Michael Every (00:00:00):

You won't get a good economic outcome for society unless when you have freedom of choice, free will, economically, you have the morality of a bracelet on your wrist, economically saying, "What would Jesus do with this money?" If you don't have that, free markets are useless. And what he said is we need Catholic economics where everyone has a moral band around them saying, "Of course, I can speculate on this and make money doing that, but that will make other people poorer and hungrier, and that's a stupid thing to do. So I'm going to take the money which I've got, and use that freedom in a way to make the world better."

Nate Hagens (00:00:41):

Today I'm pleased to welcome Michael Every to the podcast. Michael is a global strategist at Dutch investment bank Rabobank. Today we discuss monetary policy at the national and international level, MMT, ESG, and geopolitics, which Michael feels is too vague of a word for most contexts. As you know, I came from a background in finance, and I've invited numerous financially savvy people on the show who have energy background as well. Michael not only has that, but he also is aware of and cares about climate change and the greater social good, which in my experience is not too common with people at investment banks. This was a fascinating conversation. It was 9:00 PM my time. I could hardly keep up with him even if it was noon my time. So please take advantage of the transcript and the show notes that are available at TheGreatSimplification.com. Please welcome Michael Every.

(00:01:56):

Michael, great to see you.

Michael Every (00:01:58):

Great to be here. Thank you for having me.

Nate Hagens (00:02:00):

So this is kind of an evolution of my podcast, because I used to work on Wall Street, and then I got my PhD in ecological economics and net energy. And I've noticed that a lot of financial people don't understand energy, so I've had a lot of guests on Kirill Sokolov, Lyn Alden, Luke Gromen, who do understand energy and money. You also do, but additionally, you understand and care about climate change, planetary limits, ecology, inequality, and some of the broader things affecting the non-financial space, which if I'm blunt, is quite unique in people with your position. So let's just start here. From your perspective, within the financial and geopolitical analyst field, how would you define and describe what some people refer to as the metacrisis?

Michael Every (00:03:04):

The metacrisis, that was actually my own cheeky terminology for it.

Nate Hagens (00:03:10):

Wait a minute. You coined that term?

Michael Every (00:03:13):

Well, I'm claiming it. It could well be that someone else used it before me, because nothing is ever an original thought. Certainly, Adam Tooze, who's vastly more intelligent and better known than myself, he came up with the polycrisis. I believe that was, I think, last year, maybe the year before, which really caught on in financial media. But in January 2022, before Russia invaded Ukraine, I was already using the term, and I said, "If this happens as I fear it will, it will be a metacrisis, which will basically challenge our precepts of how just about everything that we took for granted are done." So if someone can find someone else who said it first, I will happily, happily give them full credit for it. But as far as I'm aware, I was the first using it in financial media, and then it was superseded by polycrisis, which is probably a better title, actually.

Nate Hagens (00:04:14):

I think it was well before 2022, because what I refer to as the metacrisis includes climate change, AI, biological warfare, CRISPR risks, ecological drawdown, all those other things, but it is a cluster that we face. And what I like about your work, in addition to being really clear and witty and concise, is you do include things beyond the normal financial space, which I think might be difficult given that you work for a major international bank. But have you always been interested in a systems perspective?

Michael Every (00:04:58):

I have without necessarily realizing that's what it was. I have no kind of intelligence in my hands. I'm not an engineer in any way, shape or form. You can ask my long-suffering wife how badly I even chop vegetables, et cetera. But mentally, I've always been extremely interested in how things work from a Rube Goldberg/Heath Robinson perspective of what's the system you see around you? And the analytical method that I use necessarily over time, and it has taken a long time, many, many years or decades to actually come to full fruition, is itself necessarily multidisciplinary. So nowadays, it's cross-asset, cross-geography and cross-disciplinary. And I like to try and join dots where I can, and sometimes in relatively unusual manners, and then project those dots forward to test within this particular system that you have or are hypothesizing where does it break down? So is it linear or non-Linear, and in which of the moving parts and where do the pressures and stresses and dynamics come from? Is it unidirectional or multidirectional or bidirectional?

(00:06:22):

So that's how I address things, and obviously, I still work within the field of macroeconomics, that's where it's based, and financial markets. But financial markets are supposed to be, and I stress supposed to be, based on the macroeconomy, and the macroeconomy is based on politics, and politics is based on geopolitics, and geopolitics to a large degree are based on the Maslow pyramid, which one level or another comes back down to energy and food, et cetera, and climate. So it's not that difficult, actually, when you explain it in simple terms like that to put it together, but mapping out how things really do work is complex, and it does involve a lot of moving parts and looking at lots of different things at once. And sometimes people say to me, "Why are you looking at that?" And I said, "You'll see in a year or two," and then pretty often, we do.

Nate Hagens (00:07:15):

Did you know there's a psychology expert named Scott Barry Kaufman, who became very interested in Abraham Maslow and found that he had some unwritten papers before he died that he retracted the top level of the pyramid of his Maslow's hierarchy from self-actualization, which was in his books and materials, to purpose for the greater good? There was something beyond the self-actualization, which I think kind of maps and rhymes with our conversation today and how we've spoken in the past.

Michael Every (00:07:57):

Well, I agree. It's not something I thought we'd be getting into, A, maybe at all, and B, so early, but there is a concept in Judeo-Christian culture, tikkun olam, to heal the world. And I have to say on a personal level, I find that very motivating. How you go about doing that is a different question. I think a lot of people today find motivation in that, and a lot of them do it in a very, how can I put it, monomaniacal fashion, like zooming in just on one component of it. And I think sometimes, you miss the forest for the trees in doing that and that you have to recognize there are lots of different kinds of tree in that particular forest, and you need a whole interaction of lots of different things to keep that ecosystem literally and metaphorically healthy. But yeah, I think looking for that self-actualization, or that purpose, is something that I think a lot of people are looking for in life.

(00:09:02):

I think part of the problem maybe we have around us in society is that GDP as a concept is pretty empty. I think I'm not the first to say that. There are many people, again, infinitely better qualified than me, to talk on that. But what is GDP for? Not just how do you measure it, what do we even think it is? And the current measure, as you know, that we have was actually developed during World War II by the US military to actually map out what production was doing for defense purposes. And ironically, I think we may need to shift back for similar reasons to look at GDP very differently again today and on the supply side rather than the demand side for similar national security reasons. But it would be nice if we could embrace something that had a more, how can I put it, spiritual component at the same time or something that was more rewarding in a broader sense.

Nate Hagens (00:09:56):

And I think that's very far away in Western economies, but in Eastern economies, maybe not as far away as we think.

Michael Every (00:10:06):

I live in the East, I've been married to someone from the East for over 25 years, and I've covered Eastern economies extensively, and that's not true in the slightest.

Nate Hagens (00:10:18):

Really? Well, I was thinking of ...

Michael Every (00:10:20):

It's not true at all.

Nate Hagens (00:10:20):

... Bhutan and the like.

Michael Every (00:10:26):

Okay, if we're going to choose Bhutan as the model, yeah, it's true in Bhutan, but that's kind of like choosing the duck-billed platypus as a representative of mammals. It's not how most mammals operate. It's still raw physical progress and GDP in most of Asia.

Nate Hagens (00:10:49):

Yeah. So you mentioned macroeconomy. I understand you've studied a lot of heterodox economic theories, including my friend Steve Keen, who's been on this show. How have these works influenced your view on how modern conventional economics works and your overall work and worldview in general?

Michael Every (00:11:14):

I have the highest regard for Steve Keen's work. I think what he's doing is essential. Not only is he helping to explain Minsky's work to the current generation, using computers, he's actually now able to set up systems dynamic software to help show graphically and almost in real time how those conceptual processes, which Minsky built based on, you could say, an element of Keynes, but certainly on lots of Kalecki and even on Marx before, looking at the structural problems that we have within our current neoliberal, neoclassical economic model and how it will always go wrong. The question is how wrong it goes and in what direction.

(00:12:07):

Now, there are downsides to his approach. I don't want to say that he's got all the answers, because nobody does, that's part of the problem, but I hold him in very, very high regard, and his book, Debunking Economics, is up there on my shelf. I thoroughly recommend it to anyone who's had a neoclassical economic background to read, but I don't think they'll enjoy it very much, because it really does absolutely eviscerate a great deal of what they hold to be "true." And in fact, it could actually have gone further. You can go back all the way to Ricardo and Smith and go through their works, and you can completely see that they made very clear that how we conceive of what they argue today is not true.

(00:12:57):

Let me give you just one very quick example, which I use regularly at work. So comparative advantage and free trade, there is very little that most economists will say is more important in current economic theory than free trade being a good thing and comparative advantage, so specializing in what you are relatively best at compared to everyone else. These are the fundamental tenants of how the economy should work from a global perspective. Well, if you actually read what Ricardo wrote rather than not even knowing who he is nowadays, the guy who came up with this, he openly said that when you're looking at the concept of trading cloth for port between England and Portugal, it won't work if you have mobile international capital. If you have mobile international capital, one country will say, well, I'll just do both. Now, I know that contradicts the concept of comparative advantage, but that's exactly what we have seen to a large degree.

(00:13:56):

And of course, it overlooks the fact that he also understood that you'd have transition costs in terms of shifting away from one particular industry to another, and one of them might have positive externalities in terms of technology spillovers or much better wages than the other one did. So you specialize in something that's frankly, excuse my French, crap versus something that's really good. Nobody ever wants to specialize in being the guy who cleans the toilets. Everybody wants to be the high paid coder who works for Apple or whoever.

(00:14:26):

So his original works made clear that it doesn't work under the circumstances in which we currently allow it to operate, which is globally mobile capital. And that leads into another similar thinker, Michael Pettis, who's building on the work of Godley, which is related to Keen's work and related to Minsky again. Looking at global balance sheets and how they intersect has also been extremely fundamental in a lot of my approaches. Who points out that the current system that we have as constituted, excuse me, as constituted, early morning fumble here, as constituted simply won't work in the long run. It will continue to break down in various different ways. And how that breakdown plays out is part of the metacrisis that I was originally in this conversation floating, that it's a broader intellectual collapse, which is then mirrored in the real world.

Nate Hagens (00:15:27):

So do you have, I didn't look this up, so I don't know the answer, do you have degrees in economics from before you were doing your job?

Michael Every (00:15:37):

I've got a master's degree in economics, it was a branch of economics, but I wasn't dyed-in-the-wool hardcore economics from school upwards. I was always more interested in political economy and how economics intersected with that. And I think that actually saved me, because whilst I love economics and I know my economic theory better than most economists, I do find that the highly mathematical, overly theoretical, if we assume XYZ School of Economics, which currently predominates, which is the neoliberal neoclassical school, is pretty useless, to be honest. It continually fails to understand what's going on. And of course, Keen makes that clear.

Nate Hagens (00:16:30):

And I've asked Steve this too, and I've had Josh Farley and Kate Raworth and others on how will that change? Because neoclassical economics and the models and assumptions are so prevalent and embedded in the financial architecture, and most of the high profile leaders in the world are immediately flanked by a PhD economist. So it's like a fortress. Do you have any insight on how reality may be re-infused into the economics discipline, or what do you think?

Michael Every (00:17:08):

Well, the old joke is progress comes one funeral at a time, and that could still be the case. I've been party to many conversations where you say, "Look, here's this software that Keen's produced called Minsky."

Nate Hagens (00:17:22):

Minsky, yeah.

Michael Every (00:17:25):

Yeah. And look, it's great software, and it can show you that this will break down, blah, blah, blah, blah, blah, under the following circumstances. All it really does, brilliant as it is, just map out something that Kalecki wrote in 1943 just in verbal form, effectively, just saying, "If you don't allow capital to circulate, if it gets agglomerated and accumulated effectively like a dragon sitting on gold." And it doesn't flow through in wages or productive investment, you can borrow to a certain degree to try and keep everything going, but eventually, you can't borrow anymore. Everything collapses. You can cut interest rates to try and keep everything going. Everything collapses again after a while, and you end up with negative interest rates, and then you're in this crazy world that we were in pre-COVID.

(00:18:15):

So I think we all recognize that now, but you show it to people, and they'll say, "Does it tell me what's going to happen next quarter?" The answer is no. That's not what it's trying to do. "Does it tell me what it'll happen in two or three quarters?" No, that's not what it's trying to do. It's trying to tell you that if you assume certain key coefficients with the economy sit here or here, you either have a sustainable economy for the next generation or you have one that will break down disastrously in manner A, B, or C within X number of years. And they'll say, "Well, that doesn't tell me what's going to happen next quarter, and therefore, I don't know how to speculate on the stock market with this number relative to what expectations were going to be, and therefore, what use is it to me?"

(00:18:55):

So yeah, there's a lot of inbuilt bias because people do need to have this short-term predictive function based on the ability to "play markets" rather than actually saying, "Do we have a society and a socioeconomic model here which will be 'sustainable?'" So they're two completely different things, and I do think you can use both, and I actually argue you can't get rid of the neoclassical, what's next quarter going to be completely, because every business needs to have some concept, even if you're not just playing the market, of is it going to be a good quarter next quarter or a bad quarter? And of course. It can become a self-fulfilling prophecy where everyone thinks it's bad, therefore they're bad. Everyone thinks it's good, therefore they've become too good, right? That's a separate issue. But people need a little bit of transparency on that to try and think ahead, even if it's just a finger in the air.

(00:19:51):

So you're going to have to keep that, but why can't we run that alongside something saying, "But at the same time, look, if labor doesn't do better relative to capital and soon, we've got trouble, big, big trouble. We can't push interest rates negative because we know that's going to destabilize X, Y or Z. So therefore we need to be looking at this instead." But we don't have those conversations.

Nate Hagens (00:20:16):

So I'm going to ask you one more qualitative question about economics, economics theory, and then we'll move on to your current worldview on what the heck's going on. Does how one think about economics and economic theory have exclusively to do with facts or does it involve values?

Michael Every (00:20:36):

That's a great question.

Nate Hagens (00:20:38):

I think I asked that, because earlier this week, you had something questioning on your daily writing about the ethics and the values that are missing from these discussions.

Michael Every (00:20:52):

Absolutely. I mean, that was something that I just lifted from a mea culpa written by the Emeritus Professor of Economics and International Affairs, Angus Deaton, who works in Princeton, and which on the IMF blog, he basically said, "I've been wrong for the last 50 years, and here are all the fundamental things that I now think I need to see very, very differently."

Nate Hagens (00:21:15):

Pretty brave to say for a professor of high status.

Michael Every (00:21:20):

Very brave. I was a bit pithy in my comments in the Daily because that's my style, but I applaud him for doing it. Better late than never, and we're well done. I hope others can follow that lead. But I think the key point that he was making is that when we look, again, I've mentioned Smith already, who was a moral philosopher, not an economist, he didn't call himself an economist. When you look at Ricardo, who was much more of an economist but was still a classical economist, and that particular period was filled with great thinkers who were trying to think about not just how things work, but how should they work for a society that's fair. We've completely abandoned that. We've moved over to an overly-mathematical, wonkish, wrong, fundamentally flawed technocracy, which doesn't actually try and address what would we like a good society to look like, because the fundamental principle is selfishness works well.

Nate Hagens (00:22:15):

More utility for the whole world means the whole world is better off, even though it's not shared equally.

Michael Every (00:22:23):

Yeah, and GDP is the metric which means everything. There are many different ways you can slice and dice that. We've already mentioned Bhutan and gross domestic happiness and other measures. They're a little bit abstract, but the more concrete way I like to look at it is what's GDP for? Okay, let me pivot for a second to something that's more of a thesis of mine, because I think that's where we're going to go in a moment. So if you've got two countries trading together using comparative advantage and free trade, which ticks every box in terms of the current framework, and you say, "Okay, my GDP is doing well, your GDP is doing well because of this, because of how we're specializing and trading together." That's wonderful until you ask yourself what's your neighbor doing with their GDP?

(00:23:10):

Now, are they building public housing and hospitals and schools and developing a thriving arts and culture scene and pushing the boundaries of literature, or are they creating technological wonders to share with the world, or are they building tanks and planes and aircraft carriers and guns and bombs and starting to put them near your border. I'm putting it in the most stark possible terms, but those are very much the terms that we're starting to see around us today in different geographies. And what's the point of GDP if that is what GDP is producing? And what's the point of free trade if that's what free trade is helping to generate through the efficiencies?

(00:24:04):

And this fundamental concept, I'm not pointing fingers at anyone right now, and we can have a broader discussion maybe, is where I differ from Steve Keen, I think. I think maybe our own personal politics may differ to a degree. That doesn't matter so much. But conceptually, the point I'm making here is this. You can use that Minsky model, which I have a lot of time for, a lot of time for in terms of mapping the flaws in the economy, and you can take that and say, "We live in a Marxian economy." Not Marxist, because I'm not a Marxist, but Marxian in terms of saying labor is doing badly compared to capital, which has been the case for decades. That will have deleterious effects socially, socioeconomically, sociopolitically, and then eventually on financial markets too. That's going to happen.

(00:25:03):

Let me just finish this point, if I may, very quickly. That's actually, I think, already old hat because I think that's a given, absolutely, but we're moving beyond that. The metacrisis for me is not that, because you can address that to a certain degree. The problem is we've now moved from a Marxian phase to a Leninist one, and in a Leninist phase, political violence emerges to try and deal with this. Radical political forces internally within an economy and internationally between economies where you say, "Okay, we have to reset this, one way or another."

(00:25:40):

Now, I'm not talking about a hammer and sickle and a worker's revolt. We're not seeing that anywhere, because organized labor doesn't have the power that it used to. What we are seeing instead is that we've got massive polarization in most economies, which is extremely dangerous in the long run, massive wealth inequality, which is extremely dangerous. How we're addressing that cannot happen within the neoliberal neoclassical framework because it only produces that centrifugal force.

Nate Hagens (00:26:11):

So it's like a Chinese finger trap. We're moving closer and closer and we can't get out, because of the structure is moving us towards more wealth inequality, not less.

Michael Every (00:26:21):

Well, indeed. So therefore, what you're seeing, in economy after economy, is recognition of this. This is now openly seen by the people who are producing it. They're thinking, "How can we narrow that gap domestically? How do we narrow that?" Okay, that's one set of radical policies which involve throwing out nearly every precept that you have from neoclassical neoliberal economics. Market forces will not do that. ESG will not do that alone.

(00:26:47):

But as you try and do this internally, there are various different ways you can do that. That effect from a balance sheet perspective, and here's where we move from Keen to Pettis, means that you will get a really disruptive effect between different economies internationally. So economies who have been big exporters can't be anymore. Economies that have been big importers, which is the mirror image because of the inequality you have, can't be. So as you narrow the gap like this within an economy, you have to change the gaps between the economies in parallel internationally.

(00:27:27):

So you're shaking up how you do things domestically, and you will necessarily shake up how you do things internationally. And for those who are moving from a losing "position," which is an emotional terminus, how they see it, to a more equitable position, they will be disrupting and dragging down countries who see themselves in a winning position, which is, again, a crude way of looking at it, because running a big trade surplus isn't the best thing in the world, but some countries do. But they will be dragged from that to running a lower trade surplus, and that is where you start getting geopolitical tensions coming in because you are literally taking other people's lunch and saying, "I'm having that for lunch now."

(00:28:09):

Now you can argue they had your lunch originally. That's fine. It doesn't stop the geopolitical tension. And this is the Leninist phase that I'm talking about. This is the we start invading each other phase as we're seeing in some areas. This is the -ism phase where you start saying, "Okay. I have to have an ideology now."

(00:28:31):

I can't just say, "Economics sorts everything out," because it doesn't. Economics is no longer guiding me here. What can I do? What can't I do? What ism? Is it liberalism? Is it libertarianism? Is it socialism? Is it communism? Is it Marxism-Leninism? Is it imperialism? Is it fascism?

Nate Hagens (00:28:56):

You forgot capitalism.

Michael Every (00:28:58):

Well, capitalism there, but what version of it? Is it a regulated capitalism or is it a wildly unregulated libertarianism? And if you look around you from Argentina to Zimbabwe, literally the A to Z, and within every G7 economy, and particularly within the US, you've got multiple variants. Everything that I've just named there is being discussed either openly by name or tacitly because people don't recognize that's actually what they're selling, but that's what they are selling or trying to embrace.

(00:29:31):

And as we struggle for what ism works for a global system, which doesn't work as a global system. And therefore, we need to do this domestically, which will change that internationally, which will create violence or stresses at least. What -ism works for us? That's my metacrisis.

Nate Hagens (00:29:52):

I don't know the answer to that. I don't know that our current political system and governance can handle the financial and geopolitical and class differences that are on the horizon. I think about it all the time. I don't know where we're headed there.

Michael Every (00:30:13):

Well, I've got my own ideas, but frankly who am I? It's not up to me to say what I think the world should be. It's up to me to try and think how I think it will play out. The first thing to recognize within this framework, which I've had for years building up very much I think we see playing around us now is it increases volatility. That's one.

(00:30:38):

The second one is from a purely market perspective, because I want to dive in occasionally to markets and economics and then pull out and go broader. But from a market perspective, one of the things I did expect to see was higher inflation as a result because of that volatility. Because you effectively have supply chain wars, where people say, "I want to own more of the value chain." If I own more of the value chain, I have the better paying jobs, and I start narrowing the gap. The bottom comes up. Maybe the top doesn't come down, but the bottom comes up. That's zero-sum.

(00:31:11):

Again, neoclassical, neoliberal economics says you scatter the value chain around the world. Everyone has their own component of it. It's very efficient, which it is. Corporate profits go up, which they do. We all link into a global system, which we have, and it's a positive sum game. It is, except when everyone says, "I want the nice part of the value chain." Nobody wants to be the toilet cleaner in perpetuity. Everybody wants to be the executive with a nice corner office.

(00:31:39):

We are now in the stage where the toilet cleaners are saying, "I'm not cleaning those toilets anymore. I want at least one day a week in the office. You get in here and clean this toilet," which is completely valid. I mean, that's what's going on.

(00:31:51):

As that's playing out, you're going to get higher inflation as you try and bring the supply chains home and you subsidize them. And other people say, "Well, if you are going to do that, you are not going to have my minerals. You are not going to have my X or my Y or my Z." It's an economic war. I'm going to make it very painful for you. Different aspects of that are playing out from the Houthis to various measures that are maybe too detailed to go into here, but supply chains are being disrupted.

Nate Hagens (00:32:21):

And that creates inflationary pressures and inflationary expectations, even if the extraction costs and the biophysical inflationary pressures are subdued. This is a geopolitical forcer of inflation.

Michael Every (00:32:38):

Well, it is. I mean there are various aspects of it. You've got on one level a demand boost in some countries. Now we had that very much during COVID. Here's free money and maybe we can discuss that again in a second. But here's a big fiscal stimulus and suddenly we had the demand, which we hadn't had for years, and the inflation we hadn't had for years.

(00:32:59):

Now we're pivoting to do that more and more on the national security side because countries are waking up and realizing, "Well, A, if I get an army, maybe I can have a better slice of the value chain." There's an incentive to doing that. And B, at the same time, they're looking around them and they're saying, "Well, look, if I don't do that, maybe I'm going to lose part of my share of the value chain and I'm worse off."

(00:33:20):

Or in an even worse way, you can suddenly see them saying, "National security itself is at risk. We don't know where we sit within the global system if we don't now have that defense." But when you're talking about doing that, you are looking at countries that have been spending in practical terms, maybe 1% of GDP on defense, maybe one and a half. Of which may be only a third, so half a percent of GDP has actually been physically on defense. The rest is on pensions or paperwork within the Ministry of Defense.

(00:33:56):

They're now waking up saying, "Maybe we need to spend three and a half percent of GDP on defense in real terms." That's a massive fiscal boost. And that's going to be from country, after country, after country, all doing it at the same time. You have that happening.

Nate Hagens (00:34:12):

It's a massive fiscal boost until the bombs are used.

Michael Every (00:34:17):

Let's not go there for a second. Okay. Let's park that for a second. Because once you start going that route, and we are going that route in places, that's a whole different board game, but just purely from a market perspective and an inflation perspective, that's all-

Nate Hagens (00:34:33):

A lot of bombs and more missiles and more planes is good for GDP and inflationary.

Michael Every (00:34:38):

"Good for GDP." But yeah, that's clearly the case. But let's look at this top and bottom element that I mentioned again. If you look at how unhappy most Western economies are now, and they're pretty unhappy, and how polarized, and you look at the high level of government debt that we have, and you look at the fiscal deficits that we have. And then you turn around to that population, polarized as it is, and you say, "Well, we need to spend shed loads of money on new aircraft carriers and submarines and F-35s or whatever."

(00:35:14):

And by the way, this is an American example. You've got other code names in different countries. "But we're not going to bring in any affordable housing or infrastructure or healthcare or education or green energy. That's on the back burner now." That ain't going to happen. No one's going to vote for that where they get a say.

(00:35:35):

And so my other thesis is, look, if you're going to spend 3.5% of GDP on defense, you're going to have to have alongside that, the same kind of fiscal program that you had post-World War II in the West where we had "Homes for Heroes" or the GI education bill or whatever. You're then talking about spending maybe 6% of GDP or six and a half percent of GDP to try and keep society happy and your military growing.

(00:36:03):

Now, we are really, really getting into COVID level fiscal deficits here to put things in perspective. And you're talking about that not for one or two years. You're talking about that for a generation.

Nate Hagens (00:36:17):

Which means in the US case that 34 trillion in debt goes to 60 or 80 or something unimaginable.

Michael Every (00:36:26):

Well, okay, so here we're throwing all the ingredients into the pot here. Now let's go back to Steve Keen. What's he a big advocate of above and beyond the brilliant work he's done creating Minsky? He's a big advocate of MMT, which Modern Monetary Theory.

(00:36:46):

Now I agree with him completely because I've read the original text that he knows far better than me in terms of how MMT can work from a balance sheet perspective. If you deny that you're denying what we actually see in front of us and have just seen.

(00:37:07):

Now here's the catch though. Here's the catch. Where I differ from that school is when you read MMT thinkers, and I do regularly, most of them are either extremely left-wing and anti-imperialist shall we say. Which is fine. I mean I grew up in that particular milieu myself, shall we say.

(00:37:29):

And that gives you one particular worldview. Or they're very apolitical, just completely. Like Stephanie Kelton for example. I'm not quite sure what her politics are.

Nate Hagens (00:37:40):

She advises Bernie Sanders.

Michael Every (00:37:42):

Yeah. Okay. Pretty left-wing. Okay. Fair enough. And again, I'm not trying to take any kind of side here. But let's say you are going to do the MMT thing and you're going to say, "Right, we need to put money into X or Y or Z." This is where it starts coming back to the Maslow pyramid and to energy and to society and to geopolitics too.

(00:38:07):

If you just throw that money in on the demand side, which is how they normally talk about it. "Let's do what we did during COVID. Let's give people money." If you don't make anything and you give people that money, you run a very large current account deficit. And in most countries cases, your currency starts to collapse after a lag because why are we giving you all this stuff from other countries for free? And in the US case, I think the dollar can hold up because the US is the US, but you get inflation.

(00:38:44):

It's inflationary directly or indirectly if you don't have a supply side to match the demand side. And that's the one thing that's missing from the Minsky model, which is brilliant at mapping out what's going on on the demand side. It says nothing about the supply side. Where's your energy coming from? What's your source of energy? Is it cheap or expensive? Is it domestic or is it foreign? What factories do you actually have? What do you produce along the value chain?

(00:39:14):

Do you make the weapons that you are going to be suddenly spending 3.5% of GDP on or do they come from America? At which point, where are you getting the money and the dollars from to buy them from America? That is the international dimension that I add to this, which is another impetus to onshore production. And that's where everyone has to try and do their own MMT behind their own barrier. And then that's completely de-globalization.

Nate Hagens (00:39:42):

But everyone cannot do their own MMT. First of all, there's a lot of countries that are pegged their currency to the dollar. If we do MMT, we get the economic benefits, the stimulus, both of the debt and the interest. But other countries have higher interest rates and they didn't get the stimulus applied to their countries, right?

Michael Every (00:40:04):

Well, if you're pegged to the dollar, you're in a very special category. I mean, you'd have to basically get pretty much tacit permission from the US if you are going to run MMT when you're pegged to the dollar, but you don't have your own dollars.

(00:40:22):

But if you're just the majority of global countries which have their own fiat currency, sure you can do it. You can absolutely. But you'd better be running a large trade surplus because I don't want to bore people with a technicality here, but link back to all the other arguments I've been making. If you are throwing in extra demand, you have to make sure you have excess supply. That's the nutshell of it. Here I can print my own money.

Nate Hagens (00:40:49):

Or else what?

Michael Every (00:40:50):

Well, inflation or currency down, down, down, down, down. If you're running a trade surplus, that means you have excess supply. If you look at the intersecting balance sheets. I'm running a trade surplus. I'm producing more than I consume. And I can gobble up some of that extra production with MMT.

(00:41:09):

5% trade surplus, I can print 3% of GDP and give it to people to buy the excess product, which is sitting on the shelf. That's how you link up your MMT, your Minsky with narrowing these gaps and with printing money and the supply side.

(00:41:25):

But most countries are not running big trade surpluses. And even if they are, there may be only one product like oil rather than everything. And you have to work out, okay, am I going to be able to get everything else I want if I print money for this? And that's where the whole global system starts to fragment when you do it.

Nate Hagens (00:41:41):

I agree with you. I think it's a bigger issue right now. MMT is making a huge comeback and it seems to be critical of the fact that there are limits to debt and that debt is ever a problem. My view is that all that debt is created, all the financial instruments created in the world are a claim on energy and materials. And so when we're printing this money, they're creating this money, sure it's by a sovereign that can print as much as they want. But all of that is a claim on energy, materials, and ecosystem services, which I think is also outside of the MMT story.

Michael Every (00:42:26):

It is. And yet at the same time, let's go back to a great quote from Keynes. "We can afford anything we can do." And as I said, if we are just going to spend this MMT into the demand side, like here's a stimulus check, which is what we had during COVID, of course supply chains are going to break down.

(00:42:51):

Geopolitics starts to break down as well, because countries are saying, "Well, you're printing money to get real stuff from me." After a while that does break down, then it's happening more quickly than people think. But if you say, "People will accept my currency because I'm the US in particular, or I'm country A or B with a big economy. And at least domestically because I have the power to tax in it and I control the courts and the police and the tax authorities, I can make people stick to this currency." You have a window of opportunity where you can abuse that power in certain circumstances.

(00:43:28):

If you put it into demand, it's not going to end prettily. If you put it into supply to actually get things done, like, okay, let's throw a couple of billion or tens of billions of dollars into research on green energy. Or any cutting edge technology that we think can push the productivity frontier, that can help reduce the intensity in which we have to use a finite resource within the physical production process. Let's do that with it, yeah, that just stretches your entire production function.

Nate Hagens (00:44:01):

Do we have any guess in the US or elsewhere, what percentage of MMT or deficit spending is going to the supply side and investments in that way and how much is going to consumption?

Michael Every (00:44:15):

Well, let's look at it from a fiscal perspective, because right now we're not doing MMT. The Fed is no longer really monetizing the fiscal deficit. If anything, the Fed is doing QT so that they're selling bonds rather than buying them right now. It would be disingenuous to say that that is what's happening. If you look at the fiscal side of it-

Nate Hagens (00:44:36):

Well it was happening in COVID and into '21 though for a while.

Michael Every (00:44:41):

It did. And that was all into demand. All into demand.

Nate Hagens (00:44:44):

Okay. All into it.

Michael Every (00:44:44):

And it wasn't just in the US. You saw it in Europe too. For example, Italian government bonds on net were bought completely by the ECB. All issuance on net in some countries for a while was bought by the ECB. That's MMT. Unless you intend to sell them back to the market. And we know pretty much they don't. Let's be realistic.

(00:45:02):

We did that temporarily in COVID for demand. In terms of the supply side right now it's about linking out with fiscal policy. In the US case for example, of course you've got the CHIPS Act, which isn't really achieving very much. You've got the IRA, which is achieving stuff to a certain extent. Whether it's efficient or not is a different question. Whether it's well allocated or not is a different question.

(00:45:28):

And then you have to look at, okay, so how much of the deficit is being run up because of that? And then what is the Fed doing with it? In other words, there are supply side fiscal measures, which you can argue about whether they're good or bad. And I'm not getting into the politics of each individual one, that there are very valid arguments that some of the parts are good and bad for all of them. But then you have to link that with the central banks.

(00:45:50):

And that's when it comes back to the philosophy of are the central banks willing to admit they need to do this? And let's go back then, and apologies, I'm going in many different directions, but there is a central thesis to this. I'm not quite sure if it's coming through, that the politics of the -ism of what am I allowed to do, have to tell you, are you allowed to do it before you do it? If you're a bureaucrat, you can't just be radical. You have to know this is what's acceptable.

(00:46:15):

A few years ago there was no ESG. Then there has been ESG. Maybe now we're backing off of that because actually it doesn't really do everything that it promised and it does things that we didn't think it would do. But look at Europe just for a moment. Okay. Europe, again is talking about re-arming aggressively in the face of the threat from Russia, at least if not others.

(00:46:38):

And it can't quite work out politically how to do it. How does militarism work in a pacifist free-trading block? We're then now looking at, okay, maybe we need to use things like the European investment Bank, which are existing infrastructure. And say, "Well, if they issue lots more debt, which can be spent on defense factories like production plants, which can make the planes, et cetera," because they can't even do that at the moment. The ECB, their central bank could buy the bonds of the EIB which produce the goods, which then the government can use another mechanism to then purchase.

(00:47:17):

You are moving in that direction. It's not as simplistic as this, ka-ching, ka-ching, ka-ching, ka-ching. It doesn't operate like that, but you are moving in that direction. But it's the military impetus or the "I'm worried about whether I'm going to be invaded tomorrow" that is the -ism that then opens the door for the bureaucrats that then turn around and say, "Well, if we can do it for that, we can do it for this because this is also important."

Nate Hagens (00:47:41):

Well, a common currency works for investments and bonds, but does it work when each of those individual countries have their own military and have a different response to, for instance, the Ukrainian situation? It makes it more thorny.

Michael Every (00:47:56):

Well, that's a bigger question. I mean, in Europe's case, they're trying to determine where does the national level come in and the supranational level come in. And that's Europe in a nutshell. I think they are now in a polycrisis or a metacrisis moment more than anyone else. What's Europe for? Can it step up to this challenge?

(00:48:20):

And I can tell you that the wheels are turning. I mean, they're not turning fast enough. As is always the case in Europe. I don't think the wheels are big enough, but there are definitely cogs whirring, "Saying Europe needs to adapt and change. The financial architecture will have to change," which brings us back to Minsky and balance sheets and from Marx and to Lenin to all of it together in order to allow us to take a step forward or else we crumble one way or another internally or from external pressure. And so change, I think will happen.

Nate Hagens (00:48:51):

Getting back to the debt question, what's the intermediate and end game of European countries and countries like Japan that are solving some of our domestic problems with more bonds, more deficit spending, more debt? And you said that in the near term, that's okay, but there's a lag and it eventually becomes a problem for the currency. Is that on the horizon that we have currency debasement or even currency reform as we have more and more financial claims on a static or even declining biophysical reality in coming decades?

Michael Every (00:49:35):

Well, let's take the biophysical part and just put it on the side just for a second. Even from a traditional neoclassical, neoliberal framework, everyone recognizes that debt is worryingly high, deficits are worryingly big. And that in the longer run, you only have a few ways out, which is you can grow your way out. And we show no sign of doing that at the moment.

(00:49:59):

Although I do think part of the shift to a different economic model of higher interest rates and higher investment and a more militaristic GDP or whatever could potentially be part of that. I mean, in Russia's case, for example, their economy is currently booming on the back of a war economy crazily enough. But it is. But if you can't grow your way out, you're either going to default or you're going to inflate your way out. This is nothing mysterious.

(00:50:28):

Even traditional theory understands that. Austrian theory, which I'll have a lot of time for up to a certain point, obviously thinks that everything's going to collapse and default. And you know what? That could happen in some countries. I don't think it happens in any of the big ones because when you get that default, it's never clean and easy. You're wiping out your rich when you're doing that. Everyone who think that's going to happen, you have to think that the rich in that country have absolutely no power at all. The rich tend to have quite a lot of power most of the time. I don't see that happening. Inflation obviously is a risk, but I think before we get there, one of the reasons why I have the thesis I do is that I think we will end up with an attempt to try and reflate the economy with some inflation. And at the same time some growth, at least high nominal growth by, as I said, seizing value chains that you haven't had in the past and using fiscal stimulus usefully rather than uselessly to try and pump up that they think will generate growth.

(00:51:38):

Now ideally, yeah, that wants to be at something that improves your supply side. And ideally you want that to be sustainable in all manner of the word or all meanings of the word. But I do suspect that the near term thrust is going to be more militaristic alongside that. And that is contradictory to a degree because military stuff is not very green. It's khaki.

Nate Hagens (00:52:04):

Let me ask a question on that. The making of bombs and planes and such instead of gardens and new local transportation doesn't help the poor. Higher interest rates hurt the poor as well. AI is going to hurt the lower income portions of society. Does the wealth inequality at some point become a rubber band that stretches so far that it breaks and that there's a countervailing force, be it a revolution or something else? Is that something that could unfold in countries like China or the United States, if not elsewhere?

Michael Every (00:52:55):

It's a great question. I mean, if you read, obviously not just Marx and Lenin, which people should by the way, to dismiss it, but read them. But Piketty or Peter Turchin, I've got a lot of time for, have done for a long time. They would say, "Yeah, absolutely." And I think you can certainly see around us the consternation from the mainstream press and financial press that wow, the far right are getting 30 to 35% of the vote in the G7 economies. It's like, yeah, they are. And the far left, they're getting 10, 15. Yeah, they are. You're getting up to half the population prepared to roll the dice. And that's with an economic rebound.

(00:53:43):

Project forward X number of years, and you start to worry. But let me pivot back to what you just said because I want to pick one hole in it, if I may, or poke one hole in it. And then that opens up part of a different thesis that I've had for a while. It's not a forecast. I want to stress that, but it's a thesis. And that's this. When you said, first of all, AI will hurt the poor. I don't think it will. I don't think the poor will notice at all. I think it will hurt the middle class who have useless jobs right now.

(00:54:08):

If your job is basically doing something very functionary and easily replicable, yeah, you are in trouble. You're not poor. You've got a middle-class job now, so you're going to lose it. And when the middle class go, things really, really get bad fast. You can screw the poor for generations and they just get drunk and angry and sing songs. But when you start screwing the middle class, you get serious instability. That's one thing to note.

(00:54:34):

But you notice about AI, you said higher interest rates are the poor. Again, no, the poor don't really... They're borrowing at 28% usually, or 32%. You raise interest rates, two or three percentage points. They don't even care. They don't know what their interest rate is. Again, it's the middle class that you're screwing with.

(00:54:52):

In terms of the military side. Funnily enough, we had a data point from Russia where I saw yesterday, in their war economy, the bottom tranche of society is seeing 20% wage gains.

Nate Hagens (00:55:05):

Wow.

Michael Every (00:55:05):

Because that so many young men are dying, that wage labor rates are being bid through the roof as the government's buying everything it can for the war machine. The poor in Russia are doing really well, if they're not being shot, out of this particular economy. That does run in the opposite direction.

(00:55:23):

But the broader point I wanted to make is this. Where I think we have to go is a combination of everything I've been saying in terms of trying to narrow this gap domestically, narrow the gaps internationally, which is going to have a national security dimension. And a part of that needs to be energy, it needs to be sustainability too at the same time.

(00:55:42):

I'm not trying to underplay that. I'm just saying that won't be what you sell first, because people don't panic talking about sustainability, they panic talking about the military and invasion. That's how you generate the impetus. But what you're going to need is higher interest rates and lower interest rates. And you're going to need very tight fiscal policy and you're going to need very loose fiscal policy.

Nate Hagens (00:56:09):

I don't understand.

Michael Every (00:56:11):

Okay. Well, this is the key point. If you look at where we are now, to get from where we are now to an economy that makes more sense, requires a staggering degree of spending on some things and massive belt tightening in others. It requires a crippling interest rate in sectors which are frankly useless and stupid, but you have complete freedom to do them today and a low interest rate for things that are a national priority. Like in a war, you need low interest rates, not high, but you need high interest rates to stop people saying, "Well, I'm just going to borrow huge amount of money from the bank and speculate on commodity futures," which will make it more expensive to feed my army.

Nate Hagens (00:56:50):

How do you do that when all the market interest rates are just tethered to the ten-year note plus a spread with government rules and intervention and strategy? How does that happen?

Michael Every (00:57:03):

Yeah, this is exactly it. If you look at the way the world used to work, and I'm painting very, very broad brush here, but if you look at the way the world used to work pre-1980s where we moved over to this neoliberal, neoclassical model where everything was deregulated, first of all in the West and then after communism collapsed everywhere, but China and North Korea and Vietnam and Cuba, everywhere else, so basically one world economy pretty much, even if you had a different political system on top. Yeah, Fed Funds is your base rate or your 10-year US, if you want to look at that. Everyone can borrow that, the money flows wherever they want in the world. Every market in every country is free to take that with a spread and think, "Where can I invest that to try and make some money today?" That's the fundamental precept on which we build our entire society and it's really stupid. It's really stupid.

(00:57:59):

Let me just give you one anecdote before I get back to the point I want to make. I'm sure you've heard of Schumpeter, the great economist. I actually found the time the other day to skim read and I will only pretend that... I always stress skim read rather than pretending I read it in the detail it deserved. Just one of the telephone directory scale books that he wrote during his luminous career as an economist and a thinker, which was his history of economic analysis. Just a staggering degree of intellectualism, there's no one alive today, who comes anywhere close to what that guy was doing and that was only one of the books he wrote.

(00:58:38):

Anyway, he was an Austrian economist. He was literally the finance minister of Austria for a while, but he leaned very much to the Austrian school that if you set interest rates too low, you create artificial bubbles and et cetera, et cetera, everything blows up, et cetera. Less government is better. You're very familiar with this school of thought, I'm sure. But before Schumpeter died, he had a Damascene conversion where he said in a nutshell, "Look, if you have too much government intervention, we know how badly that goes." Bureaucrats are bureaucrats, politicians are politicians, intervention is intervention. I don't have to spell it out for you. It doesn't work well in the long run. Equally, he said, "If you have a completely free market," as we just described, where you have the Fed Funds rate... Okay, you can say the Feds set the Fed Funds on Fed Funds rate. It's not completely free, but ignore that. You have the Fed Funds rate or the ten-year US and money can go anywhere and anyone can borrow it and do whatever they want, that doesn't work either because freedom in markets doesn't work without morality.

(00:59:49):

If you remember, when you used to have that bracelet, "What would Jesus do." Remember when people used to wear them?

Nate Hagens (00:59:54):

Yeah.

Michael Every (00:59:55):

What Schumpeter was saying effectively is you won't get a good economic outcome for society, unless when you have freedom of choice, free will, economically, you have the morality of a bracelet on your wrist economically saying, "What would Jesus do with this money?" If you don't have that, free markets are useless. What he said is we need Catholic economics where everyone has a moral band around them saying... Of course, I can speculate on this and make money doing that, but that will make other people poorer and hungrier and that's a stupid thing to do. I'm going to take the money which I've got and use that freedom in a way to make the world better. That's what Schumpeter said before he died and we ignore it completely and we are never going to get there unless we have a moral revolution where everyone suddenly changes their mindset. That's not going to happen. So what's the best solution that isn't that? That's what I'm trying to say.

Nate Hagens (01:00:55):

I'm going to let you get to your broader point in a second, but let me just interject there, Michael. We've only spoken once before and I don't know how much you know about my podcast, but I hope your employers won't mind me saying this, that you're being underutilized in your current role. It's unfortunately 9:00 PM here and I'm having trouble keeping up with you. But I think if it was noon my time, I would have trouble keeping up with you. I really, really like the way you think and your authenticity and I hope that we can have you back to maybe have a debate with Steve Keen and Stephanie Kelton and other people on these issues. Because what you just said is at the core, it is at the core issue of our time. I hadn't heard of Catholic economics in that sense. Just that interjection, so please carry on with your low interest rate, high interest rate anecdote.

Michael Every (01:02:03):

Well, thank you. Thank you very much for the compliment. I'll make sure to clip this and send it to my boss. But the point being, there is no good solution. The religion that we have now is that free markets will do it for us. I think we're realizing there is no God in that respect.

Nate Hagens (01:02:24):

So free markets by definition, cannot solve the metacrisis.

Michael Every (01:02:29):

Well, first of all, it won't do given that they have a centrifugal effect. They push inequality, they push some countries to specialize and become net exporters and others to become net importers. They say to the people, "What's the long run benefit of having an army?" "None, let's not have one," which Europe is waking up and realizing doesn't work. That as a simplistic, do whatever you want, be whatever you want, invest however you want philosophy. Doesn't work. You can see it all around you. Elements of it can work, if they're carefully regulated.

(01:03:04):

In fact, if you go back to Polanyi and the great transformation, from a constructivist perspective, then he makes it very, very clear that where markets think they work is actually in a beautiful playing field carved out of a jungle with violence. If you don't believe that, ask yourself how much trading was done last weekend and the answer is none. We didn't work on Saturday or Sunday, the market's shut. Why do markets not work on Saturday or Sunday? We should be doing them 24/7, we don't for cultural and religious reasons, nothing happens for two days. I'm all in favor of that by the way, but it's a social construct that we decided.

(01:03:41):

Markets themselves won't solve the problem unless we put in place things like Saturday and Sunday to give you a breather so you don't drop dead from exhaustion that allow you to have bookends on what you can and can't do. We call them law.

Nate Hagens (01:03:53):

So Saturdays and Sundays are not part of the market. We don't have a full market economy, otherwise, we would be working every single day.

Michael Every (01:04:03):

Some workers have to, right, and that's very disruptive for society as well. When you all used to have a day off at the same time, everyone could go and watch a sports game together, go to their local community or local church. Now, you don't. Family life's disrupted, there's a cost to that even if from a broader perspective, even if from a narrow one, it's better for profits or whatever.

(01:04:22):

If that doesn't work, what does? I'm not a believer in big government on that scale just because I've worked for large organizations, I've had to deal with governments and efficiency is not their byword. We know that. We know that. On the other hand, we've just made it very clear that just saying, "Here's a religion of free markets," that doesn't work either. Unless you have your own religion, if everyone behave completely morally like I choose not to do that, then they would, but they don't.

(01:04:56):

So then, you have one other choice, which is you have to have some awkward middle ground, which is not good. I'm not selling this as something good, I'm saying if you eliminate what can't work and what isn't working now, what will be rejected, what's left logically, Sherlock Holmes style, is what we will gravitate towards, one step forward, two steps back. Okay, we're going to try and keep as much of the free market as possible with as little government as possible, but more than we've got now, which has a broader social focus and which says...

(01:05:27):

Okay, for example, I'm a company I want to borrow to find a more sustainable way to produce food, to feed people, to bring down the cost of food, but with a minimal environmental impact. Can we do that at a lower cost? Can we do that at a low cost or a high cost? The market says, "Well, it's got to be a high cost." Equally, someone says, "I've got an idea for an app that when you take a photograph of your dog, makes it look like a cat," and the market says... Well, the advertising opportunities are just phenomenal, everyone's got a dog or a cat. Everyone's going to want to transmute one animal into another. Food company, you borrow at 8% because you're a bit dodgy and food, schmood. Dogs and cats, what's not to like? You can borrow at zero.

Nate Hagens (01:06:13):

This gets to us as quote-unquote consumers. There has to be an awareness and a change in consciousness of the times we are alive so that we choose a sustainable food company over the dopamine we get from seeing the dog as a cat. It's not just the markets and the government and the corporations, we as citizens, have to change our choices.

Michael Every (01:06:36):

As human beings, we do-

Nate Hagens (01:06:36):

As human.

Michael Every (01:06:37):

… I agree. But within the framework I'm describing, here because that's my remit, I can't even change myself. Again, my long-suffering wife outside the door will tell you completely that Physician, heal thyself. She would say, wagging a finger at me.

(01:06:51):

But if you look at that, the current framework now clearly is dysfunctional, clearly from a national security perspective, from a sustainability perspective. Now, we've played around with saying, "Okay, you're going to get slightly cheaper borrowing if you follow green criteria." We are moving down that path. We are moving down that path. More rapidly, I suspect we will get to one where from a US perspective, let's say, we create some mechanism and I don't know exactly how, but I've got theories where you will do a Steve Keen style MMT to pay for the Pentagon. That gets ring-fenced. Or maybe a massive new infrastructure program. Everything else doesn't get it. That stays within a normal remit.

(01:07:38):

And interest rates, Janet Yellen was saying, now, I know this won't go out immediately after I'm speaking, but Janet Yellen was just saying recently, "Interest rates won't go back down. When they do come down to where they were pre-COVID. They're not going to be zero anymore, they're going to be much higher."

Nate Hagens (01:07:54):

She also said there would never be another financial crisis in her lifetime.

Michael Every (01:07:58):

She apologized for saying inflation was transitory. There's a couple of things to watch there with Mrs. Yellen, but the key point, I think, you need to keep tight fiscal policy in some areas which are not helpful, an ultra loose MMT style in others into the supply side, the supply side, not the demand side. When you spend the money, it's got to be to bring back the whole supply chain into you or a country that you trust completely where your monetary systems are linked.

(01:08:29):

On the interest rate side, and again this is a hypothesis, it's not a forecast, I'm not forecasting Fed Funds or the ECB rate, I'm talking theoretically big picture. You would logically say, "Okay, you're going to keep a relatively high interest rate because you know what? People shouldn't have second or third or fourth mortgages." I don't want to see speculation in the housing market or in commodity markets, et cetera. I don't want to see money going to companies with a cat-dog transmute app, but I do want to see a low interest rate if it's going to go to something useful right now on the supply side. You're making choices to incentivize the economy towards supply, not demand and national security and sustainability, not consumerism.

Nate Hagens (01:09:13):

To extend that, you're making choices to support and subsidize supply side, but also maybe regenerative tech agriculture or things that help reduce wealth inequality. Because if there's one thing that stabilizes a country, it's reducing wealth and income inequality. It extends down that avenue as well, yes?

Michael Every (01:09:40):

It does. I think if you try and do it wrong, it won't work. Let me give you a headline. You've probably seen recently, that there's a lot of new semiconductor, fabs as they call them, that were due to be built in the US to try and onshore those supply chains. Well, just recently we've seen South Korea say that three of the big South Korean firms who were going to build those fabs in the US have put them on hold. Not only is there a shortage of skilled labor, which is part of the problem that only building them will address, you only get those skills back by building. You don't get them back any other way. But they're saying that the DEI component that the White House insisted on, which was really, really stringent for every one of these factories, makes it so expensive and impossible to meet the criteria in some cases. You have to employ X number of people who simply don't exist, you can't do it.

(01:10:35):

If you're going to try and fight inequality on that manner, this is the big government thesis again... But it's not like I'm shooting down how to do it. The point is, if you move towards more investment in supply, domestically, and higher interest rates to stop speculation... In other words, you are making money from productive investment, the banks are lending to actually build things rather than speculate on assets. By doing that alone, you reduce inequality. That from a mathematical perspective in terms of how the balance sheets work, it's a bit complicated to maybe peel all the layers of the onion here for everyone watching. But by doing that inequality will automatically be reduced without any need for acronyms, it will happen.

Nate Hagens (01:11:27):

I really like these ideas and you've spelled them out quite well in the last five minutes or so, what's missing? Is it governance or knowledge or these ideas themselves or polarization and identity are standing in the way? What would be the mechanism to get these ideas into practice on higher scale?

Michael Every (01:11:54):

I'm thinking of Shakespeare again, I'd already had Physician, heal thyself. Now, I'm thinking, first, kill all the lawyers. That's the phrase, but it's first kill all the lawyers and everyone on Wall Street. Because effectively, you have vested interests that will never allow this to happen. This is the complete antithesis of the political economy that's been constructed for the past couple of decades, which is all about financialization, assets, balance sheet light, no productive investment, offshoring, increasing inequality and magazines and media that lionize billionaires who produce apps and make cats look like dogs, rather than the humble worker somewhere who's actually keeping the country running or the limited US merchant marine that's out there risking their lives, moving goods on the sea, for example. These guys and women get absolutely no thanks whatsoever.

(01:12:53):

Now, it's a cultural shift, it's a political shift. It's happened in the past in the US and in other countries usually after a crisis, but it has happened. It's not to me to predict whether it will or won't, I'm just saying that if you want to avoid very bad outcomes, this is what would have to happen and here are paths by which it may. But it'll be trial and error, and I don't think all of it will happen and it won't happen quickly and not in the way one would like.

Nate Hagens (01:13:22):

This platform, this website, this podcast is generally apolitical, but I'll ask you a political question, not a prediction. But what do you anticipate the effects of a Trump re-election would mean the terms of the things you were just saying, or in fiscal policy, in general, with our debt and interest rates and such, if that were to happen? Which right now, it's 50/50 or a little bit higher than 50/50.

Michael Every (01:13:52):

Sure. Well, let me start by saying that I don't cover the US. We have an excellent US analyst called Philip Murray, and I want to just bang the drum about what a good US analyst he is, and I'll talk about some of these ideas more in just one second.

(01:14:07):

But purely as an aside, in 2016, I was saying to people, not in print per se, but people would say to me, clients, "Who do you think is going to do in the election in 2016?" I said, "Trump," and I was laughed at and they said, "Well, how can you say that? It's a joke, he's a joke candidate." I said, "He says, the economy is crap. Anyone who says the economy is crap in 2016 will win," because it's never been done before. Every presidential candidate was always saying the economy was amazing and America's amazing. You say it's crap, you'll win. In a nutshell, that analysis worked.

(01:14:42):

Philip is now taking, I think the very pragmatic step of instead of doing what many people in Wall Street do, which is presume that everything will be exactly the same going forward as it is today, to say, "Let's just look at the opinion polls, the balance of the opinion polls, and let's presume that they're right." On that basis, Trump wins. That's what he's saying.

(01:15:05):

Let's presume Trump then does what he says, which is introduced tariffs. Now, how you map out what Trump will or won't do comes down to the vagaries of Trump himself and then the international reaction like Trump does X, what does Europe do? What does China do? We're currently mapping all that out. It's a pretty complicating exercise, and the methodology you use determines the outcome. If you use neoclassical neoliberal, only one outcome is possible, it ends badly. If you use the alternative thinking that I'm putting forward here, which is something closer to Keen and Pettis and my own special source on top, there are a variety of different ways it can play out. That's still an ongoing modeling exercise.

(01:15:48):

But let me just take the headline snapshot. The simpler version is this. If Trump tries to do what he is talking about doing, he's talking about reintroducing a neo-Hamiltonian model, which is you have very low cost of production in the US with cheap energy and very low taxation, but you have very high tariffs, so you can't afford to bring anything in from outside the US. That can go one of two ways in a nutshell. Either it's a stagflationary collapse because the price of everything goes through the roof and you don't make anything and you can't afford to buy anything, and it's a disaster or it works incredibly well and everything is on short in pretty rapid time. Of course, you'll have obstacles and you will have inflation at first-

Nate Hagens (01:16:31):

But we have one of the highest cost of labor in the world. I don't know how likely that would be that...

Michael Every (01:16:38):

So? If it's more expensive to produce everything outside and you can employ people and pay them more, and they can afford to buy the domestic product, which is how things used to work, it can work. Now, it doesn't work to everyone who's internalized the religion that it can't work, cheap is always better, and this is part of what we've all internalized. I can assure you from a balance sheet perspective, it could. I'm not saying it will happen or it will, I'm saying it could. But to show you again the two different ways that this could go depending on the vagaries of Trump, the other headline we've all just seen is that the candidates he's considering to be treasury secretary, if he gets in, are as varied as the hedge fund billionaire, which again would be so New York Trump, in which case, Wall Street isn't going anywhere and you wonder how this can actually work because it is the Wall Street speculative financial complex you have to change as part and parcel to get this framework I'm putting forward.

(01:17:42):

On the other hand, just talking about Robert Lighthizer, who was the former US trade representative who is arguing with a great deal of intellectual consistency for something more along the lines of what I'm talking about, which is now you have a neo-Hamiltonian, reindustrialization policy where you give everyone a timeframe to invest in America again, to make in America again, to get money capital circulating domestically. You don't need foreign capital, you don't need anywhere near as many foreign goods. America is much more re-industrialized.

(01:18:17):

If he goes that route, the world changes dramatically. All the international intersecting balance sheets shift dramatically in one direction. If he goes the hedge fund route, things shift dramatically but in a very different direction. Both of them are inflationary for a while, but with very different long run outcomes and very different patterns of how all the US balance sheets and international balance sheets sit.

Nate Hagens (01:18:44):

Maybe you should write up a little memo or white paper to that effect and maybe he'll read it in October or so. I don't fully understand what you're saying because it's new to me, but it makes sense.

Michael Every (01:18:57):

Well, I appreciate that. I will attempt to try and do so. There are other people out there I'm sure who are doing it and will do it better than me. I'm happy to throw in my two cents worth.

(01:19:07):

I will just add one anecdote that a few years ago I was giving a presentation in Asia on the global outlook, and I wasn't on the interest rate component under this, I was much more on the national security component, which is that at some point, everyone will realize that this is a Leninist world, not a Marxist world. At which point, your policies will have to shift and there will be a distinct move away from free trade back towards this protectionism that we're seeing everywhere, and it'll be logical for the following reasons.

(01:19:38):

One guy in the audience was the former deputy US trade representative, very nice gentleman, and he came up to me afterwards and said, "Well, I'd never heard anything like that, except from Peter Navarro." I said, "Well, yeah, okay," but I have my own reasons for saying it completely apolitical, but I think the logic holds up. He did say, "Can I have a copy of the presentation?" I shared it with him and I said, "Can I ask why?" He said, yeah, "I'm meeting Robert Lighthizer for lunch next week."

(01:20:13):

I don't know if that got shown to Lighthizer, and I don't know if Lighthizer showed it to Trump but I'm not trying to put myself in any circles where I don't belong. But it's not impossible that a small element of this may have flowed in that direction. But again, I'm sure there are far, far larger minds than me that have been thinking this far more deeply than I have long before I have.

Nate Hagens (01:20:37):

Like I said, I mean we just met. I might have to have you back in five months before the election and look at what are the policies that would be good for the world, just speculation-wise. You have a big brain and a big heart and yeah, I'm fascinated by all this. This is a unique conversation for me.

(01:21:01):

I want to be respectful of your work day there. You're in Thailand now, but I do have a couple questions that I wanted to ask you and then I have some closing questions. I wanted to ask you because I've been reading your work, you were one of the few that correctly suggested the risk of Ukraine invasion two years ago was far higher than most expected. How today are most investors missing geopolitical risks in your opinion?

Michael Every (01:21:36):

Thank you for recognizing that because it didn't get a lot of play outside of the Netherlands working for a Dutch bank.

(01:21:47):

What they're failing to recognize is understandably how bad the situation is, but how it plays out. Because what you often see in the space that I work in, which is markets and macroeconomics, that people will use the word geopolitics, it's gone through the roof. This is the equivalent of going to see your doctor and saying, "I've got a pain here and a pain there." And they're saying, "You know what your problem is? Biology." "What should I do about it?" "Oh, something biological." It's absolutely bloody useless.

It's absolutely abstract and useless. What you need to have done is studied international relations and history and regional studies and language and culture as much as possible, and economics and national security to a degree and heterodox economics. Because the traditional, as I said, doesn't account for economic war and gray zone, et cetera, et cetera and the way we're looking at things now.

(01:22:55):

You put all that together, and that's actually what Susan Strange years ago called international political economy. You could also call it grand strategy. If you understand that, you understand the fact that the things like the Houthis emerging to throttle the Red Sea and the Suez Canal is a problem. When there's a Financial Times op-ed today saying, "It's fine, it's not a problem." We've shrugged it off. No, the initial impact was bad and now we are rearranging and dealing with it, but A, it can get a lot worse than this. There are many different ways that can play out and get worse and more inflationary. And B, It's already having an impact. You don't see with a lag in some products, and particularly in things like distillates and diesel where the price is going up, which will push out the price of everything.

(01:23:43):

People take a simplistic surface level, narrow, headline driven view, just saying geopolitics, and they think as an analyst, that's deep. Saying geopolitics is a nothing.

Nate Hagens (01:23:58):

Well, I have specific questions, one about Ukraine and Russia, but let me build on your diesel question. In one of your recent daily reports, you flagged a report by the New Zealand government, which considers a scenario of an oil shock with oil going to $250 a barrel leading to a 7.5% drop in economic output in GDP. So just hypothetically, and there could be a number of ways this happens in the Suez Canal or the Straits of Hormuz or other things, but what would globally play out in the interest rate, debt, financial system architecture that you explained earlier in this conversation, if let's say 5 million barrels a day were to go offline somewhere at some time in the next couple of years?

Michael Every (01:24:51):

Well, I asked that question to our excellent energy analyst, Joe DeLaura. Because I like to give credit where credit is due, I don't do everything. We have experts at Rabo who are experts in those fields and I interact with them regularly and we have a cross flow of ideas. So I said to Joe exactly that, "Joe, let's say we lose 5 million barrels per day. Where's brent crude?" And he said, "Well, the first option that would be taken out instantly is $150 a barrel. Instantly". But he said, "Depending on the environment, instead of there being a decimal place, when you look at the oil price, there might be a comma".

Nate Hagens (01:25:34):

10 x.

Michael Every (01:25:36):

Yeah. So he's being slightly facetious because this is just a chat, and this is not a forecast. But he's saying you would pretty much double where you are right now because usually, as he put it, the oil market is pretty evenly balanced supply and demand. Usually, that's the way it's set up. If you have a 500,000 barrel per day shortfall one side or the other, you can have a major market move for half a million. So if you are going 5 million in the current environment, this is just to keep things consistent. Yeah, you're going to double oil prices fairly quickly and if it doesn't get resolved and you get flow through effects, he was being facetious, but trying to make a key point that it's very, very, very inflationary.

Nate Hagens (01:26:25):

But we're already having fingers in the dyke to keep the financial system, this Rube Goldberg machine as you mentioned earlier, if there's $200 oil or higher, how do we use MMT or the Fed bazookas to keep, I mean, I don't know what happens then.

Michael Every (01:26:50):

You would logically think, given what happened to gas in Europe, that central banks will step in and say this is transitory. They do like that word. And say we are going to offer subsidies, which will then of course probably add another X percent on top because if that's a permanent thing, for whatever reason, rather than a one-week shock or a one-month shock, yeah then you're in a 1970s loop. And in fact, one of the key points we've had in the recent inflationary episode is this, all of the, and it's part of the metacrisis, all of the architecture we set up post 1970s, which was neoliberal, neoclassical, globalization, break the back of unions, offshore, outsource, deregulate, downsize, do everything you can to make sure unions and labor has no power at all to prevent the '70s happening again. All the infrastructure we put in place, inflation targeting, fiscal prudence, all of this.

(01:27:55):

And we patted ourselves on the back that we are ready to win this war against inflation at any time. Because we didn't understand how the economy actually works, and again I'm alluding back to the earlier parts of the conversation, as soon as we got a real supply shock again, which we did, and as soon as we got a labor versus capital shock again where labor said during COVID, we've had enough of this we actually want more, for the first time in a while, everything started to collapse. You immediately saw central banks having to raise rates in a way they said they would never do again. And they did instantly. You immediately saw them coming under pressure saying, "Oh, we don't know what to do. Do we keep them high? Do we cut them? We don't know". Government's saying, "We don't know, we should tighten belts, should we spend" all of our bravado was basically wearing the uniform of our grandfathers in World War II.

(01:28:48):

And then as soon as the bullets started firing, we cowering under the desk going we're not quite sure what we should do. And if we were to see a repeat, and I don't mean in the physical world, I hope we don't but we could, logically we could anywhere I guess. But just in terms of the supply shock, again on that kind of scale, which is no one's forecast, this is you asking me hypothetically. Yeah, I'm sure all the infrastructure would just come crumbling down again, we're not prepared for it in the slightest

Nate Hagens (01:29:14):

Tangentially what about the dedollarization that's in the news? I think you have a different take than a lot of commentators that US debt and China and Russia developing other ways to use the banking system. What is the intermediate and maybe long-term trajectory of the US dollar?

Michael Every (01:29:37):

Well, I'm a dollar bull. Our Chief FX strategist, Jane Foley, also is. So I'm echoing her thoughts there. Structurally the dollar isn't going anywhere because this global system that I'm describing rests on the US dollar. All the offshore dollar debt that you've got has to be paid back and paid back with interest. So you constantly need more dollars in order to pay it back. Now dedollarization is happening at the margin. I've done a lot of work on this and I got into an intellectual, I wouldn't call it a battle given that we were never in the same room or in the same intellectual space at the same time. So it was kind of arguing past each other. But I got into a bit of a debate with Zoltan Pozsar who has of course formed this new group Ex Uno Plures.

Nate Hagens (01:30:40):

Oh, I didn't know that.

Michael Every (01:30:42):

Yeah. Instead of E pluribus unum, it's Ex Uno Plures. And my joke was that actually is please exit through the gift shop.

Nate Hagens (01:30:50):

Well he's talking about a new Bretton Woods and such.

Michael Every (01:30:55):

Bretton Woods 3. Bretton Woods 3 he's calling it. And my thesis was, and people who are looking for it, if you Google it you can probably find it on the web, why Bretton Woods 3 won't work. And I went to a great deal of historical and nitty-gritty balance sheet detail to really show that can't work. But what you are having, and that the other group doesn't mesh. Basically they are net exporters to the group they're trying to get rid of. So how are they going to be net exporters to us in their own currency when we don't have their currency and we won't borrow it from them in order to make that network work? It can't work balance sheet wise. So the only way it can work is if you have two world economies. They go away, we go away, we onshore, they lose all those jobs.

(01:31:41):

They sell gas and oil and commodities to each other. Why they would do that, I don't know. And China has far too much products. They can't sell to anyone in the West anymore, so they really suffer and it doesn't work from their perspective. But where we do see it happening, and it is happening on this marginal level, is within parts of the Global South. You are starting to see commodity trading, upstream commodity trading, being priced in US dollars. Because if you don't do that, how do you have any concept about world GDP? What is world GDP? Well, it's seven of these and five of those and three of these and two of these and a bucket and a spade and some spanners. No, you need to have one common denominator and it's the dollar for now.

(01:32:27):

But in the Global South they're saying, "Okay, here's an upstream commodity. I'm pricing in dollars in my head it's worth X. I'm going to sell it to you. You sell me back an equivalent dollar price of your product and we'll transact in local currency and just clear. And I don't send you any dollars and you don't send me any dollars". What's the word for that barter?

Nate Hagens (01:32:53):

Is that happening?

Michael Every (01:32:55):

Yes. Bilateral barter priced in dollars, not cleared in dollars, to avoid using the dollar. Does it mean you need fewer dollars internationally? Yes. What about all the dollar debt those countries still have, which have to be serviced with dollars, which they'll now no longer earning.

Nate Hagens (01:33:13):

They still need it.

Michael Every (01:33:15):

They need it. So the dollar, unless you are going to blow up the entire global financial system, which will be violent, not just in markets but violent everywhere, they still need them. So they're not helping themselves by doing that, but it is happening at the margin. What they're hoping is over time, if they do that with enough scale... For example, if Russia starts doing that with Brazil, Russian fertilizer to Brazil, although I'm not sure what Brazil sells back to Russia, and then Brazilian soybeans to China for Chinese mobile phones to Brazil. The whole thing eventually you can net out enough that you start to build a large scale alternative. But it doesn't work, as I said, because it still ends up with China producing too much. Russia doesn't need what Brazil produces. And China sells to us. So it still doesn't work, but they're hoping they can move from the upstream over time to the downstream on scale. And then, I'm going to change tone here completely, it becomes very much like the south, sorry, South Park underpants gnomes. Are you familiar with that meme?

Nate Hagens (01:34:21):

No.

Michael Every (01:34:21):

Okay. So I'm a big fan of South Park even though it's completely crude. I love it. And very often it's some of the best social and political commentary out there, even while it's offensive. So they had a piece a few years back in which they had these gnomes, these little guys who were appearing, and they were stealing everyone in South Park's underpants and just building a big pile of them. And the chief gnome was explaining why. And it was like three point plan, three point plan. Number one, we get all the underpants. Like, okay. Number two question mark, number three profits. And that was the business model. And so basically it made me laugh a lot. There's a lot of that going on. You had it with zero interest rates obviously with the tech sector and that's what they were mocking. You've got it with this BRICS plus dedollarization. It's like we have all the intra-BRICS trade, question mark, we rule the world.

Nate Hagens (01:35:22):

Here's how I look at it. If you look at the US and you look at the debt and the declining productivity, well higher productivity but declining in absolute, you can say, boy, that currency doesn't look so good given the past. But then relative to the rest of the world, it's the best of the worst in our entire global financial system. And military backing is supported by it. So it will survive unless it doesn't and if it doesn't, that's a violent situation of that magnitude. While you were talking, and I want to ask you one more content related question, and I want to respect your time. I heard a bird in the background in Thailand. So I recommend you get a Merlin app on your phone and you can identify which birds are there. But the birds made me think of how we originally were introduced by an environmentally conscious friend of mine. Let me ask you this, can or will Wall Street analysts, such as yourself, ever incorporate ecosystem impacts into their analysis in future macro papers and such? Or will climate change, ocean issues, biodiversity, all that remain externalities outside of the system until they unavoidably start to affect company bottom lines? And we could argue that's already starting to happen.

Michael Every (01:37:00):

First of all, I'd like to think I'm not a Wall Street analyst, but okay, I understand what you mean. But I would say from what I see around me, they already are. The problem is the models they use to do it. And that comes back to the ism again, to the what form of economics that you're using. How are you pricing these things? If your conceptual foundation is wrong, all your forecasts are wrong. And I'm not saying everyone's are wrong. I don't work in that field, so therefore I couldn't dissect everything everyone is doing. But I strongly suspect given the "Wall Street analyst" title that we're addressing here, most of it will be wrong. It would have to be, what Wall Street Bank would be allowing a framework for analysis that would point out you're doing everything wrong.

Nate Hagens (01:38:03):

Okay. Maybe I framed it wrong. So we're going to have to change as humans and we're going to have to change the incentives, which would change the prices. And then Wall Street analysts would incorporate these things?

Michael Every (01:38:18):

Oh yeah. And I think that will happen. The question is whether it happens the easy way or the hard way. And that alludes again to concepts of what is value, environmental economics and how that's all incorporated. And there are lots of different schools of that. And again, you can get a neoliberal version, you can get a Marxist version, you can get a green version.

Nate Hagens (01:38:39):

So you're not a Wall Street analyst, you work for a Dutch bank, but you talk to people all over the world. How many of your clients or the people that you come across at conferences and such all over the world talk to you or either as professional colleagues or as individuals about climate change and about the oceans and the ecological consequences of what are happening on the planet. Is it a tiny minority or is it growing? What can you say about that?

Michael Every (01:39:12):

Well, I have to give an honest answer as I try to with everything.

Nate Hagens (01:39:15):

Please.

Michael Every (01:39:16):

There's a selection bias here in that Rabobank, who I work for. We are a Dutch bank with obviously an international presence too, but particularly the international presence is focused on food and agriculture. So whilst I'm interfacing with clients and stakeholders in lots of geographies and lots of sectors, the people I'm dealing with they're not just aware of the environment, they're in the environment, they are part of the environment. So these conversations, even if they're not what I focus on, so I don't have that interaction with them per se, someone else in the room will, absolutely, it's a core part of what they do. If you're talking to an Australian farmer or a New Zealand farmer, how can you not be talking about the environment? If you're talking at an international commodity conference, how can you not be talking about the climate and where you can and can't grow things and what the sustainability of that particular crop is?

(01:40:17):

So my bias is towards people who are already doing that. But if you then go into the Wall Street space, and I do talk to what we call FI, financial institution clients too, and podcasts like this, quite a few of them are more on the money management side. No, far, far less. Much more of that is about, well, should I buy Bitcoin overnight or et cetera, et cetera. And look, fair enough, people have to eat, particularly if you're in a job with frankly crappy wages, no prospect in front of you, you can't afford rent or a home and you're trying to think how do I keep ahead in a really unfair society? One of the ways is to say if you can't beat them, join them, which is to try and actually just speculate on assets around you to try and make sure you have a little financial dignity. And it's not that they don't worry about these things, they're thinking about bread on the table. So those guys maybe you don't have quite the same conversation with. But I understand why, it's not they're bad people. Their Maslow pyramid, they're in a different level.

Nate Hagens (01:41:16):

This has been really great. Let me ask you the closing questions I ask all my guests. For people that are aware of the metacrisis, either your definition or the broader ecological systems definition, what advice do you have to people watching this show trying to take this all on board knowing the risks ahead to economies and to our society and our world?

Michael Every (01:41:40):

Okay, I'm going to be, again, quite blunt. Please don't stick to traditional disciplines and traditional ways of seeing things, modern traditions I'm talking about, and don't even read the news. Most of the news is just completely incapable of joining all the dots the way that it should. You can get a headline and you're outraged about one thing, and you'll look at that with monomania that won't link into all the other elements of it. It's too segmented. I would say read far more, be passionate about trying to understand what's going on and try and look at people who are thinking in terms of systems theories. And there are lots of excellent thinkers, we've mentioned a few here. There are so many others I could throw in, and I'm sure you could too, within a Venn diagram of interesting voices you should listen to, listen to them. Read, think, but don't just swallow headlines or the spoon-fed kind of curricula that they'll try and give you because it's not going to address the problem.

Nate Hagens (01:42:48):

I totally agree with that and I appreciate that advice. I don't read newspapers ever. I haven't in a long time. I read a lot of people like you. So people listening to this, can they sign up somehow to read your daily missives or get on an email list or something like that?

Michael Every (01:43:07):

Well, you can find me obviously as a Rabo client. That's the easiest way. I do have a public profile. If you Google my name with Rabobank, a lot of stuff will come up. I am on LinkedIn, so you can look for some of my work goes there. And I'm also on X @themichaelevery.

Nate Hagens (01:43:27):

@themichaelevery.

Michael Every (01:43:31):

It's slightly, you might want to put that up. It's slightly egotistical, but I couldn't fit the real Michael Every. The characters wouldn't allow it. So I thought rather than real Michael Every, the Michael Every was better. So I'm there in various different ways and I'm happy to have conversations with people, where that technology allows, to continue this discussion. Because I'm always learning, there's always someone who can teach you something, some aspect of something you haven't seen. So it's always a two-way street.

Nate Hagens (01:44:00):

What do you care most about in the world, Michael?

Michael Every (01:44:06):

I don't want to give you the cliched kind of beauty queen answer of like, world peace or my family. Because obviously these are true for everyone. And so that would be a disingenuous kind of answer because you take that as base, as I said, my long-suffering wife just outside the door. But no, I would say above and beyond that human calling, it's trying to understand what the hell is going on. That's what's always motivated me since I was a little kid, just asking why is it like this? And discussing and debating what is the operating system around us and is it fair?

(01:44:55):

Maybe it's not fair in terms of generating an equitable outcome for everyone, maybe it can't do that, but is it not generating an equitable outcome just because. Like some people are taller, some people are shorter, some people are born with terrible disabilities. There's no lifestyle choice was made there, there's a certain level of randomness. And obviously we should and could try and do everything we can to ameliorate inequities wherever we see them. But as a total system, how do things work and how can we make them work better than they do now without the almost inevitable logical reaction of when you cut one head off the Hydra, two grow back. How do we create something that doesn't just blow back in our faces? Does that make any sense?

Nate Hagens (01:45:55):

It does make sense. But I would assume given your long career in this that you're approaching an asymptote of understanding the mechanics of the system and are probably spending more time on figuring out what would be the policies and ways out of this cul-de-sac approaching.

Michael Every (01:46:13):

Well, yeah, exactly from a practical perspective, because I was doing the bigger picture. What is it that wakes you up in the morning since you're young and drives you and motivates you to read late at night and on the weekend when no one's paying you to do it, it's that. But from a practical, what would I hope to get out of it? Its thinking is any crumb, any tiny, tiny slither of anything that I can produce, one of many ingredients that could go into a recipe that might be of some use. That's all it is.

Nate Hagens (01:46:49):

Well, I'll give you the mic on that, more than a crumb. If you had a magic wand, what is one thi ng that you would do, if there was no personal recourse to you or your family or your reputation, what's one thing you would do to improve human and/or planetary futures?

Michael Every (01:47:08):

I have to confess to everyone watching you had told me you were going to ask me this question and I therefore want to make it really clear that of all the discussion points that we floated, we might bring up, that gave me the biggest headache because I sat there and I thought, I like to give really honest answers to everything. And my gut level response to that one was, well, I want to be like Thanos in the Avengers and able to click my fingers and just get rid of the half of humanity that are the problem. And then I realized, of course the issue is that's a completely disgusting, horrible impulse that's coming from you. And everyone else is exactly the same. Everyone else on the other side of fence, on the other side of every balance sheet is thinking the same thing. So I guess from a systems perspective, having the ability to click your fingers and get rid of all Thanoses. That everyone realizes that they can't do that, you can't get rid of the other people, you can't get rid of the other argument. It won't go away. You have to deal with the people you don't like. You have to all live with them. How do we do that? So I think that would be what I would wish for that the ability to click my fingers so that no one anymore thinks they can click their fingers.

Nate Hagens (01:48:28):

Clever and wise. Thank you. Any closing words for our viewers? And thank you for getting up at six A.M. Thailand time to do this.

Michael Every (01:48:39):

Well thank you for staying away late, US time. No, thank you for the opportunity. I've enjoyed it very much. I hope it was coherent and cogent. It's early in the morning here and late at night there. And I certainly hope we can continue this discussion as we collectively work towards doing whatever we can where we are with what we have to try and make the world a better place.

Nate Hagens (01:49:03):

We will and you will. I have a sense about you, Michael. I think you're going to play a role in what's ahead.

Michael Every (01:49:10):

Thank you very much.

Nate Hagens (01:49:12):

If you enjoyed or learned from this episode of The Great Simplification, please follow us on your favorite podcast platform and visit thegreatsimplification.com for more information on future releases. This show is hosted by Nate Hagens, edited by No Troublemakers Media and curated by Leslie Batt-Lutz and Lizzy Sirianni.