



This Guy's Running For President And Wants To Give You 'Free' Money

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Andrew Yang is running for president with an appealing offer: He wants to give Americans between the ages of 18 and 64 “free” money each month.

His other policy proposals include universal Medicare and statehood for Puerto Rico. Though his controversial ideas make his candidacy a longshot, Yang, a 43-year-old father of two, hopes at least to draw attention to what he says is a looming employment crisis.

A successful tech entrepreneur himself, Yang expects that the proliferation of industrial robotics and artificial intelligence will put millions — even tens of millions — of people out of a job. Worse, he says, America is completely unprepared to cope with this shift in the employment landscape.

So he's running for the Democratic nomination for president in 2020 on a platform of universal basic income (UBI) with the tagline “let's put humanity first.” He hopes that a \$1,000-a-month stipend for all U.S. citizens can ease the pain of a future where much less human labor will be needed.

“I think we're going through the greatest transition in human history and we're dealing with it terribly,” Yang said. “We're dealing with it by pretending it's not happening.”

With average monthly rents easily topping \$1,000 in big U.S. cities, Yang's proposed UBI wouldn't be enough for most people to live on, or at least not enough for the kind of life most Americans prefer. Instead, he believes it would supplement people's current income and help ease financial anxiety for the underemployed. In April, the presidential hopeful announced he would put his UBI proposal into action and provide a New Hampshire resident with \$12,000 throughout 2019.

Endorsements for Yang poured in after he announced his candidacy in February — especially from the tech industry, which has been having a love affair with the concept of UBI. Yang received high-profile media attention from outlets such as Vanity Fair and The New York Times.

Preparing For An Automated Future

Growing up, Yang wasn't the most popular kid in school. In his book *The War on Normal People*, he describes his childhood in self-deprecating fashion: “I grew up a skinny Asian kid in upstate New York who was often ignored or picked on — like one of the kids from ‘Stranger Things’ but nerdier and with fewer friends.”

After graduating from Brown University and Columbia Law School, Yang brought his talents to startups, eventually helming a test-prep company that was later acquired by Kaplan in 2009. Yet he couldn't shake the feeling that things were getting worse for the average American.

Yang took the money he earned from the sale and used it to set up a nonprofit, Venture for America, to create jobs in cities hit hardest by the financial crisis. But along the way, he became convinced that new job creation could no longer keep pace with automation.

UBI enthusiasts often point to studies predicting that the pace of automation is about to hit warp speed. One widely cited Oxford University study, for example, estimates 47 percent of jobs in the U.S. are at risk of being automated in the next 20 years.

President Donald Trump was elected in part, Yang said, because Americans were becoming impatient with the steady loss of secure middle-class jobs.

“Donald Trump diagnosed the problem very powerfully, and he's president because of it,” Yang said. “The issue is that the solutions are nonsense: Hating immigrants, trying to freeze time or turn the clock backwards. We have to do the exact opposite. We have to accelerate our society and economy forward.”

That acceleration, he believes, means saying goodbye to the era of dependence on stable, full-time employment. The country's low 4.1 percent unemployment rate, Yang said, is masking a much more ominous trend: underemployment. Definitions of underemployment vary, but in general, it means those who are working part time because they can't find full-time work.

A March 2018 Bureau of Labor Statistics report puts the number of “involuntary part-time workers” at 5 million. Furthermore, there are a lot of people “marginally attached” to the workforce — meaning they've been searching for a job in the past 12 months but haven't found one — and they don't show up in the unemployment rate either. And the situation, Yang believes, is about to get much worse.

“We have to start facing facts,” Yang said. “Self-driving cars and trucks are real and are going to eliminate millions of jobs. Artificial intelligence is real, and it's going to eliminate millions of jobs. Even before we get there, 30 percent of malls are going to close, and one out of 10 Americans works in retail.”

Some think a UBI is unnecessary because there will always be jobs — even if we haven't invented them yet. People in the '60s had the same fears around automation and technology, but no one could have foreseen jobs of the 21st century such as social media or app development.

“Throughout history we've heard that this or that technological advancement would mean the end of jobs,” says Michael D. Tanner, a senior fellow at the Cato Institute who researches social welfare policy, health care reform and Social Security. “The large-scale movement of workers from agriculture to manufacturing, as well as the advent of the industrial revolution and its substitution of machine labor for individual hand labor, were greeted with complaints that there would soon be no more jobs.”

Tanner pointed to the time President Franklin Roosevelt actually slowed down government research and development during the Great Depression, out of fear that new inventions would further limit already-scarce jobs.

“Yet, somehow, the creative destruction of capitalism has always resulted in new jobs,” Tanner said. “The burden lies with UBI supporters to explain why this time is different.”

How future industries will affect job availability remains up for debate. Last year, research firm Gartner said that artificial intelligence will create more human jobs than automation eliminates. But the most ardent UBI proponents believe that, even if additional jobs are created, most people will be unable to upgrade their skills fast enough to keep up with the fickle and chaotic job market of the future.

An Argument For Free Money

Universal basic income is not a modern invention. In the 1960s, both civil rights leader Martin Luther King Jr. and conservative economist Milton Friedman argued for the idea. Within the last decade, tech titans such as Mark Zuckerberg and Elon Musk have thrown their support behind it, with the former arguing during a 2017 Harvard Commencement speech that it would promote innovation, giving “everyone a cushion to try new things.”

The idea tends to get more support from Democrats than Republicans, but has yet to break into mainstream political discourse. Americans are split over the idea, according to a recent Gallup/Northwestern poll that showed 48 percent in support of UBI and 52 percent who said they oppose it.

For Yang, no argument for UBI was more persuasive than that of Andy Stern, the former president of the Service Employees International Union, which, with 2 million members, is one of the largest unions in the country. Stern’s 2016 book, *Raising the Floor: How a Universal Basic Income Can Renew Our Economy and Rebuild the American Dream*, illustrates how even labor leaders themselves are giving up on the idea of preserving full-time jobs in the era of automation and artificial intelligence.

The idea of guaranteed money from the government might feel at odds with traditional “American values” of self-reliance. Yet Alaska, which voted for Trump in 2016, already gives its residents a guaranteed payment every year from its Alaska Permanent Fund, a \$60 billion state fund generated by oil revenues. Since 1982, every man, woman, and child who meets certain state residency requirements has received a yearly stipend, which can be as high as \$2,000.

Paying For It

When it comes to the idea of a UBI, objections abound. Instead of viewing the proposal as a cushion that a majority of the population will need in an increasingly chaotic world, some see it as a license to be lazy.

Perhaps no objection is greater than affordability. UBI proposals differ, but Yang gives his plan a price tag of \$2 trillion, which he says would be paid for in four ways. To harvest the gains from automation, the U.S. would need to pass a value-added tax on production and consumption,

which would fall on most of the consumer economy — essentially adding a tax to everything we buy. Money currently spent on income support would be redirected to the UBI. Public spending on incarceration, homelessness, health care and other services would be lower, he posits, because the problems they address would be much less acute with a UBI in place. And additional tax revenue would be created by economic growth generated by a UBI: One recent study indicates that a UBI would put a greater amount of cash into circulation.

Some libertarians, such as political scientist and author Charles Murray, believe a UBI would be a better use of money than continuing to fund our current safety net, which tops \$1 trillion per year according to some estimates. Murray sees UBI as “the least damaging way for the government to transfer wealth from some citizens to others,” but warns that it must replace the current welfare bureaucracy.

“If the guaranteed income is an add-on to the existing system, it will be as destructive as its critics fear,” Murray wrote in an article for The Wall Street Journal promoting UBI.

Another objection: Won’t handing out cash simply increase inflation? Not according to a July 2017 study by researchers at the Naval Postgraduate School, the University of Geneva, and Northwestern University. If there’s any effect on inflation, it would be extremely mild, the report suggests. Such studies, though, have not stopped some UBI detractors from calling the idea “inflation on a stick.”

Moving Forward

One of the biggest obstacles facing UBI proponents is the fact that most high-profile Democrats are lukewarm — if not implacably opposed — to the idea.

Take Hillary Clinton: “I was fascinated by this idea, as was my husband, and we spent weeks working with our policy team to see if it could be viable enough to include in my campaign. We would call it ‘Alaska for America,’” Clinton wrote in her 2017 book *What Happened*. “Unfortunately, we couldn’t make the numbers work.”

Joe Biden calls UBI proponents “class clueless,” fearing that it would de-emphasize work. And Bernie Sanders, while admitting he’s “sympathetic” to the idea, is much more animated by a \$15 minimum wage.

Yang knows the odds of capturing the Democratic nomination, and then the White House, are unlikely. But he’s already scored endorsements from the aforementioned Andy Stern; Albert Wenger, managing partner at Union Square Ventures; and Tony Hsieh, CEO of Zappos, as well as executives and alumni from Google, LinkedIn, and Facebook.

In a campaign like his, there are multiple ways to measure success, Yang said. “If I run for president, and I succeed in elevating universal basic income to become mainstream political wisdom, then that would be a mammoth victory.”