Kai Ryssdal: There you go.

Molly Wood: Look at that. Time to start. Oh, good. Okay, good. I got you. I got you covered. I opened the document. Welcome, everyone, back to Make Me Smart, the episode that--sorry--the podcast where once we open the document, we make today makes sense. Thanks for joining us.

Kai Ryssdal: Honestly, we are trained professionals! We are trained professionals. Anyway.

Molly Wood: Sometimes we just goof off.

Kai Ryssdal: Oh, man. I’m Kai Ryssdal, it is what do you want to know Wednesday, you bring the questions, we bring the answers with a lot of support from Marissa Cabrera and the awesome team that doesn’t get to be on the microphone like we do every single day.

Molly Wood: Exactly. And if you have a question that you would like us to answer next week, you can send it to makemesmart@marketplace.org, or you can leave us a voicemail. Our phone number is 508-827-6278, also known as 508-UB-SMART. Leading off today, this--I’m delighted, I love this topic, can’t get enough--a question about SPACs.

Aziz: Hi, this is Aziz, longtime listener calling from Fuquay-Varina in North Carolina. Something that’s been sort of itching at me is the, what are the downsides to using a SPAC? You know, you still have some companies going through the traditional IPO process, like Robinhood recently, and a few others, why don’t they all just go get us back to acquire them? And what are the negatives of using them? Thanks always for making us smart and have a great day, guys.

Kai Ryssdal: So where do you suppose Fuquay-Varina is in North Carolina? It's a great question. Great question. And thankfully, we have the answers. But I still want to know where Fuquay-Varina is without having to go online.

Molly Wood: Me too, and I was gonna say actually that Fuquay-Varina in North Carolina is like a poem, it’s just like a beautiful, lyrical thing to say a bunch of times in your head.

Kai Ryssdal: Isn’t it great?

Molly Wood: Yeah, I also got totally derailed by that.
Kai Ryssdal: We did a whole SPAC episode, so you can go check that out. Tony's gonna put in the show notes. And I don't even know if Tony's in today. But anyway, somebody is going to put it in the show notes. Special purpose acquisition company, for those who are not familiar, SPAC, it's a way for companies to go public in a less regulatory way, right? Basically, you form this company, you get a bunch of investors, and then you go looking for a privately held company that you believe can do some good or has a product or whatever. And then you take it public and you get access to the capital markets. And there are a lot of upsides, right, for, for would be SPAC prospective investors, right? You don't have to deal with the whole goat rope of the IPO roadshow. It goes much faster. There's much less regulatory hoo-ha to deal with. But let's pivot from there to what's not great. Number one, there's much less regulatory hoo-ha to deal with and so conceivably things could go wrong in a very big hurry, because regulators, painful though they can be, actually save a lot of people's bacon when they look through books and require disclosures and all of those things. That's number one. Number two, SPAC sponsors, that is to say the shell company that gets it up, they take a huge chunk off the top, right. And so you may not get as much proceeds wise, if, if you're an investor. And then finally, there's just the perception, in my book anyway, the perception of due diligence having been done. When you file to go public and you're a regular company, and you get Goldman or Morgan Stanley or whatever, to sponsor you and take you public, you have to do a whole big roadshow and you have to lay it all out there and you have PowerPoints and presentations and you're explaining things and how you're going to make money. And that's all good because it gives investors confidence in what it is you're trying to do. If you SPAC it, none of that stuff has to happen. And you're just kind of hoping and sometimes that could not work out so well. So that's kind of the downside, you know.

Molly Wood: Yeah, it might not last forever, but I do think there is this perception right now that if you SPAC it, which we are now saying forever, that it means you might be trying to avoid something. And that the thing you might be trying to avoid is all that due diligence for sure. And it's very possible that, you know, investors would prefer, for example, SoftBank, everybody who was not Masayoshi Son found out about WeWork's issues in the process of the IPO filing. You know, governance problems. And so the investors were able to basically like, clawback their money or not put in the second tranche, like it can actually reveal things to investors that they would frankly like to know. So it's possible that some investors might discourage companies from going public through a SPAC too, and evidently, one got sued recently, Bill Ackman, who's like a big deal, his SPAC got sued Tuesday in a lawsuit that essentially said, no, sorry, this is not an operating company, it is actually an investment company, which like, considering they take a 20% stake, I think it's hard to argue that they're not. You know, there's just, there's just habits. There's also that thing where people just are used to doing things a certain way, and they're probably just like, yeah, that feels a little safer to me. Good question, though!

Kai Ryssdal: Yeah, really good question. Bea in Oregon, and it's an email, thus, I will read it. Can you make me smart about the recent crackdown by the Chinese government on Chinese tech monopolies like Tencent and Alibaba? Do you think this could have any impact or influence stateside, as the US considers breaking up tech monopolies? Could this put Silicon Valley
companies on guard? Or will it just be seen as China policing China? Another great question, really good question.

**Molly Wood:** I know, you guys are so smart. Our listeners are so smart. I, let's see, let's sort of try to break this down a little bit. Step one, the recent crackdown by the Chinese government. It is, indeed, the Chinese government has been cracking down on its biggest companies, lots of them tech companies, with fines, regulatory orders, forced restructuring. One company, I think more than one, has had to pull their IPOs. And it has been really interesting and really disruptive to the global economy. And then, of course, these big companies who, for the most part, hey, you know, Alibaba, Tencent, Didi, like the companies that were the only companies of a size that could challenge the US tech giants are now finding themselves really under the thumb of the Chinese government. And the reason, mainly, seems to be that Chinese authorities are saying these companies are potentially a threat to our power, and they don't want them to threaten. And it sort of, it comes in lots of different ways when it came to Alibaba, it was really about Alibaba issuing credit, becoming a bit of a bank. And, of course, in China, all of the banks are controlled by the government. And so the government said, whoa, whoa, whoa, you know, if you're taking away financial tools, and doing that as a business, that's a huge threat to what we're doing. And it seems to have just spread from there. There's also an interesting piece in The Wall Street Journal that seems to suggest that the Chinese government actually wants manufacturing to continue to lead the economy because there still have been subsidies and protection on manufacturers, which I thought was really interesting. In terms of what it could mean for the United States, I mean, first of all, it's not a model that the United States government can follow, right? Because the Chinese government has ultimate authority. For example, recently, the US government sued Facebook, the FTC, and the courts threw out the case and said, you know, you didn't write this the right way. And so the government has to start over. That's obviously never going to happen in China. But what I do find interesting is that the Chinese government could end up setting a precedent. And this is just very surprising, because one of the things the government is arguing for is greater privacy and consumer protection with respect to the use and collection of data. I make that sound with my voice because that's a little rich coming from the Chinese government which spies on everybody all the time. But they are apparently considering just literally, as of yesterday, a personal information protection law that would prevent Big Data abuse and excessive data collection. There aren't a lot of big tech companies, obviously, that do--American tech companies--that do business in China. But if a law like this at the federal level is on the books in China, it's going to make it just honestly on an ongoing basis more, frankly, embarrassing for the Congress of the United States not to have similar laws. Like if you can look at China and say they protect user data and privacy more than the United States does, that's a bad look.

**Kai Ryssdal:** That's a loss of face, if I could just mix my cultural metaphors. I think there's one more-- there you go--there's one more contextual piece of this and that is that the Chinese government has made with the Chinese people for generations now has since, since Deng Xiaoping, has been we will let you get rich if you surrender your political rights, and that is why they feel they have to control the economy and like Molly was saying, it's all about
the control of the economy and size and and, and ability to control that paradigm. And that's, that's scares the hell out of me, I'll guarantee it. Guarantee it.

**Molly Wood:** Yeah, yeah. And also though, you know, smaller companies--just gonna make up weird words--smal-ling these companies only enbigens the US tech giants. So, that's something to consider also.

**Kai Ryssdal:** Very nicely done. Drink! Okay, our next question is disinformation. Here we go.

**Charlie:** Hello, this is Charlie from Planter, Georgia. Molly said something about hucksters, that particular guy in Florida who is spreading misinformation and making money from it. Now, I don't doubt that there's all kinds of vile people who are trying to make money. But how are they making money spreading misinformation? Thanks.

**Kai Ryssdal:** This is three great questions in a row, by the way.

**Molly Wood:** I mean, I love our audience. You're the best. Yeah, so many ways, actually, many more than you would think, there's from the simple to the complex. The simple is, if you get a lot of views on YouTube, or on Instagram, or on Tik Tok, you--and maybe not actually on Tik Tok--you can get paid. Like, there's some point at which, certainly on YouTube, especially if you've got a real popular anti-vax channel, if you get enough views and clicks, you make money, you get a share of that advertising revenue. That's sort of like the simplest way. Then you level up to mirch, which all good creators must do eventually. And so a lot of people who are spreading misinformation, let's say health misinformation in particular, are able to then say, if you buy my supplement, or you buy my vitamin, or you buy my t-shirt because you just like the things that I say, then they make money that way. And from there, it just becomes a full-on ecosystem. There are companies who are hiring influencers, you can, you know, the other way that you become a successful influencers is if you get enough traffic and interest, some company will come to you and say we want to sponsor you, either to sell our, you know, fruit drink, or, in some cases, to push fake information on behalf of clients who can then say, I don't even know how this story made it out into the world, I guess the kids really are on top of this. And there are increasingly even digital marketing firms who exist and will take clients and build disinfo campaigns. And this is, that goes back a long time, right? Like it goes--it's not been unusual for somebody to push a fake story about a candidate that they want to defeat in a political race or something along those lines. It's just that now in the digital age, you can hire a company that will just make up whatever and hire influencers to push it and so you can get paid in a lot of ways and unfortunately, you can also get paid a lot. The New York Times did that big story about the doctor who has pushed a bunch of anti-vax information and his Facebook page has almost 2 million followers. He sells his books. He sells his health products. He sells his supplements. Yeah, I mean, in 2017 he said his net worth was quote, “in excess of $100 million.”

**Kai Ryssdal:** For real?
Molly Wood: Yeah, we need to get into merch, like seriously, merch is where--this guy's out here selling tanning beds.

Kai Ryssdal: Bags and t-shirts, man.

Molly Wood: Merch is where the money is, man. All about the merch. Alright, Crispin, I'm just gonna keep going because these are so good. Crispin in Oregon has a question about supply chain shortages, and they write, it has been two summers now without canning jar lids. We have little old ladies out here getting scammed online trying to buy lids to do basically the same amount of canning that they always have. Why are canning lids so scarce? Jars aren't a problem, rings aren't a problem, jars with rings and lids, not a problem, it's the lids alone that we cannot find.

Kai Ryssdal: Yes. Yes. You know, I did an interview about this like, 18 months ago, whatever it was, maybe it's things were just getting cranking. So, so you have your sourdough, right. You have all these things people did during the pandemic, also canning was one of them. Here's the very quick answer to this question. Jars can be reused, the lids seulement une fois, just one time. Boom. And that's why they're so short. That's right. That's the whole deal. And there is also, thank you Marissa Cabrera, something called the great canning lid shortage in 1975 during the energy crisis, so says the New York Times. I mean, this is, this is, this is not a new thing. We've, we've actually been through this before. Canning is a thing.

Molly Wood: You can tell things are bad if canning is suffering, evidently. So yeah, it is indeed a supply chain thing. You are, Crispin has nailed it. And unfortunately it does not seem to be getting any better. So new, time for a new hobby if you weren't doing that already. Leave it for the little old ladies. Just start trimming bonsai trees or something and let the ladies have their preserves. Alright, keep the questions coming, we're at makemesmart@marketplace.org. Leave us a voicemail, our number is 508-827-6278, also known as 508-UB-SMART. I'm so happy to see this working so well and hat tip to listener Erica in New York who says somebody--because a listener came up with the UB SMART--Erica says she thinks of our phone number, 82-SMART, as in, ain't you smart. Pneumonic devices for everyone.

Kai Ryssdal: That's right. That's right. Yeah, a little bit right. Which one?

Molly Wood: I was just wondering if you were watching a French show because you keep busting out the French.

Kai Ryssdal: No, I'm waiting for season three, if anybody knows when that's coming down. Anyway, Make Me Smart is produced by Marissa Cabrera. Today's program was engineered expertly by Brian Allison.

Molly Wood: Expertly as always. Our--I'm out of the doc--Ben Tolliday and Daniel Ramirez composed our theme music.
Kai Ryssdal: You can't do it from memory?

Molly Wood: Our senior producer is Bridget Bodnar. Well, cause we keep changing them so I just wasn't sure which one we were doing today.

Kai Ryssdal: That's true. Fair enough.

Molly Wood: I wandered off. I wandered off.