

# The Great Simplification

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[00:00:00] **Nate Hagens:** Good morning. It is Wednesday, July 16th. I am not. Finished with my, frankly, on the 10 blind spots of the progressive movement that'll come out next week. what I thought I'd do, and maybe I'll start doing this once a month or so, is do a little overview of what I learned this week. It may seem that, I have an encyclopedic mind on all the issues we cover here from the environment to finance, to human behavior, but I don't, I just am interviewing people who are experts and there's a ton of stuff that, I get emailed or in social media or my team shows me.

[00:00:44] And, quite often it's, in one eye and ear and out the next, and I quickly forget it, but there are things that I learn every week. and here are five, that I've learned the last couple days.

[00:01:08] First of all, I live in the upper Midwest, on the border of Minnesota and Wisconsin, and there is a lot of corn. and it is GMO corn and it is growing fast. the old phrase, Kneehigh by the 4th of July, no longer is relevant. probably end of June. Corn was kneehigh. Here's a picture of me this morning.

[00:01:33] it's over my head, and it's July 16th. So I learned the term this week corn sweat because it is so unbearably heavy and uncomfortably hot here that I have to get up at five in the morning to do any exercise and my bike ride. Otherwise, it's unbearable. So what I learned was an acre of corn, just one acre can release three to four thousands of gallons of water per day and fast growing corn like GMO types.

[00:02:04] More than that, like 6,000 gallons. This equates to like. Three tenths or four tenths of an inch of water in the local area, which increases the dew point,

# The Great Simplification

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like three to five degrees Fahrenheit. The dew point, again, is the temperature at which the air becomes fully saturated with water vapor, so the higher the dew point.

[00:02:26] The more moisture in the air and the harder it is for sweat to evaporate, off your skin. And of course, this is related to the term wet bulb temperature, which we hear about in global heating discussions. So it, it wet bulb, combines heat and humidity into one number, and it's how hot it feels when your body tries to cool itself through evaporation.

[00:02:51] And at a wet bulb temp of 90 degree 95 degrees Fahrenheit, which is 35 degrees Celsius, humans can no longer cool down even in the shade with a breeze and unlimited water. you stay in that too long and you die. which is why rising dew points and wet bulb events are a growing concern in a warming world.

[00:03:16] So this week here in Minnesota, at least in my front yard, was a bit of a time machine and I learned about corn sweat, because the corn has to, transpire the water from the soil and that gets, locked into the local, humidity and environment. Second thing I learned, and I don't know how I missed this, a couple months ago, but one of the board members of one of the largest insurance companies in the World Alliance, by the name of Gunther Inger, did a LinkedIn post saying that, climate is going to cause a systemic risk to capitalism.

[00:03:59] I quote from his post. This is a systemic risk that threatens the very foundation of the financial sector. If insurance is no longer available, other financial services become unavailable too. A house that cannot be insured cannot be mortgaged. No bank will issue loans for uninsurable property. Credit markets freeze.

[00:04:20] This is a climate induced. Credit crunch. This applies not only to housing, but to infrastructure, transportation, agriculture and industry. The

# The Great Simplification

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economic value of entire regions, coastal and wildfire prone will begin to vanish from financial ledgers. Markets will reprice rapidly and brutally. This is what a climate driven market failure looks like.

[00:04:44] He went on to say, capitalism must now solve this existential threat. The idea that market economies can. Continue to function without insurance. Finance and asset protection is a fantasy. There is no capitalism without functioning financial services, and there are no financial services without the ability to price and manage climate risk.

[00:05:07] So it's good that this isn't some fringe blogger, but the board member of one of the largest insurance companies in the world is saying these things. I don't know how the market can solve this, because the market at the same time is pricing risks. It's also requiring growth because the interest isn't included when money is created and the entire system is geared for growth.

[00:05:32] AKA, the economic Superorganism. So this is good that this is being raised. I personally think the credit. Risks in the world will manifest before, 1.5, 1.752 degrees are reached and some of these things happen. but look at what happened in Texas and look at, what happened last year in Florida and California and North Carolina.

[00:06:02] and all over the world. so I think, the ecology conversation and the finance conversation, the Venn diagram is beginning to have, a larger and larger overlap. Third topic I learned this week is President Trump announced that copper tariffs are going to go up 50% starting August 1st, and this has many implications.

[00:06:32] You know, potentially a 30 to 40% increase in domestic copper costs, higher costs for electric wiring, plumbing, HVAC systems. increased building costs passed on to consumers, potential delays in infrastructure projects. More

# The Great Simplification

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expensive power and power grids. Transformers, higher costs for electric vehicles, solar panels and wind turbines, which are copper intensive.

[00:07:01] And the auto industry would be hit hard. Like, electric vehicles used three to four times more copper. than, regular cars. So while, the goal of, this, administrative action might be different, taxing non-renewable inputs to the economy like copper. Like hydrocarbons is one of the longer term policy responses to resource depletion and climate change.

[00:07:32] But it's a classic example of bend versus break. And I think some of the unintended consequence of the current US, administration's attempt to add tariffs will rhyme with some of the dynamics of The Great Simplification. It's kinda like firing a little mini avalanche gun at, in the Swiss Alps to avoid the big avalanche.

[00:07:57] But I think, you know, this is really interesting because I think ultimately what he's trying to do is, you know, onshore some of the basic, essentials. Because if we're importing all the super important things like copper and fertilizer and other things, we need to have domestic production of those.

[00:08:18] That's gonna cost a lot more, which means we're gonna use less of it, which means we're gonna have to simplify, sooner rather than later. so I'm gonna, I'm gonna continue to watch that. the fourth, thing I learned this week is there was a convening of experts on climate, in the UK to discuss which tipping points are the most concerning.

[00:08:44] And I read about 20 of them. We'll put 'em in the comments, and the majority of people said. Tipping points they were most concerned about were the Amazon dieback and the positive feedback that would result in from, deforestation and a warming world, turning more of the Amazon into Savannah and coral reefs.

# The Great Simplification

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[00:09:08] this is a quote from Johann Strom who's at this conference. The tipping element that worries me the most is coral reef systems. For the simple reason that the scientific uncertainty range is very limited. We have unfortunately, ample evidence that at one and a half degrees Celsius, we're very likely to knock over potentially the entire tropical coral reef system on earth.

[00:09:30] This threatens the livelihoods of 400 million people and a fundamental nursing ground for the whole ocean food web. So that is one deep concern is the canary in the coal mine, the first kid on the block to fall over. So after reading that, I emailed, a coral reef expert friend of mine and his reply, which, I kind of knew but didn't know was quite sobering.

[00:09:56] this is from an email, the first. Global coral bleaching event. AKA marine heatwave occurred in 1998 with 21% of the world's reefs being affected. The second occurred in 2010 with 37% being affected. The third started in 2017 and damaged 68% of coral reefs. And the current, the fourth one started in 2023, and as of March of this year had affected 84% of the world's reefs.

[00:10:24] This current one is ongoing and expected the final percentage of affected reefs to exceed 90%. I also expect, this is my friend writing this, the next major event to bleach close to 100%. Just extrapolating the trend of the first four, this fourth one started within a few months of the world, passing one and a half degrees for the first time in early 2023.

[00:10:47] this number was not arbitrary. It was a genuine planetary boundary that should not have been exceeded. The next boundary stated by scientists is two degrees, at which time over 90% of the reefs in the world will die. I need to know more about this. I have invited a world expert to come on the show in a few weeks to discuss what's going on with the coral reefs.

# The Great Simplification

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[00:11:11] one of the things I learned this week. Last but not least, and this is the reason I decided to do this, little frankly. I saw this graph, in my Twitter feed earlier this week showing that, mental health. For people under 40 in the United States was dramatically overweighted by liberal people.

[00:11:37] And all of the comments, were like, yeah, those liberals, they're weak minded and they have mental illness and, such. So I couldn't find the actual source of that graph, which is unfortunately the case, more and more when people post things on, Twitter and social media. But, with some sleuthing, I did find an original scientific paper saying much the same things.

[00:12:05] And in this graph, the blue are women and the red are men. And the, vertical scale is percentage of, Mental health diagnoses and the horizontal scales on the left shows, extremely liberal, all the way to extremely conservative, and it's quite clearly evidenced that liberal people. Especially liberal women have a much higher preponderance of mental health issues.

[00:12:40] The surface explanation of this is something to do with their personalities, you know, or experience or whatever. But if you think about the first few points of this, frankly. Maybe it's because liberal, progressive-minded people have a wider boundary of care, a wider boundary of empathy, a wider boundary of what they think about what matters to them.

[00:13:10] and women versus men have shallower discount rates. Men have steeper discount rates, which means they choose an immediate reward over a long-term reward. So women. Especially progressive women are thinking more about the future, the planet climate change. And when you, I actually think there's an empathy handicap going on in the world because people who are focused on the looming sixth mass extinction.

# The Great Simplification

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[00:13:39] what's happening with the ocean and the great migration of, animals, fleeing towards the poles to get more oxygen and all the things we talk about on this podcast with climate, not climate now, but climate 20, 50 years from now. It's no wonder that, there is a larger worry in your life than someone who doesn't care about these things or thinks there's some sort of a socialist hoax.

[00:14:07] so I, I think this empathy handicap is a, real thing and I'm gonna. I'm gonna look to find someone to talk about it. by the way, we do have an ups, upcoming episode on Dark Triad and Psychopathy, which should be fascinating. So that's all for, letting you all know what I learned this week or what I started thinking about more this week.

[00:14:32] Lots more to come. let me know if, I should do these things or if these are helpful. I may also, some people are asking me to do a live, YouTube thing periodically, because I usually do these things on one take and I might as well do 'em live. Well, let me know what you think and hope you are all well talk soon.