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[Podcast theme plays]

[Soundbyte from Davidson]

"We still make a lot of stuff in America. It's a myth that we don't. But, it's made by giant, very clean white machines, and you have very few people. And those people wear white lab coats and program the computers that actually do all the work, and it's a totally different model."

Rebecca Hoogs, Host

What the 20th century economy typically required of Americans who wanted success was to step away from their passions and embrace sameness. Now, in this new century—amidst concerns about our jobs being stolen by computers, about the middle class vanishing, and about the super-rich getting richer, Adam Davidson sees another narrative. Davidson, who is the founder of NPR's *Planet Money* and an economics writer at *The New Yorker*, argues that living a passionate life and living a financially stable life aren't as separate as they used to be.

I'm Rebecca Hoogs, the Associate Director of Seattle Arts & Lectures—and you're listening to *SAL/on air,* a collection of engaging talks from the world's best writers from over 30 years of Seattle Arts & Lectures.

Despite the pain and anxiety of around our current economy, Davidson admits that he sees a lot to be optimistic about in his new book, *The Passion Economy*. In this talk, he explores what's next for Americans, from Amish furniture makers to accountants after the invention of AI, social media, outsourcing, and global trade. After Davidson's talk, which took place at Benaroya Hall in January 2020, he's joined by Jon Talton for the Q&A. Jon is a novelist and former long-time economics columnist for the *Seattle Times*.

This is *SAL/on air*.

Adam Davidson
Thank you very much. Thank you. And thank you all for coming out on a tough night. It made a New Yorker feel at home. And I'm actually feeling a little sheepish because as a journalist, this is an event about journalism. We're usually most comfortable in dark times. That is our training. And most of my career for the last twenty years has been pretty dark stuff. I covered the war in Iraq. I came home, covered the financial crisis, Hurricane Katrina, the Haiti earthquake; as an economics reporter, covered rising inequality and the Trump, uh - Trump's business, and all along, I had a secret, a secret I kept hidden, which, yes, I see all the darkness and I see the very real pain in this economy. But I also see things that make me feel optimistic, as well. And that's

this scary thing to say, as a journalist. We're not supposed to be optimistic. And so - but I promise you, I still also see all the darkness [audience laughs].

So, my book, *The Passion Economy* was my attempt to explain what I see. And that's sort of what I want to talk about now, and explain what I think is going on in a big picture in this economy. And so, I'll talk for a little bit, then John and I will talk, we'll answer your questions, and hopefully, it'll be a fun evening.

So, my view is that, and that's not just my view, it's a view I developed - I actually assembled a team of economists and professors at MIT and Harvard - and we spent a lot of time thinking about this. And it's a fairly common view among economic historians, as well, is that we are going through a massive transformation right now in the economy. It's not - it is on the level of the shift from agriculture to industry in that it changes everything, everything about work, but also how we spend our time. Who wins, who loses, how we learn to feel good about ourselves, the stories we tell about ourselves. And I think to understand this change, and in my mind, this change does explain much of the rising inequality, it explains much of the rising nationalism around the world, and it explains Trump, in a bit. But it also explains why there is opportunity there, why there are ways of thriving now that human beings generally never could, and the good and the bad are flip sides of the same story.

And so, I like to start by thinking of the last major transition, from agriculture to industry, which for, you know, we think of the Industrial Revolution as starting in the 1770s, but it really hits in the late 1800s, sometime between the Civil War and the turn of the century. And if you think of the world that existed then, it's a world that had existed for 10,000 years - an agrarian world, where the vast majority of people had to work as farmers to just try and make enough calories to survive. And there was a tiny surplus that supported a tiny elite that was able to have a more relaxed life. But even their work was generally very prescribed by who their parents were, the conditions of their birth. For the vast majority of people who have ever lived, there's an amazing statistic that far more than half of the people who have ever lived never were more than two or three miles from the house they were born in. They wouldn't have ever eaten food that was different from the food they ate. They wouldn't have met people who are different from them. And that is the world of the United States in the 1840s, 1850s, 1860s. And we very rapidly go through this radical transformation and we create this new world that had completely different logic, this industrial world.

And one thing I like to think about as so emblematic of this shift is the creation of the job, which - the job as we know it is this very modern thing. It's this tiny blip in human history. Obviously, people worked, people had—there were people who had jobs, but they weren't - they were generally either a vocation, or you were doing what your parents did. It wasn't this idea of having work away from where you live, completely disconnected to your family, disconnected from your place of birth. And the idea that people would have a variety of choices, they could do this job or they could do that job, or maybe they could - And that there would be a career path that you would start at this level, but then you go to that level and you go to that level.

It actually has a very specific birth, it's generally understood that DuPont is the first modern corporation that really creates the modern job, and you can actually see it - I've been to the archives in Wilmington, Delaware, where it's, they have these giant leather books from the 1800s. And they'll bring them down for you. And you can see the actual paste registers, the ledger books from DuPont, and in the 1820s, 1860s, 1890s, there's no job titles. It's just names. It's mostly Irish names. They employed a lot of Irish immigrants, but it would just be Frank McGinnis. It would lay out the money Frank made. It would also lay out how much his wife spent on groceries because all of your home was owned by DuPont. The grocery store was owned by DuPont. Everything came from DuPont. And there were no companies before the 1860s, 1870s, and really not until the early 1900s, that were big enough that you needed jobs, you generally knew everybody, and that - the idea of just putting the name down tells you how the managers thought, you know, oh, I know Frank, he works really hard and he's really good at that job, or he's really good over there. And I know Bill, he's - he's okay at this, but you don't want to spend - you don't want him carrying heavy explosives after lunchtime. [audience laughs]

And then there's a fascinating battle, which I won't get into, within the DuPont Company, and Alfred I. DuPont does a whole bunch of things that had never been done before, like, creates professional managers who aren't named DuPont, who run the company, and the company starts growing really, really fast because they make explosives and in the run up to World War I, they just have more business than they know what to do it. And they grow really fast. And you see in the ledger books, they go from being handwritten to being typed, and they go from being names to being titles, and you can see the transition and the titles, you know, boiler operator, level three, armaments, division, line worker, level two.

And this idea that we all were born into, but the idea that there's this thing called a job, it's separate. Again, it's separate from your family. It's separate from your place of birth, that you could do - and that you just show up at a place and you're paid a predetermined wage. You don't have to worry about the weather or the price of raw materials or precisely the market demand. And the idea that you will continue to do well, that you'll get raises from time to time and promotions to newer, higher jobs. And also, the idea that if you leave that job, someone else will take that job, that job is totally disconnected from any person. These are all really new ideas. And what you see in the late 1800s, early 1900s is enormous anxiety about this. A lot of the anxiety was panic about what women were up to, because you're moving from an agrarian society where life is enmeshed in the context of family, to suddenly women are wearing pants and living in the city and who knows what they're up to. And that was a real source of unbelievable panic. And there was a general feeling that something is dying, some way of life is ending. And for older folks, especially that there's just something bleak, there was - it was very hard to understand anything positive about this change. And actually, there was a lot that was very, very negative as we know. It took a very long time for us to build the kind of institutions that soften the roughest edges of industrialization. It took a long time to get, say, the five-day workweek and the eight-hour work day, and child labor is not outlawed until all over the country until 1938. Julian, the wonderful poet would be at work now instead of writing poetry.

And, and so, you see this gen - it takes a few generations for us to build the support structure. But certainly, by the '30s, we have the Great Depression, but quietly, we're building this an institutional capability, the learnings of DuPont, are transferred to General Motors in 1924. When DuPont buys it, and then we start seeing the same concept being spread. And then certainly by World War II, it's really spreading. And I would say we're all - we just grew up in a world where there had been this unbelievable change in human history, something all of our ancestors would not even - we couldn't even explain it to them. It made no sense that you basically are born. You don't have much to do until you're 18 and then you may or may not go to college. And then you'll get a job. And then you'll have that job until you have a better job, and then you'll have a better job, and you'll make more money almost guaranteed when you're 40 than you did when you were 20 and more money than your parents, and certainly more money than your grandparents because remember, most people who ever lived, incomes didn't rise - you did as well at 60, as you did at 20. And you did as well as your parents and your great grandparents and your great, great, great, great, great grandparents.

Obviously, there are exceptions, but crucially, they didn't. It wasn't directionally good. It was, you know, basically there'd be a mass death of some sort, population would fall, life would get a lot better for the people who are left until population grew and life got really bad again. [Audience laughs] And we see that over and over and over again, it's really, I've been reading a lot now about ancient Assyrian farmers 4,000 years ago, and their life is not distinguishable from my family who was farming in Massachusetts in the 1830s, 1840s. There's very little change. So that's the world we came into.

And we also came into a world fully enmeshed in the institutions that were built around that. So, education is such a great example. In 1900, 10% of Americans went to high school. College was a pretty obscure thing. In New England, it was for ministers, there was, you know, these land-grant colleges for engineers, but it was not - it was a tiny percentage. Even by 1970, 7% of Americans were graduating college, it was still an obscure thing. But we built over the 1900s. We built public schools, we supported mass education. It's not until World War II that half of Americans are graduating high school. But that was a major institution that benefited people as this economy grew. We built an understanding of savings and retirement savings. We built the whole idea of homeownership and mortgages.

There's a whole system that was built around this idea, and when you think about a lot of these institutions, they're built around a very specific model of how life goes. Zero to 18, or 21. You're sort of under the care of your parents. That was a big battle. The concept of adolescence really comes out in 1904. There's a book by a famous psychologist at Clark University defining adolescence - it was a new idea. 15-year-olds were no longer just crappy farmers. [Audience laughs] They were, they were on a personal journey of learning who they were. [Audience laughs] And, and by the way, I have a lot of Amish friends. There's a chapter about some Amish entrepreneurs in the book, and that's still the case - you see that 13-year-old, 14-year-old Amish kids, they are being judged by adult standards right away. So, this idea that there could be a kind of incubation period where there's this time that you're feeling figuring out who you are. And actually, the guy who wrote the book, whose name just escaped me, said that period should extend to 24, which, frankly, I think it should extend longer.

So that is a new idea. And so, we have these formal institutions, we also have these conceptual institutions. And - but central to it is that the expectation is between 18 or 21 and 65, you're sort of on an escalator moving up, that there's not a lot that needs to happen. At 65, yes, we're worried about you. We need you to have some savings or social security. But for most of that period, we're just expecting the economy to take care of you. So, if you think of other modern innovations, like the 401k or the pension, if - there are no more pensions, we can explain that to some of the younger people - [audience laughs] but that was also a new idea. Because life was always rough and harsh and difficult, there was no such thing as, "Oh, this is the period of my life where I'm just accumulating money, and I don't have to worry as much. And then later is the part of my life where I have to worry." It was just always was worry, life was worrying.

So that whole system thrived for a few main reasons. One is, in human history, there is no greater boost to an economy than taking a bunch of semi-literate peasants and putting them in factories. And if you think of all the countries in the world that have achieved some level of wealth, some level of middle-class status, either they have oil, or they took a bunch of peasants and made them - put them in factories. And it's actually - you can sort of intuit the math of it, that if you're a farmer, working a field, you are spending all of your energy, all day, to hopefully get just enough calories to survive.

And most people, for most time, lived on the margin. Most people have ever lived knew had lived through several famines where they would have seen people, they loved die. Most people could not survive two bad harvests in a row. And even a primitive factory, the labor that someone does on a - in some process, on a conveyor belt, or some batch process, they are adding infinitely more value per minute or per hour per day than a farmer can. And the farms themselves are also becoming more productive. Obviously, we now have surplus food, we now have obesity as an issue more than hunger. And you know, if you're the 1% of Americans, farm. And that is, as far as we can tell, it's still all relatively new, but that is a one-time boost to an economy that's -nothing else is like it. I mean, it's even when you look at the Soviet Union, that was a disaster economically, it was as horribly run as an economy could be, yet it took a country of semi-literate peasants, put them in factories, and it actually had a good 70-year-run against all odds.

What happened is that for much of that growth period, if Henry Ford wanted to get rich, if Alfred DuPont wanted to get rich, they needed a lot of people to be doing a lot of stuff to make them rich, and they needed those people to be located near their factories. And they learned that if you keep fighting them on wages terribly, they're gonna keep quitting, you're gonna - it's just going to cost you more money, and so you pay them - I'm not saying everyone made a fortune - but you pay them at least a growing wage. And we really see over the course of the 20th century, every demographic group is doing better over every 10-year period. It's just - except the Depression - but even the generations of the Depression over the course of their life did better and better and better. But, as you may have noticed, it's now possible for people to get very, very rich, and they don't need us anymore. They don't need a lot of labor, they have automation. Increasingly, they'll have AI, they have, if they do need people to be doing something physically, they have, they can use outsourcing, they can they can find those people in other low wage countries.

And you really - you can start to see the signs of this coming in the 1870s with the beginnings of global trade, you know, Germany to come back online after World War II. It, really though, heats up in the early 2000s, of course, with China. You also see a similar story in computers where, you know, you walk - in the book, I tell the story of my grandfather, Stanley, who was the epitome of the 20th century man, just a big strapping Superman-like figure who worked two shifts a day at a machine tool plant that made the machines, that made ball bearings, he was very proud. He didn't fight World War II even though he was of the age, but he kept saying you can't fight a world war without ball bearings. I think he was a little ashamed too, so that was his defensiveness, but, um - and, you see these folks growing and growing then, and now you go to the - Stanley was a big, strong guy with blue overalls with grease all over him, moving heavy metal around. And now you go to a factory. And we still make a lot of stuff in America. It's - it's a myth that we don't. But it's made by giant, very clean white machines, and you have very few people. And those people wear white lab coats and program the computers that actually do all the work, and it's a totally different model. And so, I think you get the sense of why there's a dislocation that feels so painful - that there's this very relatively comfortable life that was - that was available to most of us, as sort of wind at our back, an expectation of growth, an expectation of progress.

And it has begun to crumble. It began to crumble for sure, by the late '70s, early '80s, but most of us missed it. But after the financial crisis, I think it just became unmissable. It just, it felt like there's something lost, we lost this thing we know we had, that seemed like a good thing and the right thing. And I'm not here to say, that wasn't good, or it's good that we lost it. But I am - I do want to point out some of the advantages of this new economy and, and sort of my book is a tour of people who have figured out how to thrive in this economy.

So, what the 20th century required of most people who wanted to have that wind at their back was sameness. And what was - the way a large corporation works, and there's great economic literature on this, is the way that classic 20th century corporations work. There's a small, small number of people who actually come up with strategy and plans and goals. And then there's a lot of people who execute it. I find I always pictured the TV show Mad Men, where there's Don Draper in a corner thinking up great ideas. And then there's just two floors of functionaries, making those ideas happen: secretaries and drafts people and bookkeepers, who are going to do all this stuff that obviously we can all do with our cell phones or our iPad today, and you didn't want to bring your unique self, the very idea would be absurd.

How would you - you know, you can't go to Procter and Gamble in 1956 and say, Yes, I'm going to be an accountant, but I'm not doing it the PNG way. I have this new, unique special Adam way of being an accountant. It would be ridiculous. It would be absurd. And in the book, I tell the story. So, my grandfather, Stanley, was the ultimate 20th century man's man. He worked a job he hated, because that's what a man does. He had kids, he had a wife, he was going to do it. then along comes my dad, also named Stanley, who wanted to be an actor, and in Worcester, Massachusetts and 1940s and '50s. I mean, why not be a unicorn? Why not be a butterfly? Like what are you talking? And the conflict between these two men was so ugly, and it was ugly because they fundamentally couldn't understand each other, but my dad to be an actor, which he still is at 83 and New York, a working actor. [Audience applauds.] Yeah, yeah. He was in a episode of Billions last year, and a movie with Julia Roberts. He doesn't do stage anymore because he is afraid he'll forget his lines, but he likes movies and TV still. So, if anyone's hiring. [Audience laughs].

So, but my dad knew that following his passion meant not making money, meant stepping away from the world of success. And that conveyor belt. And I actually grew up in all artists housing in Greenwich Village in New York, which is the center of, you know, the arty center. So, I grew up with nothing but broke artists who were living their dream, living their passion, and very self-consciously saying, screw you to money. We're not part of that. In fact, when I explained, well, how did I become an economics journalist coming out of this? When I was a kid in 1970s Greenwich Village, all artist housing, everything was - people were happy to talk to children about sex and drugs and exploring yourself and creating a new life. The one topic no one would talk about - the one ugly, ugly, evil topic was money in business. So, I of course, had to figure it out.

But there was this dramatic disconnect between living a passionate life and living a financially secure life. And I think it was a real conflict. Those really were big choices. But what I would argue is that now, unlike any other time in human history at scale, you can certainly find little pockets here and there, but it is now not only possible, but sort of required that you not be - you not identify external markers of success, identify the requirements of some job, some career track, and just make yourself mold into that form. But actually, you have the ability and, in my view, more and more, the requirement, to figure out what is uniquely you. What is your - what is the thing that PNG can only get from you and from nobody else? Or what is the business that they can only get from you and nobody else?

Why is that? It actually turns out, it's for the exact same reasons that the same forces that ripped apart the pre-existing economy, which is the internet, automation, global trade, outsourcing, basically, you're able to match now with people everywhere. So, if you think of - kind of a classic I'll give a quick econ 101. The Adam Smith supply and demand curve, that prices come from where supply meets demand and what economists talk about is the point of indifference. You go to a supermarket, why is a Snickers bar a buck? Why is a bottle of dishwashing liquid 4.99? Because that's the price where the least interested potential customer is like, okay, fine, I'll take it. Not that excited, I'm not that miserable. I'll pay 4.99. But if it's five or 5.01, I'm not buying it. And, and that point of indifference - I'm a big Adam Smith fan, as it happens, but he assumed a bunch of things that I don't think apply now. He assumed that markets are wide open. Every product is exchangeable with another product. So, any piece of any bread made by Baker is the same as any other bread made by a baker. Prices will adjust rapidly because new entrants can come in - if the price of bread goes up, a bunch of new bakers show up and start selling bread. If the prices fall, then a bunch of those bakers will go bankrupt and will quit the field.

And if you think of a sort of pre-modern economy, or even much of the 20th century, most manufactured goods, most services are provided locally. They're provided by people within walking distance, obviously, before trains and planes, that was a necessity. But interestingly, even now, most of the things you buy are, are far more likely to be produced locally, when you think of all the things you purchase. And part of that is just what economists call a matching problem. I want chocolate. There's 8 billion people, 7 billion people, in the world some number of them are making chocolate. How am I going to find the chocolate I want? And it - Snickers had some amazing innovations in how to not only mass-produce chocolate incredibly at size and speed and cheapness that had - that was unprecedented. But they also, I mean, probably the reason you all know what a Snickers bar is, is they were geniuses at mastering the logistics distribution of candy bars in the - in the 1920s, they figured out how to build a first, nationwide and then, global network that would make sure that every candy store everywhere had Snickers. And then they were able to use that breadth of sale to maintain their leadership and hold on to it. But it's really an industrial product, the nature of Snickers, the fact that it's a heavy solid inside with a soft chocolate outside, that's actually the opposite of what chocolatiers like to make, which is hard chocolate with a creamy center, but it's just an industrial solution. It's just much easier to make these kinds of logs of nougat and caramel, and then put them through what they call enrobing, like a quick wash of soft chocolate.

But they were able to reach this massive scope. They solve the matching problem by creating an inferior industrial - now, Snickers are delicious, let's be honest, but there are better chocolates. [Audience laughs].

Think of Ivory soap, the first mass-produced soap, kind of created branding with Ivory soap. Ivory soap is a terrible, terrible soap, but it dominated for most of the 20th century, be - you know, it dries out your skin - I grew up on Ivory soap, it's terrible. Nobody buys Ivory soap now. Truly. The market share is like 2 or 3%, which used to be the - by far the dominant soap, but they're making this inferior product that's exactly wrong for everybody. But they're using mass production, shipping logistics to get it everywhere. That is a solution.

Branding is a solution. If you think of the challenges of the Industrial Revolution, you're suddenly going to a shop. You're buying things made by people in some city you'll never visit, people you'll never meet, that's a new thing in human existence. And we came up with a host of solutions to the matching problem. We'll we're beginning to find new solutions to the matching problem, where you can match those things you are uniquely capable of producing or those services you're uniquely capable of providing, with people thinly spread around the world, using those same tools, the internet, soon AI, social media, outsourcing, global trade. And that allows you not to price your goods or services at the point of indifference, but to price them at the point of maximum enthusiasm. You're not getting the person who's willing to pay 4.99 but would not pay 5, you're getting the person who loves your thing so much they'll pay a fortune. And I know this is true, because I keep, I've amassed a huge library of examples of people who are living this life now. And - that my book tells those stories - and I'll tell you a couple quick stories, then we'll get to the Q & A. I don't want to eat too much into that.

Well, we'll get into it in the Q & A, but I want to be clear, this is not necessarily for everybody. And it's also - but it's also not just for the very rich - that's a question I get a lot. And this isn't just about crafts or Etsy. I actually don't like Etsy. I don't think Etsy is a good model of what I'm describing. My book tells the story of an accountant who figured out a new approach to accounting and went from like most accountants, having hundreds of clients who paid him whatever the prevailing wages, to just having 40 clients because that's all he really wants. He wants a different kind of intimate relationship, but who pay him a lot more. And actually, after writing the book and writing about him, he's now my accountant, and I pay him a fortune. [Audience laughs] And I'm - I'm actually happy about it. He really provides unique value.

One of the stories I love is the story of Braun Brush, which is a brush manufacturer in Long Island. And the story of Lance Chaney, who runs Braun Brush. It's one of the few cases in the book where it's someone who inherited a business from his dad, but what he inherited was a failing, collapsing business. It had existed since the 1840s in the family, but - and for most of the 20th century, Braun Brush specialized in brushes for the food industry - specialized brushes that can rub chocolate on pastries, they had a pizza cleaning brush, they had a dairy bottle cleaning brush, all these very specialized food industry brushes. But they had the standard 20th century model: they're going to make as many of these things as they can, sell as many of them as they can, and make money on the volume.

And that worked really well until - it's a very familiar story. They started facing competition from exports from Chinese manufacturers, which at first were crappy. The bristles all fell off. But over time, the Chinese manufacturers got better and better. And Lance's dad, Max, didn't know what to do. And this story we know very well - we've heard the story a million times. The company was heading towards ruin. And Max had a stroke, died; soon after, Lance, who never really wanted to be in the brush industry, never really enjoyed it, suddenly has this failing company. And he just decides to make a radical decision. I'm not going to compete with Chinese exports. He stopped right away selling to Walmart, their biggest customer. He said as soon as any Chinese manufacturer makes one of our brushes, we'll stop selling that one, we'll stop making it, which is tough because China - the Chinese companies are only going to go after their biggest sellers. He starts thinking about a new model of thinking about his business.
And his new model is finding people who have desperate need to solve a problem that a brush can solve. And believe it or not, there's a lot of them and enough to make a really thriving business. His first big success was a nuclear power plant that had this problem. They're in their coolant tanks. There were all -there were all these staples sloshing around, and it took them a while to figure it out. But what they found out is, there's a brush they used to clean the pipes when they were inspecting them, and the brush had staples, and the staples fell in the coolant liquid. And if you've seen Chernobyl, you don't want a lot of metal, spiky things sloshing around your coolant liquid. So, Lance created a special brush that had no staples that was really secure, cost about 12 bucks to make and then he's confronted with what do I charge?

You know, the 20th century model is cost plus: the cost, 12 bucks, maybe you charge 24 bucks. He was like, screw it, they're gonna say no. So, he charged $6,000. And because - that was not even close to the value he was actually providing. And - but by charging $6000, it's not just that he's taking advantage of them. It's the opposite. He's creating the conditions for him to be a person who's out there solving problems. So, he's benefiting all the people whose problems he'll solve. He somehow found out that NASA had this problem with the Mars rovers. And he designed a special brush. There's now two of them on Mars, on two of the rovers. That incredibly technical thing - it has to be very light. It has, you know, Mars gets very hot when it's exposed to sun, very cold. And it's this little brush that cleans Mars rocks when the rover comes over, and does whatever the rover does to rocks.

And a lot of them are more prosaic, but Lay's potato chips had this machine that made potato chips, and the chips were all bunching up in a corner of the machine and cracking, and he somehow learned about it. They weren't looking for a brush solution, but he said oh, I could design a soft brush that will just move the - the potato chips along. And they said, but what if the bristles fall out and someone'll sue us? No, no, there are no bristles will fall out. And it's now a crucial part - a small, but crucial part of Lay's potato chips. And Lance's business is skyrocketing. He's the giddiest guy. He came to my book party in New York last week. He's like the happiest guy I know.

Which by the way, is a key part of *The Passion Economy*. The people in this book are not like my grandfather. These are not - these are people - I think when you have been able to find those things that make you uniquely you, and you're able to find the customer base that values that extremely, I can tell you right now it's a very thrilling feeling to find an audience that is open to what you're giving. It's really enriched - it's a wonderful feeling. Another thing I'll just say is, the people I focused on, the people I chose to focus on, are not - these are the people that in Silicon Valley, they condescendingly call "lifestyle businesses."

These are people who are not trying to become billionaires. They're not - most of them are not taking investor money. But all of them are doing very well by any standard. These are people who not only make a decent living but have real security. It's a different kind of security because it's not the security of following a well-worn and well-defined path. It's the security of having identified a unique bundle of skills and abilities and an audience that craves those. It does require more hustling, although, I think many of the people that I know who do this are a - are good at balancing family and work. These aren't the kind of crazy Silicon Valley entrepreneurs who are working 90 hours a week, desperate to make a billion dollars or die trying.

And the other thing I want to mention is I also think it applies within jobs that, today if a corporation has employees, more and more corporations - not enough - are realizing that we do need - we need unique employees who are able to truly add value and not be a commoditized unit of production of something some manager defined, but also that workers feeling engaged, feeling autonomy, to some degree, feeling a sense of meaning and their jobs - is a huge source of potential profit. I think people talk often about Costco as a contrast to

Walmart. You walk into a Costco and you just get the sense that the people who work there feel engaged in a way that you don't feel when you go to a Walmart. Walmart is communicating very loudly, that their workers are, they are indifferent about their workers, and you can feel that as a customer. And from what I understand, you can feel that as an employee, as well.

It also doesn't necessarily mean being happy all the time. When I talk to people who want for example, to start a business, I often say what do you want to worry about 3:00 in the morning? I don't say - what do you want to be? I - my picture is not you're just giddy all day. I have a new - I've applied the lessons of this book and created a new podcast company with my co-founder, and I'm up a lot at 3:00 in the morning, and I'm really worried about a lot of stuff, but it's stuff that I care a lot about. How do you tell compelling stories? How do we maintain good audio production in this period of rapid growth in podcasting? How do you train a staff? How do you build a culture? I want to be - I like worrying about those things. I - and I don't know that I'll succeed at them. But I like being in that fight. And - and that is something to me is, is why not for everybody. And this doesn't erase all the concerns, but it's why I feel that for me, my eight-year-old son, I look at him with his wild curiosity and his passionate embrace of every single thing that he learns about. He decided he's going to be a spy. That's his latest thing, although he wants to be a spy for every country, which - [audience laughs] and he's gonna do it. Damn it. He's gonna -

But I feel like there are opportunities now that are amazing, that are - that are unique. And if you look at the long sweep of human history - that - almost no one who's ever been alive has been able to take advantage of. And so, I still promise to report on all the ugly, dark things. I'm happy to answer questions about Trump, but - which is not something to feel optimistic or hopeful about - but I do think that, that this part of the change, and if you allow yourself to recognize that these dramatic shifts do take, these are generational changes, these are not - and we're still figuring this change out - it makes me feel like the 21st century could turn out to be a pretty good century for a lot more people. So, thank you very much. Thank you.

[Podcast theme plays]

Rebecca Hoogs, Host

We'll be back in a moment, but first—if you became acquainted with Adam Davidson in the pages of *The New Yorker*, you might also recognize the name of another upcoming *New Yorker* staff writer—Elizabeth Kolbert. Join us on the 50th anniversary of Earth Day for more talk about our global future with Kolbert, the Pulitzer Prize-winning environmental journalist and author of *The Sixth Extinction*, at Benaroya Hall on April 22, 2020. Kolbert has been everywhere from Alaska to Greenland, visiting top scientists to get to the heart of the debate over global warming and ask what, if anything, can be done to save our planet. Tickets are available now at lectures.org, and just for *SAL/on air* listeners, we have a special promo that will get you 30% off tickets: just enter the code KOLBERT30 at checkout. Now, here's more from Adam Davidson and Q&A moderator John Talton.

John Talton
Adam Davidson, welcome to Seattle, and congratulations on your new book. It is a provocative topic in a time when you and I make our money rooting out the bad stuff. You know, the northwestern economist Robert Gordon, and he posits that the big waves that created economic growth that meant large scale employment over the past hundred and fifty years have largely petered out. And these were things like electricity, railroads. We used to have 2 million people, 3 million people working on railroads. Now we have about 120,000. And these - these waves, the automotive industry - are not happening now. It always amuses me when somebody gets in my face and talks to me about the destruction of the newspaper calling, and says, You guys are the buggy whip makers. And the analogy is not exactly in sync, because when Henry Ford came along, and the automotive industry blossomed, and the buggy whip makers went out of business, there were a few thousand buggy whip makers. The automotive industry created tens of millions of jobs and - and a supply chain with tens of millions of jobs. And then through unionization, those jobs got better and better, and paid more and more, and we got the zenith of the middle class. So, with Gordon in mind, is this contra Gordon? Or is this - this is how you work without waves?

Adam Davidson
So, the main thing I want to say is, I actually met a buggy whip maker once. [Audience laughs] It was an older Amish guy. I was with another Amish friend, and we were visiting a friend of his, and he had this weird contraption and I said, "Oh, what are you making?" and he said, "Buggy whips," and I was like, I use that analogy! All that - you're not supposed to exist! [Audience laughs] Those Amish people need buggy whips, they ride buggies. So, there is - Robert Gordon at Northwestern, Tyler Cowen at George Mason - there's a kind of "new normal," people call it the - and there is what other people call "the productivity paradox." You would think that when we created all these labor-saving devices, and got rid of a lot of workers, that productivity would skyrocket, and we just don't see it. You know, there's - who was it who said, you can see computer productivity everywhere, but the statistics like it just doesn't show up.

And there are - There is a deep debate about whether innovation-led productivity growth - it will be an engine for overall economic growth. I tend to be more optimistic, but I think I come at it from a different angle, which is that there is an awful lot of solid business practices that have barely spread to small business and barely spread to a lot of other manufacturers. So if you think of lean manufacturing and automotive that started with Toyota, and has had radical impacts in many industries and is now coming into services, law firms and accounting firms, and there are some economists who point out that, if you do the math, that yes, one way of having rapid growth is you have a Tesla or a Google or whatever. But another way is you spread - you make every company 3% better. 5% better 8% better. And I don't know that you have to choose one or the other. But I'm more interested in that latter part, personally. I think that what is almost certainly true is the innovation-led productivity growth, for the reasons I discussed earlier, will foster much more inequality. And that a more broadly-based economic growth will foster less inequality and more democracy and more vibrant - a more vibrant economy. So that's what I - if I were King and got to flip a switch that's - that's the path I would want to see. And that is the path that makes me more optimistic.

John Talton
And you can have a passion economy, and you can also build high speed rail and give jobs to millions of people.

Adam Davidson
Absolutely. And there's gonna be a lot of people who are going to need - the 20th century needed a lot of bodies, and we don't need a lot of bodies anymore. You know, if you think of the textile mill in South Carolina, say, these were not great jobs, none of us would choose them over whatever you're doing now. But there was a wide range of skill from, you know, highly educated engineers to self-taught engineers to, I had a uncle who was developmentally disabled, but was able to work - you need people to, you know, push brooms and carry heavy stuff and that kind of thing. We don't need - there's a lot of people who are both not going to be able to thrive in a passion economy and are not going to be able to thrive in the non-passion economy. And that's where public policies come in. And I know that's an interest of yours.

John Talton
Yeah, I'm glad you gave me that lead in. I have often thought that if we had saved Medicare for All, that we would free up a tremendous amount of entrepreneurial energy. What is the public policy landscape that you think would help the passion economy thrive?

Adam Davidson
So I do think that - I think that there's a huge role for public policy. I think health, yes, Medicare for All, or some kind of easily available health insurance - it is - it's not just ridiculous for all the obvious reasons, it's ridiculous for economic future, that there are people who are holding on to a job they don't like, because leaving it puts their family at risk. That's insane. And, you know, I think we all know this, but the Obamacare comes out of Republican pro-market ideas. It's not - and, you know, I have become increasingly uncomfortable with the sort of bipartisan approach I was - I was trained in at NPR.

And I think we just have to recognize there's not a good faith partner anymore on most policy issues on the Republican side as a general rule, certainly at the national level or most state levels. So yes, I think that things like universal basic income, things like far more abundant health insurance and health care options - it is in our interests, like, even if I am a selfish jerk who doesn't care about anyone else, or I am a free market idealogue, the more people can take risks on ideas they have, and the more they can fail and then try again - those are things that are good for an economy, those are pro-market ideas. I do think incentives matter. I think that is one idea. We can from the right, if we want to call it that we don't want public policy programs that disincentivize entrepreneurship and work. But I think there's just going to be so many people left behind by this economy, and then a whole nother wave of people who are going to be under-utilized in this economy unless we have better social safety net.

John Talton
Now, I would be remiss if I did not throw out our existential emergency, which is climate change. And if we were talking about the passion economy in 1950, and everything was in place tool-wise and outlook-wise, except for our pollution of the global commons called the atmosphere, we'd have a very different conversation. How will climate change and all of its disruptions affect your outlook with the passion economy?

Adam Davidson
So I - obviously climate changes the challenge of our time that outweighs every single thing we're talking about right now. I think that the 20th century model I described was an incredibly wasteful model. It is not a good model to mass produce tons of things that are not quite right for people and ship them all over the world. And I do think that the world I imagine - this world where matching is much easier and more seamless, through relatively low-energy intensive ways like AI and - people will be consuming -

There's a book out now by my friend, Andrew McAfee, called More with Less, which points out that at a point of wealth, people's energy consumption does begin to fall because the things you consume are not as energy intensive, so - and so I do think that - I don't - I certainly am not arguing that the passion economy solves all problems. Climate change is solved. But I do think on balance, if the clothes we wear, if the food we eat, if the furniture we - you know, if our physical environment is more made to, it's matched to us more precisely, that modern logistics allows us to ship fewer things and ship them in a more efficient way. I think that helps. It helps - it doesn't solve anything.

John Talton
Let's turn to some of our questions in both the old and new way, and I'll try to avoid dropping these things. Gravity is my enemy. Let's start out analog. Someone asked a good climate change question but eh, beat you to it. [Audience laughs]. Thank you for being here tonight. How does institutional racism affect the prospects of our communities of color in accessing the benefits of the passion economy?

Adam Davidson
Part of what we do need and this I am short term pessimistic, but long-term hopeful, is a whole host of institutional changes. Institutional racism is so pernicious for so many reasons. It's not just the obvious ones. But, if you - just - you know, wealth is a carrier of history, that something like half the wealth in America is inherited. And the key is not - I'm not talking about billionaires; I'm talking about people who inherited 30 grand when they were 28 and were able to put a down payment on a home. And that gave them the confidence to start a business. And because inherited wealth is obviously a proxy for how people were doing 30-40 years ago, what you see is just white people having a comfort level - have a safety valve - that allows the kind of risk-taking I'm encouraging allows. And again, I don't believe that what I'm describing is only available to the richest of the rich, but it is - it does require some ability to have some comfort. So, I think that what I described is better than the kind of .01% of inequality that we see in Silicon Valley which is tiny, tiny - but it is not, right now, in our current institutional

environment, there's not a great solution for institutional racism. And that is a source of deep concern, I would say, as it should be.

John Talton
We have many, many good questions. We have a lot of macro-economic questions, and if we can get to those toward the end, we'll try, but I will warn you now we probably won't get to everything. What a question from anonymous: what American economic, systemic, structural changes need to occur in order to reduce the growing gap between rich and poor? How to reduce the number of super rich? And there are a number of questions about income inequality. How does The Passion Economy fit into that, effect that, worsen in it?

Adam Davidson
So, when I think about - and this was something I -this team that I worked with at MIT and Harvard, this was sort of what we kept coming across. There's, there's different inequality. So there's the .01, .001% inequality, which really is a uniquely Anglo-Saxon thing. You see it in the US, you see it in the UK, you don't see it in other countries. And, and I think, I believe that we basically have had government policies that have transferred wealth from poor people to richer people, that we have captive industries like finance that really are existing in a different system than the one in which you know, great ideas and productivity growth are rewarded. So, I think that really can only be tackled by dramatic political action, and that's a tough one. Obviously.

There's another inequality that's like the 80-20 inequality. So if you think of all the economic growth that has occurred since, say 1978, almost all of it has gone to the top 20% and the top 20%, we're not talking about super rich, you know, people who make 80 grand, 90 grand a year would be in that group, people who went to - typically, probably, people who went to a college you've heard of - it doesn't mean Harvard or Yale, but just a college that isn't a struggling local community college. That group is doing much, much better than the bottom 80%. Now 80% turns out to be a significant percentage. And that's something I really struggled with writing. I like the idea of spreading the wealth more down the 20%, but I have a really hard time figuring out how to get it below the 80% without government action, without dramatic government action, which, you know, I don't know that that's going to happen soon. But I do think that articulating the problem, articulating the challenge, helps refine our understanding of the solution.

John Talton
I feel like the guy at the AT&T store who's going to sell you a cell phone, put the deal down right here. Well, this kind of piggybacks on that anonymous again: how realistic do you believe it is that people struggling with housing and food insecurity have the time and economic resources to access the passion economy?

Adam Davidson
I don't think it's realistic. Yeah, I'm not I think that it's not impossible, but, yeah, I think you need some degree of safety. Now, again, I think that, you know, I certainly live in a world where most people went to college, most people have solid middle class or greater incomes. And it's

hard. You know, living in New York, it's hard to imagine a family of four living at $80,000 a year. But that for most of the country would be considered a solid income. That would be somebody with means and for much of the country, you can buy a decent home for $100,000, $150,000. It's not all Seattle in New York. So, I do think that there are opportunities that are being taken advantage of throughout this country. But yes, I mean, I have some cousins who are living truly hand to mouth, really, they don't - they just don't even have the time to think what their passion would be let alone, so yes. This book is not like, you know - I made the choice to not get into government policy in this book, but government policy is a requirement for a lot of people.

John Talton
And an awful lot of questions go down this road. And you've touched on some, but I'm going to do one more. Do you think the future economy will have a job or paid occupation for everyone? Will we need to abandon the idea that everyone can work? And I think it's maybe Andrew Yang, who's talked about a guaranteed income or somebody has economists have certainly explored it.

Adam Davidson
Sure. Well, so, let me just - because I'll dress this basket of things. So, one thing I'll say is I'm not necessarily advocating this economy. What I feel - I could definitely be wrong - but what I feel is I'm just describing that this economy is different from what existed before, first of all. Second of all, what if I am advocating something, it's that more people grasp this and take advantage of it in a variety of ways. And my preferred way is smaller businesses. And generally, smaller businesses create more jobs than big business. I think the kinds of businesses, I describe are businesses that have the kind of margins and engage in place where they will pay people well.

Lance Cheney, the brush guy, has - he, you know - he has a not terribly educated workforce that he pays very well because he's doing well and he needs them. So I don't think it's a binary: either you're in the passion economy fully and everything's great, or you're fully out of it, I think you can imagine being having your life be a little more improved or that you're, you're in a job that isn't completely great for you, but you're thinking of, what am I adding? How can I articulate to my boss my unique value? You're taking some of these lessons, which I think can be more broadly shared.

But yes, my view is that the issue is not number of jobs. That's an archaic notion that never was true. There's not a box of jobs that exist in a room and we each either are assigned one or we're not. Jobs are an outcome of people wanting something and people wanting to give it to them. It's that matching, and I do think that there will, you know, we're seeing it in the labor force participation rates, that there will be more people left behind. That is true, and I don't have a solution for that. I think it's a huge challenge. We are now at a level of unemployment that's so small, it would have been considered theoretically impossible not that long ago. The issue isn't number of jobs, it's sort of security of jobs, it's engagement in the jobs, etc.

John Talton
And wages.

Adam Davidson
And wages. And wages are not growing for everybody in the way you would think they would if we were at this maximum employment level. So, but I - it's hard for me though to imagine anybody can't take some of the ideas of like, okay, don't just don't just do the task you're told to do. Think of what you can how you can add value in some way that that feels like good to me. And that now is a good time to take that lesson. I will say, my eight-year-old son he goes to a decent public school, but it is very much a 20th century school - like, you see the way everything is structured, and actually his teacher this year, hates it and is open about it. But it is training worker bots for the economy, and I went to New York City public schools for two years. I'm almost 50. And it's exactly the same as when I was eight years old. And so, the education the fact that we fund education through property taxes, and - which is a major source of inequality, I think. So, all the issues where you're trying to reach people when they're younger, trying to create an ability to think for yourself, all of those things are crucial public policy needs.

John Talton
Let me pivot off of a question, again, from an anonymous--stop that, you're--

Adam Davidson
These weren't like embarrassing questions or--they're good questions.

John Talton
I can't ask you that. Yeah. How do you think the current education system is working to support the new economy? You've answered that in part, but let's take it beyond that and say, Well, what does it need to do?

Adam Davidson
So, I mean, I'd say before traditional school and after traditional school are two major areas. So, you know, I think we all know, you know, having early childhood education can be very helpful. The literature was very positive, then there's been a little bit of a backlash, but it's clearly a good idea. I think developing a language - I mean, just the idea that our great grandparents didn't know what a teenager was, and then we figured out what a teenager is - and it gave us a way of talking about these phases. And I liked the idea of developing a language for after formal schooling. I wrote a big article in The New York Times Magazine about how it's okay that your kids come home after they go to college and live with you when they're 30. That this economy requires a matching process between you and the labor force that's just much more complicated. And it just takes a while, and it's better. I feel like I hope that when my son's 22 that I would much rather him say I got to figure a bunch of stuff out. I like this. And I like that. And I like the other thing, then that he said, I'm a McKinsey consultant and I'm just on this track, you know. So, I think figuring out how to create technology create opportunities for ongoing education, after the formal education, I think is another major area of potential growth.

John Talton

Well, looks like we have time for just one more question here. And I'm going to do my best to pick a good one, and the overnight repo rate spike really got me going, but not tonight. [Audience laughs]. I mean, we could talk about that.

Adam Davidson
Yeah, I built my career on that issue. Yeah.

John Talton
So, lot of the questions go into the big divide. And so, I'll take yet another one, and say - and this one says: in this new economy, isn't it inevitable that we have to subsidize 5 to 10% on employment? And I'll go that one better and say, is there an inherent political and societal stress that's going to be built into this for those who can't take advantage?

Adam Davidson
Yeah, I - I was Middle East Correspondent for a few years and spent a lot of time in the Middle East, as you do when you're Middle East Correspondent. I speak Arabic pretty well, and I--I majored in History of Religion, and I thought my secret weapon in the Middle East was going to be that I really thought I understood the difference between Sunni Islam and Shia Islam, and the various flavors, and that rarely came up. You know, what I found is you interview someone and they, if they're - there is a kind of quick five minute - you know, the Sunnis are terrible, the Shia is terrible, the Jews are terrible, America is terrible. And as a Jew, I didn't tell people I was a Jew, and I just would kind of nod, but where people really lived was economics. How am I going to get ahead? How am I going to take care of my family? That was what you could spend hours talking about. And, you know, most economies in the Middle East are not functioning, and they're almost feudalistic in the way - you know, being the dumb kid of the right family is much better than being the brilliant kid of the wrong family. And I met this kid who was he said, he was 20 at the time, something like that, that he wanted, he had two dreams he, I swear: he wanted to be a suicide bomber, or he wanted to be a programmer at Microsoft. [Audience laughs].

And he was explicit about it. He was a poor- he was from a poor Palestinian family in Jordan. He worked as a programmer, but all the good jobs went to dumb kids from the right families. And he said, like I - he articulated something that just felt ubiquitous: I want to be successful. And I'd rather do it a lot. But - and he actually is a computer programmer, not at Microsoft. Very successful. And he actually came over - I mean, we've become friends and he came, stayed in my house. There was like five minutes of like wait, should we? Have him in our house? [Audience laughs]

No, but he's - he's a wonderful, sweet guy. I was surprised the American government let him in because I did write an article about him, back in the day, [audience laughs] - but I think- and I've spent time in Haiti, I've spent time in a lot of difficult places in the world. And when you have a significant percentage of the population that sees no story, where their success, where they are going to succeed in this economy, really terrible, terrible things happen.

Now, I think that I feel that my optimistic story applies, you know, down to that 20%, which is a population that is feeling very anxious, but the rest of that population is that - you know, we're going to need a new story to tell and I'm of the view that it's not going to - that much of - not all of it, but much of that story, can't come from the private sector. It can't come from someone having a theory or - it's going to have to come from, you know, federal, state, local government solutions, from education to - and, you know, it, it is a paradox that we're having a right-wing reaction. You know, the populist reaction to the Industrial Revolution was far more left wing. And it is interesting, but it's not everyone, you know, it's not the - anyway, we're out of time this is getting into deeper areas. What I'll say is, I think our political systems going great. [Audience laughs]. Wait, no, that's - you know I think we are uniquely screwing up this moment, obviously, [audience laughs] on the federal stage, in a shocking, like, heart sickening way. And - but - these things take a long time; these things take a long time.

I was reading today about William Jennings Bryan's run for the presidency and the "cross of gold" speech, and how in 1898, 1896, 1900, you would have said, oh my god, nobody has any vision. And I don't know that, you know, FDR, maybe - but that's very way late in the game. It really was a lot of bottom up changes, a bunch of changes that at the time didn't seem that radical but built and grew. And so that's where I'm allowing myself to have hope in the future.

John Talton
Well, here's to hope that's backed by hard work. I want to thank you all for coming tonight on behalf of Seattle Arts & Lectures, and its wonderful sponsors, and this beautiful concert hall downtown. The book is The Passion Economy. The author is Adam Davidson. Please give him a big thanks.

[Podcast theme plays]

Rebecca Hoogs
Thanks so much to Adam Davidson for joining us on the SAL stage. Thanks as well to the Seattle Arts & Lectures staff, board and community—and thanks to all of you for listening. This show would not be possible without you. Our show is produced by JackStraw Productions with theme music by Daniel Spils. To hear more, make sure to subscribe from wherever you get your podcasts, and rate and review us five stars so that more people can enjoy *SAL/on air*.