



Munk Debate on Capitalism

Dec 4, 2019

Rudyard Griffiths: Ladies and gentlemen. Welcome to the Munk Debate on Capitalism. My name is Rudyard Griffiths. It's my privilege to have the opportunity to help organize this debate series and to once again serve as your moderator.

I want to start by welcoming the North America-wide television audience tuning into this debate right now on CPAC, Canada's public affairs channel. And with our partners in the United States, WNED and their PBS sister stations. It's great to have you as part of the program.

A warm hello also to our online audience watching right now at Munkdebates.com and via the website of our exclusive social media partner, Facebook. Thank you for tuning in.

And finally, hello to you, the over 3,000 people who've filled Roy Thomson Hall for yet another Munk Debate. On behalf of the Munk Foundation and all of us working at the debates, we so appreciate your support for more and better debates of the big issues of the day.

Now, tonight is a bit of a milestone for this series. This evening marks our twenty-fifth consecutive debate. Quite an accomplishment — twenty-five debates. That's pretty good. Our ability, year in and year out, to bring to this stage some of the world's sharpest minds and brightest thinkers would not be possible without the public spiritedness and the generosity of our founders and hosts tonight, the Aurea Foundation and the Munk Family. Thank you for keeping this series going.

I think Peter would have enjoyed this debate. I'm sure he would have had a few opinions about it.

So, why are we convening this debate now? Of all the various topics that we could have confronted this autumn, why did we turn to capitalism? Well, something is clearly happening in our politics and in

our culture when it comes to public perceptions of free markets, capitalism, and free enterprise.

More and more of our fellow citizens have come to believe quite simply that the capitalist system no longer works. They blame it for fuelling rising, if not rampant economic inequality and stagnating living standards. They believe, many strongly, that capitalism is poisoning the planet for profit. And they are genuinely worried about how capitalism is concentrating in the hands of a few wealthy and powerful elites increasing amounts of democratically unaccountable power.

In short, I don't think it's a stretch to say we're living through a moment when we as a society are experiencing a crisis of faith in capitalism as an engine of economic, social, and human progress.

But, as we'll hear tonight, capitalism's defenders feel that blaming the capitalist system for society's problems is the moral panic of our time. They see free markets rightly as having lifted hundreds of millions of people out of abject poverty around the world. They believe that capitalism is a powerful tool to clean up the environment, to spread human rights, to promote political liberty, and to encourage all the kinds of technological breakthroughs that have made our lives immeasurably better. We know that.

For capitalism's proponents, the answers to these real and urgent problems that our society faces, such as the environment and economic inequality, is quite simply more liberty, more free markets — in short, more capitalism.

So tonight we challenge the essence of these arguments by posing a simple motion, “Be it resolved: the capitalist system is broken; it is time for something different.”

Well it's time to get our debaters out here centre stage and our debate underway.

Arguing in favour of tonight's motion, “Be it resolved: the capitalist system is broken; it's time for something different,” is one of the world's leading socialist democratic thinkers. He's a member of the Greek parliament. I think he's got a budget coming out tomorrow that he's going to have to comment on. He's a former finance minister of Greece during the Eurozone Crisis. And he's an internationally bestselling author.

Ladies and gentlemen please welcome to Toronto, Canada, Yanis Varoufakis. Thank you, Yanis. Thank you.

Well one great debater deserves another, and Yanis's debate partner tonight is one of America's leading progressive voices. She is the publisher of the storied *Nation* magazine, a *Washington Post* columnist and acclaimed author of numerous books on economics, politics, and international affairs. Ladies and gentlemen, Katrina vanden Heuvel.

Speaking against the motion, “Be it resolved: the capitalist system is broken; it's time for something different,” is Harvard professor, bestselling author and — if you haven't watched I yet, check it out — the star of the Netflix hit documentary *The Pursuit*. Ladies and gentlemen, Arthur Brooks.

Joining Arthur on the con team for this debate is the celebrated *New York Times* columnist, author, and the person that we — I know I do — turn to regularly on PBS stations to try to understand the big issues of our time. Ladies and gentlemen, please welcome our final presenter, David Brooks.

Before we get this debate underway, let's look at a few little housekeeping things. Number one: we've got a hashtag going tonight, so for those of you watching online #munkdebate, you can follow this conference on the stage and add your opinions and views. Let's see if we can blow up Twitter over the next hour and a half. With your million followers, Yanis Varoufakis, I think we might have a chance of doing that.

Number two: let's introduce our countdown clock. Now, I explained this ingenious invention to the debaters. A clock will appear on the screen for each of the timed segments of this debate—the opening statements, the rebuttals, and the closing statements. When that clock reaches zero, I want you, the audience, to applaud. That will keep our debaters on their toes and our debate on schedule. So, thank you in advance for that.

Well it's now time for us to have our first audience vote on the resolution, “Be it resolved: the capitalist system is broken; it's time for something different.” We're also going to have a little experiment tonight. Voting here at the Munk Debates has always been an interesting exercise, and tonight we're going to do a live vote, so we're going to see the result build on the screen if everything works out. You each received an electronic voting card as you came in. If you're in favour of the motion, press “A,” if you believe “Yes, the capitalist system is broken; it is time for something different.” If you are opposed to the motion, press “B.”

Let's see if our high-tech voting system is working and we get some numbers. Okay, here are some preliminary numbers. Interestingly,

public opinion in this hall, I would say, is virtually split within the margin of error: 47 percent in favour of the motion, 53 percent opposed.

So, we certainly have a debate on our hands when it comes to our motion.

Now we're going to see how fluid opinion is in this audience. We're going to ask you a second question: "Are you open to changing your vote over the next hour and a half? Is there something that either one of these teams of debaters could say that could conceivably let you vote in a different way when we come to our final vote on the resolution at the end of tonight's debate?"

So, if you think you could change your vote, press "A." If you think that you're set, that you're coming in here with your mind pretty much made up, I want you to press "B." So, "A" if you're open to changing your vote: "B" if you're not going to change it, come what may. Let's see those results as we count down the final ten seconds to allow people to vote.

Yes, 79 percent. So, we have an audience of creative thinkers who are willing to consider what they hear from these two teams with sharply diverging points of view.

Let's move now to opening statements. We're going to have six minutes on the clock for each one of the debaters. And, according to debating convention, we're going to have the pro team, the team arguing for the resolution, speak first.

So, Yanis Varoufakis, you have six minutes on the clock. Welcome to Toronto. Let's have your opening words.

Yanis Varoufakis: Thank you, Rudyard.

Good evening, Toronto. Good evening, ladies and gentlemen. We have a great debt of gratitude to capitalism. Capitalism liberated us from prejudice, superstition, backwardness, feudalism. But at the same time we owe capitalism unbearable inequality, unsustainable debt, brazen authoritarianism, and — yes — catastrophic climate change.

There's no doubt that capitalism produced immense wealth, but it produced it on the same — exactly the same — production line on which it also manufactured new forms of depravity. It lifted billions of people from poverty, but it created new forms of desperation for many others.

When asked who is the worst enemy of capitalism, I never respond by pointing to the Left. We Leftists are a bunch of losers. We have a tendency to fall prey to authoritarianism; look at the Soviet Union. Capitalism is not threatened by the Left.

The liberals take all these billionaires who are now angst-ridden, watching their stash of cash rise exponentially while wondering how they will enjoy it in a world in which the majority are sliding into brutality and precariousness. They are not going to change anything either because, however much money they give away, they will never do anything to jeopardize the dynamic process by which their privileges are being reproduced.

What about liberals? American liberals? Small “l” liberals, or social democrats in Europe? They're also impotent because they have their own diagnosis. They think that the problem with capitalism is that, on our behalf, it has purchased efficiency at the expense of injustice.

No. The problem with capitalism is that it is particularly inefficient at using the fantastic technologies and wealth that it produces. The problem with capitalism at the moment is that it is seriously undermining itself, and by undermining itself, being its own worst enemy. It is undermining humanity's capacity to share prosperity on planet Earth.

Remember the Soviet Union? That awful contraption? It has as much to do with the principles of socialists as today's really existing capitalism has with free-market ideology — none whatsoever. We do not live in a small-town, front-porch community where the butcher, the brewer and the baker, through pursuing their self-interest, are pursuing the common good. That is not the world we live in. We live in a very, very different kind of world.

We live in a really existing capitalism which is against free markets. It has been against free markets since the invention of electromagnetism, which gave rise to the Edisons, the Fords, the network companies — the mega-companies — the big business cartels that were fantastic at usurping states, replacing markets and fixing prices against the interest of their own supposed ideology. It is anti-liberal. It is compelling young people today to think of themselves as brands, and to try to develop themselves as brands instead of as human beings — if they are not obliged to work zero-hour contracts under wages that make the idea of personal freedom, personal space, and personal development a cruel joke.

Really existing capitalism today is utterly inefficient. Think of the mega-banks that were necessary to fund the mega-corporations, how

they have created fictitious capital based on mountain ranges of debt — of unsupportable debt which periodically goes through a spasm. Think of what has been happening since the financial collapse of 2008 and where we have the world today. We have the highest level of savings in the history of humanity, and the lowest level of investment in the things that are essential for human dignity and for the planet.

And it is profoundly anti-democratic in the sense that we have captains of industry and masters of finance that accumulate war chests with which effectively to buy politics, buy campaigns, and capture regulators.

Ecological destruction is an essential aspect of this techno-structure. If you think about it, markets were never designed to produce public goods like the environment. They were only designed to create private goods. There is no way that this corporatized, financialized capitalism that we live in can ever value the scarce resources of our nature, of our environment. These capitalists will also assign a near-zero price to it and therefore deplete it until it's gone.

Ladies and gentlemen, the really existing capitalism that we live in has a lot more to do with the Chinese Communist Party than Adam Smith. It is based on this grand divide between those who work in corporations but have no power, and those who have power but do not work in the corporations that have the power. Think about that grand divide—think about Google. An employee of Google who enters Google, however happy they may be on campus, the moment they enter Google they exit the market. They enter an economic planned system. It's a bit like the Gosplan, the Soviet planning system, only with brighter colours and better food.

Think about our great corporations like Apple, General Motors, Ford. They're more like hedge funds that manufacture some stuff—

Rudyard Griffiths: Thank you. Thank you, Yanis. We're going to have more time for you to add additional points in the rebuttals right after the opening statements.

So, Arthur Brooks, you're up first for the con team. Six minutes on the clock for you.

Arthur Brooks: Thank you. What an honour it is to be here with my partner, David Brooks. We have lots of Brookses on our side. And Yanis and Katrina on the other side, people I have tremendous respect for and have for many years.

I'm on the capitalism side of this debate because poverty is the thing I care about the most. I was raised in a politically progressive family in

Seattle, Washington, which is practically Canada. I made my living as a musician all the way through my twenties. I neither knew nor cared anything about economics and held no brief whatsoever for the free enterprise system. But I had a question that always nagged at me. I remember the haunting images of poverty that came from the east-African famine of the early 1970s when I was a young boy. It was the first time most Canadians and Americans had ever seen the face of true, grinding poverty — the boy with flies on his face and a distended belly in the *National Geographic* magazine. You remember it; so do I.

It haunted me, and you. I wanted to know what could be done, but the implication was that nothing could be done; that the world couldn't get better.

Well, I grew up, and you grew up, and it seemed like attention to that boy and the poorest people in the world had waned. I asked, had he been forgotten? Had the poorest been forgotten?

In my early thirties, I decided to find the answer to what had happened to the poorest people in the world since I was a child. And I found something that shocked me and changed my life.

I had assumed, like two-thirds of Americans and probably most Canadians, that poverty had gotten worse since I was a child. I was wrong. According to the best data in the world, compiled by the World Bank and economists at MIT and Columbia University, since 1970 when I was a young child, four-fifths of starvation-level world poverty has been eradicated.

Even living on a dollar a day or less, adjusted for inflation, there has been an 80 percent decline in poverty, for the first time in human history. That is a humanitarian achievement beyond our wildest dreams.

I had to know *why*. I went in search of *why*. I was a musician, but I became an economist — from the sublime to the dismal — to find out why. (By the way, as a musician I never would have had the opportunity to play this hall!)

Two billion of my brothers and sisters had been pulled out of poverty since I was a young child. What happened? I'm going to tell you what happened because I found the secret. And if we know the secret, we can do it again, because we need the next two billion, and the fate of the next two billion, my friends, is in our hands.

It's five forces that did this. Globalization, much maligned today; free trade, despised on the Right and the Left. It was property rights and the rule of law. It was the culture of entrepreneurship that brought your

ancestors to this great country, that pulled two billion of your brothers and sisters out of poverty. That, my friends, is the essence of how capitalism saves lives.

Now, I am no radical. I will not stand up here and tell you that we need no regulations. I will not tell you that we do not need reform. I will not tell you that capitalism is perfect, because it isn't. But let's remember the truth here.

This is not a partisan or political statement. We have a humanitarian opportunity to repeat the achievements of the past fifty years. Not by curbing capitalism, or even getting rid of capitalism. No. We need to spread capitalism more widely. We need to push it into the corners of the world where it doesn't exist. Why? Because people need to throw off the tyranny of their poverty and the tyranny of the leaders who want to hold them down in statist regimes so that they cannot live up to their God-given potential. Like you have. Like your ancestors did, the people who came to Canada to give you a better life.

Capitalism built that. Not alone. But capitalism was there at its essence.

Now, when I say it's not a political statement, I need you to believe me. Let me read you a quote from somebody I admire a great deal. "The free market is the greatest producer of wealth in history. It has lifted billions of people out of poverty." That's not a quote from Ronald Reagan. That's not a quote from Boris Johnson. My friends, that's a quote from President Barak Obama in a conversation that we had together, he and I, on the debate stage at Georgetown University in 2015.

Let me leave you with this. Tonight we're debating whether we should turn our backs on capitalism. As I said before, reform it; find better ways to regulate it; tax people more. I won't like it, but this is democracy. It's fine.

But to turn our backs on capitalism *per se* is to turn our backs on the people around the world whom we've never met and will never see, but whom we have the privilege of lifting up, with our system, with the gift to the world that is our values of freedom and competition. To reject that is to pull the ladder up behind us. It's not right.

It is our privilege to live in a time and to live in an economic system that, despite its flaws, has lifted up so many. If we let it, if we share it, if we spread it widely, then we can and we will lift up the next two billion people together. Thank you.

Rudyard Griffiths: Thank you, Arthur. So, Katrina, we're going similarly to put six minutes on the clock for you, and the hall is yours.

Katrina vanden Heuvel: Good evening.

Capitalism is often equated with freedom, free markets, and democracy, but my country's extractive capitalism is deepening inequality, undermining freedom, endangering democracy, ravaging nature. We urgently need an alternative to the current broken capitalist system that will enable all people, not just the ultra-rich, to live lives of dignity and well-being.

Don't you often find that the debate over the economic system is stuck in cartoon caricatures? It's as if we're only offered two choices: robber-baron capitalism, or freedom-zapping state socialism.

In this debate I hope we can get beyond these cartoon characterizations. We've lived in mixed economies since the Second World War, with mistakes, but also many clues as to how to best organize our lives. As a result, there are many flavours of capitalism, some more palatable than others. But for forty years we have experienced the global spread of what I would call a neo-liberal flavour and a well-funded attack on government's role as a moderating, countervailing force.

There is a Canadian-style capitalism with stronger protections and rules to protect the common good; public investments to reduce poverty and encourage social mobility and innovation. And there's the flavour of Nordic capitalism, of Western European capitalism with a robust social safety net, what I call a decency floor.

Now, hailing from the United States, I care about transforming, rewiring, reimagining our extractive capitalism to create different outcomes because, as I see it, there are three major ways U.S. capitalism is broken.

It is fuelling extreme inequality, it is consuming democracy, and it is destroying nature. And we've lived through four decades of stagnant wages. We still have stagnant wages and staggering upward flows of wealth that have super-charged the existing racial wealth divide and other inequalities rooted in gender and geographic differences.

So, my appeal to you Canadians — as I witness what is happening with declining social mobility, what even the Brooks Brothers rightly acknowledge as a serious problem in the United States — my appeal to you Canadians is, “Protect what you have.”

The American Dream has moved to Canada where there is now twice the level of social mobility than in the United States. The good news is that we're having a long-overdue debate about what will best protect our democracy and economy from plutocratic takeover and challenge the concentrated power undermining our democratic norms and institutions.

Now, just about now you may hear a billionaire wailing. Perhaps even the first trillionaire freaked out about a wealth tax that would seek that the ultra-rich pay their fair share.

I believe my country would be far better off if we had fewer billionaires and many more thousandaires. Most families don't have \$500 in the bank. They can't even pay their health care deductibles. I don't begrudge people who have done well and are all set. But please know that most Americans are a long way from being set. But you don't have to take it from me. Listen to some of our leading business leaders and investors who have seen the cracks emerging in contemporary capitalism.

You may have heard the CEO of Salesforce who said that capitalism as we know it is dead. Two hundred executives of the Business Roundtable stated this past August that business leaders need to look beyond shareholder return to stakeholder return, to ensure that benefits flow to employees, workers, communities, and the planet.

To be clear, the next system I'm talking about isn't tweaking capitalism with a few more regulations and safety nets or adding a few green technologies. It is a deep, systemic structural redesign of basic institutions and functions — from ownership, banking, finance, resources — so that the economy serves the common good and protects the Earth.

Now we may not call the next system capitalism or even capitalism 3.0, but we probably won't call it socialism either. So, what are the next system's characteristics?

There will be individual freedoms, private enterprises, vibrant small businesses, protected from monopoly power. It will include different ownership systems, both broader individual wealth ownership and worker ownership of businesses. And there will be flourishing new business models.

Do you know about B Corporations? I think they're terrific. They're benefit companies that recognize multiple stakeholders. There are about three hundred such corporations in Canada. And what are some steps that would move us in the right direction? We need what I call a plutocracy prevention program. Not to be punitive, but to protect

democracy and ensure that billionaires pay more in taxes than public school teachers and nurses.

Such fair, just taxes will raise substantial revenue for vital public investments that will foster opportunity. This was the formula for U.S. social mobility after the Second World War. The next system would include the strengthening of a public banking and investment system designed for what I call patient investment, not speculative capital, to rebuild our decaying infrastructure. It will require planning alongside markets. It will mean rewriting the rules of a rigged system. It will demand limits on wasteful consumption, especially among the world's richest 10 percent. This is not the road to serfdom.

Rudyard Griffiths: Thank you, Katrina. Okay, let's move to our final opening statement. David Brooks, you have six minutes on the clock. Let's have your opening remarks.

David Brooks: Thank you. So, there are four debaters on this stage, only one of which was born in Toronto, Canada. That should not be the only reason you vote for our team. It should be a major reason.

Now, I was a socialist in college. I read magazines like *The Nation*. If you go to YouTube and search "David Brooks Milton Friedman," you'll see a 21-year-old socialist David Brooks debating Milton Friedman on TV. I had these big 1980s glasses that look like they're on loan from the Mount Palomar lunar observatory.

And even today I get the appeal of socialism and alternatives to capitalism. Why do we have to live with such inequality and poverty? Why can't we put people over profits? Socialism is the most compelling secular religion of all time.

My socialist sympathies did not survive long when I became a journalist. I quickly noticed that the government officials I was covering were not capable of planning the society they hoped to create. It wasn't because they were stupid or bad. Society is just complicated.

I came to realize that capitalism is really good at doing something socialism is really bad at — creating a learning process to help people figure stuff out.

If you want to run a rental car company, capitalism has a whole bevy of market and price signals that tell you what kind of cars people want to rent, how many cars to order, where to put locations? It has a competitive profit-driven process to motivate you to learn and innovate every day. That's the biggest single difference.

Socialist planned economies interfere with price and other market signals in a million ways. They suppress the profit motives that drive people to learn and improve. It doesn't matter how big your computer is, you can never gather all the relevant data from a central place. The state cannot even see the tiny, irregular local context-driven variables that make all the difference. The state cannot predict people's desires. Capitalism creates a relentless learning system; socialism doesn't.

The sorts of knowledge that capitalism produces are often not profound, but they produce enormous wealth. All of human history had basically a flat living standard until capitalism; now it's a 10,000 percent rise.

According to the Fraser Institute, a free-market think tank that ranks nations according to the things that free-market think tanks like — less regulation, free trade, secure property — the freest capitalist economies in the world are Hong Kong, the United States, Canada, Ireland, Latvia, Denmark, Mauritius, Malta, and Finland. And these free countries' per capita income is \$36,770; in the least free, it's \$6,000. In the most-free economies, people live to be 79.4 years; in the least free it's 65 years.

Over the past century, planned economies have produced enormous amounts of poverty and scarcity. What's worse is what happens when political elites realize what they can do with a scarcity. They can sell it. If things are scarce in such a system, you have to bribe people to get it. Soon everybody's bribing, and citizens soon realize the whole system is a fraud. Socialism produces more economic and political economy than capitalism because the rulers turn into gangsters. A system that begins in high idealism ends in corruption, dishonesty, oppression.

Now, some parts of our economic system are in good shape. Wages in this country are rising by 4.5 percent a year. But I've never been a libertarian free marketer. I'm a Whig. My hero is Alexander Hamilton — who's a Puerto Rican hip hop star from New York!

He came into a country with land-rich oligarchs like Thomas Jefferson, who had all sorts of means to control wealth. So, he said we needed to create broader and fairer capitalism. He created credit markets to do that.

My next hero is Abraham Lincoln, who gave more speeches about banks than about slavery. He said, I want poor boys and girls like me to rise and succeed. We need to create railroads; we need to create the land-grant colleges with which we can educate people to become capitalists.

The final Whig in American politics is Teddy Roosevelt, who loved the energy that capitalism developed and knew you sometimes had to limit capitalists so that everybody could be a fair capitalist.

Capitalism, like all human systems, has problems. And you could — we could — do a lot of things to fix them. We need worker reforms, we need worker co-ops to build skills and represent labour at the negotiating table. We need wage subsidies, so people are not swept away by the creative destruction of the free market. We need the carbon tax to use capitalist mechanisms to fight global warming. We need wage subsidies. And all these ideas I've just cited come from places like the American Enterprise Institute, or the Brookings Institution that are supposedly the detritus of economic neoliberalism.

The big mistake those of us on the conservative side made was to equate all government action as part of one thing. But government action comes in two varieties. There's supporting government action, which helps people become better capitalists; and then there's regulation, which gets in the gears of capitalism and screws things up.

In Scandinavia they do a lot of supporting capitalism. And they have completely free economies — extremely free economies. They can only afford the supporting capitalism because they have free capitalist economies.

The answer is found in fixing our economy, making a wider capitalist economy, a fairer capitalist economy, not “something else.” Thank you.

Rudyard Griffiths: Thank *you*. So, we have some sharply divergent views here. We're now going to give our teams the opportunity to rebut what they've heard from the opening statements before we move into our moderated middle of the debate.

Yanis Varoufakis, you started first, so let's put a couple of minutes on the clock for you and provide the audience with your rebuttal of Arthur and David.

Yanis Varoufakis: Capitalism doesn't just have problems. Capitalism is broken. There is no doubt that we would not have civilization if we didn't have capitalism. But that's not the issue. The issue is whether capitalism can continue to evolve as it is of its own accord. It cannot, for two reasons.

First, the financial crisis of 2008 has already proven to us that the financial system is broken and the manner in which states have tried to pump up the liquidity from central banks is making bad things worse. It's like giving cortisone to a cancer patient. It doesn't help except by simply perking up the patient.

The second reason is that we have a remarkable disconnect between the capacity of our technologies to produce wealth and the capacity of societies to absorb the products of the machines. Very soon, with robotization, society is not going to be able to consume or to purchase the goods that it produces. This is why capitalism is well and truly broken.

Let's agree that capitalism has been a force for good. Let's agree we need more markets. Let's agree that we need more freedom. Let's agree that we need more democracy and more liberty. But the only way to do this is by beginning to imagine a transition that we will effect through planning, a different way of running our corporations. Imagine just for a moment — and then we can discuss a bit more — imagine for a moment corporations in which every worker in them, every employee, has one share and one vote. Imagine a situation where we all have an account with our central bank. Imagine a situation where every baby that is born, every newborn, gets a trust fund. Imagine a situation where we have more democracy by having fewer elections and more lotteries by which to select our authorities.

Rudyard Griffiths: Thank you. Okay, Arthur, you're up next.

Arthur Brooks: I agree with so much of what our interlocutors have said today. And even without pandering to you by being from Toronto!

Yanis's main objection to capitalism is that it turns out to be fundamentally undemocratic. And he's given many examples. The trouble is that that's not capitalism. That's a failure of capitalism. That's not competition. We have examples where people shut competition down. All of the predations that people give of capitalism are largely the equivalent of the Boston Red Sox blowing up the Yankees' bus on the way to the game. That's not competition. That's shutting competition down.

So, I agree we need true competition. But that doesn't mean that planning is the solution. On the contrary. I think his argument at the end is the strongest. We need more markets pushed to more people more at the margins of society. We need more ownership, we need more people in capital markets, including the poor. That's where our minds should go. How can we get not *less* capitalism, but how can we get *more* capitalism?

Now, Katrina's excellent argument points out the trouble we have with billionaires ... the inequality is so bothersome, it's so troublesome, and it's not just aesthetic. It seems that our society has become increasingly unfair. But I *will* point out one incredibly important fact, at least to me,

which is that inequality worldwide has been in decline for thirty-five years straight.

Why? Because people at the margins in the poorest countries have pulled themselves up. That doesn't mean that we don't have a problem with inequality in our own societies today. But what is the answer to that? Once again, it's not billionaires *per se*; it's the unfair ways that some people have acquired and maintained their fortunes. Inevitably, they have not played by the rules, have not been exposed to competition, and in point of fact have not played by capitalism's core tenets in the first place.

Katrina vanden Heuvel: Thank you, Arthur, for commending my argument.

You mentioned the rules, people who play by the rules, who work by the rules. But the rules have been bought, the rules are being bought by the very richest, and we need to derig the rules so that there's a fair, level playing field. There's a mountain of interdisciplinary research about how extreme inequalities of income, wealth, and opportunity undermine everything that we care about. And that is at the root of a capitalism that is no longer working.

There are different models, as I said — call it what you will, inclusive capitalism, capitalism with a conscience, regenerative economy, capitalism 3.0 — but if you care about democracy, if you care about public and personal health, social cohesion, economic stability, mental health, even sports and culture, the vast inequalities of income, of power, are damaging our society and economy.

I know that David Brooks is a communitarian. And I believe there is a principle — a Christian principle — subsidiarity; and there's a solidarity principle. As you may know, around the world, and particularly in America at this moment, communities are being ravaged by de-industrialization, by factories leaving, by opioid epidemics which a public health system is incapable of caring for.

That is a by-product, a collateral damage of a capitalism, a capitalist system that values profits over people. And I think we need to pay attention to that.

And to close with Arthur Brooks's compelling statement about global poverty, it's a great quote, it's a quote that Arthur has used, from the famous conversation with Barak Obama. I think it was a 2015 public conversation, as you said.

But you know, my friends at a group many of you know, Oxfam International, have a somewhat more nuanced response to the issue of global poverty, of lifting billions out of poverty. Yes, there has been a

decline in extreme poverty thanks to global efforts. But much more could have been done.

David Brooks: So, there are two sides to this debate for our opponents to pull the day. The first is that capitalism is so rotten we need to burn it down. And the second is that they have to offer something else, some alternative. They've got to win both those things.

Walk around Toronto. Do you think we should burn this down? All that's been achieved here? Walk around Canada. I know there are poor parts in the rural areas. We have that too. We have strengths and we have weaknesses. But we're some of the most successful societies on Earth. Burning that down strikes me as a mistake.

The single greatest solution to inequality, to despair, is education, human capital, social support, and decent lives.

America is growing — the poorest wagers in America are rising twice as fast as everybody else is because we're finally increasing high school graduation rates. In this country we've reduced poverty by 20 percent recently, partly because of the child tax credit.

There are ways to fix this thing by pouring into early childhood education, nurse-family partnerships, better job training, better community colleges. That is the way you grow.

Now the second thing is, is there an alternative here? Do we look in the stew and see alternative B-Corps? I love B-Corps. They're capitalist. And there are three hundred in Canada. The fact is, we haven't said anything new here. They haven't said much that's new here. We've had this debate for 150 years about planning versus the market. We've run this experiment. The market won, for all its flaws.

The key debate right now in the world is not capitalism versus socialism; it's between fair democratic capitalism like you have here in Canada, and authoritarian capitalism as in China. The argument is, how do we make our capitalism more democratic? Because there really is no alternative. We already ran this experiment. Thank you.

Rudyard Griffiths: I'm enjoying this debate. So, here's what we're going to do. We're going to do another round of rebuttals because my sense here is that you're starting to probe some of each other's key arguments. So, let's put another two minutes on the clock and we'll do a second round of rebuttals. Yanis, you're up first.

Yanis Varoufakis: Nobody wants to tear anything down. When we moved from feudalism to capitalism, we didn't tear down the great cathedrals; we just moved

on to a new phase of our evolution, a more advanced phase of our evolution, which was capitalism.

Where we are now is a serious juncture. We are destroying the planet at rates that the generation that are teens today are going to hold us responsible for. The market is not going to respond to this emergency. We have a situation where, as I said before and I'll say once more, we are soon going to have robots that are capable of replacing most of you, and the robots are not going to be purchasing the stuff that they produce. That is the crisis. We need a new break.

Let's agree that we need to start imagining and planning for the new corporate law, for the new financial system. It is not going to emerge out of nowhere. Even capitalism was not something that emerged spontaneously. Some good people thought about it. Think, for instance, about the joint stock company. Somebody thought of it, introduced it, fought with Adam Smith (who was against it), and prevailed.

You said we don't have any ideas. Yes, we do. Imagine a market society, a liberal democratic market society without a stock exchange, where employees of Google, of Apple, of Ford — of every company — have one share, one vote. Imagine a situation where we have no private banks, because there will be no need for them if a central bank can provide you with bank accounts, digital bank accounts.

Imagine a situation where we revisit — allow me as a Greek very quickly to say that in ancient Athens the Democrats were against elections and the Aristocrats were in favour of them because they could buy them. Let's have more jury systems. Let's have more **[unintelligible 00:55:19/00:49:40]** and lotteries.

Arthur Brooks:

These are all wonderful ideas from Yanis and it is in point of fact the truth that he's had a lot of ideas. And I'm very respectful of that, given the fact that he is one of the most successful finance ministers in the last fifty years. He's a terrific public servant.

The problem is, how do you pay for these things, my friends? How do you pay for these things? We talk about public investments constantly. All these public investments, they're very expensive. Money is not sitting in the middle of nothing. Billionaires don't put their money in the bank or let it sit in a mattress. On the contrary, it's put to private use such that private businesses can thrive. Capitalism makes it possible for a wealthy society to fund the welfare state — to pay for these things that we're talking about.

In point of fact, you can be as politically progressive as you want. You can come up with all the ideas that you think are appropriate to lift

people up. Many big schemes. Some will work. Some won't. Some will work some places and not in others. But they have to be paid for. It doesn't come from magic.

What pays for every welfare program? Capitalism does. In my view, capitalism, the democratic free enterprise system — do you know what its greatest accomplishment is? It's the welfare state. We're actually able to help pull people out of poverty that we've never seen and we'd never meet in our own society.

I know it's surprising coming from a proponent of capitalism but that's my view. If you love your fellow men and women and you want to try new programs that will pull them up out of poverty, that will give them new opportunities, you'd better find the capital someplace. That's going to come from private businesses; that's going to come from private individuals who have the capital to pay the tax. Capitalism will get the thanks.

Katrina vanden Heuvel: So, no one's talking about burning it down, as my colleague Yanis said. We're trying to build it out. And build it out for millions of people who are living lives of precariousness, who aren't benefiting from the “capitalist system,” the extractive capitalist system. I'm interested in what Arthur said about who can afford it, about what can be afforded in a capitalist system?

You know, the question of affordability is almost always asked when it comes to social programs that benefit those who have the least.

Think about the \$6.4 trillion dollars we've spent since 2001 on endless wars that have brought us almost no security. No one asks about the corporate bloat at the Pentagon. No one asks about the tax cuts, unprecedented at a time of war, which gave money to millionaires who didn't need it. No one asks about the wasteful tax cuts we just saw, and how they weren't used to invest in our country, but for stock buybacks.

And I have to say, with all due respect to Arthur Brooks, that I don't think he's getting his American history right. I mean, activist government has always synched with markets. We've needed activist government to build out the true potential of our countries. And regulations used wisely have empowered, not restricted those who are the most valuable.

So, I think we need to reassess, rethink, reimagine capitalism and move beyond what I said earlier, the cartoon characterizations. We're not talking about socialist planning. We're talking about a different kind of capitalism that will enhance the power, the possibilities.

Education is a good tool, but you need an infrastructure built around education and communities, housing, anti-poverty programs.

David Brooks: So, everyone wants a different kind of capitalism. Somebody [Irving Kristol] wrote a famous book, *Two Cheers for Capitalism*. You can't give it three cheers because it's based on creative destruction and people get hurt and you've got to have government to help give a floor to people.

But capitalism is a thing. That's what the subject of this debate is about. What is capitalism? It's about the price mechanism. It's about decentralized decision-making. It's about stock markets. It's about investments, profit, and loss.

If you don't have the stock markets, if you don't have the price signals, you can't make decisions. You're just not that smart. None of us are that smart.

And that's why capitalism has failed every time. You can have widespread share ownership. I'm for that. I have shares in my company, the *New York Times*, which is doing phenomenally because of Donald Trump. He calls us “the failing *New York Times*,” and one of our journalists tweeted, “Look! We even fail at failing!”

But it turns out that most people, even if they have a share, can't make a decision collectively as a corporation because they don't have the signals.

When you have some sort of planning, it winds up in government, and I just am not that impressed with my political system right now. I don't trust Donald Trump enough to give him control over the economy.

Over the last few decades, the United States has seen our economy double and our energy share the same. We're at a sixty-seven-year low of carbon emissions. It's not enough; we need to do the coal tax. But it's not because we set out to reduce energy and carbon emissions. It's just because capitalism loves efficiency and we got a good by-product out of a system that was looking after its own self-interest. This occurs again and again and again. Don't rely on the good intentions of extremely powerful people. Create a mechanism around them.

Rudyard Griffiths: I want to thank the four of you because you're giving me the substance, the tone, and the style of the election debate that I was denied. So, at least we're having a sophisticated conversation this evening, even if it's not during the recent Canadian election.

Arthur, let me start with you. Because I think one of the key issues that has emerged in this debate is your optimism about the potential for capitalism to reform itself.

What I'm hearing from Yanis and Katrina is real skepticism that that is a possibility. In a sense, given the status quo that they see now, many features of which you are also in opposition to, why do you think there's the potential for a positive reform?

Arthur Brooks: I think the biggest difference between how I see it and how Yanis sees it is that he is more pessimistic about the possibility of capitalism becoming more democratic, particularly under current circumstances.

Why am I more optimistic? It's not because capitalism reforms itself; it doesn't. My car doesn't fix itself. Capitalism's a machine. Capitalism — socialism — is a machine. Any “-ism” is a structure that's not inherently moral or immoral. People are moral. We have hearts, we have brains. Morals have to come before markets, and what I'm optimistic about is our ability as a society with ingenuity to actually figure out what's going wrong, to create social movements that will make it so.

I mean, this is exactly what Katrina and Yanis are talking about — social movements that will bring the people together to get what they want. David Brooks is involved in his work, in social movements. These are the things that actually underpin the ability of the capitalist system to be fixed. Not to fix itself, but indeed to be fixed by the imaginations, the genius, the hearts and the minds of all 3,000 of us.

Rudyard Griffiths: Yanis, do you want to come back on that point?

Yanis Varoufakis: There is no capitalism. What we have is socialism for the very, very few, and rabid conditions for an increasing proportion of the population. This is what we have. You know, the “haves” are enjoying the greatest degree of socialism in the history of humanity. They have a Federal Reserve in the United States, your Central Bank here in Canada, totally securing their profits during the good times and making sure that you pay for their losses during the bad times.

They have a situation where, whenever technology produces profits, corporations use those profits in order to expand, not so much through investment in that which humanity and the planet needs, but in greater concentrated, more concentrate power for themselves.

We have a situation of “short-term-ism” — CEOs who are terrified by two or three financial companies that control through pension funds the share value that determines their bonuses. They will downsize the company immediately, independently of whether this is good for the

company or not, if they think this is going to have a short-term beneficial effect on their bonuses and on the share market.

That is destroying the moral sentiments of Adam Smith. As you said, morals have to come before markets. Today, because we don't have markets, we have this techno-structure with abusive concentrated power. It is destroying the market. It is destroying the morality on which markets can only flourish, according to Adam Smith.

This is why we're moving in exactly the opposite way of what you are saying. And what I was very struck by was that on the side opposing the motion, on the side in favour of capitalism, we have wonderful people — and I agree with a lot of what you're saying — but you're putting forward a perfectly social democratic argument in favour of a welfare state. The problem, however, is that the concentration of power is not allowing the welfare state to survive anymore. It is becoming financially unsustainable, while at the same time the planet is becoming hotter, and our ecosystems are failing to respond.

That is only favouring the Trumps of the worlds, the Bolsonaros of the world, the Nationalist Internationals, the xenophobes, the racists. This is not a good environment in which democracy can grow. This is why we need to reconsider the corporations, reconsider the financial markets.

And remember, in 1944 it happened. Franklin Roosevelt convened the Bretton Woods Conference in New Hampshire and completely redesigned capitalism into something completely different from what had existed before the Second World War. We need something similar, to such an extent that we are no longer going to have socialism for the few and rabid misanthropy for the many.

Rudyard Griffiths: Let's bring David in here. That's a powerful, evocative argument. So, David, why are *you* optimistic about reform? Because again, Yanis is painting a picture here of powerful vested interests who really have no interest in what we might characterize as the kind of fairy-tale capitalism that you're propounding.

David Brooks: Well, first, I do think you're exaggerating the difficulties in the situation. We are in a time of pretty much full employment in this country. We are in a time of rising wages, rising wages for the bottom. As Arthur mentioned, we just pulled 800 million people out of poverty. I mean, there are real things here.

Second, I've seen capitalism reform. I've seen the New Deal which was a capitalist reform. The Bretton Woods system, the IMF and all that — what can be more capitalist?

You can go to Scandinavia if you want to make the social democratic case for it. I'm not sure it could work in a big diverse country like you have, like we have. But it works. And they have a high social support. They also have no wealth tax. They have no inheritance tax. They have extremely low corporate taxes. They have school choice. They don't have minimum wage laws in most of those countries. They have a very free economy.

And if you look into Denmark, are you're going to tell me that's a failed state? To me, you only make big change — sometimes you have to make radical change — you only make big change when there's really no hope and you see no flexibility in the system. And when I see countries around the world fixing their systems, and I see think tanks like Arthur's old think tank or the Brookings Institution in the States coming up with a zillion, I think, pretty exciting ideas if we didn't have a moron in the White House, I see the possibility for change. And frankly, I see a greater possibility for change on *that* side of the world than I do see in a political system which is rigidifying, stultifying, and stagnating.

Rudyard Griffiths: Well said, David.

Katrina vanden Heuvel:

I made the case that there are different kinds of capitalism, so I do think there's social democratic capitalism and I think there's Canadian-style capitalism. I think our hyper-extractive predatory capitalism is not working for millions of people. You talk about how the economy's swimming along, but millions of people are living in precarious circumstances. Home ownership is declining. Students have student debt loans to the “wazoo.”

And this is why we haven't talked about young people who came through the financial crisis of 2008. Among many young people there is a tendency to look at socialism. But as a Gallup poll showed, socialism for them is really about equality. It's not about state ownership. But people are seeking something different. And I think that, unless there is a Roosevelt New Deal or an Eleanor New Deal 3.0, we will face a sense that capitalism in our country has *no* future.

When I think of Elizabeth Warren, to talk about our current moment, she is in my mind a Rooseveltian. She is trying to save capitalism as it's currently constructed from its excesses. And I think she understands that you do need to hold corporations accountable, to have a vigorous anti-corruption program, to rethink regulations. She understands where the bodies are buried when it comes to banking corruption.

So, I think that is a very powerful possibility. But the corporation needs to be rethought, as Yanis said. And I began to quote — and I could go on for hours, but I won't — the corporate leaders who understand how cancerous this shareholder primacy is to the future of the corporations. And I think that's an inflection point.

Milton Friedman has ruled for too long. I mean the American Enterprise Institute put him on all of their shirts, I'm sure, and loved him, but the corporate charter never included Milton Friedman, right? But he became the guru.

So, I think about the importance of rethinking corporations, corporate power. And finally I think we need to think hard about political power and the purchase of political power. The privatization of wealth and the socialization of risk comes partly from the power that plutocratic elements have had in buying and rigging and writing the rules. We need to rewrite the rules and find a more democratic outcome, so that we don't end up one of these illiberal countries that, David, you write about very often in your columns.

Rudyard Griffiths: I think Arthur wants to jump in on that point.

Arthur Brooks: Yes. Thank you, Katrina.

There is a non-trivial irony, as Yanis points out, that David and I are talking about regulated economies — and some programs and social democratic economies are things that people like. Here in Canada, even in the United States, all over the Scandinavian countries, virtually every modern economy is effectively some kind of social democracy at this point. So, there *is* some irony in the fact that we want to preserve capitalism that can give people democratically what they want.

There's also some irony in the fact that what Yanis wants is more competition. He sounds a lot like Milton Friedman. Milton Friedman *hated* crony capitalism. Milton Friedman was *completely* against billionaires who had ill-gotten wealth. He was *completely* against the idea of privilege that come from a system that's effectively engendering landed gentry in countries like Canada and the United States that were built on principles of freedom, *without* royalty. This is really important.

The irony is that *you* want more competition and *I'm* willing to live with more government programs. I don't think that we're that far apart — I mean — perhaps together we'll live in perfect harmony!

I think that there's a possibility that there actually are solutions to these things. The real question is whether capitalism can be saved. That's the issue that we're taking on today.

Capitalism for most Canadians and for most Americans is not large predatory corporations. It's not rich people who can get their kids into fancy universities because they went there and they have a lot of money. Capitalism is for the immigrants who come to this country and come to the United States and are able to start a business for the very first time. Capitalism is in the hearts of people who wish they were in Canada and the United States to get the kinds of opportunities that come when they can be rewarded for their ingenuity.

So, I agree with Yanis. Set the markets truly free and watch people flourish.

Rudyard Griffiths: Let's go to Yanis and then Katrina quickly, both.

Yanis Varoufakis: I need to take you up on something you said before, which sounds completely correct. You said somebody has to pay for stuff. There is no such thing as a money tree. Correct.

But have you noticed that we live in a world where \$18 trillion is in negative interest-rate territory? That means capitalism is kaput. Do you know what it means to have money whose price is negative? It's bad. People are trying to give it away and they can't. Why is this happening?

It's happening because, as I said the first time I spoke, we have the highest level of liquidity and savings, idle cash that is doing bugger all — excuse my French — and the lowest level of investment in the environment and in good quality jobs around the world.

This disconnect is the signal that capitalism is broken. And this is not going to be corrected by means of more Friedman, because where I disagree entirely with Friedman is his elevation of shareholder sovereignty above everything else. Effectively, what he was saying was that the present structure of the corporation, which concentrates more and more power until there is no room for markets to breathe, is the way in which to exercise the powers of the free market. That is where the deceit and the conceit of Friedman lies. This is why I am not a Friedmanian.

And allow me to go to somebody who is much smarter on your side of the pond than Friedman, and finish with Friedrich von Hayek, who once criticized us Leftists, very cleverly saying the problem with socialists is that to impose socialism they will have to violate some basic principles of socialism.

I am saying to you that supporting the corporate structure that we have, the financial sector that we have today, is equivalent to trying to impose capitalism by means of violating basic principles of the free market.

Katrina vanden Heuvel:

Let me pick up on what Yanis just said, because I could see, as I mentioned, a corporate structure where you have worker ownership, where you have worker participation or worker co-operatives, not necessarily corporations.

But I wanted to ask David something, because I was reading a profile of you in the Jesuit review *America*. My father's a great admirer of yours, so he found this profile.

David Brooks: That's my demographic right there!

Katrina vanden Heuvel:

You said, "I'm more aware of how capitalism, unbalanced, just rationalizes selfishness.... And it also justifies a sort of amorality. It turns off the moral lens.... It's made me see the ways that capitalism [has] on balance created a very shallow view of life."

So I wonder, in terms of morality — and I believe you need both moral renewal and ethical renewal, but you also need systemic change — whether that sense of capitalism as something almost amoral has really been a part of a younger generation's view and led them to very different things than it led you to. But I wonder how you square your admiration for Dorothy Day with these comments with capitalism as constructed.

David Brooks: That's a good question. So, capitalism is morally complicated to me. I think it does arouse energy, and I think it does arouse optimism and hope. But I also think it drives a consumerist, materialist mentality. I think it also creates a hyper-individualistic privatism — "My world! Who cares about the common good?" I do think capitalist countries suffer from that.

And so, if you want to say capitalism should be your world view and your philosophy and your moral creed, I say you're going to be a selfish bastard.

So, you're better to be a good person; you'd better have a separate creed, and a value system and a moral system that comes from a separate place, probably outside capitalism — and often pushing against capitalism. The Catholic social teaching, which I think a lot of

us on this stage really admire, is that kind of creed, which pushes against capitalism.

In Scandinavia, there's an egalitarian creed that pushes against capitalism. And that's the way to be in the economy and be a whole person. So, when I look at communities, I look at people who are capitalists but are also deeply involved in the loving care of their community.

Katrina vanden Heuvel:

So, subsidiarity and solidarity.

David Brooks: Capitalism, if regulated right, can be a very decentralizing thing.

But, let me turn around and ask you guys some things, because there are things I'm just genuinely in question about.

First, I really want to know what the alternative is. I really want to understand what you're offering. First, you said that there's a lot of liquidity in the market that's not being used, and the people who control that, which in the United States are mostly pension funds, are sitting on cash waiting, because they can't find good investment opportunities.

I have three questions. My first is: what makes you think you could do better, and that your decisions about where that money goes are better than those of the people who now run those pension companies?

The second: I'm not really clear on where the state figures in. We've talked about worker co-operatives and co-operative buildings. How much state power are you envisioning?

And third, I just want to understand: if every employee in the company owns shares in the company, when there's a recession does everybody suffer a loss of income? How does that larger group of people make decisions, if there's no stock market and they can't read how they're doing? How do they make decisions?

Rudyard Griffiths: Great. Interesting questions. So, let's split those up. And Yanis, since you introduced this idea of employee ownership, how would that structure work when we have a business cycle of ups and downs, of times of recession and times of boom?

Yanis Varoufakis: I'd love to answer that but, in order for my answer to make sense, it has to be part of a narrative of "How do we get there?" as well. Because the dynamics are just as important as the photograph of where you

want to get to. There's no way we can go from where we are today to something like that.

But folks – I'm struck by the fact that there's no discussion about climate change here. Because, you know, we are talking about the long term. Before we get there, before we discuss about the corporation of the future, we have to answer a very simple question: where are we going to find between \$8 and \$10 trillion American dollars a year in order to fund the prevention of climate catastrophe? And we need to do it.

So that's where we need the new Bretton Woods. That's where we need the IMF and the World Bank to do things very differently — we could have a long technical discussion. But that requires states to collaborate. It is as hard to imagine as Utopia; if you think of President Xi and Trump and the European Union, that doesn't exist. It's a figment of our imagination.

So that's Part One. This is where the states have to come in, in order stabilize capitalism to make it more viable, so that we can have the transition that allows us to imagine a planet that's still there for the young generation in ten, twenty, thirty years' time.

Now to your question. First, the business cycle should not be taken for granted. These massive ups and downs of the business cycle are a product of the way in which capitalism is structured today. Especially the financial sector. The financial sector is a major booster of volatility. It borrows too much or lends too much during the good times and always gives it to those who neither need it nor want to use it for productive purposes. Usually. And then when the bust takes place it doesn't lend to anyone.

So, if we do away with the financial system that we have — and it's a very simple idea — now that we have digital technologies, you can imagine a situation where the central bank effectively gives everyone a bank account and digital tools by which to transfer moneys across the world, using blockchain, whatever, without needing to rely on private bankers for the payment system. That will immediately reduce the volatility.

Second, imagine a situation where the state — since you asked me about the state — only taxes corporations that are socially owned, and land. No income taxes. That's, I think, where we're moving in the future — or should move. No income taxes, no sales taxes; just taxing corporations and land. Nothing else.

And imagine a situation where these corporations are much, much more than they are today, because if you have one person, one share,

one vote, you are not going to be having a situation where you have a Walmart that walks, figuratively speaking, into a small town in the Midwest, destroys the whole ecosystem of small businesses and effectively turns everyone into a proletariat working for Walmart. That will not be possible.

If that is not possible, you will not have the great accumulation of profits in the coffers of Walmart that then is boosted financially by Wall Street, creating the boom and bust.

Of course, there will always be ups and downs. But if you have a situation where we have a company of three hundred people, equal shareholders, and there are bad times, yes, we all take the hit. You mentioned my career, very short career, as finance minister, and I'm very proud of that — you know what? — because I failed, and I resigned. Why? Because I was not allowing myself to sign on the dotted line of yet another extend-and-pretend bailout.

So, we need to take hits when we take them. But we must not have this turbo-charging of the volatility of capitalism, which is the result of the fact that anyone can buy shares in any company that they will have nothing to do with. And then, of course, it's only pension funds that concentrate that ownership, and Wall Street that produces mountains of money.

You know, 97 percent of money is minted by privateers. Why are we granting [that power to] particular individuals — this is not part of Adam Smith's mindset in favour of capitalism. We've given exorbitant power to a few financiers to destroy the planet, to destroy the world, to create crises like 2008, to continue not financing things that society needs by vesting so much concentrated power — so the capitalism that you're defending is *this* capitalism.

Rudyard Griffiths: Let's let Arthur come in on this, because this is “something different.” The second part of this resolution was, “Be it resolved: it's time for something different.” We've just got a picture painted here of a very different reality.

Arthur Brooks: Some pretty big differences to be sure. Yanis earlier reminded us of the great work of Friedrich von Hayek, the economist who taught at the University of Chicago, and who was a believer in the emergent order, that genius comes from the masses if they're truly set free.

And by the way, when he says that he was an unsuccessful finance minister, he was a quite *not* unsuccessful finance minister. He was a courageous finance minister who stood for his principles. And that's what we need more of.

Friedrich von Hayek would listen to what we're talking about here today and say, why do you believe these schemes would work? Why on Earth do you think that these would not have unintended secondary consequences that would be massively deleterious to the lowest of the low, to the outsiders, to the marginalized, to the immigrants, to the unnamed? Why do you think that the richest people and the richest corporations wouldn't be able to game these things in ten seconds?

Because history tells us that those who are wired, those who are powerful, they resist — and this is quite correct from our interlocutors — they're the ones who resist true markets.

What we need is to set the markets free because we need to have a bias for the people at the margins. All of the labour laws that we talk about, the minimum wage laws that we talk about, the worker protection laws that we talk about. They're very well intentioned, but remember who truly pays: the people who cannot start a business; the people who cannot live their dreams; the people who will not come to this country and actually continue to make it the freest, greatest, most prosperous society in the history of the world.

And we can't afford to take these experiments, as opposed to setting us more free and pushing that freedom more out to the margins.

Katrina vanden Heuvel:

I believe in freedom. But I believe is wrongly equated with the free enterprise system as you describe it. I think those who you speak of and we stand with — the immigrants, the most vulnerable, those who want to rise — are the ones who have gotten shafted by the concentration and the deleterious behaviour of the hyper-financialized Wall Street.

The banks are more concentrated than ever. They are not building a shared-prosperity society. I don't want to be nostalgic again about after World War Two, but we know how to build a shared-prosperity society and it had to do with government activism, state planning, higher tax rates, capital controls, and empowering workers. And that \$15 minimum wage, that didn't come just out of the sky.

So, I think we need to look back at our history, not being nostalgic but to retrieve from our own history what is possible in order to to rebuild a different kind of system that would lift those you talk about, but do so in a very different way.

I would simply add one last thing, because I do agree with Yanis and we haven't talked enough about what I think is one of the existential crises of our time, which is the climate crisis. But it's also about

environmental injustice and those who are being hurt. And there are vast pools of unused capital that could be used to build out a green infrastructure.

And I am not one of those who just talk about climate crisis blithely. I think of the communities in this country where you need what is called the just transition. If there was more trust in government — and we need to build that — you come into a community and you build new jobs for those who fear that their livelihoods are over, and coal *is* over. But we need to make sure that those who work with coal have a future as their families do. But we must address the existential crisis of climate crisis.

Rudyard Griffiths: Can you come in on that point, David, on the so-called climate crisis and why you think there are market mechanisms that can address that in a meaningful, sustainable way?

David Brooks: Yeah, first — so it's either one or the other. It's either planned economy or a freer economy. The Heritage Foundations is one of these conservative free-market think tanks that rank countries according to whether they like them. And the countries high on the Heritage Foundation free-market list also have the best environmental records.

The environmental disasters that I see around the world are in China. They're in Russia. They were in the Soviet Union. They were in these planned economies run by thugs who didn't really care.

And there is something ethereal about this debate, which is that, even though we're talking about the government making this transition, we live in a world of creeping authoritarianism. And so, in the actual world we inhabit, you're going to have the state led by Donald Trump or Putin or Orlov or Boris Johnson making these transitions. This is the world we are dealt.

And so when I look at capitalism on —

Yanis Varoufakis: Why are you optimistic?

David Brooks: Well I think we can beat them back. I think democratic capitalism is ultimately going to be better than authoritarian capitalism. But we've got to beat them back.

Katrina vanden Heuvel:

David did write that he would vote for Elizabeth Warren if he was confronted with the choice.

David Brooks: So, when I look at America and our environment, we have much cleaner air than we did, much cleaner water. We have a third more trees — it's bad for Canada, but peak logging was 1990. And we've declined our use of forestry ever since then. Peak fertilizer was about 2000. We've declined our use of fertilizer ever since then. Capitalism is efficient because it pays, and innovative because it pays.

Now, we need to boost it along with the carbon tax. We had a very successful fight against acid rain, which was to use cap and trade, making markets in pollution and not telling people how to fix them because we don't really know, but giving them incentives to reduce acid rain. And it worked.

And so, to me, a global tax is the best way to unleash the creativity that none of us are smart enough to figure out on our own. I keep coming back to that core issue. It's all about knowledge. And this was Hayek's point. It's all about how you make decisions, whether we collectively make them through a learning system or we sit in a room and try to figure them out. I don't have faith in that latter system.

Rudyard Griffiths: Yanis, do you want to come in on that? I think that is a key point that's come up in this debate. How is a system — maybe again it's mischaracterized what you're proposing, the “difference” in the resolution — but how can you have good decisions made by fewer people in an economy where the millions of choices that the free market endeavours every single day are constricted by a greater role for the state in the organization and management of that society?

Yanis Varoufakis: I'm not suggesting a bigger role for the state. The state has a huge role as we speak. From the military industrial complex, to the way in which — think of 2009 — the way in which the central banks of the world got together and created something like \$8 trillion to refloat the financial system.

The problem is not that we have had a small state. The problem is that we have a state that was always in the pocket of the ones who were creating the crisis, that were undermining society's sustainability and the economy sustainability.

As for the question you asked, the question you put in Friedrich von Hayek's words: how do we know that, if we go along the lines of reforming corporations where only those who work in them own shares in them, that the rich and powerful are not going to game the system? I think the answer is in the question. Because if they can't buy shares in companies unless they work in them, then they will not be able to have corporate power.

I'm quite happy for them to have swimming pools full of money like Scrooge McDuck in the 1950s comics — you know, they dive in and enjoy their money. I'm not in favour of taking their wealth away.

I'm in favour of taking their capacity to corner the markets, to corner corporate power. That is what I'm in favour of. And if you do that, then you can have a progressive shift towards more democracy in our politics, because you are going to move away from a situation where corporate power buys officials.

Rudyard Griffiths: We're going to go to Katrina, then Arthur, and then closing statements. Because I want to be conscious of our time.

Katrina vanden Heuvel:

You talked about people, small numbers of people in small rooms. That's kind of the system we have at the moment, if you think of decisions being made on Wall Street.

We haven't even talked about one of the fundamental changes in our economic system in the last forty years. I'm not an economist, but it seems that it's the hyper-financialization of the economy — where it's money making money, it's speculation, it's fast, nano-second speculation — which led partly to the 2008 financial crisis.

But as Yanis said, no one's talking about a huge state. There are problems that need to be dealt with at decentralized levels, at local levels, at community levels. But there *is* a place for a federal state role.

I think of friends of mine who, when they learned I was coming to Canada, asked me if I'd get penicillin for them and bring it home. You know, people come up here to get drugs. And the state plays a role. And if we had a wiser state — put aside Medicare for all; that's another debate— our government would be negotiating lower drug prices. That's a simple thing. It's power for good.

I think the key thing at the moment we need to focus on is to clean out our government. Whether it's Trump or a Democrat. The corruption of our government by big money, by corporate power, needs to be addressed squarely before we get too romantic — as no one at this setting is — about how good government can be. But it needs to be good, it needs to be reformed, it needs to be cleaned out, and it needs to be cleaned up.

Arthur Brooks: You'll always get applause when you say the government needs to be cleaned up. And I was applauding too. Because in point of fact we have huge problems in virtually all advanced economies and developing countries around the world with unbelievable amounts of

cronyism and corruption. We always have to find better ways to make governments more accountable; to make governments more efficient; to make governments leaner, more responsive to the people.

I don't think that growing them does that, generally speaking. I think that growing governments beyond what they're currently doing gives politicians more opportunities to get closer with the people who hold the reins of power. I think it gives them more opportunities to tax people and increase their power such that they can go according to their own interests as opposed to being truly democratically accountable to the people.

Actually I think that spreading markets, freeing markets, particularly for those at the bottom, is one of the best ways that we *can* hold government much more accountable. I'm not in favour of no government. I'm certainly no anarchist. I'm not even a libertarian. I simply feel— and I see on the basis of what I've studied — that when I look at governments growing, governments always get more bloated. When we have more policies and more plans, when there's more economic planning, there's always more opportunity for the kind of bloat that we're up on the stage regretting tonight. I don't think we can afford that.

Rudyard Griffiths: Great. Thank you for that.

Let's go to closing statements now. We're going to put three minutes on the clock for you, Yanis. We're going to do the reverse order of the opening. So, you're going to kick off for us.

Katrina vanden Heuvel: No. I think it's David –

Rudyard Griffiths Oh, the reverse order. My mistake. We could do it in that order. But Yanis, why don't we give you a moment to think and collect yourself and we'll put David up first. David, are you ready?

David Brooks: I'm ready.

Rudyard Griffiths: A journalist.

David Brooks: So, I'm a journalist and a lot of this debate has had a bit of an ethereal feel — like we're imagining a system of blockchain and bitcoin, getting rid of a tax system, and shifting over to something so radically different. What could go wrong?

Just off the top of my head, let's say everybody takes a hit at once. So, we have a downturn. Say the business cycle has not been magically repealed and the entire economy, every worker takes a hit at once.

Does that sound good? It doesn't sound good to me. It sounds like there are complexities that we can't even fathom.

I'm a moderate. I like gradual change. The one kind of radical change I like, and the prism through which I see capitalism, is immigration.

I was at a Latino church last Sunday with hundreds of kids under thirty, second-generation, who had come to America as so many come here, and they said, "Look how far we've come in one generation!" They were filled with joy and hope, and what they were worshipping was a lot better than capitalism. But you could see their life stories in there in the progress of a generation.

And when I saw them, I saw my own Jewish history — the butcher and the seamstress in my family — and the ocean of opportunity that hit them and is hitting people in this country. And it's caused by the growing pie that capitalism creates.

It has a lot of disadvantages, but people migrate to capitalist economies and free capitalist economies — they vote with their feet — to this city, which has been transformed since I was born here, and to my country, which has been transformed. We're becoming a mass multi-cultural democracy, and that's a tough thing to go through. But it's a beautiful problem to have, because people around the world in planned systems love our system. And they find a fair field and a fair chance.

Katrina vanden Heuvel:

I wish I could play the Canada card. But let me try.

You know, picking up on what David said, if you wanted to come to a country to realize what was once called or is called the American Dream, I say again you'd come to Canada, where social mobility is at a level double that of the United States. I think that's very important.

I believe we can do better. What does that mean? We can rewire and reimagine an economy of shared prosperity that works for everyone, not just the very wealthy.

I understand that many are understandably wary of change. But I think we're at an inflection point: that capitalism as we've known it — predatory, extractive — has turned off many, is not working for many. And that is going to lead to real change. I think we're going to see real reform or we're going to see real social discord. The centre isn't going to hold.

As we live in the world as it is, we should also try to imagine the world as we want to live in it — one in which millions live with dignity,

decency, happiness, environmental well-being, opportunity, and social mobility — and enjoy a new social contract, the unfinished agenda, the social democratic agenda of Roosevelt, of Eleanor Franklin, updated.

The fact is that today many fall far short of having a chance to live productive lives. And that I believe is deeply corrupting to the best of American values.

I do believe there is a kind of class warfare — it hasn't come up much tonight, but there is a class warfare that goes on — and if you remember what Warren Buffett said a few years ago, that it's the class warfare of the very rich which is winning. And I think we need just taxation at this moment. It's only fair that billionaires pay more than teachers and nurses and retail workers.

The good news is that another world and economy is possible. Many of the solutions and alternatives to extractive capitalism you've heard tonight. So, I just want to close with words that matter to me at this moment. These are times for greatness not for greed; a time for idealism not ideology, and a time not just for compassionate words but for compassionate action.

Rudyard Griffiths: Arthur, your closing statement?

Arthur Brooks: There was a recently passed Roman Catholic cardinal in the city of Chicago named Francis George. Francis George once was giving a speech to his richest donors on the north shore of Chicago about funding poverty programs on the south side, and here's what he said — o raise money.

He said, “The poor need you to pull them out of poverty, and you need the poor to pull you out of hell.”

I'm never going to use that fundraising pitch. But ask yourself, “Do you need the poor? Do we need the poor?” Our society does need the poor, not to stay poor, but to do things that we need, to be among us. There are 3,000 life stories in this room. There are 3,000 family histories in this room. You know, what do they have in common? Very little: scratching out potatoes in Ireland, running from a pogrom.

In my country many people were brought to our nation involuntarily. But let me tell you what we all have in common in Canada and the United States. We descend from ambitious riff-raff. And we're proud of it.

Why did your riff-raff ancestors come here? Because they were needed. That is the essence of dignity. That's how you become worthy of respect — to be needed. What makes you needed? I guarantee you

that your grandfather coming to this country was not on his way saying, “I can't wait to get to where there's a better system of forced income redistribution.” He said, “Finally, I'll be free. Finally, I'll be able to work and be rewarded for my work.”

We need programs to help the poor. We need reform. We need to pay attention to predation. Don't get me wrong; it's absolutely true, we all know that. But fundamentally the DNA of this system of this great country and mine is democratic free enterprise. It's the system that people still want to come to. Why do people struggle to come to Canada? Why do people struggle to get to the United States? It's because here there's opportunity.

I want more of it. I want to fix the system. I want to make it fairer. I want to make it better. But don't change the fundamental genetics of what we have that truly has blessed the world. Together we can change it, but together we need to protect capitalism as the best way to lift ourselves up and those around the world. Thank you.

Rudyard Griffiths: Yanis Varoufakis, you get the last word tonight. Three minutes on the clock.

Yanis Varoufakis: Thank you. When I was six the secret police broke down our front door and abducted my father. I'm not a great friend of the state. But I am equally not a great friend of any privateer with excessive power over other citizens.

The one thing I learned during my political life, which is fairly recent, since 2015, is that when a bill comes to parliament, somewhere in it you will find — if you follow the money — some vested interest that has created circumstances for the corrupt enrichment of some oligarch.

If you follow the money, you will find the essence of corrupt power, of oligarchy, embedded in the DNA of what passes as really existent capitalism.

Those two experiences of mine — first at a young age, growing up in a dictatorship; second, as a politician who has seen the way in which the financial system, the oligarchs, the corporations are destroying the lives of millions of people and are causing inefficiency and irrationality in the way we are handling our resources, both in terms of creating opportunities for shared prosperity, especially amongst young people, and the ecological issue — have formed my creed.

My concern can be summed up in one objective: democracy. The only guarantee we have, the only weapon we have against concentrated power, is a combination of civil liberties — liberty at the personal level — with democracy.

Allow me to finish off by reminding you of Aristotle's definition of democracy. It is a system of government in which the poor govern because, by definition, the poor are in the majority. What we are experiencing today is an oligarchy, a financialized oligarchy that is pushing us towards an ecological catastrophe.

We must not tear anything down. We must take every piece of technology that capitalism has created, every liberty that was brought to us by capitalism, and we should cherish it.

But we need to make one evolutionary step beyond capitalism. We need to democratize economic life, democratize the way corporations are run, democratize finance — in order to save democracy, in order to save liberalism, in order to save those ideals that those who had invested in capitalism initially, two or three hundred years ago looked upon as hope for the world. Thank you.

Rudyard Griffiths: Thank you, debaters, for a hard-fought debate. It was civil, it was substantive. We covered a lot of key issues. I've certainly been enlightened.

We now have the fun of trying to figure out whose minds were changed, what happened with this audience in terms of the arguments that you've heard over the last hour and a half.

So, I'm going to open up our polling application again and put the resolution on the screen just to remind you what you're voting on. “Be it resolved: the capitalist system is broken; it's time for something different.” If you're in favour of the motion, press “A,” and if you're opposed to the motion, press “B.”

So, while you're voting and you're thinking “A” or “B” — “A” in favour, “B” opposed — let's review where we were in terms of the audience vote at the start of this evening.

At the beginning of the evening, we asked you where you stood on our resolution — I believe it was quite close actually: 47 percent in favour, 53 percent opposed. So, a divided audience. We then asked you how many of you would change your mind: fully 79 percent.

So, let's see: was the opinion in flux? What arguments did we hear? Let's close our vote, our final vote on the motion and see the final results for tonight. Here they are, 55/45. Well done.

I want to thank everyone — the Aurea Foundation, the Munk family. We're going to do this all again in the spring. Thank you. Enjoy the rest of your evening.

~~~~~

## Post-Debate Interview

Rudyard Griffiths: I'm now going to go backstage to interview a couple of our debaters to tell you what happened in this debate and to have you give your thoughts via our Facebook page. Please post away comments. Let us know what you thought of the debate's proceedings.

Up first will be David Brooks and Arthur Brooks, with their quick reactions and thoughts on the debate. We're going to move over here and grab them momentarily to have a quick conversation with the con team to figure out how they saw this debate unfold.

Were there any arguments that Arthur and David felt were worthy of debate, worthy of swaying their minds or making them think about this issue in a new way?

So again, we had a final vote result of 55 percent of people opposed to the motion, con; 45 percent pro. So, again, a small switch from the earlier voting in the evening. We'll get Arthur and David here momentarily. I can see them coming into the room behind me. So, we'll have their comments on the debate and we'll see how public opinion was moved, whether *their* opinions at all have changed about this issue. We expect they're kind of getting mobbed on the stage as we speak, but no doubt our staff is just about to bring them in, and here they come. Great.

Hey, David, thank you for a great debate. That was fun. I think the audience certainly enjoyed it.

David Brooks: I've been part of four debates in my adult life and this was by far the best.

Rudyard Griffiths: Well, thank you.

David Brooks: Substantively very rich and very strong.

Rudyard Griffiths: Come on, Arthur, come and join us, we're just going to have a quick post-debate chat.

Arthur Brooks: Oh, we're on Facebook, are we?

Rudyard Griffiths: The question I always like to have debaters try to answer is: was there an argument on the other side that caused you to change your mind or rethink one of your core assumptions or propositions?

Arthur Brooks: You know, I wish I were thinking more seriously about the predations that people are suffering from, and the people at the very top. And the argument I wish I'd made was actually made by the people on the other side, which is that we need to expose people at the very top to more competition. Because they're correct that there's a lot of socialism at the top and a lot of capitalism on the bottom. I want capitalism all the way through. It's a great point, and I'm going to think about that more, and next time I'm going to make that point.

Rudyard Griffiths: Okay, great. What about you David?

David Brooks: I was struck by the way non-capitalism has evolved. I think that before, when you looked at the Soviet Union and so on, it was the state that ran everything and there was complete nationalization, and it was the same throughout Latin America. And so it was really a public-sector thing.

As for Yanis's idea, where every worker gets a share and you control the company collectively, well, I don't think it would work. I don't think you could make decisions at that level, and I don't think you could attract investment. But nonetheless, I do think there's a kernel of reform there that's worth looking into.