

Greed

John Stossel, ABC News Special (1999)

Theme: What is “greed”?

- Introduction at Vanderbilt mansion. Financier Milken, hotel magnate Helmsley, dictators Marcos and Duvalier, evangelist Bakker.
- Ted Turner: private property and competition are good.
- Contrast rich business person and rich sports figure or actor. Why are rich business people often vilified while rich actors or athletes aren't?
- Compare art, sports, etc. Greedy to create, greedy to win, greedy to learn.
- Psychologist Julian Edney money-in-bowl experiment: Greed means short-range self-interested grasping?
- Are rich people “Robber Barons”?

Theme: Zero-sum or win-win?

- Philosopher David Kelley: Zero-sum is a child's view. In fact, producers create wealth, and the pie gets bigger. Most of the 19th century entrepreneurs started with nothing. They didn't steal: they innovated and produced things people voluntarily traded for.
- Example: Bill Gates got rich by creating value for trade. He persuaded customers. Win-win.
- Contrast example: Baby Doc and other government dictators get rich by taking from others by force. They created no value. Zero-sum.
- Example: buy a quart of milk at convenience store. Both parties say “Thank you.”
- Cheaters? E.g., solar-powered clothes drier. Rarely get rich.
- Vanderbilt's achievement in ship transportation and Rockefeller's achievement in oil: lower prices and higher quality. Luxuries become standard fare. Win-win.
- Complaints about Vanderbilt and Rockefeller mostly from competitors who weren't as productive. Lobbied the government for controls on V and R.

Theme: Motivation of greed versus selflessness and helping others

- Example: Red Cross non-profit lifeguards versus Jeff Ellis's for-profit lifeguard company.
- Ellis's lifeguards: Better service, innovations, and lower price.
- Complacency of the established non-profit.
- Walter Williams: contrast results of caring versus results of self interest: grocery store, computers, FedEx, schools, post office, trash, police services
- Profit motive as additional motive to serve others' needs.

Theme: Cooperation and self interest.

- Supermarket and steak. Iowa ranch. Propane, packaging, trucking, and the hundreds of other functions involved in getting the steak from Iowa to New York. Do all of those people work hard and efficiently because they care about you, or do they work hard out of self interest?
- Revisit bowl-in-money experiment: self interest and the profit motive leads people to learn how to cooperate.

Theme: Education and business education

- Example: Steve Mariotti as high school teacher at a traditionally weak school.
- What motivates the students? Prepare for business: see money-making possibilities, entrepreneurial ideas.
- Former students who are now successful: sports store owner, hot dog stands, music business.

- Kelley: Capitalism is the great equalizer: The poor need capitalism most. They need the opportunities that capitalism generates. They need the freedom from stifling regulations.

Theme: Executive pay and inequality

- Workers lost jobs because of high executive salaries? Aren't large inequalities and disparities unseemly? Should we put limits on profits and salaries?
- Excerpt from movie, "Wall Street." Hollywood villains.
- Example: T. J. Rodgers and Cypress Semiconductor: started a one-man operation and was in debt and created a \$1.5 billion company. "I earned it." "I created value." "I am a good guy." "The world is better off when I make a buck."
- Michael Eisner's take home pay. Under Eisner's tenure as CEO, Disney's worth went from \$2 billion to \$53 billion. Eisner received one-half billion dollars (equals about one percent).
- Ben and Jerry's ice cream: CEO pay experiment. Pay CEO only six times as much as line worker. Had to fire and hire another CEO at ten times. Same thing again.
- Union rally on Wall Street: Union leader John Sweeney. Ever turn down a raise?
- Counter-examples. CEOs who are paid much even when their companies are doing poorly.

Theme: "Giving back"—Philanthropy and charity

- Vanderbilt University
- Turner: billionaire Warren Buffet is a Scrooge because he doesn't give more of his money away.
- Rodgers: Turner is saying something stupid: Business professionals are good at making money, and their making money helps those less well off by creating jobs. So to help others most, we should encourage successful businessmen invest their money rather than give it away.
- Kelley: making money is harder than giving away. He respects Turner more for his building CNN than he does for his donating money to the UN. Business is more humane than charity: it treats people as self-supporting instead of treating them as helpless mouths that need a handout.
- Who did more for the world: Michael Milken or Mother Teresa? Both helped people, but Milken helped more people and he helped them become self-supporting rather than as charity cases. Teresa suffered and was selfless; Milken got rich and was self-interested. But suffering is not the point; the point is to create value.

Summary:

- Greed as good *versus* greed as evil
- Self interest *versus* selflessness
- Private property *versus* public
- Competition *versus* regulation
- Win-win *versus* zero-sum
- Liberty as primary *versus* equality as primary
- Productivity *versus* charity