

The Great Simplification

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[00:00:00] **Nate Hagens:** Good morning. One of the blessings, or curses of this work is the myriad people that I encounter, that each have their own perspective on the future, which I've discovered kind of aggregate into a fractal kaleidoscope, normal distribution. So I was in a dialogue with a friend of a friend last week who had never heard anything about the metacrisis, none of the things.

[00:00:32] But after hearing about The Great Simplification thesis, for, like, a minute, interrupted me and said, "But what would change your mind about your core thesis?" And I got the sense that he asked people this a lot, the way it was asked, but it did get me to thinking. I've previously mentioned an upcoming Frankly series that I'm working on titled "How Could I Be Wrong?"

[00:01:01] Which will be a detailed steel man for all the ways my analysis and the subcomponents of it could be incorrect, about the present and thus the future, whether that's a gap in the information available to me, or a misread on the relationship between the parts of the macro system like energy versus GDP or debt versus growth, or misreading human behavior.

[00:01:28] but I am confident about the synthesis that 20 years of research has led me to, but I do think it's important for all of us to step back and take part in that type of honest assessment. But answering the question this person asked me just two minutes into the conversation is different. It's less about pointing out the potential errors or logical gaps, and more about what sorts of trends I would need to see in the world to say, "Well, this doesn't align with what I thought would happen."

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[00:02:05] Maybe I need to reassess." Towards that end, I'd like to point out a few of such trends today and, since this is a nonlinear platform, I will start with my general thesis laid out in a single sentence, although long-term viewers know that it's quite a bit more complex than just this. In the coming decade or so, plus or minus, human civilization will undergo a deflationary depression triggered in the bond and currency markets when our financial claims on biophysical and ecological reality exceed our biophysical and ecological reality, and this initiates a phase shift leading to a more local and regionally integrated world.

[00:02:55] And as I thought about this, the answer to this question of what would change my mind formed like layers of an onion, in my head. And my first response, the first layer, was to really list out some things that would change my mind. Among them, global fossil fuel consumption is falling and renewable energy is expanding while global GDP continues to grow for at least five years in a row.

[00:03:25] And for the past century, this has only happened during recessions and depressions. The global energy intensity of GDP is improving at three or 4% a year, instead of the historical 1.2% for a decade or so, while absolute energy and material use is flat or declining. wide boundary EROI of solar and wind and the like clearing something like ten to one, and that's not just at the source.

[00:03:47] That would include storage, transmission, mining, recycling. And most numbers today we see for EROI at the factory gate, so they're extremely narrow boundaries. And also, aligned with that, some then many of

[00:04:10] the mines and the ships and the factories would themselves have to run on the solar rather than on the diesel a large grid with ten or 20 million people making it through a full winter at 80% wind and solar generation without fossil backup, without aggregate demand plummeting, and without significant interconnections to, to and from other nations.

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[00:04:36] if we would see energy per ton of refined copper falling in absolute terms despite the ore grade decline or aluminum substitution removing a large share of copper demand, that would be a big change in trend. Related to that, if we saw, critical non-renewable materials like lithium and cobalt and nickel and copper being recovered at 90% at the end of life, and I mean 90% of everything that actually gets retired, not just what makes it to the recycling plant.

[00:05:14] And then that recycled material supplying most of our incremental demand, and for context today, only around seven, 7.5% of all the materials flowing through the global economy come back around, and that number has been falling, not rising. global debt to GDP flat or falling for 10 years while real GDP grows with no default cycle.

[00:05:42] On the ecological front, if emissions had a sustained 5% annual decline and CO2 would be growing under one part per million a year for, let's say, five consecutive non-recession years, that would lighten my outlook a fair bit. And of course, if we retreated from exceeding seven of nine planetary boundaries to three or four, that would also significantly change my view. So there's a lot more numbers like these, but once I started, jotting these down, I realized that this thesis is not about one number or issue.

[00:06:24] It's really the collective observation, completely grounded in science, that as a species we are deep in ecological overshoot. So how I would change my mind kind of bifurcated into two separate questions. First, what would change my mind about the diagnosis? As there is pretty overwhelming evidence from basic systems accounting, a finite carbon pulse, falling returns on the marginal barrel, credit increasing as a claim on future energy, humanity's aggregate footprint way above Earth's regenerative capacity, and the like.

[00:07:06] All that evidence shows that we are overshooting, ecologically speaking. So changing my mind on those things actually has a pretty vanilla list,

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including but not limited to, what I listed above, and I do continually look for such changes in the biophysical macro trends, but I don't much see them Then I realized something, something obvious and important when thinking about this, and thus this frankly.

[00:07:40] None of those trends will change on their own. They would change because something deeper about human society and culture had changed. Fossil energy consumption doesn't fall while GDP grows unless a lot of humans make different choices. Circularity wouldn't hit 25% unless human social status had been untethered from conspicuous displays of consumption and the like.

[00:08:16] So, I think the biophysical categories I outlined earlier are the right ones, but they're out of sequence. I wrote them down first, but they would show up in our world last. They're what a change of heart or even, a change of soul of a culture would look like in the physical world 10 or more years after that happened.

[00:08:42] So the biggest thing that would actually change my mind about the future doesn't have a chart or a graph It would be a change in values, in aspirations and behaviors for some low double-digit share of the population away from apathy and fear and grievance politics and righteousness and blame, more towards something, and I keep, bringing Bill Plotkin up, I have to have him back on the show, more towards what Bill calls ecological adulthood, and I do see this, but at extremely small scales.

[00:09:24] And not so much in elite and hyper-agent circles, which tend to act as magnets for global throughput. But there is no chart for this, or other intangibles. So my derivative question would be: If this were happening, what would we watch for in the first few years, and what behaviors and cultural changes would become visible?

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[00:09:49] And so here are some of the things that I would want to see. Status, what people post online, what our driveways and front yards look like, the new at-the-margin square footage per person and living quarters and such. The current economic superorganism is powered by status pursued through consumption and convenience and display.

[00:10:17] So if things like repair and durability and local activities begin to confer status the way a new Ford truck does today, the superorganism would shrink. Of course, there are also false positives down this pathway, like green luxury, expensive electric cars and eco resorts, and such. So the test on this one, I think, is whether the status markers would be less energy and materially intensive than what they replaced, not whether it's labeled as green.

[00:10:55] what else? Political discourse. Politicians are downstream of the median human, so what a candidate can say publicly and still win is evidence of what the median citizen understands and cares about. So if we were see, to see local or regional politicians getting elected advocating consumption taxes and articulating that the best things in life are free after basic needs are met, and we're headed for an era where throughput is likely to fall, and phrases like, "We are fully embedded in the web of life and supported by our local and global ecosystems, and we need to start acting that way Without their approval ratings cratering, that would change my mind.

[00:11:46] Stories. Movies and shows are downstream as well of the median imagination, the same way politicians are downstream of the median voter, because Hollywood studios make what people will pay to watch. Right now, our futures on screen basically come in two flavors: growing potatoes on Mars or brain-eating zombies, either techno escape or collapse.

[00:12:13] And the new signal would be stories where the admired character is the one who needs less, is psychologically grounded, and values spaciousness over

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novelty, and repairs more, and is embedded in community, and is navigating something like an Earth Trek future. Less material throughput, still recognizably human lives, but short of Mad Max.

[00:12:41] Well short of Mad Max. The false positive here is the apocalypse boom itself. Zombie and collapse content, I think, is mostly fear disguised as entertainment, so its popularity is a reading on the cultural fear gauge, and dystopian futures selling well tells us that the median human is scared, which we already knew.

[00:13:13] Time. What do people do with their time? Our fossil energy slaves have bought us lots of free hours, and a few generations ago, most of our waking time went to getting food and water and heat and clothing, and the carbon pulse, for many, has removed those menial, but perhaps meaningful, tasks. So a new signal here would be people's time moving away from categories like television and shopping and five to eight hours of phone screen time, and into categories like household maintenance, like cooking and repair and gardening, caring for others, volunteering, socializing in real life. There's also a false positive here if this happened in a massive economic depression when people would be forced to do everything I just said out of necessity.

[00:14:13] Blame. As things change, we can view how people respond, and if we have equivalent overall resource shocks, there's gonna be a big difference between people responding with, "Who did this to us?" Versus, "Okay, we're here. What can we do?" And if we see unlikely collaborators naturally emerge, for example, conservative farmers and environmentalists together protecting local soil and ecosystems, and ranchers and ecologists protecting their watershed without either side having to leave its own core tribe to participate, I would start to change my mind about what's on the horizon.

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[00:14:57] And those things I just mentioned, I would want to see any of those hold for several years, not a single season, before I believe them. So what else would I like to see that would change my mind? A meaningful share of the world's farmland shifting to regenerative practices with farmers paid for soil, water, and biodiversity outcomes instead of solely on yielding. Communities building local provisioning before they really need to do it.

[00:15:29] Food, energy, water, care networks that still function when supply chains eventually crack. Societies treat the remaining high-quality fossil energy as the one-time endowment that it is for building what will come next, rather than burning it on more bling and distraction. Energy and ecological literacy is taught to every teenager or even grade schooler, so the next generation isn't blind to natural systems the way ours was.

[00:16:03] Governance that allows and even invites the future to have a seat at the table, a real voice for coming generations. Watershed scale management, perhaps with the Catholic subsidiarity logic. Basically, decision-making on horizons is longer than an election cycle. So if I could go back to that conversation and answer the question properly after having thought about it, I would now say this: the numbers that would change my mind are all actually downstream of humans, people.

[00:16:43] Fossil use doesn't fall while GDP grows, circularity doesn't hit 25%, copper doesn't get cheaper to refine, unless millions of humans were already living differently, less transactional, more pro-social, more cognizant of the sacredness of the web of life on planet Earth than the current system rewards or organizes around, or even to be blunt, even allows.

[00:17:16] Which means the list of what would change my mind turns out to be the list of exactly the things I'm hoping for, and I didn't expect that when I first thought about this guy's question. I definitely do not see these things in the media

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yet, but I do see them in meetings I go to, and on the YouTube and Substack comments here, and in expanding conversations around these times.

[00:17:49] There is something bubbling up even beyond the TGS universe. There's a recognition of the stakes and the risks and what we have lost and might yet lose, and a yearning for something real. So I turn the question around to you, the viewer of this program. What would change your mind? And if you can't think of anything, sit with that because I did for a bit.

[00:18:21] much more to come. I'll see you next week.