

Make Me Smart September 22, 2021 transcript

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Kai Ryssdal: Fine, whatever. 10 seconds. See what happens

Molly Wood: The weekend?

Kai Ryssdal: He says no for the first time

Molly Wood: I'm Molly wood everyone. Welcome back to Make Me Smart where we make today make sense. The music of the day for Kai, if need be. Thanks for joining us. He's learning about the Weeknd, Super Bowl performer, the Weeknd.

Kai Ryssdal: Oh, he was terrible. I hated him. It was terrible. That whole segment was terrible. Yes, it was terrible. Even, not just me being cranky old man. Even my kids were like, dad, this is dumb. It's terrible. I'm like, I know.

Molly Wood: I mean, he is very good. That segment may not have landed for everyone.

Kai Ryssdal: Not that show. Alright, I'm Kai Ryssdal in case it has somehow escaped your memory here. I don't even know. It's what do you want to know Wednesday or cranky old man rants on things on this podcast. Today we answer some of your questions. And, and we'll just get through it. So I don't get myself in any more trouble.

Molly Wood: I think, I think we shall. I feel emails bouncing off of your skin already. Um, so let's go straight to our first question. A voicemail.

Megan: Hi, Molly. This is Megan in Kalamazoo, Michigan. My question is, I know that Jay Powell was, if I remember, I think I remember, that he was put in place during the Trump years. He seems awesome. And that doesn't seem like it makes sense in my brain. So can you make me smart about how and why Jay Powell is chair of the Fed? Thanks so much. Love the show. Bye.

Kai Ryssdal: Yeah, it's actually a really good story. So there's a business correspondent who did a Twitter thread for us about three, four years ago on how exactly Powell wound up in that job on the Fed, first of all, on the Federal Reserve Board to which President Obama appointed him in 2012. And then how that then led to him getting the top job from Donald Trump in 2018. So we're gonna put that on our show page. It's really totally, totally interesting. You know, Powell is Powell. I mean, he's a republican. He's a former investment banker. He's been in office since

February of 2018. The big question now is what is Biden going to do under pressure from progressives on the left who want the Fed to do more on banking regulation and climate change? Is he going to stay the course and follow what had been until Donald Trump, the norm, which is that fed chairs get reappointed at least once. No matter what party they're from. Trump, of course, thought Janet Yellen was well, too short. And not bankerly enough looking. Yep, too short.

Molly Wood: Well, and advisors, I mean, he did think she was too short and his advisors that he should have, I believe, you know, his own guy, so to speak, even though Powell had been on the Federal Reserve Board for a long time. Right. Right. But yeah, what is the deal? He was my last man standing?

Kai Ryssdal: Yeah, it's actually a really good Twitter thread and Tony or Grace, or whoever's in charge of that now is gonna put it on the Show page, because it's really, really interesting. And I will tweet it out later, actually, too, because it's just totally fascinating. One of the interesting things about Jay Powell now, and he is, his reappointment if it happens or not, is that there has been only one democrat appointed to chair of the Fed since, like, Jimmy Carter, which is kind of amazing. It was, of course, Janet Yellen. But everybody else has been republican right. Alan Greenspan was there for like 18 years and then it was Bernanke for eight and then it was Powell for four and now it's been sorry, then it was Yellen for four and now it's Powell. So you know, the Dems have a legitimate you know, hey, man, how about we have a democrat on there with some progressive ideas? Right. That's it. It's fair. So we'll see what happens.

Molly Wood: Yeah, we'll see what happens. Yeah. But yes to, to your sort of central question, which is like, how did he turn out to not be a disaster? You know, I guess one assumes he learned some stuff while he was on the Federal Reserve and wasn't. I mean, I think that is what is assumed in the question is like, wait a second, every, so many other people don't turn out to be the best people. So I think we can sort of say, Jerome Powell was handed an unusual set of circumstances. And definitely, we'll be debating the moral hazard for a long time, of like, all this cheap money flowing into businesses and being used to buy back stocks and all of those things, but has gotten, you know, pretty high marks overall for at least dealing with these crises.

Kai Ryssdal: Yeah, I think that's fair. I think that's fair.

Molly Wood: Yeah. So there you go. Sweet.

Kai Ryssdal: Cory. Cory in North Carolina has this question. It's an email. I always hear about USA borrowing a lot of money, though cheaply. Who are we borrowing from? Looking forward to getting my banana pants, which we should point out is something like one of like, 1200 pair of banana pants that all y'all said you wanted in the course.

Molly Wood: Small batch sensation.

Kai Ryssdal: Sensation, Molly Wood. Wow. Okay, so super, super, super, super quick. So first of all, we did an episode on the federal debt and deficit, and you should go listen to that. And

we'll also get that on the show page. But we're borrowing from anybody who's gonna buy our bonds, man, when the United States government wants to borrow money, we sell these things called Treasury notes, bills and bonds, they, the name varies based on how long the maturation period is for that particular instrument. It goes from, well, overnight is really kind of, but 30 days out to 30 years. And we sell them and we say to you, borrow or lender, whoever it's going to be right, because you're lending us money. When you buy government debt, you're lending us \$100, if you buy \$100 treasury bond, you're lending that money to us for, you know, 10, 20, 30 years, right? We say to you, we will give you at maturation, your principal back plus X amount of interest, whatever the market bears, and the people and organizations and companies buying our debt are everybody, retirement funds, companies, other countries, Japan principally and China, also the UK. Companies buy it, we buy it. I mean, everybody buys it, right, America. This is the reason the debt crisis, the debt limit thing is so important. Everybody buys American debt, because it is the safest investment on the planet. We do not default on our debt. Right. We always pay it until Republicans in Congress decide to start playing politics, which is what's going on now. And that's what's going on now. Yeah, and always I mean, every time there's a debt limit crisis, it's the republicans, literally every time.

Molly Wood: I read, hold on, I'm trying to find it because I took a screenshot of it today. I read the Heather Cox, Heather Cox Richardson newsletter, yeah, yeah, letters from an American, which is remarkable. It's, you know, historical in nature. And today, it talked about the debt ceiling and how back in the day, Republican leader and union veteran James Garfield had fought the Confederates on the battlefields and recognized that destroying the government by starving it, I'm now reading from my screenshot, was no different from destroying it through arms. He urged President Rutherford B. Hayes to veto the democrats appropriation bills, because back then it was Democrats, the parties have since flipped. Back then it was democrats who were opposing raising the debt limits and had put through these appropriation bills that would have shut it down and not raise the debt limit. Hayes did veto those bills five times, democrats backed down, but not before voters turned against them. The next year, voters put Garfield into the White House. I just thought that was a remarkable line destroying the government by starving it was no different from destroying it through arms.

Kai Ryssdal: Yeah, yeah. And look, not, sorry, just one, one last globalization thing, right. Yeah, that was 150 years ago. Imagine the global economy now today, how much more intertwined it is. And if America goes, we're not paying, right. Imagine what happens. It all goes down.

Molly Wood: I mean, because I was about to make the comparison to the Evergrande company, just this week. So yeah, you know, a really big real estate company in China with \$100 billion dollars of debt all of a sudden is in danger of not being able to pay that debt, and it causes the biggest drop in the stock market since last May. So multiply that times, I don't know, infinity. And understand that this is not a joke, not a joke. Next up, we have a question that I think a lot of you and us and almost everybody I know has been wondering.

Rebecca: Hi, this is Rebecca in Salt Lake City. I was chatting with a friend last weekend who sadly lost his job last year. And we were talking about all the talk that's out there about finding

new work, because there's so many jobs available. But he said, he's sent at least up to 100 resumes everywhere, and wasn't hearing anything back from anyone. Now, although he did finally find a job, it certainly wasn't anywhere in his field. And I was just wondering if there is a big mismatch happening? Thanks, as always, for making me smart.

Molly Wood: Yeah, this is happening. The short version of this is this is definitely happening. Marketplace's Samantha fields has done a bunch of reporting on this. And it is more than one mismatch, right. One of the mismatches, of course, is that it is hard to find a high paying job. There are lots and lots and lots of jobs available in restaurants right now and in the service industry. And so if you're out there, and you're like, yeah, but I'm a person who works in an office and types things, I don't know, I'm just making caricatures of office workers, but you know what I mean. That there might be--

Kai Ryssdal: I literally work in an office and type things. That's what I do.

Molly Wood: I just type things. And then occasionally we say things. So, that's right. Oh, yes. Right. And there are like, several things going on. One is this skills mismatch, or what is a perceived skills mismatch, right, like, companies haven't figured out yet that maybe the bachelor's degree that they're requiring is not the same as the skills that they need, or the five years experience in this one job isn't actually the same as the skills that you would get from five, five years experience in something else. So you have this like, dual thing where there could just be too many jobs in one sector. There is also this sort of, like, rigid requirements situation, that is not always a skills match. There's geography, there's, you know, jobs might be where workers have left, maybe they bailed during the pandemic, and work moved somewhere else. And so now, you know, jobs are available where they used to be. And then there are these expectations. They're, there are workers saying, I want flexibility. I want higher pay to match, you know, maybe what I was getting on expanded unemployment or even regular unemployment, because wages are so low. And so you have this situation where as of the end of July, there were about 11 million job openings. 750,000 more job openings than there were at the end of June, but the number of workers hired into jobs basically stayed the same.

Kai Ryssdal: Yeah, yeah. And the thing to know is that this dislocation on labor markets gonna go on for a while. Right? That's gonna be one of the last thing, to quote Jay Powell here, scars on this economy. For sure. Yeah, absolutely.

Molly Wood: Absolutely.

Kai Ryssdal: Okay, Collin in Canada, here's what he says. Do you think climate change is a problem that can only be solved by geoengineering?

Molly Wood: Mm hmm. Wow, no. Geoengineering, we should say, is this like blanket term. See, okay, this is where I'm just gonna embarrass myself because I love terrible movies. There's this movie called Geo Storm with Gerard Butler, where they like, engineered this whole system of satellites to manipulate the weather from space. And then of course, somebody like sabotages it

and it's gonna, like kill everybody on earth with their, with our own geoengineering technology. But I digress. It is this blanket term to refer to technologies that tried to tackle whether or the impacts of the climate crisis directly, so the the one that seems to have the most promise that people are really into is this idea of carbon capture, carbon removal, the idea of literally taking all of this excess carbon dioxide out of the air so that the atmosphere traps less heat, there are various, there are attempts to do that, like large scale straight out of the atmosphere. And then there are these smaller kind of carbon capture ideas, which is like if you have carbon emitting plants, and factories, and you know, agriculture operations, that you would be able to capture the carbon before it ever makes it to the atmosphere and like sequestered underground. Then there are wilder ideas like geo storm and the network of satellites, or solar engineering or cloud seeding to make it rain. Many of those things are still at the concept stage. Although I think in Dubai, they're actually doing cloud seeding to try to generate rain.

Kai Ryssdal: Like, for climate stuff? Wow, what could possibly go wrong?

Molly Wood: Well, yeah, so that's like, the big thing about geoengineering is that some of it is potentially extremely dangerous. Like we don't know, we still don't know enough about global weather like you, but we certainly know that if you mess with it in one place, it's gonna cause an equal and opposite effect in another place.

Kai Ryssdal: Right? Yeah. All humankind is an idiot too, that's the--Jesus.

Molly Wood: Yeah. So like alone? No, no way is that the only solution. And it is, but it is often held up as this kind of fantasy of like, oh, well, if we can just like reengineer the weather, then we don't have to change anything about how we live. And that is never gonna happen. That's just not, I'm sorry, we have to change how we live. Like that's just not an option. And the climate has already changed. So even if there were some carbon capture that was to start now, we'd still have to like, lower emissions. And yeah, anyway, turns out--

Kai Ryssdal: Yeah, we should explain why you're so up to speed on all this stuff.

Molly Wood: But I'm super up to speed and super obsessed with all of this because indeed, as you may have guessed, from our many hints, my super secret project that I've been working on for the last five months, or four or five months or so is, in fact, related to the climate crisis. For two and a half years or so on the tech show, we've been doing this series called How We Survive, which is about adaptation and climate solutions. And now it's a podcast, and we're gonna play a little part of the trailer because it launched today! Because it's cool.

Molly Wood: Experts say we have 10 years to get on the right track to prevent the most catastrophic outcomes of the climate crisis. That's 10 years best case, we need to stop burning fossil fuels immediately. And transition to clean energy. That transition hinges on lithium. And right now, the world doesn't have nearly enough. So I think this is the lithium that they're going for. Oh, really? Yes, this is what they're mining. This is the white gold. Billions of dollars are suddenly flooding into lithium mining and extraction, a new Gold Rush. But unlike the gold rush

of the 1800s this time, our survival could be at stake. So join me as I follow the money and the human stories behind the race to mine lithium in the US. And trust me, some of this trip will even be fun. In case dear listener, you're wondering what that was. It was a frickin sand tornado. It's like a cartoon out here. But like the really fatal kind. This is like a zombie apocalypse scene. Like we're walking down an empty highway. There's like bubbling frickin hot as water right here. Oh, my God. How We Survive, season one out October 6.

Kai Ryssdal: Yeah, I was, I was gonna say, the one you played for us in the office yesterday had swearing and I was waiting for the swearing.

Molly Wood: He's like, when's the swearing gonna happen? Cause it's a podcast. The, then I promise I will stop after this, the How We Survive, the, the podcast feed is live now on all the pod catchers. So it would be amazing if while you're subscribing to make me smart, because you haven't already and I don't know why you also subscribe to that. And then when the new episode comes, you'll be ready. And we will like rock up the charts. And, of course, thank you for all your support. That's why we get to do projects like this because of you, dear listener, you and your banana pants. You make it happen.

Kai Ryssdal: All 12, all 1200 pair of them. We're gonna have to do some kind of group shot. Alright, we're, we're done for today. Back tomorrow on a Thursday. Send us your questions, comments, whatever, makemesmart@marketplace.org. Voicemail works too, 508-827-6278. UB-SMART.

Molly Wood: Make Me Smart is produced and researched by the wonderful Marissa Cabrera. Today's program was engineered by Charlton Thorpe. Our intern, and also an excellent researcher, is Grace Rubin.

Kai Ryssdal: Ben Tolliday and Daniel Ramirez composed our theme music. Our senior producer is Bridget Bodnar, she's in charge of everything, pretty much.

Molly Wood: Pretty much. I wouldn't mess with her.

Kai Ryssdal: Lesson hard learned by this guy on this end of the microphone. There we go.