

TECHONOMY NYC

Building a Campaign Around Tech and Basic Income for All

Speaker:

Andrew Yang, U.S. Presidential Candidate and Founder, Venture for America

Interviewer:

David Kirkpatrick, Techonomy

(Transcription by [RA Fisher Ink](#))

Kirkpatrick: I'm going to quickly introduce him, then we're going to show a little video. Andrew's a longtime entrepreneur and technologist who started Venture for America, how many years ago was that?

Yang: 2011.

Kirkpatrick: 2011. Quickly, Venture for America basically, just give a quick thumbnail of what that did. You can explain it faster than me.

Yang: We recruit and train enterprising college graduates to become entrepreneurs in cities like Detroit, Baltimore, Cleveland, New Orleans, and another 11 cities around the country.

Kirkpatrick: Okay, so he did that, and then he—

Yang: And the CEO is—she's going to be speaking a little bit later.

Kirkpatrick: She's speaking today. Andrew wrote several books, most recently a book called "The War on Normal People," which is—because of his concern about that he's actually running for president on a very tech-centric platform now. He left Venture for America to do this, and we have a short video to introduce what he's trying to achieve.

[VIDEO PLAYING]

Yang: We are experiencing the greatest technological and economic shift in human history. We need a way to help millions of Americans transition through this period and a universal basic income is the best and most efficient way to do that. Hello, I'm Andrew Yang and I'm running for president as a Democrat in 2020. I believe I have the right vision, priorities, and values to improve the lives of millions of Americans.

Seven years ago, I started Venture for America to train hundreds of young entrepreneurs to build businesses in Detroit, Cleveland, Baltimore, and other communities across the country.

Together we helped create thousands of jobs. But during this time, I came to realize that technology has already wiped out 4 million manufacturing jobs in Ohio, Michigan, Pennsylvania, and other states. And it's about to do the same thing to people who work in retail, food service and food prep, customer service, transportation, as well as industries like insurance, accounting, medicine, and law.

I saw so much over the last number of years travelling this country. What I experienced was eye-opener to me, where I would walk through abandoned neighborhoods and boarded up businesses. I have two young boys and I'm deeply concerned about the future that they're going to grow up in. If we don't change things dramatically, they're going to grow up in a country with fewer and fewer opportunities and a handful of companies and individuals reaping the gains from new technologies, while the rest of us struggle to find opportunities and eventually lose our jobs. And it doesn't need to be that way.

Under my plan, every American adult will receive \$1,000 a month free and clear paid for by a new tax on the companies that are benefitting most from automation. If we provide a universal basic income, Americans will be able to go back to school, move for a new opportunity, start their own business, and really have their head up as the plan for the future.

With your help we can make universal basic income a reality. Join us. Let's build a new kind of economy, one that puts people first.

[VIDEO ENDS]

[APPLAUSE]

Kirkpatrick: Nice.

Yang: Thank you.

Kirkpatrick: So Andrew, that does sound like it could be a winning strategy in New Hampshire to tell voters you're going to give them a thousand bucks a month.

Yang: Yes, it is quite popular.

Kirkpatrick: I would think it would be. Seriously. What kind of response are you getting? Because you're actually out there campaigning already.

Yang: Yes, so I was in New Hampshire about ten days ago, and really what I'm met with in many places is interest and curiosity about economic trends that I'm describing. Because most Americans have some inkling—now, 70 percent of Americans agree that technology is going to displace many more workers than it's going to employ over the next ten years, which is correct. Seventy percent of them have figured it out, except they don't know the facts. So most of the time when they come and see me speak, it's to find out the facts and the truth about what's happening to our economy.

And then also for the thousand dollars a month.

Kirkpatrick: The universal basic income piece is a very sexy kind of lead theme.

Yang: Which I re-christened the freedom dividend, because it tests better.

[LAUGHTER]

Kirkpatrick: Is that really true?

Yang: Yes.

Kirkpatrick: Okay. Yeah, universal basic income is a little bit dweeby as a phrase.

Yang: Yeah, I know, it sounds like an infection of some kind.

Kirkpatrick: Yeah.

Yang: Whereas the freedom dividend, everyone wants.

Kirkpatrick: When I think about what you're doing, and tell me if this is the right way to think about it, you're really trying to inject technological awareness, an awareness about what's really happening in the economy, into our political system. You've been a participant for decades. You see, like we do here at Techonomy, that things are changing much more rapidly than our politicians are adapting to, and you've got a whole range of thoughts about what that means about the economy. So obviously taking care of individuals is central, but it's a bigger package than that. Talk about the big vision that you have, the biggest level of what you're trying to accomplish.

Yang: Well, you have to ask yourself, why is Donald Trump our president today? And to me, Donald Trump is our today because we automated away four million manufacturing jobs in Michigan, Ohio, Pennsylvania, and Wisconsin, the swing states you need to win. And my friends in Silicon Valley and many of us here in the room know that we're about to do the same thing to retail workers, which is one out of ten American workers; truck drivers, the most common job in 29 states, three and a half million of them, 94 percent male, average age 49; food service and food prep; call center workers, the list goes on and on. So after Trump won and I dug into this and said, okay, this is what's happening, this is why we have this symbol of the decline of our civilization as our president—and so I then met with senior politicians and said, "Guys, this is"—because I'm cool enough so senior politicians will meet with me.

Kirkpatrick: You mean rich.

Yang: Sorry?

Kirkpatrick: Rich. Rich enough.

Yang: I said cool enough. Anyway, so what do you think they said to me when I said to them, “Hey guys, economy changing, Trump’s our president, automating jobs, many, many more to come.” What do you think they said to me? One, “We cannot speak about that.” I literally heard that. Two, “We should really study that.”

[LAUGHTER]

Three, “We need to educate and retrain Americans for the jobs of the future.” Now, the third is—you’re laughing. And the third is more of a soundbite than a policy because if you look at the measured efficacy rates of government-sponsored retraining, it’s between 0 percent and 37 percent. So expecting that to work at scale is a farce, particularly because we only try to retrain about 5-10 percent of displaced workers anyway. It’s not like when a mall closes there’s an army of government retrainers there to be like, “Oh, you lost your mall job, let’s get you new ones.”

So those are the talking points that the senior-most political leaders in our country gave to me when I came to them with this in the beginning of 2017. And so I said this is terrible and shocking—actually, not that shocking. How many of you guys are not surprised but that range of responses? Yeah, you’re not, right? We’re dealing with people that don’t understand technology, for sure, and most of the time don’t even understand the economy. It’s unfortunate but it’s true. The skills necessary to become elected are very dissimilar from some other skills.

[LAUGHTER]

So when I realized all this, I said we need to go much, much bigger. First we need to wake people up to the elephant in the room that is trashing the place. It’s a terrible approach to solve a problem when you just ignore it; everyone just like ignoring the elephant. But the elephant is getting bigger, stronger, faster. My friends in Silicon Valley have a saying, which is that artificial intelligence is the new electricity. They’re going to be able to do a very vast range of commercial activities that are going to displace many, many American workers.

So that’s why I’m running for president. It’s first to implement the freedom dividend, but then we need to evolve from our current stage of capitalism to the next stage of capitalism, what I’m calling human-centered capitalism. We rely right now on GDP, stock market prices, profit growth to tell us how we’re doing, which are increasingly unrelated to how we are doing as a society. Because GDP will continue to grow in an age of AI and software and automation, while more and more people slip through the cracks. So we need new measurements that actually speak to how we’re doing like childhood success rates, freedom from substance abuse, mental health, levels of engagement with work, environmental quality. And we have the sophistication now to be able to implement these measurements and then point to them as symbols of how our economy is progressing.

Kirkpatrick: You know, Jeff Sachs is opening tomorrow morning and we published a big interview with him in the magazine that all of you have and I asked him about guaranteed

income, which he's in favor of. But he makes a very similar point though and he says rather than just give money to people—which he's not opposed to. He feels that if we have the right—you know, this idea of creating social services that are really what we need, in education, in health care, in job retraining, that that's actually more or less the same kind of policy approach, that if we really just did what people need, we don't have to necessarily just give them money. So these things are tied together in your proposal as well.

Yang: They are. The Roosevelt Institute conducted a projection as to what would happen to the economy if we gave everyone \$1,000 a month, which is my plan—which I took from them, truthfully. I'm not too proud to admit it. They projected that the economy would grow by \$2.5 trillion dollars, or 13 percent in perpetuity, and it would create 4.5 million new jobs. And this is common sense that if you gave Americans \$1,000 a month, they would end up spending it in the mainstream economy. Right now, 59 percent of Americans cannot pay an unexpected \$500 bill. So if you give them this money, then they're going to end up spending it on car repairs and supplies for their children and other basic needs which will end up creating many, many new businesses throughout the economy. So one thing that people don't realize is that universal basic income is a way to way to stimulate the economy and create hundreds of thousands of new businesses by giving people purchasing power.

Kirkpatrick: You want to give it to everybody.

Yang: Every adult between 18 and 64, that's right.

Kirkpatrick: Chris Hughes, who's going to be here tomorrow, wants to give it to everybody—I think he wants to give \$500 to everybody under \$50,000 a year, which is a more conservative but related approach.

Yang: He also wants them to be working in a broad category of work. So the fundamental challenge we have to address is that the market will value human labor at lower and lower levels over time. And it has nothing to do with the merits of the people involved. If you look at these 3.5 million truck drivers; it's not like they're going to become lazy overnight. It's just the trucks are going to start driving themselves. And we should do that because it will save \$168 billion a year and save thousands of lives. That's one of the reasons why it's so inevitable is that we have the smartest people in the country working on it.

So if you look at the market value of these truck drivers' labor, it's going to go to zero or near zero from its current \$40—\$50,000. So we need to, one, start valuing people intrinsically, and then the second thing is that we need to create a new currency that maps to various prosocial activities that people, even at different skill levels and educational attainment levels, will have many productive things to do.

So my plan, which I outline in the book, is after we implement universal basic income, then we also implement a new digital social currency that Americans could exchange for dollars, or has real monetary value, and then we use it to encourage the things that we know that we need

more of in our society like caring for the elderly, volunteering, nurturing our children, infrastructure—

Kirkpatrick: Even exercising, you think, right?

Yang: Yes, even physical fitness because that will save us money. We spend a trillion dollars on healthcare, incarceration, homelessness services that we can hopefully save some money on by making people more functional.

Kirkpatrick: That sounds good but how do you measure all that stuff? Is that really practical?

Yang: Which part of it?

Kirkpatrick: All of the contributions that the social currency will reward. How are you going to measure all that?

Yang: Well, we have measurements for all of those things now. You can imagine, for example, high school graduation rates or obesity rates in Mississippi and then you say, hey, we're going to put up a million social credits for organizations that help increase graduation rates or decrease obesity rates, and then just simply have those massive incentives and have a race to the top in each community.

Kirkpatrick: I want to hear from the audience too, but in a time when, as a country, we're basically disregarding almost all the issues that you're trying to address—

Yang: I've noticed that.

[LAUGHTER]

Kirkpatrick: Is it a pie-in-the-sky idea to think that we'd go to such an overwhelmingly new approach, or is it your belief that it's only by kind of resetting the whole system that we're really going to be able to start thinking right? In other words, incrementalism is absolutely not your approach.

Yang: Yes. So when I was doing research for my book, like I was trying to figure out the timescale of automation. Because how many of you agree that automation is happening? All right, so right now we're in the third or fourth inning, and the stuff that struck me the most was the social indicators that already indicate that we're disintegrating. So our life expectancy as a country has declined for the last two years, almost unheard of in a developed country, because of spiking suicide rates among middle-aged Americans. Seven Americans die of opiates every hour now. Disability rates have climbed to a point that there are more Americans on disability than work in construction, up to 20 percent of working age adults in some parts of the country. So if you dig in, you start realizing that it's been tearing us apart and incremental solutions are just going to slow the pace. We need to go much, much bigger if we're going to restore functionality at scale.

Kirkpatrick: Another statistic you mentioned on the phone was the 62 percent labor force participation rate. I mean that's ridiculous.

Yang: Yes. Our current labor force participation rate is down to 62.9 percent, which is comparable to the rates in El Salvador and the Dominican Republic. It's a multi-decade low. The underemployment rate for recent college graduates in this country is 44 percent, according to the New York Fed. If you dig in, you see that all the things that you'd expect to see if we're automating away large categories of jobs are here with us right now. All of the tropes, the drugs, the dislocation, the dysfunction, the suicides, it's all here, by the numbers. And the reason why we do not know about it—so one of the things that I'm very, very animated about, what if I were to tell you that McKinsey came out with a report that said 30 percent of jobs subject to automation by 2030. Bain said the same thing, 20 to 25 percent by 2030. White House, Obama, December 2016, same thing. The president of MIT comes out and says the purpose of MIT is to prepare society for this shift. These things all happened. They're all real.

It's just we've just been ignoring them because our media is completely asleep at the switch and out to lunch, focusing on the tweet of the day and the nonsense food fights out of D.C. So we need to go much, much bigger and focus on the real problems. The real problem is the erosion of economic security in this country, and that's what we need to battle. There's a mindset of scarcity that is sweeping this country that we need to counter with abundance. It's our only way forward and it will restore political functioning if we can get more Americans thinking positively and optimistically because they can actually pay their bills and see a future for their children.

Kirkpatrick: There's a lot of great stuff there. Let's ask the audience for their input on this. I can ask another question or two if necessary. Okay, I see hands. Identify yourself please.

Chen: Hi, my name is Kyong Chen, I'm a recent graduate of the School of Visual Arts, with David's daughter, actually. So I've actually been following your campaign for a really long time, but I would assume you've got a lot of critics who would deem what you're trying to advocate for as being radical perhaps. What has been the most frequent criticism of your campaign, and what's your response for it?

Kirkpatrick: Great question.

Yang: So I appeared on Fox Business a couple of weeks ago, and that was a lot of fun.

[LAUGHTER]

And the primary criticism I get is that you're a socialist, people need jobs, that sort of message, which—not that I respond to each of these emails or tweets I've gotten. But socialism is when you nationalize the means of production, which is quite dissimilar from universal basic income. And universal basic income is pro-work, where people will have much more of an opportunity to do meaningful work, and the data around income support shows that two categories of people work slightly less when they get money: teenagers who graduated from high school at higher

levels and new mothers who spend more time with their children, which I don't think any of us have any objection to. So those are the response I'd have to the most common objections I've received.

Kirkpatrick: Okay, she hasn't asked one yet. Sorry, we'll get to you guys if we run out. Trying to get more voices on the table.

Bamford: Hi, Professor Christine Bamford, founder and chief executive of Women's Coin cryptocurrency. First of all I have to say fab, I really enjoyed your session and I think it does need a radical approach, but I'm speaking as a Brit. But what I really liked is about the whole idea, well, I would call it about tokenizing the states for social good. I know they're already looking at that in Sweden, and certainly we're looking at it in my home city of Bristol in the U.K., about how you can actually deliver social good through tokenization of very citizen. It's very new and in its infancy but I could really see it working because it needs a radical shift. So that's just a comment on that.

Kirkpatrick: Does it require cryptocurrency to do what you're talking about or not?

Yang: It doesn't necessarily. You could do it on the blockchain and there are some advantages to it. The milder version, which is what I'm proposing, is more like American Express points for good, that you would then hoard and trade and publicize. And then you could trade them in for dollars but you'd get taxed so none of us would do it and then you'd end up having this whole parallel economy around these points that people love.

Kirkpatrick: One more.

Kaneene: Kange Kaneene, based in New York for SAP. Just a question. I agree that there's obviously economy erosion, but also of course, when you look at your video, it's because people have skills that are not aligned with what we need today. And to the comment that you said that if you just train people, it hasn't been successful in the past, but right now you're proposing something very radical, right? So that would also be radical. So I'm just wondering why you're choosing something to focus on that's not sustainable in terms of allowing people to enter into the workforce in a way that's as meaningful as they were before.

Yang: The goal is very much that people are able to create, again, hundreds of thousands of new businesses and jobs around the country. To me, one has to be realistic about what our government is capable of and good at and not good at. If I were to say, hey, we're going to retrain Americans for the jobs of the future, again, that's a fantasy. But one thing my friend Andy Stern, who used to run the largest labor union in the country, said me that really stuck, the government is terrible at many, many things but it is excellent at sending large numbers of checks to large numbers of people promptly and reliably.

[LAUGHTER]

And so we have to be realistic at what our government is good at and not good at, and universal basic income would be transformative for the day-to-day lives of tens of millions of Americans. And you see it by the numbers, lower domestic violence, higher mental health, higher graduation rates, lower hospital visits. It's the closest thing we have to a transformative policy that we can actually get done. And if you all want to make it real, please join me at Yang2020.com. Let's make it real together because if we don't do it in this room, it's not going to happen. Thank you all very much.

Kirkpatrick: I wasn't even kicking you off yet. We've got to go, but I wanted to just see if I could restate what you're doing in my lingo. Because in effect, you do believe we are likely headed toward an age of abundance, but what you're arguing for is that we really need to make much more conscious efforts to allow everyone to participate and benefit from that. You're an optimist about what tech is going to make possible. Your whole idea is to get more people to benefit. Is that a simple summary?

Yang: That's exactly right. Our economy is up to \$19 trillion. It has grown by \$4 trillion in the last ten years alone. We are the richest, most abundant society in the world and all we need to do is have the will and empathy to be able to share those gains more broadly with the American people, and we can have our children grow up in a society we're still proud of.