

Make Me Smart October 21, 2021 transcript

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Molly Wood: The world we live in is very precise, man. Even by radio standards. I'm Molly Wood. Welcome back to Make Me Smart where we make today make sense at 3:30?

Kai Ryssdal: That's right. I'm Kai Ryssdal. Thanks for joining us. It is hollowed out shell Thursday. I will tell you I'm feeling a tad hollowed out today. You know, we'll see how it goes. We'll see how it goes. We'll see how it does.

Molly Wood: Yeah, I would, I would just like to point out I put three, I have like 10,000 links and then I put three links in the make me smile. So you could just pick one if you think you'd like it.

Kai Ryssdal: Because I don't have one I was, I was unable to, which is like three weeks in a row that I haven't had a smile.

Molly Wood: Oh, buddy, help us out. Help us out.

Kai Ryssdal: Let's dig in on your news, shall we?

Molly Wood: Well, we have a, we should just ping pong this first part because we have a bunch of like, Fed stuff. Well, sort of. I just actually spotted this one as, right before Brian hit us with the music at 3, 3:00. Which is that, as of at least like I don't know, one minute ago, it appears that the Financial Stability Oversight Council has released its report on climate related financial risk, in which, according to David Guerra's tweet, its members say climate related financial risk is in fact an emerging threat to the financial stability of the United States.

Kai Ryssdal: Yes, I will see your financial stability and raise you national security. Other reports released by the Biden administration today from the Department of Homeland Security, the Department of Defense, National Security Council, also the ODNI, the Office of the Director of National Intelligence, say that we will have worsening conflict within and between nations. I'm quoting the New York Times here. Increased dislocation and migration as people flee climate fuelled instability and heightened military tension and uncertainty, as well as the aforementioned financial hazards. The Biden administration is laying it out in advance of cop 26. Right? That's the deal.

Molly Wood: And one assumes in advance of ongoing voting and conversation about the infrastructure bill, they contain so many climate aspects. Yeah, but yeah, I don't mean to pretend that this is all politics, right? This is real, these are reports by every single intelligence agency,

you know, it's, this is in advance of COP 26. Because there's going to be this big gathering of world leaders, and evidence is good to have in hand to the most recent possible. And I think we're gonna see a lot more reports and data like this coming out. So it's gonna be like, a super fun couple of weeks. Yeah.

Kai Ryssdal: Yeah. Good point, right? Well, yeah, it's gonna get really dark, the news, right? Because this will be number one, everywhere and number two, everywhere, and it's all gonna be really grim. You know?

Molly Wood: I mean, it is, yeah, we're in the lack of realistic assessment, you know, stare the impending disaster in the face, and hopefully let it be the darkest before the dawn stage. But everything that you're about to hear on climate, yeah, in the next, you know, week and a half, 10 days, not to mention the two weeks of the actual summit. It's gonna be a lot. Just settle in. Deep breaths. Disconnect as necessary. As my advice to you, yeah. So with all of that in mind, I just put a bunch of tech stuff in the lineup. Alright.

Kai Ryssdal: Good. You go with it.

Molly Wood: Yeah. I think it's so interesting. I'm fascinated by Apple making these big ad changes to iOS. This is a turn and a half. I know. It's like tech earnings season and so just for a second I put my head back over there. And as a reminder, Apple created add, these app tracking transparency rules for, I think, iOS 14 and the recent version of its operating system on mobile. And essentially let people opt out of being tracked and change the way that businesses could get data about Apple users. And by businesses, I mean, like Facebook, and Snapchat, and anybody who, you know, any app maker who uses advertising, and there were predictions that this was going to happen, Facebook, like lost its damn mind over there were all these predictions that it was going to have a huge impact on revenue. And it turns out, that may in fact be the case. Snap reported third quarter earnings today and missed revenue expectations and said it was related almost completely, a little bit to like supply chain interruptions and things, but almost completely to Apple's iPhone privacy changes disrupting its app business. Yeah. And it is expected that Facebook will say the same thing. Facebook warned about it back in September, the end of last month, just about a month ago. And it's, I mean, it was basically like, yeah, it's gonna be pretty bad. And also, as per usual, because we're Facebook, we were totally miscounting ad impressions. Must be Tuesday with Facebook. But its stock dropped nearly 4% that day. Just because Facebook is like, yeah, it's a problem. And it's just a reminder of how much power Apple has in the marketplace. Like it changes this rule in you know, in favor of privacy. And then by the way, Apple's own ad business turned out to like make a ton of money and maybe is privileging itself and accessing more user data, then it's letting Facebook have.

Kai Ryssdal: You know, it's funny, we talked about Facebook's being so systemic, and some other companies having undue influence. And I think Apple kind of usually flies under that radar, right? Because everybody's like, well, my iPhone, and my new MacBook Pro is so pretty, you know, my goodness, the interoperability, and then it does something and everybody goes what, you know?

Molly Wood: Yeah, I think Apple goes, so goes the entire tech industry, even though you know, by legal definition, it's not a monopoly. But it's a big, a big, big, big deal. Big deal. Yeah, yeah, for sure. That's my take. And also I just want to predict that if Facebook does change its name, I predicted this unofficially on the show yesterday, before we were actually, you know, before we actually were doing the show, so then I was like, maybe I should say this on the show, which is that I think that if Facebook does change its name to focus on the metaverse, mark my words, Mark Zuckerberg will step away from Facebook, the core product, and try to just like pivot to being the metaverse CEO because he doesn't want to do this anymore.

Kai Ryssdal: Yeah, yeah. And the analogy you used is the Google guys, right. But so let's go with the second part of the conversation we had before it was actually an official make me smart conversation. You don't think that he's going to be able to do what Sergey and what's his face do, right, which is avoid all the, all the--Sergey and Larry, right? He's not going to be able to avoid all the blowback because he is so closely identified with this company. He could be the fourth Chairman 15 times removed and he'd still be the guy.

Molly Wood: And I think he would still be the guy, I really do. I think that's his hope, right? Is that he'll be able to pull a Larry and Sergey and just sort of like, fade like Homer Simpson back into the bushes, but I just cannot imagine that happening. No way. It's not gonna work, buddy. Good try.

Kai Ryssdal: Yeah. I totally agree. Alright, here's mine, following up on a couple of conversations we've had about ethics at the Federal Reserve. So as we all know, the Fed has been plagued by ethics scandals in the last six weeks, by sales of individual securities and also making a ton of money. Robert Kaplan at the Dallas Fed and Eric Rosengren at the Boston Fed were forced to resign and then two days ago, it came out the Jay Powell had done some trading as well, like not insubstantial trading, a million to \$5 million on the disclosure form of a Vanguard stock market index tracking fund. And so today, lo and behold, after much public scrutiny and what I'm sure was not pleasant times inside the Fed, they're out with some new ethics rules, they're not going to be allowed to own individual securities, they're going to have to hold them for a year before they can sell when they can only buy mutual funds and a bunch of things that, generally speaking, ethics people are like, okay, this is better. I can't help but wonder two things. Number one, Congress, hello, right. And number two, right, I mean, because Congress I mean, they're, they're like the worst offenders even though there is a STOCK Act, which is like stop somebody, somebody congressional sales, anyway. So that's number one. And number two is you kind of have to wonder if this is enough, right? Should there be like some blind trust requirement or should they have to go farther because now the Fed is and will be, because once the Fed's in, it's really tough to get out. The Fed is, is, you know, neck deep in this economy now in a way it wasn't a year and a half ago and we'll see what happens, you know, I just don't know, but it's kind of a big deal. It's kind of a big deal.

Molly Wood: It seems like a big deal. And just to be clear, it includes the Fed, right. The chair, the board chair.

Kai Ryssdal: Yeah, it includes members of the Fed Board of Governors. It includes senior officials at the Fed. And it also pointedly includes the 12 Regional Federal Reserve Bank presidents. So yes, it is the Fed plus the Fed.

Molly Wood: Yeah, right. Yep. Got it. Okay. Yeah. It was a little unclear to me. Yeah, I would be, I mean, I will say it is more than Congress did, right. I mean, Congress passed the STOCK Act, but evidently almost immediately watered it down completely. So that, you know, members of Congress are still trading individual stocks, even if they're like one half a baby step removed. So this is a good move. But yeah, I wonder, I wonder if it's gonna, I mean, honestly, I wonder if it's gonna keep Jerome Powell his job. Like previously, I would not have thought his job was in doubt.

Kai Ryssdal: That's the tea leaf reading part of this, right, the really cynical thing is to say, well, Powell's just doing this so he can save his job, right, because he's under pressure from the left, Elizabeth Warren in the Senate and Alexandria Ocasio Cortez and some progressives on the left in the house for not doing more on climate change and banking regulation. Here's, here's my, my snap analysis of this, right. I think the deal is that while there are some Democrats who are annoyed, Democrats in the senate specifically because they don't get a vote, there are some Democrats in the Senate who are annoyed with Powell over banking regulation. He is very popular among Republicans. And Joe Biden is thinking to himself, being a vote counter that he is after 36 years in the Senate, he says, well, look, I can nominate somebody like Lael Brainard, who is the widely rumored number two candidate. Lael Brainard currently sitting on the Federal Open Market Committee. Biden says, I can nominate Lael Brainard and get zero Republican votes, zero Republican votes, or I can renominate Powell, get all 50 republicans, probably plus like 35 Dems, and then it becomes like a 75-25 vote to confirm and he'll take that every damn day. He just doesn't need more fights. And he can, he can deal with Elizabeth Warren on this issue and the progressives in the house, and I think he does that because he like, like the Fed is up to his neck in problems.

Molly Wood: Yeah, exactly. Yeah, I think that seems, I'ma go with it. That's where my \$2 are. I believe you.

Kai Ryssdal: All right. So yeah, so, one quickie on the way out. We have talked often on this program about Joe Manchin and the wrench he is throwing in the works of many, many things, and also his ties with the coal industry and clean power and all of that stuff that Molly has mentioned a couple of times. I do want to point out a report in Axios today that says, and I'll just read it, Senator Joe Manchin and Bernie Sanders squabbled behind closed doors Wednesday with Manchin using a raised fist goose egg to tell his colleagues he can live without any of President Biden's social spending plan, Axios has learned. So let's remember that is the not three and a half trillion dollar but closer to \$2 trillion over 10 year plan. That is the crux of Biden's agenda, which now hangs on Joe Manchin who was apparently opposed to America 2021.

Molly Wood: I mean, what a hot mess. What a hot mess. And then meanwhile, you have, and you literally had Senate Republicans yesterday block even opening debate on a voting rights bill. Joe Manchin's bill, by the way, not for nothing. The bill that he himself was, yeah, he was like, this is the better way to write it. He was allowed to write it as a compromise, this will get some Republicans on board. I mean, we don't know, I just want to acknowledge that we don't know. We don't know the whole story. There's so much that we don't know, we know what people say about things. We know how people feel about things. We know that like, what is reported six stories deep. I don't know what's in Joe Manchin's heart. But I do have questions. Yeah, so I do have questions about the motivations when, you know, literally, like independent members of Congress are saying this is, this is the worst constitutional crisis we've ever seen, democracy in ism is in more danger than it's ever been, the, you know, entire national security apparatus, not to mention financial apparatus of this country, is like, oh, climate crisis. Worst possible, right, actual existential threat? Yeah, I don't understand. And then you're the one guy who's like, nope, not gonna do it.

Kai Ryssdal: So two things. I don't think there are independent members of Congress, right? I mean, everybody's got their vested interests. So no, ain't nobody pure up on Capitol Hill. But number two.

Molly Wood: I was just trying to think of that one guy who is an independent.

Kai Ryssdal: Well, so Angus King of Maine, right? And also Bernie, Bernie is technically an independent caucuses they both caucus with the Democrats. Bu, but look, here's the other part about Joe Manchin, he has been saying and put in writing in July to Chuck Schumer that it's a trillion and a half dollars. So we do kind of know what's in his heart in terms of what he's willing to take. We don't know his motivations, but we know what his numbers are. And he's been upfront about that the whole time. So all these wailing and gnashing of teeth that Democrats are doing about oh, we don't know what Joe Manchin's thinking. Yes, you do. Listen to him. Listen to him. You don't have to like it. But he's telling him what he thinks. Yeah, yeah. The dems is annoying to me.

Molly Wood: Oh well yes, that is a whole other one. Lord. Savior does not lie that way, friends, whatever you think we are sometimes saying on this show we do not think salvation lies that way. Not by a longshot. No, no help is coming. Oh, I'm sorry. We're supposed to be smiling now, is it smiley time?

Kai Ryssdal: We are supposed to, we are supposed to. Damn it. Damn it.

Molly Wood: I like, didn't even know which one of these to pick because they're all like kind of a bitter, a bitter laugh. Yeah, but one, and I don't, I'm just like this is a pure shot in Freida which is that Novak Djokovic may not be allowed to play at the Australian Open if he won't get vaccinated, which I think is the least of the things that is appropriate in that case. And the main

reason I bring this up is because my brother sent it to me and was like, damn it. Why are we so dumb that the Twitter got to us first on Novax Djokovic.

Kai Ryssdal: Oh no. I love that. I heard that.

Molly Wood: That's so good. It's going in the show. Not even Novax.

Kai Ryssdal: I like that.

Molly Wood: That made me laugh today.

Kai Ryssdal: Totally. I will piggyback on one of yours and throw in a bonus for my oldest son who's living and working in Washington DC and he's at a company which is mostly remote but three days, or partly remote, but three days a week they go to a wework in Washington DC and they work there and I'm saying that because today wework got listed publicly as the result of a SPAC, one of those you know questionable let's go direct to a public listing sort of things that we have talked about on this podcast a couple of times, and so he sent me a picture this morning from the entrance to his wework in Washington DC. It says, happy listing day! So there we go.

Molly Wood: Just like, whatever you thought was gonna happen to Adam Newman did not happen. Dude just made like, another billion dollars. Yep. Had a huge party. Had a huge party today. Yeah, good for you.

Kai Ryssdal: Alright, we're leaving, send us all your good stuff, your make me smiles, your other thoughts and questions, email us while you're at it, makemesmart@marketplace.org, or just call us, our phone number's 508-827-6278, 508-UB-SMART. Write to us on our website as well marketplace.org/makemesmart, marketplace.org/makemesmart And you can attach an audio file, which works for a lot of you, I think.

Molly Wood: It is pretty cool, actually, you just record it into your computer like you're just talking to zoom just like a meeting but way more fun. That's us today. We will be back tomorrow, hallelujah, for Friday economics on tap and the YouTube Live Stream, that's at 3:30pm Pacific 6:30pm Eastern, I hope I have hot water by then. Because I tell you right now if you don't want to miss the show, be sure to subscribe to this podcast you know, yeah, why not? Why not? Why not. Subscribe to the podcast, you'll get new episodes.

Kai Ryssdal: You can go camera off if you haven't been able to shower.

Molly Wood: I'll just be like mad and cold jacket take it, not the you know.

Kai Ryssdal: Make Me Smart is produced by Marissa Cabrera. Marque Green helps out also. Tony Wagner writes our news letter. Today's episode was engineered by the very prompt Brian Allison.

Molly Wood: Prompt, it was roughly engineered. Bridget Bodnar is the senior producer. The Interim Executive Director of on demand is Donna Tam. It's like a damn her with faint praise title. Even though we had the most take charge meeting with Donna Tam today. She was business Betty.

Kai Ryssdal: She was a freaking boss lady, that's for sure. That's really good, actually.