of this thing are we going to need at what price? That is all it's embedded in the system, the price system, so that there's all this local knowledge, but it can't be housed anywhere. In part because prices actually go up and down all the time based upon local conditions. And so you have to think of it as a sort of distributed information system in which the information is out there, but it can only come together to create things and to create them in abundance without massive shortage or

overproduction if the price system is allowed to work, if the sort of information flow is allowed to work freely, if a central authority tries to dictate that, you're going to get what you get in the Soviet Union: constant overproduction of things nobody wants or needs, or constant shortages of the things everybody needs.

FRANK:
Nobody has the knowledge, the time, or the capacity to make all those decisions, and to know what people really want. And so I think it's such an amazing insight from the book *Money, Greed, and God* that nobody even knows how to make a pencil, much less an iPhone. And Jay, is that what Adam Smith was talking about when he, in *The Wealth of Nations*, his famous book published in 1776, when he talked about the invisible hand of the market?

JAY:
Yes, that's exactly the idea because it's like, okay, no one's exactly setting the prices. The prices are kind of determined by supply and demand, and so that gets set by these underlying conditions. It doesn't look like there's any coordinating going on, right? There's no central puppet master, and yet that system that he called the natural system of liberty gives rise to wealth and productivity in a way that you'd sort of never be able to see from sort of actual coordination. And so he talked calls this the invisible hand of the market. I think he was thinking in a sense about God's sort of providential design of the system. That's the, one mind certainly that's tracking all this, but that that's the mind of God.

FRANK:
Now we got politicians out there right now like James Talarico who are saying that the government ought to be giving more welfare to people and that's the Christian thing to do. Where does he go wrong, Jay?

JAY:
He goes wrong because, I mean we've got, according to my colleague Robert Rector, who's the world's expert on the welfare system, means-tested welfare system, we have Frank, something like 90 different programs like this. And if you look at the welfare system, because of the way it's set up, it creates perverse incentives in which it actually will take people that are hurting and floundering and then lock them in to generational cycles of poverty.

And so we absolutely need to be charitable and do everything we can to help people that are falling between the cracks. But larding on more of these kind of perverse incentive-creating

welfare programs is exactly the opposite of what we want to do if we want to actually help people that are suffering and in poverty.

FRANK:
Yeah, it seems like he thinks that commands to Christians in the Bible are commands to government. He wants government to do what Christians ought to be doing, and it never goes that well when big government does it. People who they go to the church for benevolence will get the help they need, but also they'll be introduced to Jesus, and those churches can hold people accountable.

JAY:
That's exactly right. That's why it's the kind of thing that, insofar as possible, you want charity to be handled at the most local level that's actually feasible, not centralized here in a department in Washington, D.C.

FRANK:
Jay, we got about a minute. Tell us what the work you're doing at Heritage and where people can learn more.

JAY:
Absolutely, yeah. So, Heritage is a big conservative think tank here in Washington, D.C. I'm the VP of social and domestic policy. So, I actually oversee several different departments that do everything from family policy and technology to education, but we have been writing a lot about the socialism that's suddenly emerging under a banner called freedom over socialism. We're also focusing on this idea of a so-called red-green alliance an alliance between democratic socialists and radical Muslims, which we're now seeing absolutely everywhere on the streets of Paris and so if people want to sort of follow this, they can follow us on the website at heritage.org

FRANK: Heritage.org. Check it out there, ladies and gentlemen. Also, the book *Money, Greed, and God: The Christian Case for Free Enterprise*. You won't read a better book on economics. Jay, thanks so much.

JAY:
Great to be with you, Frank.

FRANK:
Very important book, very important subject, especially now that the midterms are upon us as well. So check it all out, ladies and gentlemen. Don't forget voteyourfaith.net. Voteyourfaith.net. If you want to know where the candidates stand and how to get registered. All right, friends, we'll see you here next time. Thanks for being here. God bless.