

# Make Me Smart September 20, 2021 transcript

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**Kai Ryssdal:** Hey everybody, I'm Kai Ryssdal. Welcome back to Make Me Smart, making today make sense as best we can.

**Molly Wood:** I'm Molly Wood. Thanks for joining us. It is Monday also known as what did we miss Monday where we get a not at all comprehensive list of stories you might have with missed over the weekend. Because at the velocity that things are flinging right now, we could be here all day and all night. If we tried that, just a carefully curated list of stories you may have missed over the weekend.

**Kai Ryssdal:** Yeah, that's true. That's true. Like our, our mutual fantasy, I think is the name of the game, right?

**Molly Wood:** Yes, that's exactly right. Yeah, we have a whole new, whole new format and agreed upon news story, couple of headlines that we try not to talk too much about, and a make me smile. But before all of that.

**Kai Ryssdal:** Oh my gosh, holy cow. Holy cow. You guys did unbelievable. All that, all that, all that asking and bleeding and begging and flagging that we did in the last 10 days. All y'all answered the bell. \$354,000 in 10 days, this audience raised, from 3000 listeners more than 3000 listeners and the special bonus statistic of the day: 1210 pair of banana pants. That's a lot of yellow.

**Molly Wood:** That is so much yellow, the willingness of this audience to rock those pants, for our sake, is so touching and so profound. And yes, I did finally on Friday, throw mine in the wash after I wear them almost every single day. I think you're gonna enjoy them. But seriously, if you are keeping score, that is over \$150,000 more than our \$250,000 goal. And so thank you, thank you. I mean, really, primarily on the strength of the make me smart audience, so we could not be more grateful. Thank you. Yeah, you're awesome. So great. Yeah, I know. And now you don't have to hear about it anymore. Even better, right?

**Kai Ryssdal:** Until Stephanie comes and says, guess what? Guess what?

**Molly Wood:** Oh, sure. Yeah, we'll be back in like the, Is it the winter, the spring? I'm not even sure when the drives out anymore, but there will be more but right now you are off the hook and you are incredible. Please send us ,you know what, send us pictures of your banana pants when they start to roll in. We would love to see that. Oh, that'd be fun. Instagram gallery. Yeah.

Yeah, love it. Alright, okay, shall we then? Yes, yeah. Yeah, I'm so delighted to see this link in here about the blow up.

**Kai Ryssdal:** How could you not?

**Molly Wood:** It broke the stock market today? Because I must have texted like 10 people saying, I don't understand why this is such a big deal for the US stocks. Yeah, help.

**Kai Ryssdal:** So the really interesting part of this story, and it's actually not the today ramifications. So Evergrande is a Chinese real estate company, got loaded down with the jet, Chinese real estate is really volatile. Its positions got exposed and bad things happened overnight and over the weekend in that market. And that contagion affected Europe, it affected American stocks. I mean, the Dow is down a percent and an eighth, or eight tenths percent, one and eight tenths percent. The S&P 500 1.7%. But, but here's why it matters. It matters because not in this instance was Evergrande the Lehman Brothers of the global economy. But the way the Chinese economy is growing and becoming more intertwined, there will become a point where damage done to the system by a Chinese company will mirror the damage done to the system by an American company, okay. And that's why this is important. Because there's lax regulation over there. There's unbelievable amount of debt, there's corruption, there's this and there's that, and when that day comes that there's a Chinese Lehman Brothers, we're all gonna go wait, what? And that's why this contagion happened, right? Because of uncertainty and not knowing and all of that. Sorry, go ahead.

**Molly Wood:** No, that's okay. I was just gonna continue to clarify. So there was, there was it seems like reasonable concern. So here's this company, this real estate developer with about \$300 billion worth of liabilities, according to Bloomberg, more than any other property developer in the world. And I guess people have been worried about it for a really long time. And then what happened today, the Chinese government essentially called to, oh it has a bond coming due and people are afraid they're not going to be able to pay? So I could sort of see why there would be fear about exposure by American financial institutions, like maybe they were part of that debt. Is that true?

**Kai Ryssdal:** Oh yeah, almost, almost certainly.

**Molly Wood:** Okay. So because of global finance, American firms have been exposed to that debt. And if this company totally collapses, then they'll be on the hook for it. But then what about the whole entire stock market freaking out? Is it just like, every, that's how nervous everyone is? All the machines went crazy all at once? And we're like, well, I guess we're selling today.

**Kai Ryssdal:** Well, the market is overvalued, right, well beyond what the underlying economy actually deserves. And it's been that way for at least a year and a half, certainly since the bottom of the, of the pandemic recession. And arguably longer than that, during most of the Trump administration, and arguably parts of Obama as well. Right. The market's been really overbought is the expression. investors have been like, hey, American companies are making

lots and lots of money, interest rates are really low. So there's nowhere else to get returns. Let's plow more money into stocks. You plow more money in into stocks, stock prices go up, the indexes go up and it becomes an ever repeating cycle, right? That's what you'd call a risk off environment, right? People are not interested in taking on risk, they just want to pile on money. And now with this element of uncertainty, everybody's like, oh, my God, it's not all sunshine and light.

**Molly Wood:** But this is a really interesting point that you make, though, that, that we have this very US centric, I mean, I know that that's a broad statement. But we have this very US centric idea that the, you know, US stock market will be impacted primarily by what US companies do. And you make a really good point that we're now in a situation where we're not the only ones who can break the global economy. China could do it too.

**Kai Ryssdal:** Right. We've got competition to see can make the global economy. But look, here's the thing, stocks go down too. And nobody should take a 1.7 or a 1.8% decline as a sign the apocalypse is upon us, right? This market could fall 10% tomorrow and it would still be completely normal. It would still be completely normal, stocks go down too, and that's what everybody needs to remember.

**Molly Wood:** Yeah, and there is money on the sidelines just waiting to come in and buy as soon as they feel like there's a big sale for stock store.

**Kai Ryssdal:** So I was off the earth today, right? Which means I was not as plugged in as I usually am to CNBC and business Twitter feeds and all of that jazz. But I heard more than one analyst say today oh, hey, it's a buying opportunity. And we can turn around tomorrow and the major indices could gain back all they lost today and more. I, wouldn't surprise me for a second.

**Molly Wood:** Yeah, absolutely. So I did watch to see in CNBC all day today, I get kind of, I mean, this is a perverse thing to say and I can say it because I'm not close to like retirement. But I get sort of weirdly excited when there's like a big down stock day because it's like, whoo, news. I don't know, I always find it fascinating. There's energy. Exactly. And so I watched it all day long. And there were a couple of guys, because, you know, they're all guys. There were several people coming and saying buy the dip. And then there were like, maybe two who were like, this ain't a dip. Like, you just wait, kids.

**Kai Ryssdal:** In a \$35,000 debt, 35,000 point Dow, 1.7% is, is not, it's, it's not a lot. Absolutely speaking. You know, it's just, it's just not, especially after the run the markets have had.

**Molly Wood:** Yeah, it is, though an interesting flare that we should pay attention to.

**Kai Ryssdal:** For sure. And the lesson here is that we are not the only ones who can break the global economy. Like Molly said, for sure.

**Molly Wood:** Lucky us. Great t shirt. Yeah.

**Kai Ryssdal:** Yeah. All right. What else? What do you got? In the what did we miss Monday the category.

**Molly Wood:** I mean, holy cow. So as if the Facebook files themselves were not tormenting Facebook and Mark Zuckerberg to no end, I mean, now they're out here putting out blog posts that are like, here's what the Wall Street Journal has missed without any evidence of like, well, here's what we actually did, instead of the thing that seems to be suggested, which is that we found out that these things were happening and we didn't do anything. As if that week couldn't have been bad enough, the week that was, the Monday now brings a whole new excerpt in new New York Magazine from Bloomberg author Max Chafkin's new book about Peter Thiel. Now if you aren't up on this, just know I already warned Kai I'm gonna be like so unbearable about the Peter Thiel thing because this guy has been at the center of the Facebook spider web the whole time. He's been on the board. He was a huge investor. He's, you know, from the original PayPal mafia, and is now one of the original founders of PayPal around Silicon Valley. They called it a PayPal mafia, because they fund so many things. He is now the CEO of Palantir and was a big Trump supporter. You're up to date, the kind of the only Silicon Valley big Trump supporter. This book is bananas and has millions of revelations about the relationship between the Trump administration and Facebook brokered by Peter Thiel and one of the revelations, revelations in this New York Magazine piece today is that according to an anonymous source who spoke to Max Chafkin's, Peter Thiel, remember that dinner that Mark Zuckerberg had with Trump, like just, when we just had dinner? I don't know, nothing big happened? Well, according to this book, Thiel later told the confidant that and I'm quoting from Max Chafkin, Zuckerberg came to an understanding with Kushner during the meal, Jared Kushner, Facebook, he promised, would avoid fact checking political speech, thus allowing the Trump campaign to claim whatever it wanted. In return, the Trump administration would lay off on any heavy handed regulations. The site would push what Thiel, what the Thiel confidant called, quote, state sanctioned conservatism. Yeah. That one's just gonna roll around all night long. And be a big, big, big, big story by tomorrow. Tech companies also not as good as you think they are, Apple and Google. You might, I know, you didn't think Facebook was standing up for democracy. But turns out neither are Apple and Google. Which, together, in, after pressure from Moscow removed an app from their platforms, and YouTube actually went so far as to take down videos from Russians opposition party headed by Alexei Navalny who is in prison after almost being murdered right ahead of Russia's big election, which had the potential to remove Putin's party from power, but now that one is, and the opposition was coordinating voting on all these different candidates through these apps that have now been removed under pressure from Moscow. In case you thought only China could get tech companies to do its bidding from afar, turns out Russia can too. But in good news, and this is my last headline before we go to Kai. In good news, however, Pfizer released research saying that the COVID-19 vaccine is safe and effective for children five to 11 years old. Let's have some approval.

**Kai Ryssdal:** Have they filed for emergency use for those kids? Do we know?

**Molly Wood:** They have. I know, I know Pfizer has, I don't know if the other companies have. But yeah, let's, let's get her done.

**Kai Ryssdal:** Okay, let's absolutely get her done. All right, I'm gonna bank through these in something of a hurry, because I like to be respectful of all your time. Great, sort of, you know, how the New York Times has been doing those scroll down and they will roll videos through and they will do graphics and whiz bang stuff. Really interesting piece in that genre about the Empire State Building in Manhattan. And it as a proxy for what's going on with businesses in a lot of cities, New York, specifically. And the reason the Empire State Building works is that it's not a place that has a whole lot of really giant multinational companies in it. It's a place that's got a mix of large and small businesses, like small law firms or small accounting firms and you know, LinkedIn has 10 floors. So it's a really interesting survey of who's moving in, who's moving out, who's giving up their lease, what they're doing, how they're doing it half time, or hybrid or what have you. Totally, totally interesting. And I have to tell you, actually sorry, just parenthetically, it's become clear to me that, that Marketplace will never be the same. It will just never be the same. And I know I said this early on and it's gonna be completely different. It's now, it's now it's a done deal. Marketplace will never be the same. There will never be the production teams in there working full speed, there will never be the broadcast out guys all in there. It just won't be. And that's a little sad. But this New York Times piece on the Empire State building was really interesting. Awesome piece on stable coins in the New York Times by Gina Smiley, who's their fed watcher and also a regular for us on marketplace on Fridays. Stable coins, of course, are those types of cryptocurrency that are tied to usually the US dollar and are supposed to be stable, except, oh look out, there could be something going wrong with stable coins. I know you're shocked that crypto could have some loopholes and some challenges. Yeah. Read that one. This one today from the head of the United Nations, talking about the Glasgow Climate Summit. High risk of failure. Mr. Gutierrez said. That's not promising, that, that summit in November, right. Is that summit in November?

**Molly Wood:** Mm hmm. Yes. It starts October 31 and goes through November 12. Yes, the cop 26.

**Kai Ryssdal:** High risk of failure. Speaking of high risk of failure, Janet Yellen, the Secretary of the Treasury of the United States of America said in an op ed piece in The Wall Street Journal today, Congress, what the bleep bleep bleep bleep are you doing? Pass the debt limit increase. Stop screwing around. And, and I'm, you know, interpolating her mood. But Professor Yellen, Dr. Yellen, Secretary Yellen, is not a woman given to saying that out loud for herself. So I'm interpreting for her because I've interviewed her a couple of times.

**Molly Wood:** Get your A in gear. Yeah, speaking of high risk of failure.

**Kai Ryssdal:** That's right. Yeah. And, and, and look, there's, there's so I don't know who listening this podcast or heard Marketplace on Friday afternoon. But I asked Catherine Pell how serious she thinks this debt limit crisis is. And for the first time in like five years that I've known her, she actually sounded scared. And Catherine's a very staid, very steady, very analytical,

very sober minded woman. And she actually said, I'm, I'm a little bit nervous about this one. And that's really not good at all.

**Molly Wood:** No. But that is increasingly becoming the tenor and like, listen to those warnings, because yikes. Yikes. I'm going to do the world's fastest make me smile, because I noticed that you don't even have one and we'll just be super speedy and get out of here. Believe me, friend, I get it. Yeah, I get it. Um, I'm not even gonna wait for the music cause we got to go. My 80s tv.com I didn't even know this existed. My friend sent it to me today. It's amazing. It's just like a tube TV on a website, and you can click around and just watch different things that you wouldn't be on in the 80s, so you could just relive your glory time. There's also my 2000s, 90s, 70s and 60s on that same website. So if you would like to escape to simpler times, feel free. Feel free. And we totally understand.

**Kai Ryssdal:** Wow, you can see like, clips from the 1980s? Alright.

**Molly Wood:** Oh, I wonder! Oh, man. Those are so upsetting. Oh, god, the sexism. Good lord.

**Kai Ryssdal:** All right. We're going. Tomorrow Tuesday, deep dive social safety net, what it is, how it came to be, whether it's working and how it's supposed to be working in an ideal world. And if you want to listen to it as soon as that episode drops, subscribe to this podcast. That's all you got to do. I'm telling you.

**Molly Wood:** It's true. And by popular request, the social safety net, so thank you for validating our idea that it might make a good show. You can of course still send us questions if you have them about that topic or any topic, especially with what do you want to know Wednesday coming up? Send us your comments and questions at [makemesmart@marketplace.org](mailto:makemesmart@marketplace.org) or call us and leave us a voice message, 508-827-6278 or 508-UB-SMART.

**Kai Ryssdal:** Juan Carlos Torrado on it, on it. Make Me Smart is produced and directed by Marissa Cabrera. Marque Greene is on the production team today as well. Today's program was engineered by the aforementioned Juan Carlos Torrado.

**Molly Wood:** Bridget Bodnar is our senior producer and the executive director of on demand is Sitara Nieves.

**Kai Ryssdal:** Sorry, I'm answering Bridget's slacks. Got to do. It all

**Molly Wood:** Me too! Yeah, no chit chat right now.