



Episode 934: Time for People to Earn a Living Without a Job?

Guest: Peter Klein

WOODS: All right, we've got a bunch of things here. We've got to roll up our sleeves and start smacking down some fallacies here. So I already told people the article has to do with work and jobs and arguing that we need to just think completely differently about all this. And it's just got one proposition after another that you could debate. So even people who say we need a \$15 minimum wage or we need full employment or whatever – these are the sorts of things that Bernie Sanders might say or Paul Krugman might say – even these things are really fundamentally missing the point, because, he says, the number of jobs that will be available in the future, even right now, is just not high enough to employ everybody who would want to be employed, to achieve full employment. We can't do it. There isn't enough work. And even if there is, who says work is so great? It's actually stifling and demeaning in many cases.

So then we're going to see what it is that he proposes, but let's start there. Let's start with this point. He says, "Already a fourth of the adults actually employed in the US are paid wages lower than would lift them above the official poverty line...Almost half of employed adults in this country are eligible for food stamps (most of those who are eligible don't apply). The market in labour has broken down, along with most others." And then he says, "The jobs" – now he sounds like David Stockman. "The jobs that disappeared in the Great Recession just aren't coming back...[T]he net gain in jobs since 2000 still stands at zero." And even if they do come back, these will be like part-time, minimum wage jobs that nobody in his right mind would want to have.

So all right, assuming these figures are correct, what's Peter Klein's response to this? Give up on jobs?

KLEIN: Yeah. You know, Tom, this article is challenging and confusing on so many levels. It's like there are so many fallacies large and small, as you mentioned before, that are weaved in that it's really hard to know where to start. But this is the kind of situation where I think it might be useful to kind of start with a very simple theory or simple model of what an economy is and how an economy works. People like myself who teach economics are often kind of – we're chastised for thinking of these very simple scenarios, what would it be like for Robinson Crusoe on his island, and then trying to work up from that to understanding something as complicated as the U.S. economy.

But I think this article is a case where it would really have – This author would really benefit from thinking through the most basic concept of what is work, what is

consumption, what is investment, because nowhere in the article is there any recognition whatsoever that he understands these very basic things. By starting there, then we can work up to more complicated questions like what role is the U.S. minimum wage currently playing, the sort of Stockman point about what types of jobs are going away during the recession. I don't think this author is even ready to have that conversation because of these absolutely nutty ideas about not having jobs at all, why people have jobs.

I sort of wonder — I see from the bio — I don't know this author at all, but he appears to be a historian somewhere at Rutgers. And I mean, I guess he typed out this article on his Mac or on his PC. Maybe he's reading the comments on his iPhone. I mean, how does he think these goods and services came into existence? Where does he think computers came from? Where does he think the Internet comes from, the food that he eats during the day, the office in which he sits as he spins out these sort of crazy fantasies? Where does he think all of that stuff came from? I didn't see anything in the article, reading it twice, about what we would eat in this world where we don't have work anymore, where the food is going to come from, where the clothes are going to come from, where the Internet's going to come from, and so on.

So maybe we ought to start by trying to think through what is a job, why do people work, what's the purpose of labor as opposed to leisure, what's consumption, what's investment. I think thinking through it at that level might help us to try to figure out what this guy is really saying and how best to respond to it.

WOODS: Right, and of course, your examples there are very good ones, about what we would eat and all these things that we take for granted, because when you think about what goes into what we eat and the work that goes into it, it's not all extremely intellectually and spiritually fulfilling work. It's back-breaking work. It's not the sort of thing you do simply as a side thing for fun just because you appreciate it inherently. It's because of the money you get. It's because it is, if I may say so, a job. It is sort of what makes the world go round.

KLEIN: There is such a thing as intrinsically enjoyable work. I'm sure a lot of what you do and what I do when I'm reading and writing, I enjoy it. I could be in another profession besides the one that I'm in now, maybe even earn a higher income, but I enjoy doing the things that I'm doing now. But that's not the kind of work that economists are really seeking to explain. We're trying to explain why do people do, as you said, the back-breaking labor. Why do we put up with the tedium of paperwork, for those of us who have desk jobs, or digging ditches or loading trucks, putting boxes in trucks? Why does anybody do that stuff? Well, of course not because of the intellectual fulfillment.

Marx thought he had found a great flaw in the market system by identifying the sense of alienation that some people have from their jobs — to which I say to Karl, Duh. No market economist ever claimed that work is fun, that we work because we enjoy it. No, we work because we need the stuff that work produces. If you want to eat fish for dinner and you're on an island, you've got to go out and catch the fish. The fish are not just going to jump into your mouth, which is what people like Professor Livingston implicitly seems to think.

So of course we want a world – what we desire is a world in which we get the most bang for the buck, or the distasteful work that we perform generates the highest return in terms of goods and services that we can consume, that we can consume now, that we can consume in the future and that we can give to our children, and so forth. So nobody wants to work for its own sake, excepting the kinds of work that some people think is fun and would do even if they didn't get paid. We work because that's the only way we can consume.

And you often – I don't know if it's kind of a Romantic Era, kind of a 19th century notion that there's some alternative world in which we just sort of sit around and food would fall from the trees. A lot of people seem to have that kind of romantic notion. And you hear it even now with work on robots and nanotechnology and artificial intelligence. Boy, just around the corner is some kind of a *Star Trek* world where you just say the words "ice cream sundae" and it just materializes in front of you. Well, that ain't happening either. Somebody's got to build that technology. Somebody's got to maintain it. Somebody's got to extract the resources, the raw materials that keep it going, and so forth. So as long as we human beings live in this fallen world in which we do have to sing for our supper, some of us are going to be singing. And the question is how do we set up the system in such a way that we can get the best and most songs out of the singing we have to do.

WOODS: But of course his whole premise is that this is not actually something we have to do. This is something we've been conditioned to think that we have to do. And he says, for example, that "[t]he fastest growing component of household income since 1959 has been 'transfer payments' from government" and that by the turn of the current, "20 percent of all household income came from this source." So there's nothing in principle different, he thinks, between what exists now and what's proposing, in the sense that we would simply take that number and expand it very dramatically. But in effect, we're already, every one of us in fact, on the dole in one way or another.

KLEIN: Yeah, I found that point very interesting, and I had to read it again between the lines to try to figure out who is providing the dole.

WOODS: [laughing] Yeah.

KLEIN: In other words, a transfer is like from A to B, so there's got to be an A out there somewhere who's creating some wealth so that it can be transferred to B. We can't just all consume from each other. Somebody's got to be producing at some level. So of course it's kind of a red herring. In a world in which people put forth effort, people work in order to produce goods and service, or in a monetary economy, they exchange their labor with businesspeople, with capitalists for money, the capitalists then exchange those products and services with consumers for money.

Of course, you can always layer on top of that any kind of distributional scheme – or as some people would call it, a redistributional scheme – that you want. You can have a king or you can have a state that says, Yeah, but we're going to go in and take some of the fish that Tom Woods produced with his fishing net and his fishing spear and so forth and we're going to give those to Peter Klein, who can then consume more fish than the fish that Peter Klein actually produces. I mean, fine. There are lots of good

reasons why that might be a bad idea, but no matter how much of this government shuffling around we layer on top of the basic economy, we still have the basic economy in which the fish have to be caught by somebody. And a world in which 100% of our income comes from government, comes from transfer payments, is just a world in which some other people somewhere, maybe ourselves, are producing the goods and services that are then transferred to somebody else. So I don't really see how this solves the problem.

WOODS: Right, it seems to keep pushing it back to – I don't know, who's it going to be? Martians? Who's going to be doing this?

All right, now here are the key things I want to ask you. Particularly we'll get to corporations in just a minute, but he says, How would we afford this? And by "this," does he mean – I mean, I assume he means this idea that we don't need to work, or at least you don't need to do things that you find distasteful. Maybe you'd like to do something. And so how would we afford this? And I don't exactly know what the "this" is, but it would be something like that. He says, Oh – he actually says we can do so "very easily." Now, what's "very easily"? Well, we raise what he calls "the arbitrary lid on the Social Security contribution, which now stands at \$127,200." Now, what he means by that is that the income you earn up to \$127,200 is taxed with a Social Security tax you pay into Social Security, but above that, you don't pay anything else, right?

KLEIN: Yeah.

WOODS: Yeah. So we would just raise that. So you would get more money that way. And secondly, we would raise taxes on corporate income. So what's the problem, Peter?

KLEIN: Yeah, I thought this was an interesting passage as well. I guess what he thinks when he says "this," can we afford this, he's referring to the previous paragraph where he says, "No matter how you calculate the federal budget, we can afford to be our brother's keeper." But again, that gives away the whole show. What he's talking about here is we can afford to have some people working more and retaining a smaller share of what they earn to give it to other people who work less and consume a greater share of what other people produce. Again, he's just talking –

WOODS: Yeah, so he he's not really saying, Let's get rid of work and let's get rid of jobs. Some people are going to still have jobs so that we can subsidize people whom he thinks would be better off not working at Walmart than working at Walmart.

KLEIN: That's right. I think – I mean, I'm assuming at least some of the way this piece was written is kind of tongue-in-cheek, because of course as we're discussing it's logically incoherent to have a world without work, because then there would be nothing to consume. Really what he just means – I guess it's just kind of another way of clothing the sort of standard progressive argument that some people consume too much and other people consume too little. He would like a world, I'm guessing, in which Steve Jobs still puts forth the same amount of effort to produce iPhones, factory workers who work hard would continue to work just as hard, everybody would work as hard as they do now or maybe even harder, but he would just spread out the

proceeds more evenly. No one could earn more than \$X; nobody could earn less than \$X. So he doesn't say anything about the size of the pie, or he's assuming that the pie would remain the same size or maybe grow; he just wants to have more evenly sized pieces. I think basically that's the only kind of message that makes any sense in this piece.

Now, is that sound thinking? Is that appropriate from a moral and ethical standpoint? What would actually happen to the pie? I mean, the pie metaphor's not quite right. I don't want to take it too literally. But would the pie actually shrink if we were to impose the kind of scheme that he prefers? But that's got to be what he's talking about, talking about getting rid of the Social Security contribution cap, raising taxes on corporate income. I mean, he assumes that corporations would still exist and would still produce stuff; we just take away more of the net income and give it to somebody else. Okay, fine. Then the question is, Well, if you increased tax rates as he's proposing explicitly and implicit tax rates, what would then happen to the economy? What would happen to production? That's where we have something we could actually talk about.

WOODS: Yeah, let me read you his reasoning behind why he thinks raising corporate taxes won't cause a problem for employment. He says that, "[I]n fact raising taxes on corporate income *can't* have these effects." These effects being a disincentive to investment and thus job creation. He says, "Corporations have been 'multinational' for quite some time. In the 1970s and '80s, before Ronald Reagan's signature tax cuts took effect, approximately 60 percent of manufactured imported goods were produced offshore, overseas, by US companies. That percentage has risen since then, but not by much."

And then he says, "[T]he bottom line is this. Most jobs aren't created by private, corporate investment, so raising taxes on corporate income won't affect employment...Since the 1920s, economic growth has happened even though net private investment has atrophied. What does that mean? It means that profits are pointless except as a way of announcing to your stockholders (and hostile takeover specialists) that your company is a going concern, a thriving business. You don't need profits to 'reinvest', to finance the expansion of your company's workforce or output, as the recent history of Apple and most other corporations has amply demonstrated. So investment decisions by CEOs have only a marginal effect on employment."

All right, Peter, what do you say to that?

KLEIN: Yeah, I mean, Tom, I have no idea what this paragraph could possibly mean. It's confused on so many levels and it just doesn't make sense. First of all, I mean, of course, he says, "Since the 1920s, economic growth has happened even though net private investment has atrophied." That's not technically correct. By some measures, net private investment has fallen. By other measures, it's risen. And of course, what matters — he's looking at sort of accounting measures of investment, dollar accounting measures of what companies classify as investment. But of course from an economics point of view, we're interested in quality, not quantity.

Again, where does he think the iPhone came from? Apple did the research and development to develop the technology. Apple and its foreign partners, like Chinese

companies, have invested in manufacturing capacity. I mean, I don't know where he thinks that investment would have – I don't understand where he thinks goods and services would come from if investment were literally zero.

He says, "You don't need profits to 'reinvest', to finance the expansion of your company's workforce or output..." But again, where does he think the expansion came from? What was it financed by? Transfer payments? I can't imagine what he can possibly mean here. This deal about you're signaling something to your stockholders, it just doesn't make any sense at all. I don't think he understands what a corporation is. There's a blurb in the article you didn't read where he goes on a little rant against Citizens United, which existed from kind of a legal and economic point of view. He really doesn't understand what a business firm is. He certainly doesn't understand what a corporation is, what is the notion of legal personhood, for example.

But of course all investment is financed ultimately by profit, whereby profit we mean the excess of what we produce over what we need to consume right away. Absent profit, there can be no savings for investment by definition, and so of course we wouldn't have iPhones or any of the technology that we have. We wouldn't have the productive capacity that we have without some people producing more than what they need to consume right at that moment.

Again, think back to Robinson Crusoe on his island. The only way that he can get a fishing net, which would then expand his ability to fish in the future, is by taking a day away from catching fish from his hands and eating them to build a net. And the day before he builds a net, he's got to catch a few extra fish. He catches ten fish; he only eats five of them; he holds on to five to eat the next day while he's building a net. If he eats all of the fish that he catches every day, he can never spend a day doing anything other than catching more fish. So there's no way he could ever have any savings; there's no way he could ever invest to come up with a new and better way to get outputs out of inputs, unless he starts with some saving by consuming less than he's producing.

And so in a world where there are not profits in this sense, there can be no investment, and then you can never consume at more than a subsistence level. I mean, it just doesn't make any sense what he's saying here.

WOODS: What about the robots argument, that look, there aren't going to be any jobs anyway? Everything's going to be done by robots, so we're going to have to do – because isn't this the common thing now? Even libertarians are saying we need the universal basic income and that'll solve that problem?

KLEIN: Yeah, I guess it's not really different from the people who said when the automobile was developed 120, 130 years ago, gosh, we won't need people to raise horses and take care of horses and make horseshoes and so forth, so things will just move around magically by these horseless carriages and then we don't need – loss of jobs – I mean, a robot is not really different from any other piece of capital equipment.

These science fiction kind of robots might be great, but I mean, I've got one of those little robotic vacuum cleaners at my house. I've got a Roomba vacuum cleaner. So it's

technically a robot and it does make my life easier because you can push the button and let the little Roomba do its thing, and I can go off and do something else rather than holding a vacuum cleaner. Is that qualitatively different from me going from only having a broom and a dustpan to having a conventional vacuum cleaner, or me going from picking up dirt with my hands to picking up dirt with a broom and a dustpan? No. Robots are another kind of capital good. They can perform — it's just like any other kind of capital equipment. They increase our productivity as human beings. They make us able to do more and to do better things with less amounts of effort, which frees us up either to consume leisure if we like or to spend our valuable time and effort producing other things and more things.

And of course, as with the automobile example, this whole notion of will the robots take away our jobs, I mean, somebody's got to build the robots, somebody's got to maintain the robots. Anybody who's ever used a personal computer or an electronic device of any kind knows that they are not self-maintaining. So there's going to be some tech support people that you call and say, Hey, my robot broke, and you spend hours with them with their broken English as they try to tell you how to reboot your robot. I mean, the robots are not qualitatively different from any other kind of technological improvement, in my view.

WOODS: I've got a little thing on robots. I guess I should link to — I gave a talk at the Mises event at Harvard last year and I hit on robots, so let me right down "robots episode"; I'll link to that at TomWoods.com/934. That's also where you can read this article, by the way, if you want to gouge your eyes out, you can read this article at TomWoods.com/934.

I want to talk about — he says — I mean, the philosophical stuff is the worst. I don't even really want to get into that. I want to get into the economics with you. But he says this commitment we have to work entails defining ourselves in terms of our productivity and that "we're worth only as much as the labour market can register" — which, parenthetically, is just a dumb way to think and no one has ever proposed that because, if that were true, then we would have to say that — just think of the greatest works of literature that you can. I could find them in a \$10 paperback edition. Does that mean that in some grand, abstract scheme of things, *War and Peace* is worth only \$10? What does that mean? That's a stupid thing to say. That's not what market prices are about. They're not giving you some abstract judgment of your worth in the world any more than they give the judgment — I mean, we need water to survive and water's really cheap, so does that mean the market is saying that water doesn't matter? That has nothing to do with what prices are about.

But what I want to ask you about is, he says, "[W]e must also know that this principle" — this idea of work and productivity as defining who we are — "plots a certain course to endless growth and its faithful attendant, environmental degradation." So we also can't be working, because if we work, we're going to destroy the environment.

KLEIN: You know, Tom, as you mentioned in your example with *War and Peace*, I mean, no free market economist, no academic, no writer, nobody that we know, nobody in our circles says that your wage is a measure of your moral worth. No one says that Justin Bieber has more artistic merit than Beethoven because his concerts are currently selling out and Beethoven symphonies don't or whatever. As Mises

pointed out in his book *The Anti-Capitalistic Mentality*, market prices, the profits of firms, the wages of certain producers on the market, they simply reflect the preferences of consumers in terms of what they're willing to buy and what they're willing to sell and nothing more than that. There's no moral layer that sort of fits on top of that.

It's the same thing with economic growth. Economic growth is morally neutral. In a market economy, in a free society, we get the level of economic growth that consumers, entrepreneurs, investors, workers desire, as revealed by their choices to work a little harder or to work a little less hard, to save and invest more, to save and invest less, to consume now versus deferring consumption to the future.

Again, it's another case where it's useful to look at it at the level of the household. Your listeners can think from their own point of view or from the point of view of themselves and their family members. We're always choosing. You have a certain amount of income that you get for working. You can spend it all now, you can spend more than you're currently earning by borrowing, or you can try to spend less than you're currently earning and put that money in the bank.

Now, what do you do with that money that's in the bank if you're saving? Well, you can just hold onto it and hope to retire at age 50 or 60 and consume it then. You can hope to pass it on to your children. Or you can take that money and remodel your kitchen. That's something that we're currently doing and so I'm thinking a lot about kitchen remodels. Or you could add another room onto your home. Or you could buy a larger home. Those things all represent a kind of growth. You could make your domicile larger or nicer or better in some way. Or you can choose not to do that and there may be all kinds of reasons, both practical, philosophical, ethical about what's the right thing for you to do or for your family to do in that particular situation, but it's never the right case that you're just sort of mindlessly compelled to take all of your excess earnings and invest them in getting a new refrigerator or moving into a bigger house. You can choose to do that or not.

Likewise, whenever I hear commentators talk about growth and this constant pressure for an economy to grow – who knows? There may be from a psychological or sociological or philosophical point of view – I mean, yeah, it may be that some particular culture in which we live encourages us to spend more, to drive a bigger car. That's fine. But to blame that on the market is just another way of blaming that on human beings. Again, it would be like blaming the market for the fact that Justin Bieber concerts sell out – actually, maybe he's old fashioned now. Ariana Grande. Is it the market's fault that lots of parents are sending their preteen kids to go watch an Ariana Grande concert, which is not to my taste? If I say I blame the market, that's just another way of saying I blame human beings, I blame human preferences, I blame people's free will. Okay, I could do that if I want, but there's no – economic analysis doesn't have much to say about that; I'm just a curmudgeon who hates humanity.

WOODS: There are a couple more parents – You're totally right about all that stuff, of course. I want to go toward the end because he says, "[W]hat purposes could we choose if the job - economic necessity - didn't consume most of our waking hours and creative energies? What evident yet unknown possibilities would then appear? How

would human nature itself change as the ancient, aristocratic privilege of leisure becomes the birthright of human beings as such?"

Okay, this reminds me of that quotation that Rothbard was fond of from Marx from *The German Ideology*. Marx wrote, "[I]n communist society, where nobody has one exclusive sphere of activity but each can become accomplished in any branch he wishes, society regulates the general production and thus makes it possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticize after dinner, just as I have a mind, without ever becoming hunter, fisherman, shepherd or critic."

So straight out of Marx there: think of the amazing possibilities if we're not constrained by work. And of course, he really means if certain people who would be better off sitting there painting a picture rather than being a cashier at Wal-Mart or waiting on me at Waffle House because that's demeaning to them. I mean, we're not even getting into the point that for basically everybody who's ever lived, they started with a crummy job and the job did teach them valuable things. Even something that he in his elitist fashion looks down upon can actually teach people valuable things. But all the same, this idea that, without that, all these magical, wondrous possibilities open up – maybe he's trolling us in some way. I'm not even – I don't normally say that. I just say, Well, here's a guy who has different views from me and let me try and refute them. But so we're going to have – Really, I bet you if I read both of these, if I included that passage from Marx in this paper, it would fit right in. You wouldn't even know I had done it.

KLEIN: Yeah, this is the old Marxist idea of the new socialist man, that human nature is somehow a product of capitalism, that under socialism or whatever this guy's ideal system is, however we want to describe it, the very nature of – I mean, again, he's not even coy about it. "How would human nature itself change?" So he wants human nature to be something other than it is. He wants reality to be something other than it is. He wants there to exist a world in which, as he says, "the ancient, aristocratic privilege of leisure becomes the birthright of human beings as such."

Well, that's a complete fantasy world in which the food literally falls from the trees. Gee, I don't know, Tom; you and I might enjoy that world too. But outside from a science fiction or sort of fantasy novel, I'm not sure what's really the point of speculating about it. This really doesn't have any policy relevance. So this author has not provided us with any argument for how a world like that could exist, in which people are able to consume without – I guess he means a few people would work or – I don't know. I suppose his confusion is the belief that if we just had a few – if Steve Jobs, if Bill Gates and a few other high earners would just keep doing exactly what they're doing now but stop selfishly consuming all of the income and just spread it around, then the rest of us could just enjoy "the ancient, aristocratic privilege of leisure." I guess that's what he means since he's provided us no – he hasn't given us any explanation of how we live in a world like that, what we consume.

WOODS: Well, just to wrap up then, what could we say to him if he says, legitimately, that the jobs that have been created since 2000 – the breadwinner jobs are basically at net zero, and that there are a lot of waitress and bartender-style jobs – Nothing wrong with those jobs, by the way, in my view. A lot of people have had those jobs,

people I've – my mother all the way on down. Nothing wrong with those jobs, but they are usually classified by people like this as being dead-end jobs. They don't go anywhere.

KLEIN: Right.

WOODS: So their point is that's the kind of job being created. We're not seeing any really good jobs, and so – Now, not many people would take it to the extreme of saying, "Well, therefore, forget jobs and work is stupid." But I mean, there is something to this, right?

KLEIN: Sure.

WOODS: There's something about this job market that's kind of screwy.

KLEIN: Yeah, Tom, I think there are a couple of different ways we could respond. One is to quibble a little bit with this notion of what's a good job and what's a bad job. For example, earlier this summer I was on a family vacation in Europe and I took my kids to see the Palace of Versailles. And so we're looking at all the splendor and grandeur of Louis XIV, XV, and XVI. It's just spectacular conspicuous consumption on a scale rarely seen before. But I remember asking my kids; I said, Well, look, keep in mind that Louis XVI did not have Internet; he did not have YouTube or Netflix. He had no penicillin. If he wanted to travel somewhere, it was by horse-drawn carriage. You couldn't fly to another continent. There are so many things that even the poorest of people in a modern industrial society have available to them – flush toilets, surgery, anesthetic, and so forth – that even the wealthiest people of the pre-capitalist world would never have dreamed of.

So by no means am I saying that the poorly paid waitress or factory worker has it easy. I'm certainly not saying that at all. But at one level we can say, what we mean today by saying you have a crummy job is you're on your feet for eight hours a day, you only have one car and it's a used car, you only have two TVs in your house. Of course you've never known hunger, but you don't always get to eat in a nice restaurant once or twice a week. What we mean by living below the poverty line today – throughout most of human history, the way people live under the poverty line today would have been regarded as just unimaginable luxury throughout most of human history.

Again, I don't say that to be callous and if you believe – Unfortunately, we as human beings suffer greatly from the sin of envy. Or to use more modern terminology, there's a lot of social comparison. So we don't feel wealthy because our friend has it better than we do. From a moral and ethical point of view, I think as a human being, as a parent, as a teacher, we should not be that way, we should not encourage envy.

Let's throw that point to the side for the moment and say, suppose we assume that these low-wage jobs really are bad jobs. Why do we have them? Why don't we have more better jobs in an economy such as ours? Well, of course this may come as a surprise to the author of this article, but we do not live in free market utopia, even in the United States. He talks somewhere about undoing the Reagan Revolution, which I think to this author means we have pure, untrammelled, Ayn-Rand-style, dog-eat-dog

capitalism in America today and look at all these negative consequences. Of course we live in what Mises called the mixed economy. Government already consumes 30 to 40% of GDP. So we already live in a quasi-socialist system. It's as good as it is because of the amount of capitalism that is still allowed to exist by our overlords and the intellectual classes and so forth.

But so another answer would be, Look – I mean, people who are working low-wage jobs, manufacturing jobs, a lot of that is due to intervention in the economy by government. Labor markets, we don't have free markets in labor. Of course the corporate sector is completely hobbled by different kinds of regulation, the financial sector, and so forth. If we had genuine deregulation, if we allowed capitalists and entrepreneurs to earn profits, to invest those profits, to generate even more and better kinds of economic growth, I think that would have a very positive effect on the labor market even at the low end.

As Mises pointed out and many others have pointed out, wages are determined by the productivity of labor on the margin. The reason the waitress gets paid \$12 an hour or \$15 an hour or whatever is because in the judgment of the employer, the waitress is producing that much value per hour worked. Imagine that that waitress had better equipment, the restaurant had access to a more efficient supply chain, there were fewer FDA rules that make food more costly, we got rid of the Agriculture Department that massively increases the prices of certain kinds of food items – just think of how much more productive that waitress would be. She might be generating \$20 or \$25 or \$30 worth of value per hour and her wages would tend to increase as her productivity increases.

So if we're concerned about low-wage employment, the solution to that is to make low-wage labor more productive. And we do that by encouraging entrepreneurship, by allowing the capitalist system to work, by deregulating, freeing up the monetary system, and so forth – the kinds of things that are discussed every day on TomWoods.com.

WOODS: Indeed, they are. Now, that was a very nice flourish. In fact, after you say that, I don't think there's anything else we can add, so I'm going to just say I think we've done as much as people can be expected to do with this article. I just – somebody sent it to me and I read it and I thought, You know, I could do this by myself, but – ugh, you know, I just – no.

KLEIN: Keep all the fun not to myself.

WOODS: I thought I haven't had Peter on for a while –

KLEIN: Share the joy.

WOODS: Yeah, yeah, yeah. So that's great. Well, next time I see you I think it will be at the Mises University program, I assume.

KLEIN: That'll be great.

WOODS: And there we will talk about the exact opposite of these kinds of things, so I look forward to that, as I do every year. Thanks, Peter.

KLEIN: All right, my pleasure. See you later.