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questions from *La República*

Can markets or companies themselves produce these bourgeois virtues?

The "bourgeois virtues" are the ethics of humans in a commercial society, namely, courage, prudence, love, and so forth. When societies adopted real liberalism they started admiring the bourgeoisie instead of hating and regulating it. That is what caused the explosion of innovation after 1800—the society gave permission for the innovators to innovate. It's not that the bourgeoisie became better! It had always had such virtues, but now it could exercise them in a free society, to the benefit of the poorest among us.

The called "rhetorical change" (cambio retórico) be understood as a critic to the methods in which economics are studied?

Yes. Economists do not believe that ideas cause economic growth. They think that investment does. It does not. A railway or a factory without a good idea behind it is just metal and bricks piled up to no purpose! Economics needs to study the ideological, rhetorical, ethical changes that make for a rich and good society. Contrast Venezuela and Colombia, for example.

You insist that ideas are the engine for development, but there must be an economic 'microclimate' for these to be developed. How would you recommend to develop favorable environments in countries as Colombia so that ideas can become businesses?

It is not the business of the government to make such a climate, because the government is very bad at such tasks. It ends up favoring this or that rich person. The most unbelievable sentence is, "I'm from the government and I'm here to help you"! What is needed is for journalists and movie makers and other shapers of opinion to stop the government from "helping," and to support innovators, who all come from the voluntary sector, not from the compulsory sector.

You bring us to the present the bourgeois virtues, which were attacked for centuries by the left wing ideology, as well as en target for populisms in Latin America. How to sensitize that in 'prudence' (anticipate future risks), 'dignity' (honoring commitments), and 'freedom' (competing), there is a social treaty rather than an economic one?

They were also attacked by the right. Conservatives no less than socialists and populists hate economic change—which is the only hope for the wretched of the earth. Mutual respect should be the social contract, not adjusting incomes through corrupt politics. It works out better for the poor. Much, much better.

How can you understand that local or regional governments are the key to understanding that there are "no free lunches" and that subsidies are not always good roads for development?

The great French liberal Bastiat said that government is the conviction that everyone can live by taxing or subsidizing everyone else. The worst case in Latin America is Argentina, which since Peron has believed it. Let the test of the market work and you get the best projects. The test of politics is extremely bad at choosing winners.

In your essay about Piketty's book, *Capital in the Twenty-First Century*, you highlight that what is important about poverty is not equality. How would you explain the Venezuelan debacle and the Chilean success in this task?

Yes, Venezuela shows that egalitarianism of distribution is not wise, and Chile shows that liberalism in the economy *is* wise. You can help poor people a little by stealing from the rich, say 50% better off, as in Venezuela. But economic growth is overwhelmingly more powerful is raising up the poor, 1,000% or 2,000%. Which do we want?

How would you evaluate Colombia's development?

Long ago as a graduate student at Harvard I worked on a Colombian transportation project, just at the beginning of *La Violencia*. If the violent socialists had been stopped in the 1960s, Colombia would now be as rich as Venezuela was before Chavez. Anyway by now it looks like Colombia will become rich. Your main problem now is the shocking gap between your rich areas and your poor ones. But in a generation, as has been shown over and over again (Ireland, Taiwan, China), you can achieve a European standard of living for everybody. Let the innovators innovate. Stop worrying about equality.

Why hasn't the Colombian economy been able to evolve from selling oil, coffee, flowers and bananas?

Again, don't worry about it! The USA sells soybeans! So what? Do what you're good at. By the Living God, *please* do not go back to "import substitution" and "forced industrialization." That way lies corruption, inefficiency, and perpetual poverty.

Colombia has always been one of the countries with the highest rankings of happiness, but last in competitiveness and development. How would you explain this dichotomy?

Man does live by bread, or even excellent coffee, alone! I think the "happiness" measures are idiotic, and say more about the social conventions in a particular country about complaining than anything else. "Competitiveness" is not a word that a serious economist ever uses, by the way. It's business-school talk, and is meaningless. Any country has a *comparative* advantage, regardless of income, and the patterns of trade are determined by it, not by what economists call "absolute" advantage (that is, how productive you are). If absolute advantage, "competitiveness," causes trade, everyone not as productive as, say, the US or Japan should sit down and do nothing at all, yes? If James Rodríguez is the best player on the football pitch, have the rest of the team sit down and do nothing, right? Not right.

What would your advice be for our economists and our president Ivan Duque?

Try to get out of the habit of supposing that an economist in the government knows more about how to make, say, coffee than the coffee growers do! Some modesty is in order. Economists for the past century or so have believed that their job is to engineer the economy. It's not. Innovation comes from people, not from the government. Leave people alone! The role for economists should be to argue against governmental attempts to engineer people.