



**Episode 1,384: Andrew Yang and Universal Basic Income**

**Guest: Antony Sammeroff**

**WOODS:** Let's turn to the subject of our conversation today, which is Andrew Yang. In particular, he did an interview recently with Ben Shapiro, who, you know, he pushed back a bit, but was very polite, And it was so funny to see the Twitterverse so shocked that this. I mean, these people – I'm not particularly a Ben Shapiro fan, but I know for a fact I've heard him more than these people have, and they were all shocked that he would be polite. Have you never listened to him? Do you think he's just an ogre and a monster? Of course, he was going to be polite. That was the least surprising part of it to me. It's the same way I would be polite to the guy.

**SAMMEROFF:** Me too.

**WOODS:** Yeah, so –

**SAMMEROFF:** I will be, in fact.

**WOODS:** No doubt you will; no doubt you will. And Yang seemed to be really genuine in his conversation.

**SAMMEROFF:** Yes.

**WOODS:** Any other Democratic presidential candidate would have been using that opportunity to score points with their base by sticking it to Ben Shapiro, and that never crossed his mind his. I think he genuinely seems to be a guy with a lot of ideas. Now, I don't typically like that, because I think people – *Oh, I've got a lot of ideas. Let me try them out on the country.* I don't think that's an admirable quality. But I think he is an intellectual, and he really believes in his ideas, and he just wants to spread them to anybody who will listen. And that's at least something. That's more than we've had up to now.

But the point of this is, there were times when, if he'd wanted to, Shapiro could have pushed back harder, or maybe if he had had all the arguments. And he did not. And so I thought we could discuss this a bit. You don't have to have listened to the Shapiro interview certainly at all to get something out of what you and I are going to say. But let me start with a question, one that occurred to me from this interview, and then we'll just see where we go.

So one of the points that Shapiro made in response to the claim that automation is going to destroy a whole lot of jobs – like for example, Yang said that trucking is the number-one job in – he might have said, if I'm remembering right, he may have said 29 states, which is hard

to believe. But there are millions of truckers, and those jobs could all be automated. And Shapiro's response is: but as in the past, there will be new jobs created that we can't anticipate. And the way Yang responded to that, as I recall, was: the problem there is it's not to say that we won't. He says, I agree, that is the phenomenon that we observe, that we do have new jobs that we couldn't have anticipated. He says, the problem is there's a mismatch. There's a mismatch between those new jobs and the people displaced from the old jobs. It's not a neat little matchup.

So what do you think about that situation?

**SAMMEROFF:** Right, that's a great point to start off with. First of all, I really like and admire Andrew Yang for his entrepreneur work and his openness and positive attitude. And I think he's coming from a good place. But as you said, intentions we know are what the road to hell is paved with. So that's really great, yeah. And Yang said yes, there will be new jobs, but they'll be for different people in different places with different skills. But this is a matter of the market being able to assimilate these people. So when he says – let's take the counterexample. 4 million manufacturing jobs were lost in the Midwest, places like Wisconsin, Missouri, Iowa. In other words, places where Trump won. Classical economics predicts that they'll reenter the workforce, they'll just be shifted towards serving different needs. When he says, well, look what actually happened. Half of these people never reentered the workforce, and a million of them went on disability. There's an increase in substance abuse, drug overdoses, suicides among this population.

So what do we say? Well, he talks like this happens in a state of nature, where there is no other factors involved in stopping these people from getting work. I mean, the obvious suspects are like the high minimum wage, stringent labor laws, payroll taxes, and mandatory medical insurance contributions. From Yang's own book, I want to quote: "If I had to hire a full-time entry-level worker in New York at \$42,000, I have to factor in an additional \$6,000 for health care insurance costs. For employers, company-subsidized health insurance costs are a major impediment to hiring and growth. The costs get a lot higher for senior people with families. My last company was spending more than \$2,500 a month on certain people's insurance plans. If these costs weren't on our books, we definitely would have hired more people." So I think we need to look at all the factors that are stopping people from reentering the workforce. In fact, I'm wondering if I missed anything important.

**WOODS:** I bet we could find some. I mean, obviously, anytime you have any kind of arrangement whereby there are benefits to not working, and in some states, they find that the various packages of benefits you get for not working actually are better than a minimum-wage job. Well, even if you would not be working at a minimum wage job, still to know that you have a certain floor beneath you that you could always jump back to and not work. There is that factor, as well.

It is interesting, speaking of that, that Yang probably alone among the Democratic candidates is willing to admit, when asked about it by Shapiro, that the existing array of welfare programs have bad incentives, and they do encourage dependency, and they do encourage long-term use by people who should be back on their feet. And I do believe him. I do believe he's sincere when he says that he believes that the net result of, or at least the net goal of his programs, is work, is to get people ultimately working and doing things that they find worthwhile. It's not to just say, well, unfortunately, these people are now redundant in our system; we just have to support them and who knows what they'll do.

**SAMMEROFF:** Right. So this is really about — one of the things Shapiro accuses Yang of is paying people not to work, and he responds with: well, with the goal of creating work. And I think that means he doesn't understand capital formation, because supposing I'm the owner of a chain of stores, I'd be lucky, but I'm one of the people whose hit with the \$1.3 trillion of tax says that this freedom dividend of \$1,000 a month for each American is going to cost. So if \$1 billion is taxed from me, let's give it to my customers. Well, when they come back into my shop and spend their freedom dividend, that just basically means that I've got a billion dollars less of stuff. So I have to replace that, which means I can't afford to open new shops and employ more people. So this UBI, it's not coming from nowhere. That is what would be invested in capital that would push the price of all goods and services in the economy down.

And Ben Shapiro and Yang agree: cheap stuff is good, but Shapiro doesn't explain the economic process through which the stuff becomes more cheap. And I think this is important, because Yang says, supposing due to automation, your trucking job is no longer worth \$46,000. Now it's only worth \$26,000. If that \$26,000 now buys twice as much stuff because it's cheaper to transport it due to automated trucks, and the stores and call centers are automated, and who knows what other innovations, that \$20,000 pay drop actually amongst \$6,000 pay rise, all consider. So I think that's a really important thing to take into account.

**WOODS:** I agree. I think Shapiro almost hit a point that Dave Smith has made, and the way Shapiro hit it was to say a lot of people who are chronically poor — and by the way, this is the kind of objection Yang would not have gotten on a progressive show. So it's good that he was almost with Shapiro. He said a lot of people who are chronically poor, I mean, let's just be blunt: they make poor decisions with their money. It is not that the world just keeps treating them badly year after year. I mean, you know, that happens to some people, but a lot of it is just plain mismanagement, or I mean, for crying out loud, you can't pick up another skill, even in this world? Come on.

**SAMMEROFF:** Right.

**WOODS:** So I mean, let's not treat them like children. So his point is, if they make bad decisions with the money they have now, they could well make bad decisions with the thousand dollars you're giving them. They could use it to buy more video games, which is one of the points that Yang makes, that a lot of times when people are idle and this is why we want to get them not being idle, they fall into really self-destructive patterns. So why wouldn't they do that with the money? And what Dave Smith was saying was, which is a similar point: what happens when these people blow the thousand dollars, and they're still in the position they were before? Does the UBI then become 2,000? And then when they blow that, does it become three? And I don't think he's got a really good answer for that.

**SAMMEROFF:** Yeah, and that's kind of public choice theory. Every government will have the incentive to increase the UBI. But what I kind of didn't like about that when Andrew Yang said, *Well, it's their money, they can make what decisions they want from it*, Ben Shapiro said, *Well, that's kind of libertarian*. And I'm like, no, libertarian means what you do with your own property is your business. But it doesn't mean that you go, well, there's a suicidal person over there; let's steal some sleeping pills and say, "Here's some sleeping pills. You can do what you want with them, wink, wink." No, I don't think you should be encouraging people who've got substance addictions and things like that. At least one of the things about the current welfare system is at least as discriminatory. To some degree, I wish that we had a society and — and you know, our friends on the left, as Walter Block likes to call them, would

really hate this – but where you have to present yourself to a body that is organic, and is funded by the nations and has to choose whether you're a good person to give that money to or not, because they need to look at what your needs are as a human being. Do you need drug counseling? Do you need therapy? Do they need to specify what you need to spend on and demonstrate that you're making progress? Because it's not cruel. What's cruel is to allow people to destroy themselves. What's cruel is to waste resources when there's so much need for those resources. And you're just not going to get with the government, by default, making this payment to everyone, because they've not got the information. It's too diffuse.

**WOODS:** Now, let me raise a question that, I don't think, did not come up in the Shapiro-Yang debate, but still is one that's on people's mind. They'll say, it's one thing to say that in the Industrial Revolution, we started to see mechanization of various kinds, and that we all know this was a net benefit, and nobody would want to live in a pre-industrial society. Everybody more or less concedes that. But they say – it's the old, "This time, it's different" argument. And now, the fact that they've said, "This time, it's different," over and over and over again makes it kind of like crying wolf. But no, this time, we really mean it. And part of the reason is it's twofold. One, now the robots can do think work. It's not just brawn, but now they can do work that touches even the white-collar worker. And secondly, it's that we can at least conceive of a situation in which robots get to be better at absolutely everything. Absolutely everything they're better, then it's hard to see how any of this works out in our favor. So how do you address that?

**SAMMEROFF:** Okay, this is going to be a bit of a grandstand. Gene Epstein contacted me to tell me that the burden of proof should be on Yang to demonstrate that this time was different because you can't prove a negative. We can't prove that this time it's not different. So I think we can look at the economics of automation and see what is the likely trajectory, because nothing's likely to change overnight. It might have a cascading effect, but these technologies are going to have to be adopted and rolled out. The purpose of work is the satisfaction of human wants and needs, and the basic economic problem says: human wants are unlimited; resources are finite. If that's not true, it's approximately true. They're almost infinite. You can almost always think of things being slightly better.

But in the short term, what I'm seeing is we're still being told that classroom sizes are too large, and they're getting bigger; and that hospital waiting lists are longer than ever and getting longer; and that the forests are ravaged and need restoring; and elderly people are languishing alone in their homes, desperate for care and company; and single mothers need to work three jobs and can't get childcare. So we still cook own meals. We still cut our own grass. We iron our own clothes, and I'd love someone to help me clean up my room, as Jordan Peterson would have me do; pick up my shopping for me.

So Rothbard obviously had this example of, if as soon as you imagine it a cola appears in your mouth, then you live in a post-scarcity society. Now, that could happen. It could get to that point. But at that point, there will be no poverty at all, because the goods and services will be so abundant that people are giving them away. I mean, this laptop is not really likely to be worth any money in 20, 30 years from now. So if people would give things away – they're already doing it. The charity shops already can't get rid of the DVDs they have and the clothes they have. Buying a Garmin used to be a once-in-a-lifetime event.

So that's the long term, if this vision is true. It's just, you buy a robot to work for you and you get paid for it, or the capitalists are giving away everything in the warehouse because they

can't sell it. They're giving away the robots that made the stuff, because there's no demand for the stuff. So that's just the endpoint of our hyper-abundant society.

But what about in the short term, because as Keynes informed us, in the long term we're all dead? Well, I'd just like to follow Jack, the trucker. Jack, the trucker, is under threat from Percy, the automated vehicle. Jack can only deliver 100 widgets a day because he has to sleep, whereas Percy can widget 150 deliveries a day. Well, Jack might lose his job, but the price of widgets is coming down because of the reduction in labor costs. In fact, I think Andrew Yang offers a figure, putting it at a staggering 168 billion per year could be saved by the automation of trucking. That's from this book *The War on Normal People*.

So what can happen is Jack gets called in and says, "Look, we've taken on Percy, the automated van, but we're selling more widgets than ever before and we can't deliver them all, because the cost per widget is cheaper. So we need you back on the roads." And obviously a historical example being Henry Ford automating the production line, and finding that he had to take on more staff, because automobiles were widely affordable. Or they have to retrain him as a mechanic, rather than lay him off. They say, "Look, yeah, we've got these self-driving cars. We do need to lay off some people, but they're also causing a whole host of other problems, and we need to put you in another department to help maintain the self-driving trucks or load and unload them."

If he does get laid off altogether, like we said, that's to make him available to do what people are necessary to do. You know, the large classroom sizes and the babysitting and being your butler and cutting your grass for you and cooking your meals. I had someone come on YouTube and comment, "Well, I'm not going to call Jack to babysit my kids. That's unlikely." But I think that misses the point. The point is that, because goods and services are cheaper due to the automation of trucking, people have more money in their pockets. To put Yang into some kind of work. If they can go out and buy new stuff – even Jack's severance pay is going to be worth more in the shops because the automation of trucking has brought prices down. So people can say, "Hey, I heard you were laid off. You can come over and cut the lawn for us, please."

Or another example is, because Walmart can get all the stuff delivered to their stores for cheaper, they've got extra money left over and they say, you know, we're really losing money to Target because they've got more people on and they've got shorter lines than us. People don't like the lines in Walmart, so we're going to need to take people on as well. And we can afford to do that, to be more competitive, because the price of having our goods delivered to us is cheaper. So what I mean to say is that there's this perception that the market is just going to accelerate all of the benefits of automation to the 1%. But the market has a way of distributing those benefits, because it brings the price of goods and services down, which is why everyone now lives a better life, materially at least, than the king of France did a few hundred years ago. Did I miss anything out?

**WOODS:** No, I think that's a very good answer. And the way I try to think about it is, let's take a lesser example, not where robots do literally everything, but where, for example, just something like trucking, where there would be obviously significant dislocation if you take the major form of employment in a whole bunch of states, and you turn it over to automation. Let's just take that. So I know that for a lot of people, when they observe that process, they feel like something, they know that their hearts are saying well – or their brains, let's say – their brains are saying this is probably better, and it will it will cut costs, but geez, I'm still

not totally convinced. I mean, a lot of people are losing their jobs. And so they don't really know how to think.

But now, suppose instead of trucking went from being operated by an individual human being to being automated, suppose instead, we traveled to another planet, where what we found was – we were trying to decide is this new planet inhabitable by human beings. And we found that there, they have matter transporters where you take whatever you would put in your truck, you put it in a building, you press a button, and it automatically goes to where you'd want to deliver it. There is no trucking, because they don't need it. They have instant matter transportation through these machines. Now, would we look at that and say, "Well, this planet is not fit for human habitation because what would the truckers do in this society?"

**SAMMEROFF:** Right.

**WOODS:** We'd say, "Oh, my gosh, this is the most amazing thing we've ever seen. We'd better move here as quickly as possible." So it's funny that our perspective on it would change instantly.

**SAMMEROFF:** I love that analogy. Thank you so much. That's really great. And I think what you're pointing at is kind of seen and unseen. Jack losing his job is conspicuous, but the fallen prices is inconspicuous, especially if the Federal Reserve or here, the Bank of England, is printing money, which causes inflation and camouflages the drop in the prices of goods.

**WOODS:** Right.

**SAMMEROFF:** You know, which they might have to do in order to produce a universal basic income at that price of, I think it was \$1.3 a year. You know, that's a lot of printing money, and that really will camouflage the benefits. I just wanted to point out that Johann Norberg mentioned that these drones in the US Air Force require a ground crew of 168 personnel, and he was saying that a general concluded that the number-one manning problem in our Air Force's manning are unmanned platforms. So one more profession for Jack, the trucker, is, he gets a call from the data company saying, "Oh, we've got your reference here from the trucking company. We've actually put these cameras in the unmanned trucks, and we've put video cameras in them, and they're tracking bird migration and forest fires and woodside activity after dark, so we need someone to compile the data. And a single drone collects enough video for 20 people to work around the clock to analyze it, and with tens of thousands of drones, that's going to be amounting to a lot of people." So that's just one of the ways that technology creates new jobs.

**WOODS:** Now, you of course, as somebody who is very interested in this – you've written a book on universal basic income, you're going to be debating Andrew Yang yourself – would have a particular perspective when watching him debated by somebody like Ben Shapiro, who may have some ideas in common with us. So when you watch this, you may be thinking kind of the way I am when I was a kid and I would watch and I thought George HW Bush was my standard bearer, because that's how clueless I was as a kid, and I would shout things that during the debates, "Why don't you say this? Why don't you say that?" In fact, when I was an undergraduate, there was a program where they paid a few college students to go around to local schools and do mock debates, and I was the George H.W. Bush character. And we had a Ross Perot character and a Bill Clinton character. This was in '92. And I had people coming up to me afterwards, including my fellow debaters saying, "You are a much better George Bush

than the real George." Because, I mean, It was actually saying the things I wished the dolt would say. Now, I'm not saying Ben Shapiro's a dolt, but my point is maybe you have the same experience. So were there times, and if so, what were they, where you just felt like, *Oh, Ben, Ben, Ben, you were doing so well. Why didn't you say X, Y or Z?*

**SAMMEROFF:** I felt like he would have drawn a more interesting response from Yang if he had gone a little bit harder. I think I've covered many of the points that I wanted to on capital formation, on the way that the market actually spreads the benefits of automation across people and how it's likely to be a gradual transition to – you know, we're a couple of hundred years from a utopia yet, but a fully automated society means everything, all goods and services are free, and in the meantime, the work week should be getting shorter. It has already fallen from 61 hours a week in 1872 to around 37 today.

There was another thing I guess where he touched on Medicare for All, universal health care. Now, not that long ago, I did a *Scottish Liberty podcast* on Medicare for All, which I recommend, because I was shocked by the lack of knowledge that either of these two have about why health care is so expensive in America. And it's really infuriating for the reason you say, which is these are people have much larger platforms than we do. I mean, when you you've got all these restrictions on building private hospitals, and in some states, you need to go in front of a board to build a new hospital, not to mention that some states are limited to only having one new medical school, that kind of bottleneck in supply, a very easy option is just to allow doctors, surgeries, and clinics and hospitals to train and certify their own assistants, to take all that busy work of extremely specialized staff, because you've got people studying 7 to 11 years, doing things that you really don't need 7 to 11 years to do. And these patent laws – I mean, the amount of fraud in the America system, I go into some details and figures in that. And the limitations on supply of who can provide medical insurance and all of these things, in five minutes, you can make a pretty strong knockdown case for how to radically reduce the price of health care, and that's just not a conversation that's happening yet in the mainstream, or I've not seen anyone. And really a lot of it as a no-brainer, and I'm sorry that the quality of conversation is so low at the moment.

**WOODS:** But that's going to change, isn't it? In September, is it not?

**SAMMEROFF:** Well, we will hope to.

**WOODS:** Something earth shattering is happening on that day.

**SAMMEROFF:** It will be very special to debate Andrew Yang in the Soho Forum, and I hope that I can have a decent conversation with him afterwards as well. He seems like an open person, and I hope that we'll have a cordial exchange of ideas.

**WOODS:** Tell us very briefly about your book on the subject and how people can get it.

**SAMMEROFF:** Yes, *Universal Basic Income: For and Against*. It's just available on paperback now, and it's got tons of good, new stuff in it. So please go on Amazon and get a copy. I released it through Rational Rise Press, which is a new libertarianish publisher, so if anyone out there is into writing, you can get in touch with me, and I'll put you in touch if you want to put your book out. I'll post you to who to go to. I really liked the book. It's got better as the

revisions have been made. And I'm really proud to have it available in paperback for just now.

**WOODS:** So what's the website?

**SAMMEROFF:** Oh, you can get the paperback from Amazon now, *Universal Basic Income: For and Against*.

**WOODS:** Okay, so that's what we'll do, and I'll link to it at [TomWoods.com/1384](http://TomWoods.com/1384) so people can easily grab it that way. Well, thanks, Antony for this conversation. Best of luck in September.

**SAMMEROFF:** Thank you. Look forward to seeing some of you there.