

American Equity

I'd like feedback on the following idea.

I think that every adult US citizen should get an annual share of the US GDP.

I believe that owning something like a share in America would align all of us in making the country as successful as possible—the better the country does, the better everyone does—and give more people a fair shot at achieving the life they want. And we all work together to create the system that generates so much prosperity.

I believe that a new social contract like what I'm suggesting here—where we agree to a floor and no ceiling—would lead to a huge increase in US prosperity and keep us in the global lead. Countries that concentrate wealth in a small number of families do worse over the long term—if we don't take a radical step toward a fair, inclusive system, we will not be the leading country in the world for much longer. This would harm all Americans more than most realize.

There are historical examples of countries giving out land to citizens (such as the Homestead Acts in the US) as a way to distribute the resources people needed to succeed. Today, the fundamental input to wealth generation isn't farmland, but money and ideas—you really do need money to make money.

American Equity would also cushion the transition from the jobs of today to the jobs of tomorrow. Automation holds the promise of creating more abundance than we ever dreamed possible, but it's going to significantly change how we think about work. If everyone benefits more directly from economic growth, then it will be easier to move faster toward this better

world.

The default case for automation is to concentrate wealth (and therefore power) in a tiny number of hands. America has repeatedly found ways to challenge this sort of concentration, and we need to do so again.

The joint-stock company was one of the most important inventions in human history. It allowed us to align a lot of people in pursuit of a common goal and accomplish things no individual could. Obviously, the US is not a company, but I think a similar model can work for the US as well as it does for companies.

A proposal like this obviously requires a lot of new funding [1] to do at large scale, but I think we could start very small—a few hundred dollars per citizen per year—and ramp it up to a long-term target of 10-20% of GDP per year when the GDP per capita doubles.

I have no delusions about the challenges of such a program. There would be difficult consequences for things like immigration policy that will need a lot of discussion. We'd also need to figure out rules about transferability and borrowing against this equity. And we'd need to set it up in a way that does not exacerbate short-term thinking or favor unsustainable growth.

However, as the economy grows, we could imagine a world in which every American would have their basic needs guaranteed. Absolute poverty would be eliminated, and we would no longer motivate people through the fear of not being able to eat. In addition to being the obviously right thing to do, eliminating poverty will increase productivity.

American Equity would create a society that I believe would work much better than what we have today. It would free Americans to work on what they really care about, improve social cohesion, and incentivize everyone to

think about ways to grow the whole pie.

[1] It's time to update our tax system for the way wealth works in the modern world—for example, taxing capital and labor at the same rates. And we should consider eventually replacing some of our current aid programs, which distort incentives and are needlessly complicated and inefficient, with something like this.

Of course this won't solve all our problems—we still need serious reform in areas such as housing, education, and healthcare. Without policies that address the cost of living crisis, any sort of redistribution will be far less effective than it otherwise could be.