



**Episode 1,423: Tucker Carlson Supports Elizabeth Warren's Economics**

**Guest: David R. Henderson**

**WOODS:** You know, I feel like I'm seeing you at a funeral. You know, you see somebody at a funeral and you say, "I wish we could be meeting under better circumstances." Well, likewise, I'm sorry that it has to be the occasion of a Tucker Carlson monologue that we are talking. But I actually put out a request in my private Facebook group, and I said I need somebody who would do a good job discussing this with me. And Gene Epstein, who's my normal go-to guy, was not available, and somebody said, David R. Henderson. And I said, yes, that is the one [laughing]. So I wrote to you, and here we are.

**HENDERSON:** Well, it's nice to be second choice.

**WOODS:** [laughing] I'm sorry, I realize that came out wrong.

**HENDERSON:** [laughing] That's fine. That's fine.

**WOODS:** But I mean, there's no shame in losing out to Gene Epstein, right?

**HENDERSON:** Absolutely.

**WOODS:** So I am going to link at [TomWoods.com/1423](https://TomWoods.com/1423) to the video of this monologue, so people can listen to it for themselves. But the basic gist of what Tucker Carlson was saying was that – in fact, he quotes at length from a statement by Elizabeth Warren, but he doesn't reveal her identity. And he basically says, you see how much common sense is in here. In effect, he's saying, if her name weren't Elizabeth Warren, you would be listening to this with a great deal of sympathy. And his conclusion is basically that if left-liberals could just get rid of some of their social liberalism that he thinks drives away a lot of middle Americans, their economic policy is actually not far from where a lot of Americans really are.

So what I want to do is go through some of the claims he makes. But let's actually start right there. I actually think that what he's saying there, even though I wish he hadn't done this monologue because I disagree with it, I think that point is not that far off. I really do think it's true that America, by and large, is to the left of both parties on economics. Now the democrats are drifting out leftward, so maybe they're meeting them there. But I think they've been fairly populist left for a while, but they shy away from the Democratic Party because they don't want the rest of the baggage. I think there's something to that.

**HENDERSON:** Yeah, I think there is, too. I think, of course, we have to remember that when people are favoring certain viewpoints, they have no sense of the costs. And I'm going to just

mention briefly my co-blogger, Bryan Caplan, has written a whole book on this about the irrational voter, essentially. And let me just give you a standard question you'll see in polling questions. "Do you favor Medicare for all?" And 60% say yes, let's say. "Do you favor Medicare for all if you have to pay an extra \$20 a month in taxes?" And the number will fall by half. Now, I'm making that up, but if I had my library really handy, I could find very similar questions with very similar results. And so yes, those views are popular. A president who got elected and tried to implement them would be unpopular pretty quickly when the cost became apparent.

**WOODS:** Right, and so I'm hopeful that the kinds of ideas that we're hearing about it are not going to be victorious. But if they are someday, the extremely tenuous silver lining will be that the consequences should be fairly swift, and one hopes people will put two and two together. But, you know, what was it that Mencken said about not going broke betting on the intelligence of the American public?

But anyway, let me give a specific here. This is a quotation from his monologue. He says, "She"— meaning Elizabeth Warren — "says that taxpayers ought to benefit from the research and development they pay for, and yet, she writes, 'We often see American companies take that research and use it to manufacture products overseas, like Apple did with the iPhone. The companies get rich, and American taxpayers have subsidized the creation of low-wage foreign jobs.'" And then Carlson himself says, "She sounds like Donald Trump at his best." Well, I'm not sure that's quite Donald Trump's best [laughing]. But how do you respond to that claim?

**HENDERSON:** I think I would respond in two ways. First of all, she sounds like Donald Trump at his worst.

**WOODS:** [laughing] Right.

**HENDERSON:** And the other thing, though, is let's — and I don't know the specific R&D she has in mind that US taxpayers subsidized. I'm sure there was some. I'd be willing to give you 10 to 1 odds that that research on its own would have done nothing if Apple hadn't then used all of its skills and all of its talents to make something of it. That's that point.

Also, yes, it produces jobs overseas, because that's where it's cheaper. And I mean lower cost. Wages can be low, but it can be higher cost if productivity is low, so clearly, they're having those jobs overseas because it's cheaper. But she left out the huge beneficiary of Apple, which is the customer. So if you look at what people when they're polled say they would be willing to pay or what they'd have to be paid to give up an iPhone, it's an order of magnitude higher than what they had to pay to get an iPhone. And so we are huge beneficiaries of that.

**WOODS:** Right, right, right. And it actually kind of reminds me of a poll that I guess was done, trying to determine how much people would be willing to pay to mitigate climate change, how much they'd be willing to pay per month. Now, these are the same people who lecture the rest of the world about all the sacrifices *they* should make. *The rich should make this sacrifice, and you should make that sacrifice.* But when it comes to them and the sacrifices that they should be called on to make, people are not willing to pay \$10 a month for what they supposedly think — I mean, this could literally be the end of the world, if they're right about it, and they won't even pay 10 measly — they can't give up two packs of cigarettes per month.

**HENDERSON:** Right. And actually, with the taxes on cigarettes, we're talking one pack [laughing].

**WOODS:** Oh, I know. It shows how little I know about cigarettes, right? So here's a little thing, again, I'd like to just get your thoughts on. He says, "If there was a Democrat in 2020 in this election who made that primary plank in the platform, I would vote for that person." And so what he's saying is as follows. He says, "That's how important I think it is. If Elizabeth Warren came out and said, "I wrote a whole book on this, and I want our economy to support parents on one income, families on one income, not so we can hire some person from the Third World to work at minimum wage and raise your kids, but so that you can have an intact family. You can live in a way that we all know is better." In rich neighborhoods in America, there's a parent raising those kids overwhelmingly.'" This is Carlson: "I live in one, so I know. There's a parent raising those kids. Why shouldn't everybody have that chance? If she ran on that" —

**HENDERSON:** You know what this sounds like? I'm sorry.

**WOODS:** No, no —

**HENDERSON:** This sounds like AOC.

**WOODS:** It totally does. Hang on just one second. I'm almost done. Hang on.

**HENDERSON:** Sorry.

**WOODS:** It's okay. It's okay. I want to make comments, too. He says, "If she ran on that, I would vote for Elizabeth Warren" — I wanted to make sure and say that — "and I would say so in public. That's what I'm calling for, and I don't care who provides it. Why would I?" So, your thoughts on that?

**HENDERSON:** Well, it's just made up. In other words, who wouldn't want everyone to be roughly five times as wealthy as they are? What's that have to do with anything? How do you get there? And you don't get there by paying more for things rather than paying less for things. So what Tucker misses, and you see it when he talks about trade even before he talked about Elizabeth Warren, is he misses the basic economics of trade, things that economists talk about like comparative advantage. And you and Bob Murphy, your *bête noir*, Paul Krugman, just wrote a beautiful piece on this about 20 years ago, called "Ricardo's Difficult Idea." And Ricardo's difficult idea is comparative advantage. And he pointed out there all these intellectuals you run into at cocktail parties who won't take 15 minutes to look at a simple numerical example, showing that both sides are better off when people in various countries working what their competitive advantage is. And the fact that Apple has some of this assembly done in China means that that's not our competitive advantage.

**WOODS:** I understand people who long for a family arrangement, whereby people if they so choose, can have the one parent at home, let's say, raising the children and the other parent works. That's a great setup for a lot of people, and I think it can have very good effects. But as you say, simply to say that that's a desirable thing is not the end of the discussion, because the question would then be: what policies create the wealth that would be necessary to allow for that? I mean, it's true that in the 1950s, you did often see that setup. But what we also

note is, I always – my listeners are tired of hearing me say this, but I'm a big fan of *The Honeymooners*, that old show from the '50s.

**HENDERSON:** Right.

**WOODS:** And if you look at – now, we all know Ralph Kramden was a cheapskate, but all the same, even with that, it was not implausible that in the 1950s, you would have an icebox instead of a refrigerator. You would have no telephone. They would have to lower the Nortons' phone into their window to speak on the phone. They had no television. They might have had a radio. I don't remember; they might have had a radio. But they had the most primitive furniture. They lived in a two-room apartment. They had nothing. So yeah, Alice stayed home all day, and if you want to live at that standard of living, you can have that right now with no problem. It's precisely that people don't want to have the standard of living of that time that they don't choose to do this.

**HENDERSON:** That's right. And I'll give you my own example. We did have our own phone. We did our own TV and radio, although we were the last family in town to get TV. We got it 1961. But we had one bathroom. Now, there was a time when there were three teenagers in that household. Can you imagine? And guess which one took most of the time. My sister. You know, so those kinds of things. And the houses were just primitive compared to now.

**WOODS:** Now, it could be said in response, though – I can hear what I think is a somewhat legitimate objection, and that is that, because of government involvement in sectors of the economy that are very, very important to people – namely health care, and education, not to mention housing – but health care, education, those costs have gone up so much. And you don't even have to blame the free market for that. You could be a free-market person who just says the government has helped to inflate these costs that, now, it actually is trickier for people to live with the one-parent household. But even if that critique were correct, what would you say would be the appropriate response?

**HENDERSON:** Allow more housing so the price comes down. Get government out of schools, or at least move in the direction of getting them out of schools. Allow more free markets in health care; allow people to buy catastrophic health insurance rather than buy full coverage. Those are the kinds of things I would say. But also I would say, even with those things, if you take all of the budget people put into those things – and you're not talking about San Francisco where housing is just crazy; you're talking about most of the country – the amount of money they have left would buy everything those people had in the 1950s that you talked about, plus.

**WOODS:** That's more or less what I've been trying to say, but I don't have quite the audience of Tucker Carlson. Let's see what's on this other list of things. Yeah, now, he says that real wages have stagnated over the course of however many years. Some people say since 1970. The thing is, I've seen charts that seemed to indicate that real wages have stagnated, and then I talked to other economists who say, well, that leaves out fringe benefits, or it leaves out this with that, or it leaves out what's always awkward to include: hedonic adjustments. Because the fact is, I would not want to live in 1974. Even if I did get a higher, let's say, salary, I wouldn't want to live in 1974. I wouldn't want to live with no internet, with an exploding car, with no air conditioning in the car, typing on a computer instead of a word processor. I wouldn't want any of that.

**HENDERSON:** Yeah. Yeah, and so you mentioned fringe benefits, and that's a really good critique of that claim. What you're getting at with your other part is whether the consumer price index adequately accounts for improvements in quality and for new products. And the bottom line is it doesn't. And so one of my colleagues at the Hoover Institution, Mike Boskin, had this committee he headed for the US Senate back in the mid '90s that estimated that even after the Bureau of Labor Statistics took some of their advice, that the CPI overstates inflation by .8 to 1 percentage points a year. Now that's .8 to 1 percentage point, so over 20 years, that compounds to a lot. And so yeah, people really are better off. And again, you have to just look at, well, would you be willing to go without all those things, all those improvements and get what you could get back then? Don Boudreau at Cafe Hayek has done this great thing, looking at a Sears catalog in the 1970s versus what you can buy now. And you're so much better off now.

**WOODS:** I'm quite sure that's true, and I would actually love to look at that. I can already hear the response that it's —there's this sneering contempt from some people, particularly not just on the left, more really among traditional conservatives, who sniff that, *You don't understand the real meaning of life if all you're worried about is air conditioning, or whatever.* They give us these lectures about materialism and stuff, from their air conditioned offices, of course. But I hear this a lot, that as soon as you talk about the fact that we have a wider variety of goods available to us, they think, *Oh, you stupid libertarians. Don't you understand the meaning of life?* I'm sure you've come across these people. How do you answer them?

**HENDERSON:** I answer them by saying: you just changed the rules in midstream.

**WOODS:** Right.

**HENDERSON:** You were the ones who talked about real wages stagnating. What are you saying? You're saying real wages won't buy more than they used to. I'm saying they do. That's a factual issue. So don't suddenly say you weren't worried about that when you were the one who raised the concern.

**WOODS:** And particularly, I get this critique, again from traditionalists, that libertarians are materialistic because they focus so much on material goods. But these are the same people who say that free markets are screwing over workers. Well, by what criterion do you say they're screwing over workers? Because workers can't get enough — wait for it — material goods? You know, so these people are just as so-called materialistic — and it's not even materialistic just to say, if your belly is full and you've got a roof over your head, you're in a much better position to indulge in intellectual or spiritual or aesthetic pursuits than you would be as a 14th-century peasant in France.

**HENDERSON:** Right. That's right. And by the way, I mean, I know you enough and I know your work well enough to know that you don't favor free markets primarily because they produce the goods. You favor them, I think, certainly the reason I do, because people are free.

**WOODS:** Right.

**HENDERSON:** That's the goal. And yet, look how far we get talking about that issue with those same people who accuse us of being materialists. *Oh, well, it's easy for you to say that, you*

*know, material things don't matter and freedom is all that matters.* But wait a minute. You were the one who was saying that I was claiming material things were the only thing. And so the number of debates you get into where people keep changing the rules in mid-debate is well over half the debates you get into.

**WOODS:** Yeah. Yeah, yeah, so that's actually good advice for a debater, is keep your eye on the ball and force your opponent to keep that person's eye on the ball.

**HENDERSON:** Yeah, exactly.

**WOODS:** All right, I thought in particular – this is just a side note, but he describes, I guess, the so-called right wing on the Hill as being quote, "resolutely libertarian." If only, right? If only. I don't know what world that's from. He ends the monologue by quoting Mitch McConnell, saying, "We're not fans of tariffs," you know, hoping that they could somehow head off some of these Trump tariffs on Mexico, I think.

**HENDERSON:** Yes.

**WOODS:** And Carlson's response is just, in effect, to sneer that this just goes to show how totally out of touch these people are. How could you make a remark like that when there are real people who are seeing real jobs siphoned off by free trade? And so I guess I'd like to know – let's say, you're in a debate situation. Maybe you're on television – or on television, they'd never give you a two-minute response. What a glorious thing to luxuriate in that would be. But let's suppose it's a bizarre show and you get two minutes of response. How would you reach somebody who honestly thinks that what's been happening is: we started off back when we had strong labor unions – right? This is their argument – we had top marginal tax rates that were very high, we had strong labor unions, and they think as a result, we had prosperity, we had households with one person working, one person taking care of the kids; whereas now we've had deregulation, laissez-faire, free trade, and a lot of outsourcing by companies that care nothing about Americans, and the results are all around you. People feel like their jobs are very precarious. There's a lot of anxiety out there in the labor force. Is there any truth to that picture at all? Because that's the picture that's painted for us all the time. Is there any truth to that whatsoever? And if not, what's the problem with it?

**HENDERSON:** Well, once you say, "Is there any truth?" I'm probably going to say yes.

**WOODS:** Sure.

**HENDERSON:** Because there's a little bit. Okay, but let's look at the precariousness of the jobs. There was precariousness back then we had the 1958 recession during these golden years, where unemployment hit I think 10%. And look at the unemployment now, which is just a little under 4%. And I don't know if you've noticed this in retail, Tom, but you go into a store and you get someone who's really incompetent dealing with you lately. And on the one hand, you feel bad about that. On the other hand, as an economist, I say, isn't this great? Someone who's really pretty incompetent, even that person can get a job now.

**WOODS:** [laughing] Right.

**HENDERSON:** And so right now, jobs are not very precarious, except for the employers. They're having trouble keeping people. So that's just one thing.

But if I were to respond to the other stuff, that would be to say: again, look at the things we get, look at all the things we have. And I looked at the data. We had 3.2% real growth of GDP in the '60s, in the '70s, which surprises people, in the '80s, and in the '90s. It averaged 3.2% through that whole time. So the growth rate really was not much affected. And as far as those high marginal tax rates, they did hit 91%. They were 91% through most of the '50s, in the first few years of the '60s, but almost no one was paying them because they kicked in at a very high real income, and people figured out ways around them. And so Elizabeth Warren and others want to tax people at 70, 80%, but they want it to kick in for a large slice of population. And so that'd be a very different situation.

**WOODS:** He says at one point, that — he's citing Elizabeth Warren again. He's citing her as advocating workplace apprenticeship programs on the grounds that four-year colleges are not right for everyone. And so he says, I agree with that. Okay, well, I agree with that, too, but okay, who's responsible for the fact that no one thinks this way, that everybody thinks you have to go to a four-year college? I mean, it's just a cultural expectation. There have been a lot of us calling for this. And there are programs like this, that if only there weren't this enormous cultural bias in the direction of four-year colleges. There's a great program you may know about called Praxis that has placed a lot of people in high-paying jobs and spared them years of accumulating debt. Those things are out there, and I do favor this. And I fact, I even go farther than that. Not only four-year colleges aren't right for everyone, but the traditional curriculum of K through 12 is not right for everyone.

**HENDERSON:** No, that's right. That's true. Yeah, and again, my colleague Bryan Caplan has written a whole book on that, you know, *The Case Against Education*, which really should be titled *The Case Against Schooling*. But imagine — here's what would happen. If you just said the school-leaving age, the age at which you're not coerced by law to be in school, if the various state governments made that age 14 instead of 18, and if they were relaxed the minimum wage law, you'd see a lot of apprenticeships. They wouldn't be formal things, necessarily; they would be a guy hiring a 14- or 15-year-old to work in his construction site, and he'd be making \$3 an hour for the first few months, and then \$6 an hour, and so on. And I just think you'd have a tremendous boost in productivity. You would have a lot of teenagers being a lot happier, and we would get some of those things. But the way to do it is not from the top down and have the government say, "Ooh, let's subsidize apprenticeships." They're going to be acting like central planners. They don't have the right incentives. They don't have the right information. They would just waste a whole lot of money and a whole lot of young people's time.

**WOODS:** All right, so now let's suppose instead of *Tucker Carlson Tonight*, it's *David R. Henderson Tonight*, the show we would all tune in for, and you're giving a monologue and it's not, let's say, in favor of Elizabeth Warren's plan. What would be the central points that you think Americans most need to hear right now, given all the misinformation they get about the economy?

**HENDERSON:** Wow. Okay, so the main thing I would say is that free markets are going to be the thing you should rely on. They're the ones that always come through. They don't necessarily respond to the headlines; they respond to what people really want and really need, and you're going to be better off with free markets. I would say that if you're worried

about poverty, which is one of the things that sometimes Elizabeth Warren talks about, you don't understand poverty if you're looking at American poverty. Look at poverty in Bangladesh. Look at poverty in Pakistan. And let's start allowing more of those people in. It'll get them out of poverty. And then you will have people who can take care of your kids. That won't be what Carlson wants, but so what? You'll have what those parents want, which is the woman can go out and get a job, and she can pay someone \$3 or \$4 an hour, who's going to be delighted to take care of her kids. So those are some of the things I'd say. I'd say let's get rid of the drug war, because that's putting a lot of people in prison who shouldn't be in prison. So there's just a whole lot of moves we could make that are somewhere near the Overton window that would make things a lot better.

**WOODS:** That's good. That's good. Because I sometimes wonder if I had that opportunity – you know, let's say I had 10 minutes to talk to the whole country, would I try to nudge them toward what they're already prepared to hear that would result to some good improvements, or would I just blow their minds by pushing that Overton Window way, way out there?

**HENDERSON:** Yeah.

**WOODS:** You know, it depends on what day of the week it is, how I feel about which approach I would take.

**HENDERSON:** Yeah, no, that's right. That's right. By the way, I have a T-shirt idea. We've seen the Overton window really work for marijuana now, so my T-shirt idea is to have a T-shirt that says on it "Relegalize cocaine," because it was legal, but if you say, "Relegalize," people can start talking to you? *You mean it was legal?* Yeah, it was legal.

**WOODS:** That's smart.

**HENDERSON:** And so that's my next Overton window on the drug war.

**WOODS:** That's smart. All right, everybody, my sense is that David R. Henderson is not big into making print-on-demand products, so you could probably steal that idea from him, right under his nose if you wanted to.

**HENDERSON:** [laughing] Please do. Please do.

**WOODS:** Okay, do you still maintain DavidRHenderson.com? Where can we send people if they want more of your stuff?

**HENDERSON:** Okay, I'm really bad at that. DavidRHenderson.com is up there and hasn't been revised in about three years. But I do blog at EconLog, and I do 20 to 25 blog posts a month. And for some reason, if you do a Google on EconLog, you don't get driven there, so do a Google on EconLib.org, and then you'll find EconLog.

**WOODS:** Okay, and then do you have some kind of an archive there?

**HENDERSON:** Yes.

**WOODS:** Okay. All right, so I'll link to that too, so people can check out your stuff. TomWoods.com/1423 will be where I'll put that. Well, thanks for doing this on such short notice. I wanted to talk about this before it became old news, and boy, the same day I asked you, here you are doing it. Thank you very much.

**HENDERSON:** Okay, thank you.