

Make Me Smart July 28, 2021 transcript

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Kai Ryssdal: Fine, go ahead!

Molly Wood: That thing we're doing today is what we're talking about. I'm Molly Wood. Welcome back to Make Me Smart.

Kai Ryssdal: Oh my goodness. I'm Kai Ryssdal.

Molly Wood: Where, god willing --

Kai Ryssdal: Thanks for coming on, oh my goodness where god willing we make today make sense, right? Let's see today's Wednesday. Whadda Ya Wanna Know Wednesday the day and the week where we get to answer the questions y'all send us questions by the way, which come to us as always make me smart at marketplace data org or leave us a voicemail at our phone number 508-827-6278. 508-UB-SMART, UB SMART, which I kinda love.

Molly Wood: Love it. Alright, let's get to them. We got some voicemails indeed. Our first question today is about jobs, jobs jobs.

Liz: Hi, my name is Liz Walters from Bonita, California. My question is, is there been any indication that reducing unemployment benefits has actually resulted in more people going to work in the economy? And Kai's remark about not wanting to be scared at horror movies? Me either? Yeah. Which platform Did you fly off of aircraft carriers. And how did that not make you just scared [bleep]less. Oh, I'm a 23-year Navy Veteran. Bye.

Kai Ryssdal: Well there ya go.

Molly Wood: Ah-mazing.

Kai Ryssdal: Yeah, yeah, it was good. Let's take the last part of it. First. I flew, E-2C Hawkeyes off the USS Theodore Roosevelt for three years. I don't know how I wasn't scared, but it was just different. I'm telling you. It's just a different kind of scary. [Background noise] pologies for the helicopter going there, I think that's probably the sheriff's department. So I did that for a while. And it was fun. And I enjoyed it. not scary at all, really. Okay. So on the whole jobs and unemployment thing. So a couple of things. Number one, there's because there are so many variables. There's no really good authoritative research on exactly whether getting rid of extended federal unemployment benefits gets people back to work, right. There was some research out of the Chicago fed that said, No. Kristin Schwab did a story for us last week about

kind of maybe sorta we don't know. The catch is, there's childcare involved. There's virus fears involved. There's the kind of job involved, there's the worker empowerment thing that's going on right now involved. So we don't know 26 states 25, led by Republicans, one by a Democrat, have ended those federal unemployment benefits early. The rest of them. So that's a natural experiment. Right. And we'll get more data on that in the next couple of weeks, because they've been gone now for a couple of weeks. And then the rest of the benefits expire in September. So we'll have some more data then. But the short answer is, we don't know yet. Because it's a multivariable problem, is the short answer.

Molly Wood: And there have been a couple of stories that seem to suggest that the states that ended these benefits early didn't see any more hiring numerically. But they did see a little bit of a shuffle in who was working so that because nobody was willing to go back to work for reasons of childcare and vaccine rates, and so on and so forth. It sounds like places were hiring a lot of teenagers and the places then the states that got rid of that additional unemployment benefits saw fewer teenagers hired and more adult workers hired, but they did not see increased hiring overall. So that there might have been and this is, again, one very preliminary data point. But the fact is, it sounds like most of the places that are seeing an increase in hiring, it correlates to higher vaccination rates.

Kai Ryssdal: Yep. Alright, Peg in Seattle go.

Peg: I was talking with a friend about data and Facebook the other day, she was a bit confused about how FB and Insta make their money. She wasn't as bad as Orrin Hatch, but still a little confused. And it got me wondering, do the social media make more from data sales or ad sales? And do they still make as much when my profile is pretty locked down?

Kai Ryssdal: A second part of that question, that last part of that question's good.

Molly Wood: Exactly. Yeah. Yeah. Also I looked up E-2C Hawkeyes while you were talking earlier, and they are awesome. What's that big weird dish on the top? What does that do? Is it like a communication plane?

Kai Ryssdal: The radars in there. So the Hawkeye is an airborne command control platform. Two guys in the front three guys in the back. That radar dish is a is a ray dome. Six and a half revolutions per minute. I don't know why I remember that. Yes, that's what it does is like it's like an AWACS, but with a tail hook and and propeller engines.

Molly Wood: I mean, the thing is awesome. Okay, I'm back on track. So back to the actual question at hand. First of all, Facebook and Instagram in particular, don't sell your data. And this is a point that they are quick to make. They make that point early and often, Facebook makes all of its money selling ads, there might be some, you know, like tv deals here and there or some, you know this and that like sponsorship or whatever. But it sells ads. And the way that Facebook uses your data to make money selling ads is through targeting. And through the ability to sort of offer up your data for free to advertisers who want to spend money targeting you very, very

precisely based on where you live and what you do and what you've looked at in the past and things that you've clicked on all over the web and stuff that you've bought. And it I don't know what you mean, when you say your profile is pretty locked down. But I can assure you, it does not help. Like, it might help. Yeah.

Kai Ryssdal: Can we back up to that? Also, maybe there is a lag today? I don't know. breaking the fourth wall there Molly and I were just like, seems like it was a lag between where she is and where I am. signal path for those of you who are curious about this goes from my shed to downtown LA. And then it goes from Molly's garage, roof top thing, whatever, down to LA so there's like even with the speed of light, there's a little there's a little glitch in the internet. So look but wait it. So they they very publicly say they don't sell your data, but but they are they are enabling others to get your data. Let me make sure I get this right to use your data to more finely target you. So maybe they're not selling it, but they're giving it away.

Molly Wood: Yeah, exactly. They're they're making a ton of money on your data. It is and I want to be like super clear about that it is almost a distinction without a difference. And so it enables them to say various, you know, righteously like we never sell your data. Right, we just package it up into a wonderful dossier on you that has more information than you could ever possibly imagine. And PS includes information on all of your friends very possibly people who don't even have Facebook accounts because you've interacted with them somewhere. And cookies, let us follow them to and they create this like beautiful package of super personal information and handed to advertisers that the target. And that's how they make money. And they make To be clear, a super duper, crap ton of money doing this, I believe in

Kai Ryssdal: more than just a regular crap-ton.

Molly Wood: that's like, that's a technical term. In fact, I have Facebook's earnings, they've just sent their earnings report, like now because they announced earnings. But because I'm not that fast at reading earnings reports, I'm going to just go here and type in Facebook earnings. So in Q1, they like hit a new record. Right? We were just like Really? Wow, they ha nothing that we've said, or that people have said got through at all. And then this year, they beat earnings expect I'm sorry, this quarter. Has of earnings announced today said they beat earnings expectations. But and this is interesting warned of a significant growth slowdown. And I don't know if that's related to expectations of regulation, or what, but their revenue grew 56% year over year in the second quarter. So it's working.

Kai Ryssdal: Yeah. Also nothing just from Tech land. Cuz that happens. This happened this happened or today and this afternoon, both Google and Facebook said today you want to come back to work in the office. You got to be vaccinated, which I just think is interesting.

Molly Wood: Yeah. That was big. Because Google, I think had been I thought sort of a surprising holdout. Because there's such a libertarian company and Facebook the same. Yeah. And they were like, nope, no way. Yeah. Yeah. Yep. All right. Let's go to our next question. I don't think I addressed too much about, do they still make money when your profile is pretty

locked down? But the short version is yeah, they definitely still do. Like, it's not as locked down as you want it to be. Our next question comes from Raj in Ohio.

Raj: We've always heard about Congressional Budget Office. But we have not heard anything about whether their predictions are actually true, or rather their predictions come true. Can you make us smart about this? Is there any data on whether these have been checked? And then finally found to be true or not? Thank you.

Kai Ryssdal: So the Congressional Budget Office CBO does analysis for the Congress, on on legislative proposals and a bunch of other random things that individual members ask it to do, but their primary function is is scoring or evaluating big public policy legislation, tax bills, they will get a whack at the infrastructure bill, that is that is grinding its way through Congress. And its impact on the federal budget. They do they do hundreds if not thousands of these things over the course of a single congressional term, two years. And so here's it They've actually looked at this the CBO. And thank you, merci carerra has tended to slightly overestimate revenues, according to its own analysis averages 1.2% over estimation for a budget year, for six year revenue predictions, it's almost 6%. of an over estimation, that six year things interesting because most budget predictions that the Congress does are 10 year projections. And they say, and look, I get this, there are for as many variables as there are with people going back to work right. There are eleventy bajillion more variables in the congressional budget cycle. Everything from the business cycle to what happens in the out years of any proposed legislation. I did talk to Keith Hall about four years ago who's the than the republican director of the Congressional Budget Office? And he said, Look, we don't get everything, right. We do the best we can. We have a staff of experts, we outsource some stuff. They're working on it. But But look, here's the thing about CBO. And to my mind, it's the best we got. It's the best we got it was a long, hard fought battle to get this thing done in the 70s. And honestly, now we'd be screwed without it, because then you'd have Congress's running wild and going, Oh, no, this is gonna, you know, pay for itself. And it's a \$14 trillion tax cut and, and that's where we'd be, and that would be bad.

Molly Wood: And so the CBO comes in and backstops that basically a claim that Congress makes CBO comes in and says like, Okay, hold on, let's let's let me do the numbers.

Kai Ryssdal: Right. And then the really annoying part is that whichever party is out of power in the CBO, right, because the CBO director gets appointed by the leaders of houses. The director gets pilloried by the out party, which then two years later if the party switch, the CBO director is the favorite person in the world. So it's a little bit frustrating. And Keith Hall and I talked about that a little bit. It's Yeah,

Molly Wood: yeah. I wondered about that was my next question was the politicization factor. Yes. If you don't like the number, then you just accuse the entire organization being political that day?

Kai Ryssdal: Right. You bet. That's exactly what happens.

Molly Wood: Good times. See also: HIPAA.

Kai Ryssdal: That's right. That was a good joke. That was a that was a good little meme-y thing. All right, Adnan in Florida as last question today, and here is what's on his mind.

Adnan: Are we in a tech bubble as it relates to exercise equipment. I've noticed over the last few years that more and more smart exercise devices have been coming out and during the pandemic, it's just going to dailies on my Facebook feed of various devices. You know, the Peloton, Peloton treadmill, a mirror that basically shows you the exercises that you can do in the mirror? And even a Smart App enabled punching bag. Is there a bubble on this? where a lot of businesses are just go under?

Molly Wood: I love this question. I love all these questions, by the way our audiences is so smart.

Kai Ryssdal: These are good questions, yeah. These are great.

Molly Wood: They really are. I'm gonna start at the bottom though. And just say that Adnan, the ads that you're seeing are in fact your bubble, just exactly what we were talking about earlier, right. Like there are lots of people listening who don't think that there's an exercise equipment bubble because like me, they're only getting ads for like, face rollers and purses and stuff. But Adnan said he practices martial arts, and he's searching for fitness equipment, so he is probably being served ads related to that. So just that's a fun little nugget about bubbles. That goes back to our first our previous answer. However, definitely though. All that said, for sure. This is a huge thing that probably is going to end up in some sort of state of consolidation or collapse, health and fitness equipment sales. Thanks again, Marissa grew 84% in 2020 from the previous year, according to NPD because we went out people went out they weren't allowed to go to gyms like they people bought treadmills and stationary bikes mostly. And those numbers by the way, don't even include these direct to consumer brands like peloton and mirror. So, yes, people are definitely buying them. Researchers say that sales are probably going to flatten in 2021 possibly because everybody already bought them, but that he thinks there'll be higher year over year. And that possibly it's not a bubble some only you know traffic at gyms is around 83% now of January 2020 levels and it is very likely that people if they actually managed to get into a rhythm of working out at home and a lot of these things have subscription services that like can keep you motivated or give you a plan or whatever. If people got into those rhythms at home they might really find it convenient. It's hard to say

Kai Ryssdal: random random Duck Duck Go-ing here Peloton is a \$2 billion revenue company which is kind of wild. That's a lotta bikes.

Molly Wood: Yeah. Well, it's a very very expensive bike also. They might be running kind of an Apple margins situation.

Kai Ryssdal: Yeah, yeah.

Molly Wood: Because it costs a lot.

Kai Ryssdal: Yeah.

Molly Wood: Which is why I bought the knock-off. Yeah. So we don't know to be the you know short answer. We don't know if it's a bubble only know if it bursts but I got to imagine that at least some of these things are not going to continue to do quite as well. I don't know though. I like working out at home.

Kai Ryssdal: Yep.

Molly Wood: Alright, that's it for what do you want to know? Wednesday? Thank you, everyone for a banner day of questions. These are fantastic. Yeah, so good. God, we have a smart audience. We are so lucky. We are also lucky enough to get to come back tomorrow. Sending questions we're at makemesmart@marketplace.org leave us a voicemail, which is totally working. Our number is 508-827-6278 also known as 508-UB-SMART.

Kai Ryssdal: Got some tweet the other day from a guy who lives in the 508 area. He's like so cool. It's my hometown. That's cool.

Molly Wood: What what Where is it? What town is it?

Kai Ryssdal: I don't even know. I don't know. I guess I suppose it's knowable. Anyway make me smart is produced by Marissa Cabrera. Today's program was engineered by Lianna Squillace.

Molly Wood: It's Massachusetts. Thanks, internet. Ben Tolliday and Daniel Ramirez composed our theme music and we'll love them for it. Our senior producer is Bridget Bodnar.

Kai Ryssdal: The woman who got the phone number by the way.

Molly Wood: The woman who got the phone number.

Kai Ryssdal: The woman who got the phone number