Tristan Harris: So often, if you're a company that's focused on the short term, you create harm unintentionally in the long-term. But if you try to be a conscious company that's oriented for the long-term, you'll just lose the companies that optimize for the short term. Think about social media. If I'm a social media company and I want to be less addictive and optimized for the long-term, well, I'm just going to lose to the companies that don't do that and go for the most addictive next video. In the short term, if I realize that social media is driving polarization and I don't want to optimize for the most engaging, personalized news in the short term, well, I'll just lose the companies that are optimizing for the most engaging, personalized news. So the problem of if I don't do it, the other guy will is everywhere.

We see it behind what's going wrong in all the systems that are driving harms across the environment, public health, salt, sugar, fat, social media, the race to the bottom of the brain stem. We call these problems a multi-polar trap because it's not up to individual companies to do the right thing. If you ask CEOs, "What can we do to change this?" They'll often say, "Well, this is just gravity. You can't change gravity." But, our guest Eric Ries believes you can change it.

Today on Your Undivided Attention we're airing a conversation with Eric Ries from the Long-Term Stock Exchange. This episode is actually from another podcast that, like us, is part of the TED Audio Collective, a podcast called ZigZag with Manoush Zomorodi, which is a business show about being human. Now, the Long-Term Stock Exchange is about tying executives to the long-term value their companies create by requiring all listed companies to consider a broader range of stakeholders in their success, to measure success in years and decades, and to align executive compensation and board compensation with the long-term performance of the company. We're going to air that conversation here, and then at the end, we're going to debrief it and tie it back to our work at the Center for Humane Technology and the problems of social media. So, stick around through the end. With that, here we go.

Manoush Zomorodi...: Let's kick off ZigZag, season five, episode one, and delve into some of the f'ed up fundamentals of our economy with this guy.

Eric Ries: My name is Eric Ries. I am the founder of the Long-Term Stock Exchange and author of The Lean Startup.

Manoush Zomorodi...: Isn't his voice so soothing? To understand Eric's wild project called the Long-Term Stock Exchange, we first need to talk about his book, The Lean Startup. When The Lean Startup was published a decade ago, it changed how the tech industry worked. Want to start a company? This was your Bible. It was a template for making faster decisions about how to build your business. It still is. Terms we all use now like iterate and pivot, that's Lean Startup talk.
Anyway, Eric Reese pretty much became the king of the tech bros and nerds, or maybe more like the chief tutor. But unlike some of those bros, Eric is not into moving fast and breaking things as that old Facebook mantra went. In fact, his latest project is a radical financial experiment, a social justice movement in the form of a new stock exchange. Now, there are only about 13 stock markets in the US, so launching a new one is kind of a big deal. Eric's personal journey from tech wonder kid to realizing we need a new way to measure success for companies and ourselves mirrors much of what has happened to this country over the past 10 years.

Eric Ries: I had really worked in the technology industry and in Silicon Valley almost exclusively, so I had a very self-contained, very local experience doing the classic tech founder, computer programmer type career path. Then all of a sudden because of the book, I got this world tour. It was remarkable how wide the applicability turned out to be of those concepts and the interest all over the world in every conceivable industry, in different companies from three days old to hundreds of years old, from two founders in a garage up to hundreds of thousands of employees, nonprofit, for-profit, government agencies. You name it, there were people who wanted to talk to me about lean startups. So, my life became very broad and all of a sudden I got to go backstage and see how the world really works. It was really fascinating.

Manoush Zomorod...: As you were getting your world tour, as you mentioned, presumably, you were also seeing... You've just listed some of the more productive and constructive side of building a company, but I'm guessing that you became more and more aware of some of the more destructive, not-so-societally-helpful parts of building companies.

Eric Ries: Indeed. That's a really interesting way of framing the question. As I went to more and more places and worked with more and more companies, if you talk to any middle manager in any organization of any size, almost anywhere in the world and ask them, "How's it going? What's the health of your organization?" You will immediately start to hear about these anti-social problems that their organization has that have their origin in short-term thinking and short-term behavior. If you have a colleague who works at middle manager at a public company, how often do they complain about the quarterly returns and the slavish-ness with which companies are run quarter-to-quarter, target-to-target without the ability to make the long-term investments in the humanity of their employees. That problem is on everybody's lips and it was actually a bit of a shock to me.

Manoush Zomorod...: Why was it a shock to you? I was a former business reporter at Reuters and you wait for the quarterly earnings. When I started as a young business reporter, I didn't know any better. I was like, "Okay, this is how it's done."
Eric Ries: That's right.

Manoush Zomorod...: Then you start to see markets react to how the quarterly things went, and then you start to get older and you're like, "Well, wait a minute. We're living our whole lives in three month cycles? That's how it works?"

Eric Ries: It's something that our grandparents would not understand. We have gotten used to it through this slow process of decay, so everyone views it as normal. But if you really think about it, even for a few seconds, think about how the pressure there is. Think about how sales for if everything spike at quarter boundaries, December 31st is always a way better sales day than January 1st. The unnatural acts that are conducted to make sure that this arrangement happens, are they actually in the enterprises best interests? As soon as you start to run the company to produce the correct report, the report is no longer useful as a tool of accountability and then you got to ask yourself, "What is it for?"

Manoush Zomorod...: So, you were surprised by this. Why were you surprised?

Eric Ries: I guess I had a very Pollyann-ish or I don't know what's the right word. I had a very naive view living in Silicon Valley. We build great companies. We all have very much the rhetoric of building companies for decades and centuries, changing the world, that's almost to the point of cliche. As I went on into the wider world, I just assumed that they knew what they were talking about and knew what they were doing. Then as I met more and more of those people, and I saw the look of incomprehension on their face as we would start to talk about these issues, "What can we do about this problem?" If you ask even a senior manager, CEOs, boards, "What's the top problem afflicting you?" The issue of short-termism is always one of the top three things they mention, and they'll go on and on about it for hours and hours.

But if you say, "But what should we do about it?" They look at you like you're nuts. "Well, that's asking what should we do about gravity? You don't really do anything about it. It's just a fact of the universe. That's how it is," I don't know, for whatever reason, I was surprised by that. I thought that the culture of business at large was one of a can do attitude and we can change things and know things are always improving. So, why is this one issue one where we have such fatalism about, especially as I learn more. You see it in the root causes of so many of the problems in the world around sustainability, around inequality, around inclusion, you name it. Corruption, the disintegration of social fabric and communities.

Manoush Zomorod...: Is there an example you're thinking of? You don't have to name names if you don't want to, but of a company that maybe illustrates this issue that you're describing.
Eric Ries: Well, I'll start with the most boring and mundane, but actually the one that would radicalize me first. You would think with the ideology of business that we have in the 21st century, that companies would continuously invest in innovation, understanding that to stand still in this day and age is to see your profit margins and opportunities be eroded by an infinity of new competitors. In fact, I get called into companies quite often because they want to make those investments. The strange thing I learned was, companies have this kind of like boom/bust cycle. They go through where they invest in innovation, they get some projects going. Then the second they have a bad quarter, the first projects to be canceled or cannibalized are the innovation projects. It's like eating the seed corn.

It makes no sense. It's counterproductive. You may as well not invest in innovation if you're going to cancel it before it's had a chance to run its course. Innovation takes longer than three months. This is an epidemic in our corporations, and I kept meeting with the people tasked with doing innovation and I would watch them go through this cycle over and over again. Get funding, have their projects canceled, get fired, get hired, go through the same cycle again. It's just once you get to see all that stuff up close and personal, the human cost is what I come back to again and again. It's really painful.

Manoush Zomorod...: Eric Ries is this entrepreneurial strategist in Silicon Valley. He writes this mega book, The Lean Startup, and then big companies are asking for his advice. He realizes those companies have a big problem. They are so focused on quarterly earnings, making the most money they can every three months, nevermind what would actually be good for the company, for their products, their customers, their employees, or society. Things like investing in a community full of workers who need training takes time. Strategizing with city officials over how you can grow your workforce without making the city too expensive for anyone but your own employees to live there, that takes time. Figuring out new technology that doesn't destroy the planet, it takes time. So, how do you give a company more time? Well, you change the incentive. That brings us to Eric's nutty plan, the Long-Term Stock Exchange, the LTSE.

Eric Ries: I can remember coming up with the idea. I was sitting in an airplane, flying all over the country doing workshops and lectures about The Lean Startup when I was writing the book. So this is 2009-10. Quite a while ago. If you study the research on what makes companies great, the idea of having a philosophy of long-term thinking is really well established in the literature about it. At first, I was thinking about Silicon Valley, but I eventually realized it had much broader applicability. What could we be doing to create more great companies that have this long-term view?

Manoush Zomorod...: When you first had the thought of creating a new stock exchange, did you try to talk yourself out of it? Were you like-
Eric Ries: So many times.

Manoush Zomorod...: Oh, my God, I can only imagine.

Eric Ries: Well, what's funny is I didn't intend to build this, you understand. This is the best part of being an author. You may be familiar.

Manoush Zomorod...: Oh, yeah. You have big ideas.

Eric Ries: Big ideas. You have a whole chapter of things that other people should do.

Manoush Zomorod...: Yeah. Yeah.

Eric Ries: If you actually go back to Lean Startup, the last chapter is kind of future directions for the ecosystem and a whole bunch of ideas that people should do. This was just one of several, I didn't ever dream that it's something that I would have to do. For years after the book came out, it was like my cocktail party conversation. People say, "Oh yeah, hot shot." I remember doing a Wall Street Journal interview where they were like, "Well, what other? Lean Startup's big. what are your other big ideas?" I was like, "Oh, here's one for you," and they literally wrote a column that was like, "This guy is crazy. Look at his crazy idea. Haha."

Manoush Zomorod...: I think I read that article and was like, "Oh. Oh!"

Eric Ries: Yeah, right. Right?

Manoush Zomorod...: Yeah. This would change everything.

Eric Ries: It's amazing. So, it was my conversation. I would just say, "Hey, I think this is an interesting idea. Someone should really do something about it." What was wild is to watch... People had just very extreme reactions to it.

Manoush Zomorod...: We should just lay it out. What is the idea? Just lay it out for me.

Eric Ries: So the Long-Term Stock Exchange is in the same regulatory category as NASDAQ or NYSC. We are the first new way for companies to go public really since the creation of NASDAQ in the '60s. We believe that in order to be listed on our market, companies should have to be held to a higher standard around things like having a philosophy of long-term, thinking about being multi-stakeholder, taking care of their employees, their communities, the environment, and having their investors have better disclosure to really understand what the company's long-term strategy is. At it's heart, it's actually a very simple idea. Companies that want to go public have to be listed on a stock exchange. Every exchange has
listing standards that companies are held to and ours are higher than the legacy players.

Manoush Zomorod...:  Okay. How does one go about... Clearly you floated the idea for a while and then when did you decide, "Crap. I'm going to have to do this myself."

Eric Ries:  Yeah. I spent years in the wilderness just trying to understand, how do you even create a new stock exchange? You talk to lay people about this, and you say, "I'm going to create a new stock exchange." It's like you're saying, "Let's create a new moon." It's like, "That's just not really how it works. We have one already. We don't really need another moon." It's like it's not a human thing even to contemplate, and I spent a long time just trying to understand. Were they carved on the stone tablets? Where do they come from? How do we get stock exchanges? Finally I met a securities lawyer who said, "Oh, it's not a big deal. You just fill out the Form 1 application."

Manoush Zomorod...:  What?

Eric Ries:  I was like, "I'm sorry, I don't follow what you're saying. What?" He's like, "You know how government forms are all numbered?" Like, "Sure, everyone knows that." He's like, "Well, this is SEC Form number 001. The application to establish a national... It's just a form." Now, it's a complicated form. It's 200 pages long and take several years to fill out, but it's not mystical. Congress in all its wisdom laid out a process by which new stock exchanges can be created. It's kind of old, creaky infrastructure. That's a lever we don't pull very often, but we still know how to do it. That's been my journey over now, several years. We first raised money for this in 2016, I think. If you think about from 2012-16, it took me all that time just to figure out how you would do it. It took us about three years to get the SEC approval, which we got last May.

Manoush Zomorod...:  Congrats on that.

Eric Ries:  Yeah. Thank you very much. Yet, part of this is just taking a monumentally big idea like this and just breaking it down one step at a time. It was like, okay, well what has to be on the form? Who has to fill it out? What kind of expertise do you need? What kind of lawyer do you need? What kind of lobbyists do you need? What kind of engineers do you need? Just help me understand the pieces, and it took thousands and thousands of conversations, of course, to figure all that out. I hope that this will serve eventually, if we're successful, as inspiration to a new generation of civic entrepreneurs who will say, "You know what? We don't have to take the institutions of our society as a given. We could try to build new and better ones."

Manoush Zomorod...:  Can you help me figure out what that might look like?
Eric Ries: Yeah. The whole idea is for a company to be able to say, "Look, we're going to make binding commitments to do the right thing whether or not the stock price is up or down. We're going to take our stakeholders into account. We're going to measure the impact that we have on them, and we're going to be sure that we're taking care of not just our shareholders, but also our customers, our employees, our communities." For me, the acid test of this is what happens if, God forbid, it is discovered someday that your product is actively harmful to your customers? It's addictive, or it makes them depressed, or it's unhealthy, or it harms their communities or the societies that they live in. Well, the people who are in charge of the company at that time... When I do this exercise with founders, I always ask them to imagine after they've passed away, the next CEO, why will they do the right thing and come clean?

Think about when Johnson & Johnson had that famous Tylenol recall. Now, it's taught as a case study in business schools where even at that possibility that there might be poisonous products out there, they recalled everything voluntarily to build that public trust. Will they do that, or will they try to bury it and punt the problem down into the future? That's the acid test. Here, we want to have kind of layers of protection around the company that kind of remove the temptation to do those things so that then when a company goes to the public and says, "You should trust me, I'm here to stay. I will be your partner. I will take care of you." When they go to their employees and say, "We'll be a good employer." When they go to communities and to politicians and to all the partners that they have to deal with and say, "We would like to be your long-term partner. You can trust that we are looking out for win-win opportunities for you and for us," that any of those people would have any even iota of reason to believe them.

Manoush Zomorod...: I remember talking to someone I knew who, we were talking about someone who was on a board and they had voted for this company to be sold to a right wing company. I was like, "I just can't believe they would vote like that for this company to be sold." They were like, "Well, I get it because her obligation is to the board and the shareholders. It doesn't matter what would be good for society or what she thinks is the right thing to do. That's irrelevant."

Eric Ries: Yeah, and it's absolutely mind boggling that there are people who really believe that is the right way to run business. A big part of LTSE is just to say, "Why don't we partner with the long-term shareholders and figure out with them what's really in the company's long-term benefit?" That's where I think you can reclaim the kind of unity of purpose between corporations and a healthy society since for most companies, it's actually counterproductive to harm your employees, to harm the communities in which you operate. That can help you in the short term, but we've seen so many examples over the years where that's really counterproductive in the long run.
Manoush Zomorod...: So if somebody listening is like, "Okay, I want in on this. What companies can I invest in if I believe in this idea of companies that are thinking about the long-term effects of the products they make and the wellbeing of their employees and all those things?"

Eric Ries: We're working on it. We're not quite there yet. We like to joke that it's like we acquired the world's most expensive taxi medallion. We have gotten a license to operate this new exchange, we are not yet driving the car around. We're still in the process of working with the regulators to get the servers and the infrastructure booted up. What we will do then is we'll act almost like a certification agency, that the companies that are willing to list or dual list under our standards, that they'll be the ones that the public can trust have this long-term philosophy. I'm not allowed to talk about the specifics of who those companies might be, so if I say we're very optimistic about this next generation of companies and the investors that work with them, I think have a really different value system or really different ethos around what actually creates value for the long-term. This is what gives me hope because I now know several companies, I think, that are gearing up to meet this standard.

The standard is, if I come to you, the public, and say, "I'm a good citizen. I'm going to be a good company, not like the ones that have come before. I'm going to take care of people. I'm going to do right, not just for the sake of virtue signaling and social justice. I'm going to do right because that's ultimately what's in the interest of my long-term shareholders." The longest term shareholders in any company, they're your employees and the founders themselves and the communities that you're going to be operating in potentially for decades.

I think if you could somehow arrange it, just as do this as a thought experiment, imagine that every corporate executive in America by magic had their entire net worth tied up in the value of their company 10 years from today. So they lived in poverty for the next 10 years, but then they would reap this massive reward. They could access their complete net worth, but only if the company was healthy and solvent at that time. Does anyone really believe that under those incentives, these same people would be obfuscating the climate crisis or be not investing in communities? All these problems that we're dealing with, they'd be like, "Well, it's not my problem. It's somebody else's problem?" They would feel those problems so much more acutely because they'd be like, "Oh, my God. If this problem is still happening 10 years from now, my company's not going to be worth what I want it to be worth."

Isn't that really what their shareholders would want them to be doing? We want to move in that direction, and I think if we do, we will start to see corporate actors and because of their influence on political actors, also political actors start to take those long-term problems much more seriously.
Manoush Zomorod...: But it sounds like you’re explaining to me why some people, particularly in Silicon Valley, are kind of hostile to the Long-Term Stock Exchange, because what you’re saying to them is like, "You are going to have to give something up in the short term."

Eric Ries: It's a trade. We've always conceived of this as a bargain, a grand bargain between investors and managers. Everyone give up a little bit in exchange for, we have more valuable companies. So, yeah. Our standards are hard. Right? You won't make as much money in the short term potentially. We don't allow companies to have really short-term oriented compensation systems for managers. We require companies to do more, not less disclosure. And, we ask that corporate power and economics be shifted away from the short-term investors and toward the long-term investors. Those are real. For something to be meaningful as a certification, as a signifier, it has to be real. It has to actually be painful. The fact that it's somewhat difficult is the thing that makes it valuable.

So at the end of the day, will anyone really be willing to sacrifice the short-term for the long-term? I don't know. It's an experiment. We're going to find out. But, let us have an end to all this rhetoric about changing the world if we're really just in it for the quick return. We dispense with that, please. We get confused really easily about what actually creates value, and you got to go back to the fundamentals. I think Peter Drucker said, "The purpose of a corporation is to create a customer, serving humans in a positive sum way." That's why corporations exist. That's why capitalism is a moral system. If we ever break that connection, right? Rent seeking behavior, crony capitalism, all this stuff where people get paid for without creating value. Not only is that corrupt and I don't know how those people live with themselves, but it kind of breaks the fundamental promise of capitalism and therefore brings the morality of the whole system into question.

Manoush Zomorod...: I guess my last question to you is, Eric, you were really young when Lean Startup became a best seller and a lot of people looking to you to lead them into the future at a really young age, and here you are, I think you're in your forties, right?

Eric Ries: Yeah.

Manoush Zomorod...: I'm really fascinated by how people gauge time or think of time in their own lives. I wonder, how has the working on the Long-Term Stock Exchange affected you in terms of how you view your career and your life trajectory?

Eric Ries: Gosh, that is a great question. I noticed something that in the early days, it was important to look the part of what people wanted. There were a certain segment of the population, they liked the idea of the young guru who would
teach them this avant garde stuff. So, one lesson you get right away is that the world projects onto the things that it wants to be true and eventually you become a character in people's lives. It's not even really about you as a person. That's very surreal. But, the other thing that really got to me was, look, this has been an incredible ride. So gratifying, so rewarding in so many ways. Created just an immense amount of freedom for me to do whatever I want to do and to spend my time on the things that I think are valuable. Then on top of that, I had kids.

I got young kids at home now. When they're old enough to understand what I do for a living, what do I want to tell them I was working on? Do I really want to be like, "You know what I did? I helped shareholders incrementally get more value under the Delaware Business Judgment rule, by blah, blah, blah." Who wants to say that to their children? You got to have a better story than that. I don't know. I don't what other kid... My kids see right through me, so if I try to BS them with some kind of, I dress it up as, "Oh, I'm changing the world for the better," they're going to know.

They're going to inherit these problems from us, and what are we going to say that we did about those problems when we still had the chance? When prevention is so much cheaper than mitigation after the fact, which of us is going to be able to stand up and say, "No, I gave it my all. I actually tried to do something to address the root causes of these problems." I don't know about other people, but I want to be able to look my kids in the eye and say I was on the right side of this one.

Manoush Zomorod...: What do you want to be able to say that you did, hopefully, if the Long-Term Stock Exchange experiment succeeds?

Eric Ries: Well, it's so funny because people act like it's such an audacious thing and it's so big. But to me, this is just one brick in a new foundation for our civic society. We do not have the institutions that we need to survive the 21st century. Business, nonprofits, and educational institutions, and religions, and governments, and politicians, and everybody rowing together to kind of reinvigorate what it means to live in a democracy in the 21st century. I don't think the status quo is tenable. So, it's up or out, as they say. I hope this will help inspire people to take those steps.

You never can look into someone's soul and know for sure if they're being sincere in what they say, no matter how well you know someone. I know a number of founders who are saying the right things, and they're starting to say it publicly, too. They're going to be good for society. They're going to be climate neutral or they're going to be multi stakeholder in their view. But to me, this is all about actions speak louder than words.
Manoush Zomorod...: Eric Ries, I am so excited to introduce your big idea to our ZigZag community because it's really exactly what they’re thinking about, and I think people are understanding there are problems, but now it's time we need to talk about the solutions. So, I'm really grateful to you for your time.

Eric Ries: Oh, thank you. It's really my pleasure. Thanks for the interview.

Tristan Harris: How is the long-term stock exchange connected to our work at the Center for Humane Technology and the issues that you all know about from the social dilemma? That's the question I'm going to explore together with our executive producer, Stephanie Lepp. Hey, Stephanie.

Stephanie Lepp: Hi Tristan.

Tristan Harris: All right. Well, let's get into it. The thing listening to Eric that comes to mind is the recognition that he starts with that he was a former tech entrepreneur, and normally the way you solve problems and change the world is you build a new thing. You build a new company that does it the better way, but then he realized that he was in a trap, or what we on this podcast have called, a multipolar trap.

Just for listeners, just to remind them what are multipolar traps? Okay. A multipolar trap arises when individuals have an incentive to act in ways that are beneficial to them in the short-term, but detrimental to the group in the long-term. Think of a person at a concert who stands up to get a better view, and then that forces other people to stand up until suddenly everyone is standing and no one has a better view. Think of companies that reduce costs by polluting more, which then forces the other companies to follow suit and thereby destroy the very resources on which they all depend. Think of social media platforms that compete for our attention so that when Snapchat introduces a new, even more addictive feature like streaks or the three second videos, Facebook and Twitter have to start mimicking that kind of design in order to keep up. That sends us all in what we call the race to the bottom of the brain stem.

Multipolar traps are the trap that we're collectively bound by, and most of the world's issues are just traps on a bunch of interlocking, perverse incentives. What I really want to point our listeners to, and we covered this in our episode called, Here's Our Plan and We Don't Know, and that episode is really about how much these traps govern our lives and why we aren't seeing progress on climate change, or on economic inequality, or name, any issue. Salt, sugar, fat in food or bad social media. It's that if I don't go for the dopamine and create the most addictive, next version of TikTok, then the other guy will. In fact, we have seen YouTube and Facebook and Twitter try to make changes in the positive direction, sort of, in small ways. But then recently, because TikTok has actually outcompeted Facebook and Instagram and YouTube, there's now this trend called the TikTokification of Facebook, Instagram, and YouTube. They're
becoming more like TikTok. They're actually having to migrate to that format and so they're all part of this trap. That's why I'm excited about what Eric's doing, is a way to get out of that trap.

Stephanie Lepp: The Long-Term Stock Exchange is one experiment in an attempt to do that. We could just ask the question, what are other experiments? How else might we experiment with creating playing fields that incentivize playing for the long-term or that align the incentives of the individuals with the collective? So Tristan, maybe I can kick it back to you and you can give another example of a new playing field that would orient players towards the long-term.

Tristan Harris: Let's say Apple. They currently keep 30% of the revenue on the App Store for an app and they give back 70% to the developer. So right now, you have apps that are making all this money, paid a check by Apple every month, that 70% of the revenue that they earn. Well, what if Apple said tomorrow, "Hey, we're going to change the constitution. We want to incentivize things that are good for the long-term. We're going to actually have some metrics for what good for the long-term means and the better you satisfy those metrics, there's going to be this part of that 70% of the revenue that we're going to hold onto. It's like a pot of money, and we're going to distribute a part of it based on the degree to which you satisfy the long-term."

You could also think about it the other way, which is, "If you are creating externalities in society, if you're shortening people's attention spans, if you are harming people's mental health, if you're creating more perception gaps in the way that people make sense of the world, we're going to have taxes for those things. We're going to have a regret tax for the more addiction you create. We're going to have a perception gap tax for the more gaps in perception that you create, and we're going to actually enact that tax higher and higher in the long-term." So, sure TikTok might look successful today, but if I'm TikTok, how do I tell future investors that, "By the way, five years from now, the early indicators on the amount of regret I'm creating in society are really bad." If we know that Apple's going to charge me 5X the amount of regret that I'm currently generating, that deters investors from wanting to invest in TikTok.

I'm just playing around with ideas here, but they're representative of the kind of thinking that would align the incentives of those who make technology with the long-term and identifying that there is an actor like Apple that is in the position to do this. I think one of the things with Apple, and I said this on the Joe Rogan podcast a few months ago, that Apple thinks that it can be one of the good guys by not being one of the bad guys. That's true, it is not one of the bad guys. It's building technology that they sell to you. You're the customer, not the product. I want to really commend Apple for all the things they've done on privacy, on app tracking transparency, on the screen time features that are now in every iPhone, on the focus mode and do not disturb features. These are all examples of
moving in a humane direction, but they get away with being the good guy by simply not being one of the bad guys.

I think we could change the goal post and say, "Actually, if you really wanted to do what's good, you would change the entire incentive landscape," meaning all of the incentives that govern what apps do and don't do, you just make a change in your constitution for the App Store policy and all the apps have to fall in. I want to give one clear example of this. This happened about a month ago, Apple actually changed the app store constitution and they basically said, "To be in our App Store, you have to have a button in the app that says Delete My Account." Now, this is a perfect example because if you think about it, if I'm the social media app that doesn't let you delete your account from within the app and the other guys let you do that, the ones that let you delete the account from within the app are going to lose to the guys that hide it behind seven clicks on the website.

Just to make it concrete, if I'm Instagram and I say, "The only way for you to delete your account is to actually go to instagram.com, login through a web interface, go seven layers deep into the interface, and then hit Delete Your Account," no one's going to do that. Right? But if all apps are required to say, Delete My Account, and that's in the interface and every app does that, that changes the game. With one change, they actually did this. So what we want to do is just say, "Hey, instead of just that one thing, we want you to enact an entirely new digital constitution for a symbiotic humane relationship between technology and humanity.

The way to do that is to account for all the externalities that are currently showing up on society's balance sheet, and it's all the things we've talked about on this podcast. How much regret are you creating in society? How much addiction are you creating in society? How much breakdown of community or sense making are you creating in society? Those are the externalities or the shadow of technology, and the way we help the tech industry incorporate an integrated shadow and become a better collective tech industry is by making visible those externalities and making sure that preemptively the world knows that the marketplace will value them differently.

Stephanie Lepp: Amen. Just in case it wasn't clear for listeners, these kinds of rivalrous dynamics, short-term games are playing themselves out across industries, right, obviously? Not just in tech, hence the Long-Term Stock Exchange for any company. Not even just in the world of business, but we can make a very clear analogy to politics where politicians are just constantly playing the short-term game of getting reelected in the next term.

Tristan Harris: I think a lot of what this conversation brings up for me, and I recommend listeners go back to our episode with Daniel Schmachtenberger. We talk about
how we can have sustainable peaceful tribes that are in peace with nature and get their food and lumber and energy in a sustainable way. But the problem is, they just get killed by the war-like extractive tribes that grow way faster, get faster GDP, more resources, more weaponry, and they just come and take the sustainable tribe's stuff. Think China versus Tibet. China just kind of overpowers Tibet. This is true of so many different human experiments at smaller scales is, how does the small guy doing the values driven thing actually outcompete the larger guy? Well, we need to change the game.

When it comes to this work, I think the critique I would have is, how do you change the rules for how all businesses compete? What we really want is the Long-Term Stock Exchange principles embedded in how the normal stock market works. I suspect that it's going to be hard for the Long-Term Stock Exchange to get the kind of traction that it would need to on the timelines that we have for various problems, climate, existential risk, all the things that we talk about on this podcast.

The reason why I keep going to Apple is if you also take into account, how much time do we have to address these problems that we're talking about? We were talking about eminent polarization, conflict escalating in very short numbers of years. Imagine if Apple were to implement this? They could change this tomorrow. One of the beautiful things about when they've made these changes, starting in 2018 with the screen time features, is they make one change and in September of the next year, 2 billion iPhones are running a totally different culture, and now there's this phrase called "screen time." Now, kids are talking to each other about their screen time and they can compare the numbers of their screen time. They can actually instantiate a new cultural conversation.

They can change the app tracking transparency features, which a year ago they launched on the iPhone. When Tim Cook launched he said, "We can't allow a social dilemma to become a social catastrophe." That privacy change actually dropped $10 billion a year off of Facebook's profits. It also dropped their stock price, combined with Frances Haugen coming out, by about half. So, they went from a trillion dollar company to about a $500 billion company. These are significant changes and Apple can make them on the time scales of months and within a year. So out of just pure logic and practicality, I think this is the move.

Stephanie Lepp: Yeah. Maybe Apple should join the Long-Term Stock Exchange and change its App Store and feed multiple birds with one seed.

Tristan Harris: There you go. That's a more inclusive answer. To Eric's point, the other thing that's created by moving to the long-term is trust. You can actually hire and retain better employees because your employees know that you're not just greenwashing the story of your company, and we have an entire marketplace that's greenwashing the actual truth. So, you have a more inspired and
passionate and retained employee talent base. You have a better legacy. You have a better story to tell your children every day and that's recursively true fractally, all the way down to the trickle down effects of the company and everybody working there. I just think that it's a really inspiring option. I want every member of the Apple App Store and design team to listen to this.

The Long-Term Stock Exchange launched in September of 2020 and current technology companies listed on the exchange include Asana and Twilio. You can learn more about the Long-Term Stock Exchange at ltse.com. You can find more episodes of the ZigZag podcast at zigzagpod.com. If you enjoyed this episode, check out our recent episode with Zebras Unite about new ownership and governance models that can incentivize the creation of long-term stakeholder value. You can find that episode and our full catalog at humanetech.com/podcast. I'm Tristan Harris, and thank you for giving us your Undivided Attention.