Marshall here. Welcome back to the Re-alignment.
Today's topic is near and dear to my heart as someone who surveys the political Re-alignment of America. We're talking about market fundamentalism, the belief that markets can solve all problems and that government is not only ineffective but actively harmful in a bunch of different categories. If we're looking at the Re-alignment of the American Rights since 2016, this debate over market fundamentalism is at the core of everything. We're seeing that in the debates over China policy, over entitlement programs and reforms like social security, and we're seeing it in the case of East Palestine, where in Ohio, the derailment of a train has forced the right, especially in the Senate, into a debate over whether or not we should give more responsibility to the government when it comes to regulation, or if the companies are fine in the status quo. Sogret did some great reporting on this on breaking points. I'll provide a link in the show notes to that yesterday looking at how new rights senators are looking at that issue through a slightly different lens. My guests today, Naomi Oreskes and Eric Conway are deeply interested in this myth of how markets can solve everything.
So it's interesting conversation on those lines. We can see this operating in a bunch of different ways and I'll be really interested in having this conversation with a guest on the right as well too. Hope you all enjoy this conversation and we'll remind you that since it's Friday, we've got a subset coming out and next week, there will be a supercast with Q&A. So definitely be sure to contribute those as well too. Hope you all enjoy this conversation.
Naomi and Eric, welcome to the realignment. Thanks for having us.
Thanks for having me. Yeah, thanks for having us. Yeah, of course, I know with two guests, it can be kind of difficult. So I'll kind of like point and say, you go, you go, we'll switch it up. Feel free to follow up on one another. It's kind of like moderating a panel as opposed to a traditional podcast conversation. But let's just start here. I will throw to you first, Naomi, define the big idea that we're going to discuss today, market fundamentalism.
So market fundamentalism is the idea that we can rely on markets. We can trust markets to solve problems, both social and economic. And we don't need the government to be involved. I think of the big myth as having three parts. So the first part of the big myth is the idea of the free market, the idea that there is such a thing that we could define as the free market that exists outside politics, culture, governance. That's just not true. And there's lots of ways it's not true. And we could talk about that more if you're interested. The second part of the myth is that this free market, this mythical free market has wisdom, that it's kind of omniscient, that it has powers, and that we need therefore to have faith in the magic of this market and not allow government to encroach upon or interfere with or distort the market.
And then the third part is what we call the indivisibility thesis. And in some ways, this is the most important and most pernicious part of the story, because it's what leads to the labeling and the false dichotomies that either you're a market fundamentalist, either you accept unregulated capitalism or you're a communist. It's the idea that capitalism and freedom are indivisible, that they're two sides of the same coin, that they go hand in hand, and that therefore any government action in the marketplace, even if it's to address an obvious ill, like the disease and mortality caused by tobacco use, puts you on the slippery slope to socialism. It compromises your political freedom or puts you on a track that will compromise your personal

freedom, and therefore you should resist compromises to economic freedom, even if they're seemingly for
a good cause. And Eric, I'll throw this question to you because I think some right-leaning listeners at the podcast will have this question. How would you define the difference between a market fundamentalist and a person who just has conventional, market-oriented, conservative political beliefs?
Well, a little tough to slice here here, but the market fundamentalism and the reason we chose the term market fundamentalism, which George Soros used to, is precisely because it's about faith. It's about faith in the unregulated market, and it brooks no evidence or compromise. There's enormous amounts of evidence that, well, the way I prefer to put it is that there's no such thing as a free market. Markets are human constructs, right? Squirrels don't have them,
and birds don't have them, but humans always construct markets, and we do it through custom, law, regulation, socialization, market cultures, and so on. So the whole idea of market fundamentalism
that markets exist in some state of nature and shouldn't be interfered with is simply wrong, and I actually think there's a compulsion of American conservatives anyway that actually understands that that's wrong. And what I hope is some of those conservatives will listen to what we have to say. We won't penetrate the market fundamentalists precisely because that's a matter of faith for them. It isn't subject evidence. So here's another question that comes directly from that. Who are the market fundamentalists today, both at a personal level, maybe, but also like an individual institutionalist level? Because as I'm reading the book, I was thinking back to, let's say, like the opening chapters when you're talking about people who are saying, actually, child labor is this awesome thing. We funded these studies, this, this, this for that, that people who are on their fainting couches over social security think it's going to lead to Soviet communism, et cetera, et cetera, et cetera. Obviously, those specific debates and arguments have been won by the non-market fundamentalist side, I think, on a both empirical level, but also political level. So today, we're not debating whether or not social security equals those red China or Soviet communism. What are we debating in terms of who we're talking about here?
Well, actually, we are debating them. That's the shocking thing about the current state of affairs. So you mentioned child labor. I think most of us, many of us, including many conservatives, would have thought that that argument was fought and won a long time ago and that it's patently clear that children should be in school, not in mines, mills, and factories. And yet, we now have seen, and there was a couple of pieces just in the New York Times in the last couple of weeks, Reuters had a big piece on this recently as well. In at least 10 states in the United States, there are bills pending, including one that was passed in Wisconsin, but vetoed by the governor to bring back child labor. And then some of them are truly pernicious because they even would have exemptions
where children would not be subject to minimum wage laws, would not be subject to workman's compensation. So they would actually be a kind of underclass, bringing back children as an underclass
of cheap labor, which is exactly what reformers fought so hard to stop back in the early 20th

century. You also mentioned social security. So it's true, I don't think that somebody will say that if you support social security, you're a Maoist, but we have seen repeated attempts by the Republican Party to either eliminate social security or to privatize it. And just a couple of weeks ago, Mike Pence gave a speech in which he talked about why we should privatize social security. So this argument that the government shouldn't be doing these things, it shouldn't protect children, that it should just be left to the marketplace, we shouldn't have social security, people should just have private pension funds. These arguments have not gone away. And you asked earlier about, I don't know, we want to call them respectable conservatives
or something. I forgot what exact term you used. I mean, almost nobody refers to themselves as a market fundamentalist. And I'm sure that some of the people we call market fundamentalist would probably take offense at that term. Oh, well, sometimes you have to call us fate as fate.
But there are a lot of Republicans in this country, people who I'm sure consider themselves to be reasonable people, but who have been sympathetic to the argument that social security, for example, should be privatized. And so we want those people to ask, well, why are you sympathetic to that argument? Because the reality is that social security is an extremely effective program.
It has achieved its goals of eliminating poverty among the elderly, and it pays for itself through the payroll tax. It's not a broken system. It's actually a system that works quite well, but like any system periodically needs to be adjusted. I mean, in the book, we use the example that when the Reagan administration first proposed privatizing social security back in the 1980s, the program by that point was 50 years old. And now that I'm past 50, I thought, well, look, any 50 year old thing needs some maintenance from time to time. And it's perfectly legitimate to update a program in light of new realities. But why did they insist on wanting to privatize it? And that's why I think you see the ideological aspects creeping in.
So another question that comes to mind so much of, and we'll get into the specific history here, but these are the parts that really stuck out to me. So much of the story that you're telling has to be understood in both the post Bolshevik Revolution period, where there are just, we could argue fairly like overstated fears of communism, but they still, it's not a conspiracy. Like it's in the sense that like you could see the 1930s, you're a Western elite, you are deeply afraid, especially during the Great Depression, that there would be some sort of communist revolution. And that wouldn't just be like a, the phrasing doesn't sound as silly as it did during the Obama era when we're talking about the Tea Party. So that's all happening in the context of both the pre Cold War and the Cold War era, as we're talking about a potential Cold War dynamic of China. I'm curious if you think that that rhetoric will come into play again. I bring that up because I recently had a representative of Mike Gallagher on the podcast. He's the chair of the China Select Committee in the house. And he very specifically kept saying communist China. So I'm just kind of like wondering, is there a world where our orientation on markets will change if we're in a foreign policy dynamic, where that difference between systems seems significant again? Either of you could take that question. Yeah. And I guess I should.
The Cold War framing, I think, gave the market fundamentalists a lot of rhetorical power, or gave them, really did help them sway the public away from governmental solutions. So we shall we say the provision of social benefits and so forth. And it's possible, of course, that the emphasis on our supposed communist China will have the same effect, but not so clear to

me, partly because we have much deeper economic ties to China than we ever did to Russia or the Soviet Union. And it becomes problematic when you're talking decades of economic disentanglement in order to get to that kind of unitary bipolar world that you would have to have. And their second problem is that China is not particularly communist. And anybody that pays much attention to them knows
that, right? Communists don't have billionaires, but they do because there is large swaths of the Chinese economy that's privatized. So it's harder to see that dynamic being as effective.
Nonetheless, I expect to see the rhetoric continue because, let's face it, as you said,
it has been effective, that rhetoric rhetorical ploy against the socialists and the communists
for more than a century. And they don't give up easily on bad ideas.
Yeah, I want to jump in here because I think this is a really important point.
One of the points we make in the book is that throughout this period, you see
the creation of a false dichotomy. And a lot of market fundamentalists rhetoric
really rests on the false dichotomy that either you have wholly unregulated or only very, very marginally regulated capitalism or Soviet-style totalitarianism. And there's no middle ground.
And of course, even in 1917 or 1927 or 1937, that was false. So on the one hand,
I agree with you that in the 1920s, after the Bolshevik Revolution, the American anxieties
about communism had in some sense maybe more grounding than they might today. But in another sense, they really didn't. They were always false because you had the example of Bismarck in Germany.
Bismarck had introduced reforms such as workman's compensation, which we talk about in our book about the fight to have workman's compensation here in the United States, in part because he realized that if you treated workers better, they would be less likely to be sympathetic to communism. And in fact, many of the social reforms that we see in place in the late 19th and earlier 20th century, both in the United States and in Europe, really serve to soften support for more extreme reactions against brutal capitalism. So the false dichotomy was never true. But it was used as a way to try to discredit reformers, to discredit the advocates of, say, banning child labor or discredit the advocates of unionization by claiming that they were communists. And what sad to me about the example you just gave is it shows that these people are still using the same strategy. Because as Eric just said, China today is not communist. I mean, if Marx has ears in his grave, he would be rolling in his grave, but even the thought that anyone could call what's going on there. And in fact, because what's happened in China is so not what people like Milton Friedman predicted, economists have had to come up with a new term to describe their economy. And so it's sometimes referred to as market authoritarianism, because it's a largely market based economy, but it's highly authoritarian. And this is a big problem for the market fundamentalists,
because their whole theory was that capitalism was supposed to protect freedom. And in the 70s and 80s, a lot of conservatives were excited to see China adopting more of a market forward economy,
because they thought that political liberalization would follow. Well, that theory has been tested, and it's been shown to be to be faulty. You know, this is interesting. I want to
just ask the question very directly. So if the central myth, well, there's a couple of myths
here, but one of the big myths here that we're describing is that there's this dichotomy, either you're completely socialistic or communistic, or you are a market oriented paradise, if there's

actually a lot of in between, eventually a country can become communistic or can become completely socialistic. So if it's not the slippery slope of one day you pass social security, and the next day they're executing the wealthy in the streets, how does a society, in terms of the 20th century, if we run that experiment, actually become communistic or socialistic?
Well, we don't know, because I mean, honestly, the only, well, I mean,
yeah, this is this is a sort of question that historians hate, right? Because we don't necessarily believe, we don't necessarily believe that there's a general theory that will explain how all societies become communistic. But if you look at, you know, the Russian Revolution, right, you had an incredibly brutal authoritarian czar, you had workers who were treated virtually like slaves. And so you have a popular uprising and a revolution, which sadly doesn't turn out the way its original advocates hope, but that's often true of revolutions. I mean, the French Revolution didn't really turn out, well, eventually it did, but it took like another 100 years, right?
And then China, again, I mean, so much of the history of 20th century revolution is also tied up with the history of imperialism. And so if you think about countries that were then sympathetic to communism in the second half of the 20th century, almost all of these were places that were colonized. And so the move, the embrace of communism is tied up with anti-imperialist movements. And so, you know, it's a counterfactual history question to say, well, what would have happened in those countries if capitalism hadn't been associated with imperialism, right? So this is an extremely complicated space. But I think what we do know from history is that many European nations adopted reforms that could be viewed as socialistic. They became social democracies with strong safety, social welfare, safety nets, strong protections for workers. For example, Germany has far stronger protections for workers than the United States was. And not only did they stay democratic, they actually became more democratic. And if you look at people who do measurements of how democratic a society is, the United States is not at the top of that list. It's the social democracies that are. And the same with measures of health and well-being. So if you look at lists like the Happiness Index or the Human Development Index, what you consistently
see is that the social democracies that have market forward economies, but also strong government engagement in the marketplace and strong government attempts to remedy market failure and to fill in
the gaps in social security and health that the market leaves us with, those countries, people are happier, they're healthier, they live longer lives. And in general, they flourish much more than we are doing in the United States today. And I think that's really the proof of the pudding, right? We can argue about theory as long as we like. But the reality is that our very inadequately regulated system here in the United States has not made us happy. It's not made us healthy. We're living shorter lives. And it's made a very small amount of people very, very wealthy, but the rest of us have seen our income stagnate or even fall.
Man, to your point about that being a question that historians, I think that was actually a very revelatory answer, though, because to your point, if there's a good faith case to be made, well, there is obviously a good faith case to be made against the Soviet Union. A huge part of the case against 20th century communism is really a case against revolutionary uprisings that just throw off the old order and aren't quite democratic. The point being, the case that, let's say, Marco Fundamentals making it against FDR and the New Deal was not that FDR was running

around in
the streets executing people and stealing wealth, it's that they were passing democratic reforms and operating within the system of the Supreme Court. The test then was, could you enact reforms and then also maintain the underlying country and you could. So that's helpful. So here's a question that comes to mind. This is more of a narrative question to be writing this book. When you engage in a revisionist project like this, like looking at how much of the stories we're telling ourselves are organic and true versus kind of top down, astroturfed, what is America? That seems like really broad. But when I'm kind of asking you, this is like, when you then look at like, for example, like, you look at the Little House on the Prairie books and you discover that actually that's kind of like a free market, like right ring oriented project. I don't know. Like when I was back in elementary school, I heard, you know, Little House on the Prairie, it's this classic book. Like, how do you conceive of like what America is and isn't when you do a project like this? I'll ask you first. I took the last hard question. So Eric has to take this one.
Oh boy. Well, I was going to say what I'd like to believe about America is that it's a successful multiracial democracy. And if I've engaged in revisionism to any degree, it's trying to tell people how we've been less successful at that project than we might otherwise have been.
Yeah, we may have a completely different answer because I don't know otherwise how to answer that.
Yeah, I mean, that's, yeah, I don't know how to answer it either, except I guess I could try this. I mean, part of what makes history challenging and part of the reason we're seeing, you know, so much pushback from the right wing over questions of history and how we teach history, the whole thing about AP African American history, the 1619 project, all these things is because history is contested, because people don't just have beliefs about history, they have beliefs about what they think history says about who we are. And this is why history is so important to every culture and why history, you know, it's an absolutely central discipline, even though it's not often treated as if it is, but the very fact that so many conservatives in America are upset right now shows actually how important history is. So I think that one of the things we see is there are these competing strands in American thinking, American life. On the one hand, America has always been a multiracial country because we've always had black people, right, since before the Declaration of Independence, we've always had Jews and Muslims, we've always had Native Americans.
Native Americans, yeah, I was getting to Native Americans, right. And, and then very quickly, you know, in the earliest days of the 19th century, we had immigration from all over the world, including, you know, enormous amounts of Chinese immigration. And, you know, we all know that Chinese immigrants played an extremely important role in the development of California, the railroads.
So on the one hand, we have been a multicultural country. But as we also know, there have been these incredible tensions from the get go as well. Slavery is the most obvious one. And, you know, in the book, we talk about how slavery is the obvious reputation of the capitalism and freedom argument because the United States was a capitalist country from the outset. And really 10% of the people in this country were kept in slavery until, you know, the Civil War. And so those people were not free. And women did not have legal, political and civic rights in the 19th century by and large, didn't get the right to vote until 1918. So, you know, there's the aspiration and there's the

reality. And I think how we react to that is complicated. Some people want to see the reality and say, the aspiration is rubbish, the aspirations are lie. I don't really view it that way. I think the aspiration is an aspiration in America as a complex country that has often failed to live up to its best ideals. But I think we can still mobilize those ideals and use them to say, we ought to be working towards, towards being, to be more to fulfill the aspirations and the idea of, you know, I mean, this is going to start like the violins are going to start. But, you know, the liberty and justice for all piece of this, right? Yeah, I think the question that comes to mind here then, too, is a better way of asking the question that's easier to answer is just, I think of, there's this Newsweek cover that came out in 2009. I got it back in high school when President Obama won the presidency. And it described America as a center right nation. That was the
cover. It's like, how does President Obama govern a center right nation? And as you're, if you're thinking about this project that you two are undertaking, which is there's this big myth, there are these like these myths and these stories we tell about ourselves, the story that America is a center right country, that narrative in itself has some realities built into it that are going to constrain how one governs. If we're a center right country, then obviously we don't have universal health care for center right country, obviously this, this, this, this and that, in a way that would definitely buy us a debate towards a market fundamentalist.
So I guess what I'm really kind of asking here is reading your book, having this conversation, I kind of find myself wondering, okay, but like, is America a center right country? Like am I, by, by, by looking at the word through that lens, which is how I've looked at the lens, that's, that's how I look at the world now today. It's still kind of how I look at the words, how I explain why the way, it's how I explain why our economy looks different than a European one. Am I captured by a myth? That's what I was kind of getting at with this makes you question, asking if this makes you question like what America is, because I think that's, I think that's my version of, of the experience reading the book. Yeah, yeah, that, that's a great question. I like that question, because I think actually it invites us to push back against that center right characterization. Because if you look at public opinion polls, what you see are that public opinion polls consistently show the American people substantially to the left, although, you know, characterizing these things as left and right is problematic, but we'll call it the left for lack of a better term, substantially to the left than what's going on in Washington DC.
So we know that the vast majority of Americans support abortion being legal under most circumstances,
at least in the first trimester, we know that the vast majority of Americans know that climate change is real and think the government should play a role in addressing it. We know the vast majority of Americans think environmental protection is important, and that the federal government should play a role. We know the vast majority of Americans support social security and Medicare, and a substantial majority support the expansion of Medicare. Depending on how you ask the question, we should know that most Americans support, if you explain it properly, they support having bigger estate taxes. So there are all kinds of policies. When you ask American specific questions, they give answers that I think would be actually adequately called center left. But that's not what happens in DC. And so then there's a set of complicated questions about the disconnect between what people feel and say in public opinion polls versus what

happens in DC. And I think that can be explained by a few, well, obviously a lot of factors, but a couple I would highlight. I mean, one is obviously the electoral college. We have a system that heavily disproportionately represents people from rural areas, particularly the poorly populated rural states like Wyoming, Montana, North and South Dakota. And so that disproportionately shifts the debate in the direction of what rural people think. And rural people do tend to be more conservative than urban people. So there's that. But then there's also the propaganda story, right, that that so many of us, because we've been told this story about markets are good, government is bad, markets efficient, government is wasteful, that when it actually comes time to act on these questions, many of us are skeptical that the government can address these problems effectively. And I think that affects how we think about problems and how we vote. And so many of us actually vote in a way that is more to the right than the opinions we actually hold at least to the extent that public opinion polls capture that. Anything you want to add to that, Eric?
I would only say I tend to think of the U.S. as having a leftist population with two right-wing parties. So maybe a center right and a far right party. I should kinder to the Democrats that I guess then perhaps they want to be sometimes. I've got one more thing in here since you asked this question broadly about what America is. I do think that one thing is that's different about the United States versus Europe. And I say this having spent a lot of time in Europe and having lived in England and also Australia. America is a radically individualist country. And I do think that shapes how we think about policy responses to problems. And that is hardly deeply rooted in American culture. I'm not going to blame that entirely on market fundamentalism. But one of the strands of market fundamentalism is also to reinforce a radical individualism. The idea that we can solve these problems on our own. We don't need the government to do it. And we see that. You see that in the Little House in the Perry stories. You see that in Milton Friedman's arguments where he says, well, if there's discrimination in the workplace, you can just go somewhere else. As if that is really a realistic possibly for most people or even desirable. And we know that moving is really disruptive of social connections, which is bad for your health. So there's a way in which individualism plays a role in this story in terms of what we think are desirable and effective solutions to problems. And that I think is quite different than Europe. And it's certainly massively different than Asia.
Because that actually brings to mind a direct question. How can opponents of the myth of market fundamentalism reconcile the need for government to do things with just that inherent individualistic
bias? Not even meaning bias in a bad way, but there's just like a bent to our rhetoric, self-conception, et cetera, et cetera, et cetera in this country. How can you reconcile those two things together? Another futurist question. Oh, no, it's not necessarily a futurist one. Because what you could argue is that that's the story of the 1970s. It basically says, look, if you're experiencing malaise, if you're not enjoying yourself, it's because New Deal doesn't work anymore. Great society was a failure, et cetera, et cetera, et cetera. This has been basically the fight, which broad strokes you could argue market fundamentalists have lost, but at a miniature level, there are specific tenders that may be continued. That's how I would think about it.
So it doesn't have to be futuristic. Well, I guess I'd push back on that a little bit, because one of the stories of the 70s is how socially libertarian and sometimes economically libertarian, the supposed left of the 70s was, right? These were people who were individualists,

who saw it largely individualist solutions still, even to collective problems.
And we saw some, there are some episodes, of course, in which they try to set up communal living and that kind of thing, which also is on the 20s, and fails again, the incentives aren't there. But I guess the way I would think about the question is, you know, individuals are still fundamental to any sort of collective enterprise. They're still fundamental to any democratic enterprise, because we all have to vote for them, right? And so one potential route, I think, to revival of some idea of community spirit is recognition that you have to bring the individuals along. It can be maybe state led, but it can't be entirely state imposed.
That's going to go more radical than that. I think we've been sold a bill of goods about individualism too. I was thinking the other day about that famous line, man is born alone and dies alone. I mean, think about it. It's completely preposterous. Nobody's born alone. You're born in your, you know, through your mother's womb. And typically, there are people around you, doctors, nurses, family members, doulas, aunts, grandmothers. And then you're raised in a family situation. I mean, a child that would be left out in the woods alone would either be, you know, a wild child adopted by wolves or they would die, right? And the medieval period, it was very common
that when people had too many children, they would take them to the woods to die, which is why there are all these fairy tales about, you know, Hansel and Gretel being abandoned in the woods. So people can't live alone. People with rare, rare exceptions, people live in tribes, people live in clans, families, nuclear families, extended families. And people's identities are deeply tied up with their tribal identities. They use the word tribal, sensu-lato. This is who we are when we think about who we are. We think about, you know, I'm a member of my family. I'm a mother.
I'm a Harvard professor. I'm Jewish, you know, I'm a feminist. I'm a member of protect our winters, right? I mean, we are self identities are very, very much tied up with the groups, the communities, the tribes, the clans, the organizations that we are part of. Why we don't see that is mystifying to me because it's so obvious once you actually think about it. And if you think about death, some people do die alone. And most of us think of that as a very sad thing. If you ask your people, people, and I'm old enough that I sometimes have these conversations with them. You know, what would
a good death look like? Almost everyone will say it's to die at home surrounded by my friends and family. So maybe, you know, I don't know, maybe this is the next book, I always get ahead of myself, as Eric knows, but I do think that we need a bigger conversation about,
about sort of how we balance individual rights, which are important thing in any democratic society, but the reality that we live and thrive in communities.
But isn't that the myth nail me? Isn't the myth itself been driving so ever deeper into American society, the exact counter argument to what you said, that we don't need families, that labor should be free to move wherever regardless of family ties or geographical preferences, etc. There's no longer loyalty from employers to employees. And, and therefore there shouldn't be any the other direction either. So, so what we're all being taught by the big myth is, is exactly the extreme radical rather rugged individualism that divides exactly what you're saying makes it difficult. Right. And it is tied to the myth of free market capitalism, because if you think about standard model promoted, say by the Chicago schools, the rational actor,

the individual actor, the individual consumer, making an individual choice, as if that consumer was not influenced by friends, family, peer pressure, advertising, marketing, etc. I mean, no one is actually making an individual decision in the marketplace, independently of social factors. And yet that's how most economic modeling until very recently has operated.
Yep. You know, something I'm curious about that's coming to mind here. One of the, let's say, I don't want to say myths, I don't know nothing about this topic. So this could be true. It could not be true. I think you will probably disagree with it. But one of the traditional, like post 1990s conservative storylines is that the
big government increasing the increase of the power of the state effectively crowded out private organizations, social groupings together, it forced us into a situation where rather than say, Hey, like, what can we as a community do to do this, this, this and that, the private charity, we now expect government to solve everything. What is your take on that argument? And then secondly, and y'all could take this in any direction you want or in any order, what is the role of private charity, private organization, like non market forces, but also non governmental forces in this, I mean, to be frank, Eric, rather disastrous and sad sounding status quite described, which I think in many ways is accurate, but it just comes to mind that there's like a third force here, they could be used for bad in terms of saying that's all the fault of social security. I'm not going to pine for a fake war where the church took care of that for everybody, but also acknowledges that there has to be other things to private sector, not the private sector, but by private charity can do. Eric, I'm leaving this juice, I feel like I've been talking a lot. Okay. So what's, I'll take one part of the question anyways, what's the space for private charity? And I would say that even, you know, there's private charities in Europe too, which have much greater social, provide socially provided benefits. And that's because there's always going to be gaps in whatever a state or collection of states does. And private actors will find ways to fill those things. So I don't worry very much about the non governmental sector, because there'll always be some problem that they want to solve some gap to be filled in whatever the state provided services are. And heck, that would be true, even if we actually had, you know, the magic or miracle of universal healthcare in the United States, huge amounts of charitable money goes to that right now, including and then private money and so forth. And yet, we still need the charities. And I think that would continue. I don't see that as a problem.
Yeah, I think it's a tricky question. I thought you're going to start talking about Herbert Hoover, actually. Because, you know, you want to talk a little about Herbert Hoover, because it's an interesting example, I think. So Herbert Hoover's idea, you know, he, of course, he was president pre New Deal. But but during the great after the during and after the great crash, Hoover was a volunteerist. And he thought he utterly opposed state roles. And for example, public relief. Okay, this is this was one of this was the huge dividing line between him and Roosevelt and in the 1932 campaign, he was a volunteerist, he thought charities should provide all relief. And the problem with it, that wouldn't the Great Depression simply was there was so much need for relief that charity alone wasn't adequate. And beyond that, it didn't, you know, charity doesn't get factories restarted. And that sort of thing, right, because that's seen as a preview of business. But if the businessman don't trust the business climate either, and don't invest aren't unwilling to start restart production and so forth, then what happens, and this is kinds of interpretation, you get a recession that never ends. And that's what happened in

the Great Depression. So charity is not enough. But Hoover thought it was. And throughout the New Deal, he advocated of getting rid of all of the New Deal responses, social security and so forth. And during World War Two, he was an advocate of it. And after you start the war, he and some of the foundations we talked about in the books, the Freedom Foundation for Economic Education and some
others, start trying to reformulate and re, re propagandize really, this notion that charity is not charity, if it's not voluntary, right, Medicare, social security, right, had been the idea of social security prior had been you either earned enough money to pay for your own retirement, or you subsisted on charity. Social security abolished all that, creating overtime a system of state benefit payments to the retired, which you'd think would close out charity, even though foreclosed charity, except we have it, but the Hoover rights campaigned against social security on the grounds that involuntary charities like social security wasn't charity at all. It was an illegitimate expansion of government. Yeah, I think that's a really important part of the story to realize that, I mean, part of the reason that the New Deal reforms were put in place was because of the failure of private charity, even though there was private charity, but it just wasn't enough. It wasn't on the scale that it needed to be. And of course, it couldn't do something like ban child labor, right? That just wasn't a possibility. I mean, I think it's an interesting question because I think there's something to the conservative argument. I mean, we're not arguing that government should take over everything. We're not arguing for that. And I think I've been quoted saying this before and I think we say it in the book after 20 years of reading conservative literature, I am persuaded that conservatives are right about one thing. The best solution to a problem should be the smallest solution that fixes it.
The problem with most conservative approaches, though, is they don't fix it, right? In fact, the opposite. They want to starve the beast, reduce government, throw things, throw people back on their own resources, and it doesn't work. And this is why we live in a society now where Americans actually live shorter lives and are more sick than they were 40 years ago. And that cannot be viewed as progress on any level. So, and then if you think about, but again, I think conservatives are right. There has been a kind of refrain of social fabric in the last 40 years. I mean, this is controversial. People argue about this. I just saw the American Academy is giving a big prize to Robert Putnam who wrote Bowling Alone, which is a very influential, important book. People have argued with it. Not everybody thinks he's right about what he says, but I think he's at least partly right. And I think that if you ask yourself, so why has this happened, though, an interesting part of it is Americans move so much. Part of the reason we're not members of civic societies, political clubs, churches, is we're always moving. And that makes it hard to build a social fabric that might actually make American society more like what a lot of conservatives would like to see. And why do we move so much? Well, because we have this Uber capitalist ideology that tells us we should constantly be moving for work, that work should come first, that we should always try to improve ourselves, make more money, have more stuff. So, on the one hand, I'm somewhat sympathetic to that argument, but I think that if conservatives are really serious about it, they would want to think about public policies that would actually help build communities so people could have good jobs and good educations where they live and wouldn't have to feel compelled to move to another state to earn a living. Not just public policy, economic policies. Well, right. Okay. Public and economic policy. Yeah. So, here's the big wrap up question

that makes this conversation, not this conversation, but even the fact that we're having this feel frustrating. We're coming off of almost roughly a 10-year period, which really bracketed both like the end of high school for me and also just like leaving my 20s, 2008 financial crisis where we see just the idea that status quo, like low regulation, it's the end of history post-1990s, everything's great. Like that doesn't work on the financial category. And then on the COVID topic, like specifically the COVID topic being everyone's talking about the supply chains and the shortages. I just did a book, I just did a recording with an author of a book focusing on like the early COVID period. And it got me really excited for this conversation because we're talking about how Ford literally did not have enough materials, ball bearings, et cetera, for its trucks and everything once COVID hit, once you got a supply shock. And I asked the author of the question of, she was a financial reporter, if there'd been a CEO at Ford in 2019 who was saying, hey, let's have a year's worth of supply. Let's make ourselves resilient. It's a dangerous war. We just saw this big report that pandemics had happened. I was like, would you have written a positive story or a negative story? She said, I wouldn't have written a story at all because they would have lost their job very, very, very quickly because that would have been the definition of being inefficient, which is what, once again, the status quo market rewards ourselves.
So I think in those two examples I just gave, we just have at an almost non-partisan level, a lot of agreement that that's what happened in both scenarios. In many respects, we haven't approved upon those two situations. How is there still an argument about this myth?
Right? How are we still having this argument about this dynamic?
Well, for the same reason, we're still having arguments about communists and communists taking over America through the Joe Biden Inflation Reduction Act.
Right? We don't unlearn these lessons, unfortunately. Rather, we don't learn the lesson that a lot of this is just propaganda and it doesn't make any sense. And yet, we can't get past it. And I don't really maybe know me as it has a better idea of how you get past it, but I don't. I'm just not that optimistic, I guess. Yeah, I don't really know either because I mean, a lot of this has to do with the culture of Wall Street and we're not experts on that. But certainly, the sort of deification of the market and particularly the notion of efficiency is clearly part of this story. I mean, this is probably where this does connect with our book, right? The whole notion of efficiency that markets are efficient and governance is inefficient. And markets can be efficient, you know, in certain ways, but they can also not be efficient. And we saw that during the COVID-19 crisis. I mean, we say this in the book, there was no business case for stockpiling a billion masks, right? And no executive would do it as you just suggested because they'd be fired because that would have been viewed as ridiculous. And so I think that's where governance comes in because it might not be realistic to expect a company to stockpile a billion masks because, you know, the pandemic might not hit for a decade and then those masks would mold in the warehouse and go to waste. So who's going to do that? And I think that's where the argument for governance comes in, that there are a lot of things that it's just not realistic to expect the private sector to do. So rather than criticize them for not doing them, I think it would make more sense to just say, look, it's just not realistic. I mean, and so let's think about the way in which government complements the private sector and deals with these questions that can't be solved entirely in terms of efficiency.
So Eric's answer was a little pessimistic. I want to end on a optimistic, optimistic note.

We've always wanted to end on an optimistic. That's a very American thing too. In France, they're quite happy. Well, because people are not going to purchase the book at the end on a pessimistic note. I know. I know. I know. I'm cheesy. Thank you. And actually, we do. We do end the book on a kind of classic. So what's that? What's from the two of you? What's for this podcast at least? What's end? Just what's doing this? Because this is a long, this is a big project that you're doing. It's a long book. It's a serious book. Deeply researched. What is an optimistic takeaway you just have from this project? Either you two could take that first.
Yeah, I'll jump in. I think it's what we say at the end of the book. A lot of people want to ask us, are we pro-marker or anti-marker? And that's the wrong question. The question is, what are markets good for? How can we use them efficiently? And then how can we fill in where they don't work well? So the way I think about it with that market are tools. And if a carpenter showed up with my house with a toolbox that only had a hammer, I would think that was pretty weird,
right? I would know that my carpenter needed a collection of tools. And I feel that that's kind of the argument of the book, at least this is how I think about it, that society is complicated. We need a lot of different tools and we need to use different tools at different times, depending upon the challenge we're facing. So it might be that in times of not crisis, private charity can solve a lot of our problems. But we also know that there are crises that hit war, pandemic, the Great Depression, where we need the scale and the power of governments, particularly in this case, the federal government, to help. And I just wanted to say one other thing that I meant to say earlier. There was a really interesting article I read the other day. I can't remember if I read it when I was in Utah or not. But it was about a guy who had a Ponzi scheme that specifically targeted Mormons. And Ponzi schemes, confidence men work by gaining your confidence. And so he used the fact that he was a fellow Mormon to get all these Mormons to trust him and invest their money. And there were people who lost huge amounts of money, hundreds of thousands,
even a million dollars. People were completely bankrupted. And the article profile, the single woman, a particular woman whose church was helping her, the Mormon church was helping her. And I remember reading that article, I'm thinking, well, away, this is a beautiful case in point of our problematic. On the one hand, it's great that she's part of the Mormon community. It's great that the community is there to help her. And they even talked about how her bishops sat down with her and like help make a plan for how she was going to get out of the mess she was in. That's really great. But on the other hand, wouldn't have been better if we had adequate regulations that had stopped that Ponzi scheme in the first place. How about from you, Eric?
Well, I also think of markets as tools. And as I said earlier, there are constructs anyway. And so the question of market and anti market or doesn't make any sense, because we all live in a regardless of whether we're in supposedly communist China or anywhere else, we all still have markets. And the question is, how do we structure markets in order to solve the problems that we need to solve? And to me, that's the right question. And so I guess my optimistic take is we actually know what we need to do to restructure markets to solve many of our problems, maybe not all of them. We know what we have to do for climate. We probably know what we have to do
for most of the pharmaceuticals issues. So we should do that. And what stands in our way in

the United States anyways, is a political system that has become dysfunctional, at least in part because of the myth that we document. I think that's an excellent place to end. Naomi, Eric, thank you so much for joining me on the realignment. Yeah, thank you. Fun conversation and more wide
ranging than many of the ones we've done. In a good way. In a good way. All right, thank you, Marshall. They'll run on their toes. Thank you. Yeah, we appreciate you taking the time. We appreciate
you wanting to end in a way that will get people to buy the book. Hope you enjoyed this episode. If you learned something like the sort of mission or want to access our subscriber exclusive Q&A bonus episodes and more, go to realignment.supercast.com and subscribe to our $5 a month $50 a year or
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