

The FUND for AMERICAN STUDIES

Teaching Freedom

A SERIES OF SPEECHES AND LECTURES HONORING THE VIRTUES OF A FREE AND DEMOCRATIC SOCIETY



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LESSONS FROM SWEDEN

By Johan Norberg

On Saturday, Sept. 22, Johan Norberg accepted the 2018 Walter Judd Freedom Award during the TFAS Annual Conference in New Orleans, Louisiana. In accepting his award, Norberg delivered the following remarks to TFAS supporters and alumni, sharing lessons from Sweden's failed experiment with socialism and encouraging our fight for freedom to continue.

Thank you so much, all of you. It's such an honor to receive this award and join such a distinguished list of recipients. It's a really humbling experience to look through that list and think about what all these people did, what they accomplished during their lives in the service of liberty.

I have to say this straight away, I promise that I will not consider this as some kind of lifetime achievement award, and relax and retire. I will consider this just like a business would consider an astonishing financial result – not as a reason to quit, not as a reason to retire, not as a reason to relax in any way. I will consider this as a sign that you're probably on to something important and you should continue to do that. So, I thank you and I accept this award and I dedicate it to the future battles and achievements. So, from the bottom of my heart, thank you.

Speaking of battles, we're right in the middle of a quite formidable battle right now. It is said that the free market is in crisis. It is said that we're living in the end of the Reagan era, the end of American ideals. It is said that the whole rule-based international Pax Americana is collapsing before our very eyes. And when I hear that, I am reminded of the old Mark Twain attitude when he heard the rumors about his death. He said that it's a little bit exaggerated. So are these rumors – a little bit exaggerated.

If you care to look at all of these things from another perspective, I would say it's quite the opposite. We are winning. Throughout the world, we are winning the battle of ideas right now. But before I can convince you of that, I have to talk a little bit about dogs.

Remarks Continue Inside >>



TFAS Chairman Randal C. Teague presents Johan Norberg with the 2018 Walter Judd Freedom Award.

HERE'S THE DIFFERENCE: IN CAPITALISM, PEOPLE HAVE RISKED THEIR LIVES TO SAVE THEIR DOGS; IN SOCIALISM, PEOPLE KILL THEIR DOGS TO SAVE THEIR OWN LIVES ... THAT'S WHY PEOPLE RISK THEIR LIVES TO MIGRATE TO THE UNITED STATES OF AMERICA. AND THAT'S WHY PEOPLE RISKED THEIR LIVES TO MIGRATE FROM VENEZUELA, NORTH KOREA AND CUBA."

Did you see the dog saved from Hurricane Florence? I can see you did. But which one? There were so many. There was a TV reporter that stopped the broadcast in North Carolina to talk about this Rottweiler and a neighbor who jumped into a submerged building to save a dog. There was a 51-year-old trucker from Tennessee who drove an old school bus to four cities to save 53 dogs! And so many other stories about dogs being saved in the middle of this natural disaster. Now, why is that important? Because meanwhile in socialist Venezuela, what happened there? Well, we got footage of people butchering their dogs in the middle of the street because they needed the meat to survive another day. We saw people butchering their pets because they didn't have food. It's not just dogs. We heard about zookeepers warning that zoo animals were being stolen for food. Because the moment the government said that you shouldn't be allowed to profit from the needs of the people – well, in that precise moment no one continued to look after the needs of the people. And that's why it's important to talk about dogs.

Here's the difference: in capitalism, people have risked their lives to save their dogs; in socialism, people kill their dogs to save their own lives.

That's why people risk their lives to migrate to the United States of America. And that's why people risked their lives to migrate from Venezuela, North Korea and Cuba. And in the light of this, I think we should all update the old knowledge from Lord Acton, one of the great thinkers of freedom, who once said, "the most certain test by which we judge whether a country is really free is the amount of security enjoyed by minorities." I would say the most certain test by which we judge whether a country is really free is the amount of security enjoyed by dogs. And if you happen to dislike dogs, it's cats. It's anything you care for because the moment you have security for yourself and freedom and wealth, you can begin to care for other things.

That's what we've learned when we've experienced socialism in various places. You can't care for other things because you have to fight for your family.

And by that standard, by this newly updated Acton standard, the world is doing quite alright because the dogs have never had it this good in the world. There are some exceptions, but cats and dogs have never had it this good and neither have humans. You might not think we are because you pay too much attention to politics and that is a certain way of depressing anyone. Don't look to politics, look at what people are doing. Look at the economy, look at the scientific community. Look throughout the world and then you see that whenever people get a certain space to produce wealth, to produce community - they accomplish amazing results.

Our ideas are winning throughout the world. The latest numbers are just in from the World Bank. They say that between 1990 and 2015, those 25 years, the number of people living in extreme poverty declined by 1.2 billion people, even though the world population increased by 2 billion. It means that every day throughout the world, 134,000 people rose out of poverty because they got some space to make their own lives better, to produce a little bit more, to create businesses, to trade with other places and then they accomplished the greatest thing in human history – they reduced extreme poverty from some 37 percent to less than 10 percent. That's the greatest story of our time.

If a newspaper was only published once every 25 years, this would make the front page. This would have been the greatest story ever. We are abolishing poverty in every place where people get to know the free market. But now newspapers aren't published every 25 or 50 years. It's published every second and then that gets lost somewhere and we only have attention for crime and fame and who said what to whom at what point in time. That's a major problem, that's why we shouldn't look at our cell phones all the time. We shouldn't pay too much attention to the breaking news of the hour. We should look more to the trend lines. rather than to the headlines because that gives us an entirely different perspective.

Poverty is disappearing throughout the world and where does that happen? Well, it happens in the countries and in the periods when they begin to tear down walls, regulations, taxes and barriers to human creativity and production.

I recently met with an Indian economist, Gurcharan Das, who wrote the book, "India Grows at Night." Why does it grow at night? Well, that's when the government is asleep! It doesn't have time to tax and regulate and destroy all that wealth creation. Das told me something interesting. He said to me, "Right now the West and the United States is agonizing over **66** EVERY DAY THROUGHOUT THE WORLD, 134,000 **PEOPLE ROSE OUT OF POVERTY BECAUSE THEY GOT** SOME SPACE TO MAKE THEIR OWN LIVES BETTER, TO **PRODUCE A LITTLE BIT MORE, TO CREATE BUSINESSES**, TO TRADE WITH **OTHER PLACES**, AND THEN THEY ACCOMPLISHED THE **GREATEST THING IN** HUMAN HISTORY - THEY REDUCED **EXTREME POVERTY FROM SOME 37 PERCENT TO LESS** THAN 10 PERCENT. THAT'S THE GREATEST STORY OF OUR TIME ... THAT GETS LOST SOMEWHERE AND WE ONLY HAVE **ATTENTION FOR** CRIME AND FAME AND WHO SAID WHAT TO WHOM AT WHAT POINT IN TIME."

their own system of capitalism. But look here, look at India and look at our neighbors. They are nations that are rising on the basis of the principles of political and economic liberty that liberated the West. The principles that brought so much prosperity and freedom to the West, are now being affirmed in the East."

That is the greatest story of our time. Our ideas are winning. We are disappointed because there are always sort of authoritarian politicians and corrupt politicians and bureaucrats at work but that's not the major issue. The most important thing is to keep our people able to create faster than governments can waste it.

If that happens, then – for every generation, for every year, for every minute – we are creating a better world. So, why does this seem like such a precarious time, such a difficult moment in our history? Well, I think it's for the same reason that I was disappointed when I set foot in the U.S. on this trip for the first time last week.

It was great. I love the United States. People were nice. I wanted to be here. I looked forward to the opportunity to talk about things I care about. But, I kind of expected the airline to pass the luggage along and send it to me. You see, it's all about expectations. It's all about what you expect and whether your expectations are met or not. And in 1989 when communism collapsed and when socialism collapsed all over the world and the walls were being torn down, we all thought that we won once and for all. We all thought that this is now obvious and this is going to happen everywhere, and some people thought this was the end of history.

But no, authoritarians and dictators they stayed. They survived in countries like Russia and China. Nationalism and protectionism is back with a vengeance. In these times, when it's suddenly popular again with zombie films and the living dead, perhaps it's fitting that

66 THE FUNNY THING IS THAT IF THE SANDERS AND **OCASIO-CORTEZES OF THE WORLD** MADE THE U.S. **MORE LIKE SWEDEN**, WHAT WOULD **REALLY HAPPEN** THE UNITED STATES WOULD HAVE TO HAVE MORE FREE **MARKETS, MORE FREE TRADE, PENSION REFORM WITH PRIVATE ACCOUNTS, A NATIONAL SCHOOL VOUCHER SYSTEM** WITH FREEDOM OF CHOICE AND PUBLIC FUNDING GOING TO **PRIVATE SCHOOLS AS WELL, LOW** CORPORATE TAXES AND NO TAXES ON WEALTH, PROPERTY **AND INHERITANCE** ... WHY DID WE REFORM SWEDEN LIKE THAT IN THE LAST TWO **DECADES? BECAUSE** WE HAD A TASTE OF SOCIALISM AND WE **DIDN'T LIKE IT."**

socialism is back on the agenda as well. Politicians like Bernie Sanders and Alexandria Ocasio-Cortez say that America should be more like my country, like Sweden. That we should all be socialist or democratic socialist.

I recently saw a quite disturbing poll from Gallup. It said that among American Democrats, 57 percent have a positive attitude about socialism. But wait for it – even 16 percent of U.S. Republicans had a positive attitude toward socialism. And you know why? Because they never experienced it! They've never had to eat their pets for food, so they can afford that luxury of fantasy. Yes, it sounds nice to get things for free, to get food for free, but what you don't know is that you might have to butcher it yourself.

I'm from Sweden. I'm from supposedly socialist Sweden. You know what, when we have polls in Sweden asking people about their feelings on politics and ideology, only 10 percent say that they are socialists. In other words, there are more socialists in the U.S. Republican Party than in Sweden! How did that happen?

The funny thing is that if the Sanders and Ocasio-Cortezes of the world made the U.S. more like Sweden, what would really happen? They haven't updated their perception of Sweden and if the U.S. became more like us, the United States would have to have more free markets, more free trade, pension reform with private accounts, a national school voucher system with freedom of choice and public funding going to private schools as well, low corporate taxes and no taxes on wealth, property and inheritance. Be careful what you wish for.

Why did we reform Sweden like that in the last two decades? Because we had a taste of socialism and we didn't like it. Right now, online and on public television in the United States, I have a new documentary. It's called "Sweden: Lessons for America?" One of the things that I'm trying to explain in this documentary is that we did try something that was close to socialism in the 1970s and the 1980s. This is the moment in time when we got this sort of worldwide fame. It seemed like we were doing something interesting in Sweden. We were regulating and taxing and spending heavily and we were still rich. In 1975, we were having socialist experiments and we were rich. But it's like the old joke: How do you end up with a small fortune? Well, you start with a large fortune, you waste most of it, and then you end up with a small fortune. That's what we did in Sweden.

This was the moment in time when Sweden began to lag behind other countries. This is the moment in time when we stopped creating jobs in the private sector, we stopped creating businesses that produced for the world markets and we experienced so many problems. If you think of Sweden and our most famous writers, authors, businesses and musicians, it would be Ingmar Bergman, ABBA, Ikea and tennis player Björn Borg. You know what happened in the 1970s and 1980s? They all gave up.

Ingmar Bergman was taken away by police when he was doing rehearsals at the Royal Dramatic Theatre because they suspected that he had evaded taxes. He had a nervous breakdown and left Sweden forever. Astrid Lindgren, our most famous author of children's books including "Pippi Longstocking," she was a Social Democrat, but she left the Social Democrats when she realized that she actually had a marginal tax rate at 102 percent and that was too much even for a Social Democrat.

We had Björn Borg. He left for Monaco. We had Ikea. Founder Ingvar Kamprad left for Switzerland and the ownership ended up in a foundation in the Netherlands. We had ABBA, this great band I love. They ended up doing a musical festival against socialism because it was going too far in Sweden.

All our famous entrepreneurs, all our famous writers and directors, they left. This was Sweden's "Atlas Shrugged" moment. The creators, they just left Sweden and it ended in a terrible disaster in the early 1990s where the economy collapsed.

The rest of the world doubted whether we would ever be able to pay our debts back. And for a brief moment in time, the Swedish National Bank had an interest rate at 500 percent to defend the Swedish currency. At that time, the socialist minister of finance said, "OK, our policies were unsustainable. The regulation was absurd and our tax policies were perverse. We have to do something else." And just when it seemed the darkest. this is when we had this wide consensus that we had to reform Sweden, we have to liberalize this, we have to dismantle this weird experiment. But how do you do that?

Well, at that time we had a small group, it was a minority, but it was devoted and they knew what they were doing. The group was made of people from the think tank movement, people in business circles and the classical liberal free-market circles of Sweden, people who were inspired by economists like Milton Friedman and Friedrich Hayek, and by the ideas that TFAS has promoted around the world. And these people reformed Sweden quickly. They did it in a dramatic fashion quite rapidly.



Norberg speaks with TFAS Annual Conference attendees – Trustee Colene Johnson and her husband Russell, and alumnus James McCready (AIPES 10, PPF 15) – following his remarks at the 2018 Annual Conference.

If you want just one data point to look at where we are right now, according to the latest Index of Economic Freedom from The Heritage Foundation, Sweden is now more free market than the United States. That tells you something. It's happened in just this brief moment in time, just a couple of years. But you know what they say in show business? It takes decades to achieve overnight success, and that's why the kind of work that you are doing is so incredibly important.

Socialism didn't work in Sweden. It didn't work anywhere. But nonetheless, people want to experiment with it. I recently heard from Francesca Fiorentini, who is a quite famous socialist person in American media, who said "Think of socialism like a fancy baked good – just because men have made a mess in their kitchen in attempting it, it doesn't mean you go around declaring you'll never eat soufflé again. It just means you try harder."

Did you notice the non-sequitur there? All this assumes that at some point you had a great socialist soufflé and you want to get back there and all these other things were an aberration. But that's not what the world is like. It's more like, every time anyone anywhere has tried to make a socialist soufflé, those eating it were poisoned. They died! Or, they didn't get a soufflé and they ended up in bread lines or soufflé lines and ate their dogs instead.

If that happens to you, you don't try harder. You don't make the soufflé bigger, you don't make excuses and say, "Yeah but next time people won't die." You have to ask yourself, "What's wrong with this recipe. Why do my guests keep on dying?" Then you start serving something that doesn't kill your guests, right? That's the Swedish lesson for America – how to clean up the mess in your kitchen when you've made that soufflé.

And oh, Sweden has another lesson for you: You have to keep your markets open. You have to keep international trade working. You have to stick with free trade because trade is like a machine in which you put the things you can create and on the other side, you get the kind of things that you are not able to produce. It's like magic, a magical machine.



TFAS alumni attend the 2018 Walter Judd Freedom Award presentation to Johan Norberg in New Orleans. Pictured (I.-r.): Jonathan McGee (IBGA 12, PPF 14), Sarah Sicard (IPJ 13), Tricia Beck-Peter (IEIA 15) and Evan Gold (IBGA 10).

G THE BATTLE NEVER ENDS. THAT'S WHAT I THINK CHARLES EDISON AND THE OTHER FOUNDERS OF TFAS REALIZED – THAT THEY HAD TO MAKE THE DEFENSE OF FREEDOM A LIFETIME COMMITMENT."

If you're very good at producing potatoes, you'll get computers on the other end of it when you put potatoes in. And it works in the reverse way – it works with furniture, it works with software, it works with books, it works with anything. If this had been a human innovation, it would have been the greatest machine ever. Now it just happened whenever governments stayed out of the way and people started bartering and trading with one another, and that is free trade. That's why it's so fantastic.

Protectionism is a way to deny yourself access to this machine and that's why it's so dangerous. No country has ever become rich without an open economy. No country has remained rich when it has abandoned the open economy.

Tariffs, quotas, protectionism all are a nightmare for our companies, not just for our exporters. We can see this here in Louisiana now, which is so dependent on the exports sector, but also for any kind of businesses trying to produce anything, because most trade is in intermediate goods. That kind of component that ends up in this microphone or this computer, or in our clothes – they come from all over the world because we want to choose the best and cheapest option from wherever it comes. It's a nightmare for our companies and that's why they don't like it, and more than that, it's a nightmare for our consumers because it makes all our goods more expensive.

The poor lose out most of all on protectionism because they spend more of their income, relatively speaking, on the kind of goods that are traded internationally - clothes, food, furniture - rather than restaurant visits, lawyers, health care and real estate. Which means, according to the latest data that I've seen from the United States, if the U.S. were to go it alone and block trade with all other countries, the richest 10 percent of households would only lose 10 percent of their income, of their purchasing power. They could afford it. But, the poorest 10 percent would lose almost 70 percent of their purchasing power because they're more dependent on that competition.

Now socialism and protectionism seem different, but as Frédéric Bastiat

- one of the greatest economists ever – explained, they are basically the same plant in different stages of growth because they are both different versions of legal plunder. The free-market system is based on two things: the freedom to produce and the freedom to exchange the result of that production on a voluntary basis.

Socialism is an attack on the production part – on ownership, on property rights - and protectionism is an attack on the trade aspect of that. They're both based on the idea of the zero-sum game - the idea that if someone else profits, I lose. It's the oldest economic myth in the world - the myth that launched a thousand economic mistakes. This idea that if someone gets rich, the poor are hurt, or if another country gets rich by trading with us, we are the losers and we should do something to stop that. That's not the case in a free market. No deal ever happens unless both sides walk away from the agreement and think that they have both benefited from that agreement. This is how we create more wealth and reduce poverty. The idea that the government has to intervene somewhere domestically

or internationally has once again gained in popularity. These democratic socialists talk about lots of problems and the things they don't like – the lack of social mobility, poverty, bad jobs and lack of opportunity. Interestingly, they talk about the kind of problems that their policies, to a certain degree, have made much worse. Could they be the cause of many of the problems that they complain about? I thought about that when I heard a bizarre story the other day.

A seriously hungover guy called the police in the morning. He was so scared; he was terrified because he had just received a death threat via text message. The police arrived, they checked his cell phone, tried to calm him down and when they looked through his messages, they realized something strange was going on. They concluded that while seriously drunk in the middle of the night, this guy had texted himself on his cell phone with an angry, vicious threat to kill him. And then he fell asleep. He forgot all about it. He woke up in the morning and saw that the first message was a death threat and he called the police.

To me, that's what interventionists do. They complain about poverty. They complain about bad jobs and a lack of opportunity. Then, drunk on socialist ideas, they implement policies that result in poverty, bad jobs and lack of opportunity, and they think someone's got to do something about this. They think we have to implement these interventionist policies because they always wake up hungover and terrified about what they've done to themselves.

They will lose in the end. They always lose in the end. The only question is how much harm they will have done before they are sober again. Because the world is on our side, history is on our side, humanity is on our side.

Whenever we manage to give people just a bit of space to go about their own business, to try to improve the lives of themselves, their families and their communities, they create magic. During these 25 minutes that you've been listening to me, another 2,300 people around the world rose out of extreme poverty because they got a little bit more of that freedom. That is amazing and we should just think of that constantly.

We always hear the complaints. We always hear the attacks on that system – on free markets, on global capitalism. We have been here before and sometimes it makes me kind of tired and it makes me despair thinking, "Look we've gone through this before! We've looked at these myths and it's ruined lives wherever we've tried these ideas before!" It makes you despair, right? Frédéric Bastiat, Adam Smith they explained this 200, almost 300 years ago. But the fact that we have done this before is not a cause to despair or think that it was all in vain.

Whenever I think it is, I like to think of a story of Evelyn Waugh, the British author of "Brideshead Revisited" and many other wonderful books. He was a deeply religious man, but he was also a bad man in many ways and he kind of harassed people close to him. At one point, during an especially awkward dinner, he had taunted someone to tears. A friend of his exploded and said, "How could you be so wicked? I thought you were supposed to be religious." And he answered, "You can't imagine how much worse I should be if I were not religious."

It sounds like an excuse, but I think it makes sense when I think about the world. Yes, it's difficult out there. There are many threats against freedom, many dangers. But, imagine how much more unfree and dangerous the world would be had it not been for the work that you perform and you support, all the time, every day, year after year. Imagine how much worse the world would be had that not been the case. We have to remind ourselves of that when we see these threats again and again.

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Please visit TFAS.org/events for more information as details become available, or contact Jane Mack at 202-986-0384 or jmack@TFAS.org. We don't always win. Sometimes we lose battles but when we do, the battle wasn't in vain. We did it to be able to look ourselves in the mirror and say we did everything we could. To say, I did everything I could to avoid this result and to look our children and our children's children in their eyes to tell them that we've tried to avoid this outcome. We did everything we could. Now you are going to have to carry the torch onwards.

To sum up, the battle never ends. That's what I think Charles Edison and the other founders of TFAS realized – that they had to make the defense of freedom a lifetime commitment. And more than that, something that keeps on going long after they are gone. That's why I'd like to conclude by expressing my gratitude to this project, to the work that you are doing and supporting, and to the hearts and minds in here that struggle to reach the hearts and minds out there. All the students and alumni in so many places that are doing this incredibly important work. You've helped to convert people who convert others to make sure that the next generation will teach the next generation about the value of this. Because the battle never ends.

This is more than a lifetime commitment to explain these ideas again and again. So, to all of you who move and shake the movers and shakers, you change the world one by one, generation to generation, bit by bit, slowly but steadily. It takes time. Never forget that overnight success takes decades of hard work to accomplish.

History did not end in 1989 and 1990, but neither did it go into reverse, and we make history all the time. We have to make history because otherwise someone else is making history and we don't like the results of that. The battle is not over. The battle is never over. It rages on and I am proud to be part of that battle and I'm grateful to you for leading that battle. Thank you.

Teaching Freedom is a series of remarks published by The Fund for American Studies, a nonprofit educational organization in Washington, D.C. The speakers featured in each issue delivered their remarks at a TFAS program or event or serve as a member of our faculty. The speakers who participate in our educational programs contribute greatly to the purpose and mission of TFAS. The speeches are published in an effort to share the words and lessons of the speakers with friends, alumni, supporters and others who are unable to attend the events. To read past issues of Teaching Freedom, visit: www.TFAS.org/TeachingFreedom.

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