Newsom, Bed Bath & Beyond, Bailouts & Intel. Don't California-ize America.

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SUMMARY

John Pole discusses the economic implications of Bed Bath and Beyond's decision to avoid opening stores in California, citing the state's regulatory burdens and high costs. He connects this to a broader trend of government intervention in business, exemplified by the Trump administration's potential stake in Intel, and warns against the dangers of increasing government involvement in the economy, which he argues leads to inefficiency and a mixed economy.

- *Bed Bath and Beyond is reopening stores but will not open in California due to high operational costs and regulatory complexity.*
- *The company's decision reflects a growing trend of businesses avoiding California for its burdensome regulations.*
- *The discussion highlights the "ratchet effect," where government interventions lead to more government involvement rather than less.*
- *The Trump administration is considering taking a stake in Intel as part of efforts to support U.S. semiconductor manufacturing.*
- *Critics argue that government bailouts and interventions often lead to inefficiency and do not guarantee success.*
- *The historical context of government interventions in companies like GM and their negative outcomes is presented as a cautionary tale.*
- *The conversation emphasizes the ideological battle over the role of government in the economy, with concerns about moving towards a mixed economy or "dearista" model.*
- *Pole warns that increasing government involvement could stifle free enterprise and lead to more significant economic issues in the long run.*

You bail out the companies and they turn out to be even lazier and sloppier and slower and worse and lose even more money keep on going. The government keeps on getting bigger. This is the ratchet effect. Hey there friends, fans and foes of Dad Saves America. John Pole here and I thought I would take this Friday to talk about the West Coastification of Economics and how California is being taken nationwide. And there's no better place to start than the story that's going viral on X right now. Bed Bath and Beyond. Bed Bath and Beyond is making a comeback two years after filing for bankruptcy, opening a new rebranded store in Nashville this month. But the company isn't open for business everywhere. Marcus Lamonus is the executive chairman of the company and host of the Fixer on Fox Business. He was sitting here yesterday. He's there today. You got a huge announcement.

Okay. You're not you're not going to open stores in a certain local, Marcus. And I want to know why. >> We made the decision to as we start to open up stores again. We're planning on opening 300 over the next 24 months. We've made the decision to not open in the state of California. And while it was a big place for business in the past for Bed Bath and Beyond, when you look at the complexity both on the real estate side, uh on the regulatory side, both on the product and the employee side, it's just too cost prohibitive to do it. And at some point, some business needs to take a stand and remind the state of California that while they keep reminding us that they're the fourth largest economy in the world, that's going to dissipate over time. So, we are just going to serve those customers with our online business. The first thing one might say is this is a publicity stunt by a Fox News host to try to drum up attention for the belligered Bed Bath and Beyond. And one thing that mitigates against that is that Bed Bath and Beyond is still a publicly traded company, which means that directors like him have an actual fiduciary obligation to the shareholders to make decisions on the basis of of what will generate shareholder value, of what will grow revenue, grow profits, etc., etc. if he was not entering the biggest economy, the biggest state economy in the country uh just to play politics and win PR.

I I think that would be pretty hard to do as a publicly traded company. It's one thing to make a lot of tweets. It's another thing to actually not open stores in California. So, he has to at least have a defensible reason why the costs outweigh the benefits. >> Okay. So, just to be clear, Bed Bath Beyond had a big presence in California, and it sounds like in an ideal world, you'd love to have a big presence in California. What What has to change, Marcus, for you to change this big decision you've made?

>> Well, I think the big question is what does it cost to actually do business in California? And in other businesses that I'm involved in, the process to actually operate the business is so cost prohibitive. from insurance to disclosures on packaging to the way we have to handle all the employee issues. >> The disclosures on on packaging, I just have to say, in California are crazy. I don't know how many times I've seen warnings not to eat inedible things because they have carcinogens, including buildings. I have walked into buildings in California there where there is a cancer warning that the building contains things that you shouldn't eat on the building. And a lot of people have said to me, "Oh, you don't want to pay employees." We pay employees plenty and we want to pay them more, but we don't want the government telling us how to run our business. And to do business in California, quite frankly, for my shareholders and my customers, I don't think we can deliver a good product and make a profit, which is the idea behind business. Gavin Newsome was quick to respond in ways that um you know, he's got new social media strategies, I think, but when it comes to trying to make California look welcoming to business, let's just say this didn't help very much. So, from the governor's press office, after their bankruptcy and closure of every store, like most Americans, we thought Bed Bath and Beyond no longer existed. We wish them well in their efforts to become relevant again as they try to open a second store. And of course, Gavin himself says, "The company that already went bankrupt and closed every store across the country two years ago." Okay, you're kind of making his point, man. Uh, that's one thing. And and at the core of that is is is frankly this one line.

>> But we don't want the government telling us how to run our business. We don't want the government telling us how to run our business. And and and there's plenty of good reasons for that, right? Number one, look at who runs the government. Do you want them telling you what to do? I think not. I didn't want them telling me what to do. In fact, I moved to Texas in 2011 precisely because I was living in New Jersey, which is just east coast California when it comes to business and regulations and big government. And I just couldn't see myself

succeeding there. I I couldn't see myself submitting all of my efforts to the taxes, to the regulations, to the crazy legal environment, to basically subjecting yourself to the will and the whims of the political class to a much greater extent than you do in states like Texas, Florida, and Tennessee, and many, many others. And so I moved here.

Now, now one thing that's important to note about that and about things like Bed Bath and Beyond is he's making us think about it. I didn't I didn't go up and say, "Oh, yeah, Bob, I'm not going I'm not opening in New Jersey. I just picked up and moved." And that's what uh economist Frederick Bastiot says is the unseen. that for every intervention, every environmental study that California adds before you can build anything, you can you can measure the people who leave. You can't measure the people that never come in the first place. And that is one of the many unseen costs of this sort of big government strategy. And this is what brings me to my area of concern because that kind of meddlesome big government getting into business and telling people what to do has been happening on the federal level in ways that are kind of shocking. And there is an ideological battle going on about the role of government in our economic order on both the left and the right. And President Trump is messing with another California enterprise, namely Intel, in ways that give me a lot of pause and I think should give you some pause.

>> So, here was a look at the top 500 stocks. We go to our interactive heat map brought to you by Finn Viz. One name under the spotlight today, Intel. Shares popped nearly 7% on news. The struggling chip maker secured a $2 billion investment from Soft Bank. And as commerce secretary Howard Lutnik confirms the White House is considering buying a stake. >> The White House is considering buying a stake in Intel. This is the state ownership of the means of production.

But let's hear from the White House themselves about what's going on. >> Describe the president's perspective on taking a stake in Intel in exchange for federal grants. And is this a are we expecting to see the White House make similar arrangements with other semiconductor companies and manufacturing companies? Well, the president um he's been very clear about the need to reshore manufacturing that's critical to our national and economic security. That is especially in regards to chips and semiconductors, which is why um the president has initiated the Commerce Department to conduct a study on semiconductors, a section 232 investigation um so we can ultimately implement tariffs. Um and it's why our export license requirements remain in place as well. Um, as for this 10% government stake deal, the Department of Commerce continues to work on it. I know Secretary Lutnik um is working on it and ironing out the details, but the president um wants to put America's needs first um both from a national security and economic perspective. And it's a a creative idea that has never been done before to ensure that we're both reshoring these critical um supply chains while also gaining something of it for the American taxpayer.

>> It's a creative idea. Creative that's never been done before. So, real quick, it has been done before. In fact, President Trump has done this already. He's intervened in this US Steel sale, putting the federal government in a position to have a single golden share that puts a member of the government on the board of US Steel. This was in order to basically allow a Japanese company to buy US Steel, which was in the process of failing, much like Intel is now. So that's the government telling people what to do. That's a government agent who at some

point will eventually be a Democrat because we do have two parties.

They do switch hands. So if you even if you like this now, you might not like it tomorrow. And and more to that point, when I first started getting into all this stuff during the financial crisis of 2008, another not that small government Republican, George W. Bush took an ownership stake in GM trying to bail that company out as part of the various rescue packages in the too big to fail talk during the financial crisis. And that deal didn't go so well.

The US taxpayer ultimately suffered a net loss in the billions. There's been occasional history often associated with labor unions going back to Chrysler and the bailout of Chrysler. uh there's been repeated bank bailouts. Of course, this kind of activity that intertwines the government with companies in this way is one of the reasons why we don't have a free enterprise system. We have a mixed economy. And when these things go bad, it's always the free enterprise side that gets the blame, not the government crooks. But let's hone in on what's going on with Intel because it is a really important company and it's one I've followed for a long time as a computer geek. So, first of all, it's looking real bad for Intel. Since a high in 2021, their absolute gross revenues have been declining. And for the past year and change, they have gone deeply into the red. So they reported a$2.9 billion with a B dollar loss in the quarter ending at the end of June. But on a 12 month basis they lost over 20 billion.

20 billion. So Intel has lost over $20 billion in the past year. They are in deep deep trouble. And that is the context for the Trump administration stepping in to intervene. >> There's some of us concerned about government taking a stake in a private entity. What about you? >> Yeah. when when I first heard about that that's everyone's gut reaction who doesn't believe in industrial policy obviously but if you look into it it's actually a little bit more it makes a lot more sense than I when I first looked at it because essentially the chips act is giving free money grants to Intel and by demanding that those grants instead comes with a stock purchase essentially what the government is implicitly doing is saying the taxpayers can get that back that grant essentially once they sell the stock on the company and undoing really a chips act grant of of Biden >> that didn't work out so well for taxpayers when it came to General Motors we we lost big and if the money does come back if somehow this the feds take a equity stake in Intel and then it recovers and starts figuring out how to make good products again well it's not clear that we the actual taxpayers will get a benefit even then because if there's one thing that history has shown is that more revenue into the federal government simply funds even more spending. That is as true as the sky is blue. But what is the deal with this CHIPS act interaction? And as a reminder, the CHIPS act um was a big deal and a big bipartisan deal. The Senate is now on the verge of passing a major bill to reduce the production of crucial microchips right here in America so that the US doesn't need to buy them from Asia, specifically Taiwan.

Supporters say the legislation is critical for the US economy and for national security. The bill provides more than $50 billion in taxpayer funded subsidies for chip makers. 39 billion of those taxpayer dollars are earmarked for building, expanding, and modernizing semiconductor plants on US soil. >> That's a lot of money. That's a lot of our money, or really, it's a lot of additional money to be borrowed for our grandkids to pay off. >> 17 Republican senators joined Democrats to advance the bill today. Our senior congressional correspondent, Elon Moyes, with us. You spoke with some of those key supporters, I'm told. What What did they tell you?

>> Well, that's right, Chef. I spoke exclusively with Senate Majority Leader Chuck Schumer in his office this afternoon and he told me that he expects to start seeing a return on the investments in this bill within a year. >> As we'll see, not so much. >> But the real benefit, he said, will be measured over generations. >> American companies and American government think short term. This is a long-term bill. The investments we're making today will employ people down the road. In fact, I told my caucus that many of their grandchildren will be in good paying jobs because of the bill we're doing today.

>> So, that's a little weird because he's admitting that government doesn't have good long-term thinking. Yet, somehow I guess this bill alleviated that. I'm not It's like it's a weird admission. It's like you're admitting that you don't know what you're doing. But, you know, this is something we must do something. We must do this. That is the ironclad law of politics. Um, now there is one person on the left who you have to give credit where credit is due. Bernie Sanders opposed this bill at the time as a giant corporate welfare scheme. Should American taxpayers provide the microchip industry with a blank check blank check of over 76 billion at the same exact time when semiconductor companies are making tens of billions of dollars in profits? No. No, they shouldn't. I'm with that Bernie. Corporate welfare corrupts our society and we shouldn't do it. But nonetheless, here we are. The Chips Act was passed and Intel proudly proclaimed that the Biden Harris administration finalized $7.8 billion in funding under the Chips Act. Now, as we've seen since this announcement, November 2024, the company has lost $20 billion. So, uh, so what else is going on here? For, well, for starters, as I understand it, they've received about 2 billion of this seven. And so the Trump administration is now trying to figure out what do we do with Intel's desire to get the rest of the money? What should we do with it? And that is where it is a little more complicated because they've been promised a blank check and is it really fair to blame President Trump for at least trying to put some strings on this taxpayer money? I think that is a pretty legitimate response, but it is still fundamentally corrupt. Remember, they're losing boatloads of money and they don't seem to be on a positive trajectory. So, let's go in the wayback machine for a minute because I think one of the things about this moment and Intel in particular is that it is an example that cuts very much to the heart of the entire ideological debate about the role of government in our economic lives in in our lives of adults transacting with each other peacefully. That's what economics is, you know, us trying to serve each other peacefully as opposed to plunder and war, which is the alternative. At the heart of the philosophical argument for government playing a role in this kind of way of regulating companies and and trying to constrain monopolistic forces is exactly that. that that the free enterprise system that lays a fair gives rise to corporate behemoths that become monopolies and then cease serving customers. That is the textbook thesis for government intervention in the economy. And Intel got as about as close to a being a true monopolist as just about any company in the United States that is not a government enterprise. So, let's take a little trip down memory lane because I'm a computer nerd. I grew up building PCs, being excited for that next chip. And so, I was going through these old ads and it just sort of reminded me of uh darker times.

This symbol outside means you have the standard inside that an entire library of software has been written to. [Music] [Applause] [Music] The Intel microprocessor. Think of it as a library card that lets you run the software of today and tomorrow. So look for computers that have Intel inside.

Bum bum bum bum. Intel inside. That pneumonic became the pneumonic of the technology era of the 90s and the early 2000s. And Intel grew concordant with Microsoft. We used to call it the Windtel duopoly. Microsoft for the operating system with Windows and Intel utterly dominating the hardware, the fundamental central processing unit, the CPU in the hardware. A couple more because these are just great. >> For years, Intel technicians have been making PCs smarter. Now they face their greatest challenge ever. Hey, no one messes with my brain until I get sprinkles.

Suckers. >> Now, anyone can have all the brain power they want. Just look for a PC with an Intel processor inside. >> By eliminating coalance inhibitors, we create triple dense carbohydrates and thus the so-called super donut. >> Any of you mock my interest in the pastry sciences? >> What do you have inside? >> Boom. Boom. Boom. Boom. Intel's dominance became so total at one point that even my beloved Macintosh adopted Intel chips. There was this last little bit of competition from the likes of IBM with the Power PC and it eventually gave way to Intel.

>> The Intel chip. For years, it's been trapped inside PCs, inside dull little boxes, dutifully performing dull little tasks when it could have been doing so much more. Starting today, the Intel chip will be set free and get to live life inside a Mac.

Imagine the possibilities. >> This was it. The height of Intel's power. How did we get from there to a place where they are bleeding $20 billion and going to Uncle Sam with their handout ready to sell 10% of their company to Donald Trump's executive branch. How did we get here? Before I get to that, it's important to remember that that Microsoft monopoly was super powerful and was one of the driving forces. No matter who you are, chances are that when you turn on your computer, the first thing you see on the screen is Windows. Microsoft's flagship software runs more than 90% of the personal computers in the world. Nearly everyone in the computer industry is afraid of Microsoft. For those of you that are younger, this sounds weird because you don't care about Microsoft. Microsoft doesn't even make an operating system for phones, the number one computing platform, which is really at the heart of the problem. But in the late '9s, Microsoft was the Goliath that had to be slayed. The Justice Department has charged Microsoft with engaging in anti-competitive and exclusionary practices designed to maintain its monopoly in personal computer operating systems and attempting to extend that monopoly to internet browser software.

>> And right around the same time, Intel faced similar probes. >> More on that major lawsuit against the world's largest chip maker, Intel. Bloomberg's Chris Valerio standing by with more. Chris, >> hey Margaret, let me repeat those headlines for you again. The Intel accused by the United States, by the Federal uh trade commission of an illegal of holding illegal monopoly practices. The FDC using some very strong language here, saying that Intel illegally used its dominant market position for a decade to stifle competition. Furthermore, uh FDC saying that Intel waged a systematic campaign to shut out rival. systematic campaign to shut out rivals. So, here's what happened next, and this has happened throughout American history. This is the case study in why no monopoly, no matter how many network effects there are, no matter how dominant the player is, no matter how essential this the technology or service seems to be, no monopoly naturally lasts.

And there is a moment where it all changed and this is it. In 2007, Apple announced the iPhone. This was at a time where the coolest phones were Blackberries with keyboards and to a lesser extent, Palm Pilots, also with keyboards running very minimal operating systems with crummy screens and no meaningful applications other than email. Here it is. And this is a fairly famous, if you're a tech nerd, clip from then Microsoft CEO Steve Balmer.

>> Steve, let me ask you about uh the iPhone and the Zoom, if if I may. The Zoom uh was getting some traction and Steve Jobs goes to Mac World and he he pulls out this iPhone. What was your first reaction when you saw that? >> $500 fully subsidized with a plan. I said, "That is the most expensive phone in the world, and it doesn't appeal to business customers because it doesn't have a keyboard, which makes it not a very good email machine."

>> And that right there, that moment is your lesson in the natural death of all monopolies. They die by way of hubris, laziness, and ultimately slovenly stupidity. This was peak Microsoft, peak Intel. And now Microsoft doesn't have a phone operating system at all. Intel does not produce processors that can be used in phones. And this thing, these phones that are still nothing but a screen are the single biggest computing device in the world. Having to make processors that fit in this is what killed Intel because they didn't know how to do it. And rather than compete as the paradigm in computing shifted to mobile, they just doubled down on servers and very hot and high powered drawing desktop processors. They got lazy. Every company, every person is prone to this factor. It is why natural monopolies don't exist.

If you can have competitors, you will eventually be killed by them. That is just a fact. And that is what happened as then Apple, which Steve Balmer is laughing at like it's a joke, ended up entering the silicon business and becoming maybe the best chip designer along with TSMC in Taiwan doing manufacturing that the world has ever seen. And this has been the result. Intel the and Windows, but the Intel Windel monopoly was killed by free enterprise by new products, creating new services for people, solving problems we didn't even know we had, and of course creating new problems along the way because this thing also has brought a lot of social pathologies into our lives. But nonetheless, here we are. It brings a lot of good, too. Except if you're Intel.

So, this is where we're at. And let's dive a little deeper into uh the argument from the Trump administration on bailing out Intel because again I think it speaks to the dangers we face in going along with this walking down this road in my opinion and that of Friedrich Hikes to surfom. And what you think what steps you think either the White House or the administration might otherwise take uh to try to persuade or aggressively sell uh Intel chips to US companies because one of the biggest issues about Intel thus far has been that they're not selling as many chips as they should. And the Biden administration actually tried to put some pressure uh on big tech companies to buy these chips and a lot of those companies said we don't think the chips are good enough.

>> Think about that for a minute. The Biden administration, having given away billions of dollars to Intel, went around trying to jawbone companies into buying hot, slow, battery hogging Intel chips, and they didn't want them. They don't even want them in servers because, as we know, AI and cloud computing are giant server power hogs. So actually the constraints of this paradigm shift and trying to figure out how to get a lot more performance per watt of energy consumed has turned out to be really important for all computing not just phones but also servers and even desktop PCs especially since most people have now moved to laptops as their

primary computing device besides the phone. This is what happens.

>> Yeah. And and the la the last thing we're going to do is put pressure is take a stake and then try to drum up business. U that the stake would be a conversion of the the grants and maybe increase uh the investment uh into Intel to help stabilize the stabilize the company for chip production here in the US. there there's no talk of trying to force companies to buy from Intel. >> But if you've got a manufacturing capacity that no one buys, does it help your country?

That is a really important question that the Trump administration needs to be asking itself here because maybe what they should just do is cancel these grants altogether. But but no concern that you know if you prop up a company that deserves not to make it that it it's just another example of almost too big to fail. Is Intel the know in the past the government has been great at at picking winners uh and losers. But you you think because of the foundry that Intel has, it's that important that that uh that that the government actually helps to keep that viable.

>> Uh Joe, there they're industries that we have to onshore. I think you you and I are the only ones in this conversation old enough to remember the uh Arab oil embargo in the 70s and gas lines and I I would say that the single point of failure for the global economy is that 99% of the advanced chips in the world are made in Taiwan and for national security uh we have to you know we have to stop that single point of failure.

>> So that sounds reasonable right? Oh, microprocessors are really important and all of the manufacturing is happening in Taiwan and all of the expertise and the labor that knows how to run these factories is all over there. And if we don't maintain that, we are seeding really important uh capabilities to an area that essentially is dominated by our biggest adversary. That's true. But what's happening right now is what Robert Higgs, economist and a friend of mine, calls the ratchet effect. And I have my little prop here, my ratchet.

It's the ratchet effect. What is the ratchet effect? The ratchet effect is you make an intervention and then you don't undo it. It only goes in one way. So, you bail out the companies and they turn out to be even lazier and sloppier and slower and worse and lose even more money than they were even projected to. And then you don't you don't keep going. You keep on going. You keep on ratcheting.

The government keeps on getting bigger. Keeps on getting more involved. Now we're taking seats on boards of US Steel. Now we're charging Nvidia and AMD a vig for uh selling chips to China, which is another thing that's been going on like is the in the chip news is that the Trump administration is saying that we're going to take a 15% cut of every chip that gets sold to China, which I thought we didn't want to be selling these chips to China, but I guess cuz they're older, it's okay. This is the ratchet effect. And his mention of the oil embargo is telling because there was an oil embargo in the 1970s, but it didn't cause lines around the block everywhere. It mainly caused them in the United States. You could still buy gas quickly and easily in most other parts of the world. And the reason was this, because the oil embargo shot up prices.

We also had money printing galore, pushing up inflation. And then another ratchet law got in that forced oil prices to be fixed just like mom Donnie wants to do with rent and and with everything else and with grocery prices. Price controls. They layered on price controls and gas stations aren't going to sell their oil at a loss. So they stopped selling it. And that's what happened. That's why we had lines here in the US during the 1970s. It was a ratchet effect tour to force. One intervention leading to the next until we're down the slippery slope to hell.

This is what Friedrich Hayek called the road to surfom. That each intervention causes problems that big government and more intervention is always proposed as the solution. Oh well, in this in this case with Intel, they just screwed up and they they turned out to go from being one of the best makers of microprocessors to one of the worst. But in many other domains, in many of the domains in California that lead businesses like Bed Bath and Beyond to pull up stakes or not go there at all, like with in my case, it has been decades of ratcheting up the government interventions, layering on more and more complexity, more and more busy bodies telling us what to do. Uh that got us to this place. And a perfect example of this in the Senate is Bernie Sanders, self-proclaimed democratic socialist who enjoyed visiting the Soviet Union as part of his uh honeymoon, let's not forget, and seemed to have a special affinity for southern American gerillas and the Sandinistas in Nicaragua. He likes this. He was opposed to the Chips Act, but he's in favor of Trump taking an ownership stake in Intel. He likes the ratchet effect.

This is the political dynamic that always happens when you intervene in ways that government is incapable of doing well, which is to say most things to be perfectly honest. And I'm I guess I'm an old head now when it comes to right to center folks, but um I'm definitely not part of what's called the new right when it comes to this economics. And and and what Trump is doing here is essentially adopting Bernie Sanders, Elizabeth Warren style policies and calling them America first because they're nationalistic. That is what he's doing. This is the new right.

The new right on economics is simply the left repackaged. And this is not true of all of President Trump's agenda. I am not a never Trumper. I voted for the guy. There's a lot of stuff he does I like. Um I'm sure as hell glad we have him instead of the alternative, but this is a dark path that we should not be going. And and and the worst demons lie right around the corner. and we see them running for mayor right now in places like New York and Minneapolis.

Guest of the show, somebody I know personally, Orin Cass, is one of the leading voices for this new, not new at all, rehashed 1960s left-wing economics. And uh and it should be troubling to you that John Stewart thinks it's great. >> This is this idea of the new right on on the economy. Can you explain what's the deviation from previous orthodoxy and sort of what that entails?

>> Sure. I I think the best way to understand it is that, you know, we went through a period of 30 or 40 years where conservatives just had way too much faith in markets. Just trust that you get out of the way and you're going to get great outcomes. 30 or 40 years of get out of the way. Now, that statement is false. It's been rhetorically true, but it's been empirically false. So that's issue number one. This is a straw man that's being presented. It was President Bush that sought to nationalize General Motors. It was President Bush that started

the bailouts of the financial firms in 2007 and 2008.

Let's not forget we don't we haven't had 30 years of lazair economics. That's bull. And markets can give you great outcomes, but they don't guarantee great outcomes. And so conservatives have been seeing, especially over the last decade, a lot of the things we care about, things everybody cares about. Do jobs pay enough to support a family, >> right? >> Are we too dependent on China for everything? Can we make computer chips in this country? >> Here we go. See, this is a core part of this agenda.

>> Markets were perfectly happy to give us really bad answers on those questions. And so, conservatives are starting to say, "Well, wait a minute. We we actually have to care about this and we have to be prepared to do something about it." I I've listened for years. The reason we can't do sort of social engineering or social policy or redistribution of wealth is the government's not in the business of picking winners and losers. That is now off the new right is saying actually we do.

>> Yeah, I I think that's right. The new right is saying actually there are some things we really want to see win and that that's what politics is. What what would politics be if you just pretended you sort of didn't care about anything? you you'd sort of have a lot of the very uninspiring Republican politics of of the last few decades, I would say. Why does this resonate? Because it clearly didn't. In fact, when I had Orin on the show um to talk about trade, I had an opponent of it, Scott Lince, come on. And even on this channel, Orin's episode was way more popular. And I understand why in part when it comes to trade in particular because it's hard to get your head around the benefits from trade when it's rhetorical in the abstract. We like it when we have cheaper goods. We don't like it when we see jobs uh go away because textiles or consumer products like small electronics and household goods end up being manufactured overseas. I understand that. That's pretty straightforward to understand.

But the picture being painted is based on incorrect assumptions and heading us down a place that we have historically already gone and will go worse. We will go here. And one of the ways this will really crank on us is because our politics do matter. and what what the Overton window is matters a lot. The sort of range of debate in the discourse. If the right-wingers abandon free enterprise and say, "Yeah, we should go in on sort of 1960s style uh, you know, interventionism."

Well, now you're just Elizabeth Warren. So, are we just fighting about colleges now and otherwise we basically agree on everything? We we don't want that. That isn't going to work. And that is what I fear in what's happening right now is the case the moral case for freedom and free enterprise is being lost in rhetoric. That's all fancy rhetoric. It's all bull. It's all because we don't have a free enterprise system in this country. We have what the French called derisma. This is a term you've probably never heard, but I came across in my houseion days of econ geekery after the financial crisis. You could say that this is just another word for what's been called economic fascism. But fascism is is basically just a nonsense word today because I guess I'm a fascist. Everybody's a fascist. If you like Sydney Sweeney, you're a fascist.

So fascist is a useless term in our discourse. This is the mixed economy. This is from Wikipedia and it's actually a good description basically of every economy since World War II. Derogisma is an economic doctrine in which the state plays a strong directive role with its policies contrary to mere regulatory or non-interventionist role over the market economy. As an economic doctrine, dearisma is the opposite of lazy fair stressing a positive role for state intervention in curbing productive inefficiencies and market failures. This is the blackboard economists that think that free minds and free markets have all these flaws. Orin even talks about this.

Oh, we don't always get good outcomes. What did he say exactly? >> And markets can give you great outcomes, but they don't guarantee great outcomes. This is academic gobblegook because of course not. Of course not. Nobody's guaranteed success. No, everybody gets a trophy is not the way real competition works. Intel was flying high and now it's in the pits. Markets are just people. People start companies. People work in companies. People buy from companies.

What we're talking about at the end of the day is people. free people being free to decide where to work, whether to work there for how long, and what to make, where to live, what to buy, at what price. And the more choice we have individually on all of those fronts in general, the better. having some third party in the state capital or in Washington DC decide what job I can't get and what product I can't buy and what service I'm not allowed to use is the path to corruption. It is derisma that is what we are. So the problems we face today are particularly in health care, education and housing which are the areas that are causing all of our families the most pain. These are very heavily government regulated sectors.

That is the facts. That is reality. They aren't lazare free enterprise industries. Health care more than half of every dollar spent in this economy in this society is spent by the government and oh and all of it all of it is controlled by the government. That's a fact. So if you're angry about healthcare and you should be we don't have a free enterprise system in healthcare. We have derisma. If you're worried about how expensive housing is in places like PaloAlto and New York City and Austin, which has actually been coming down a little bit in the past couple years.

Um, that's because there's massive government regulations that prevent new building. In fact, even Gavin Newsome admits that to be true. He hasn't done anything about it, but you know, we'll see if by 2030 there's any new houses in the Palisades, for example. This is the the reason why I'm so worried about this. It's the reason why the discourse around our economics is sort of a shell game and why when it comes to these particular moves, President Trump is not doing our future any favors. I'm an Italian American. I'm really I'm an American, but I'm of Italian descent.

And uh this stuff reminds me of something from some of my favorite movies. You know, you've got a problem and you're calling the guy with guns to help. >> Billy, you know, look, I maybe you could come in with me. You know, take a piece of this joint. It'd be good. >> What are you talking about? What do you mean? The restaurant? >> Yeah. I mean, this a classy place. I mean, look at the layout. When you've been in there a million times, you know what it looks like. I'm begging you.

What can I say? >> What am I going to What do you want from me? I don't know what I don't know nothing about the restaurant business. Nothing. All I know is to sit down and order a meal. I don't know how to make a restaurant. >> Yeah. The commerce department doesn't know how to make advanced microprocessor technologies or uh compete at 3 nanometer fabrication of silicon. That's a fact. Uh but once you get in, once you invite Big Tony into the game, it doesn't go the way you think. You get this.

And you know, this is useful for more than just ratcheting, as you can see. Now the guy's got to come up with police money every week. No matter what business bad you pay me. Oh, you had a fire? You pay me. Place got hit by lightning, huh? You pay me. >> I get one of those TVs. >> No, I'd be so breaking the whole time. >> Also, Paulie could do anything, especially run up bills on the joint's credit. And why not? Nobody's going to pay for it anyway. And as soon as the deliveries are made in the front door, you move the stuff out the back and sell it at a discount. You take a $200 case of booze and you sell it for a hundred.

Doesn't matter. It's all profit. I'm done. >> And then finally, when there's nothing left, >> feel shame. >> That's the CEO of Intel 5 years from now. Let me tell you this. >> When you can't borrow another buck from the bank or buy another case of booze, you bust the joint out. You light a match. >> Breaching anything. >> You look like you're decorating a Christmas tree. You freak. You don't know what you're doing. [Music] That's what's going on. That's what this is. That's the kind of deal you're making when you play the deer aista game, the intervention game, the ratchet effect game. But let me know in the comments what you think. I'm sure there will be many of you who say we need to have the government steer things in our interests. And um I'm open to your arguments. I have heard a lot of them before. I'm going to tell you, I'm gonna warn you. Um, but if you like this, please hit a like, subscribe to the channel, and if you loved this video and feel like this is something you need to get, you need more Dad Saves America talking to you straight without the political tribalism, I encourage you to check out our new Amazon store where you can buy great products that you would otherwise already buy, and a portion of the sale will actually come back to help this channel. In fact, you've got uh some of my favorite garage tools, some of the gear we use to to film these videos and some of the choices we make for the studio, books, and a lot more.

I'll put a link in the pinned comment and in the description. And of course, have a great weekend.