

The Great Simplification

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[00:00:00] **Nate Hagens:** Greetings, everyone. I'm just back from three weeks of traveling. Very grateful to be done, back in the upper Midwest, my favorite time of year. So I started, this podcast 'cause I knew a lot of interesting people who had relevant things to say about the world. and back then, way back then, I didn't do Franklys.

[00:00:25] But as I talked to more people, I learned more, when I thought I knew a lot, and I became more curious and understanding that humanity from my academic paper and such is functioning like a metabolic superorganism is a much different thing than understanding why and how and what it implies, for interventions.

[00:00:53] So, so these Franklys, have evolved to be, by far my favorite part of this work 'cause it's my creative outlet and keeps my curiosity going, and it's a curiosity loop where I learn from the guests, and it makes me dive into topics, that I hadn't thought about. To wit, I recently had a Frankly on information, hazards of the future, and in the comments, one of you left a suggestion that I look into two economists from the 1960s, Buchanan and Tullock, which I did, and what follows is what I put together, after that research, which really merges with all the other content, on this channel and the implications.

[00:01:39] The information deficit model that all we need is better info communicated to the public is clearly wrong, or at least insufficient. We've had better and better science about energy, ecological issues for fifty years, and emissions have more than doubled. Material consumption has tripled. Couple that with recent guest Greg Elliott's observation that if our economic system were a human being, it would share many traits with a psychopath.

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[00:02:13] And the result is a global economic superorganism with a seemingly unstoppable energy metabolism and hunger for mo-more stuff. And I've recently, if, you haven't noticed, been a bit obsessed with understanding how all that happens, and I think I've come up with a political science-informed behavioral ladder that I think makes sense in explaining it

[00:02:53] Okay, there are six rungs on this ladder, which I'll explain, one at a time, but here's, an overview. At the top is worldview, below that values and status signals, then rules and institutions, then incentives, then information, and at the very bottom, events and behavior, the stuff, on the daily news.

[00:03:21] So on the sides of this ladder are also two arrows. The leverage for change rises as you climb this ladder, in the spirit of Donella Meadows and her leverage, points work, and the speed of change increases as you go down the ladder. And everything visible in our day-to-day lives happens on that bottom rung.

[00:03:48] We think that we're deciding and acting here, but our decisions all link to what's happened on the rungs above it. Okay, and to keep this getting from too nerdy, and abstract, I'm going to apply all these rungs to a simple real-life example of an item within our system, a gallon of gasoline. Okay. The top rung is worldview.

[00:04:19] These are the stories that generate everything below them, but we hold them so deeply that they don't feel like stories. things like humans are separate, and above nature. more is better. Growth is the normal state of the world. what I call energy blindness lives on this rung. We treat energy as one commodity among many, just a line item in our current culture r- rather than the thing, that actually makes every other line item possible Worldviews are invisible to the people who hold them, which is why they are so hard to change.

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[00:05:01] Most people do not experience their worldview as a personal choice, that they made. Now, individuals can change their worldviews, and most people, I think, experience some change over their lives, usually shaped by the individuals around them, or the podcasts they follow more than any academic arguments and data.

[00:05:24] But our cultural worldview, the focus of this rung, is shaped by the inertia of the majority worldview of a generation ago, and it changes typically very slowly. Only when we see a, a major system-level shock like a global depression or a world war or such do we see sudden and sweeping change. So our gallon of gasoline at this rung, one gallon does roughly five weeks of hard physical human labor, and the dominant worldview prices it, and therefore values it equivalent to a gallon of milk.

[00:06:07] Simple to produce, simple to replace. So this is the energy blindness worldview in a, single price comparison. Okay, below that, one rung down, are values and status signals. Humans are a social species and effectively copying machines. We imitate what we witness others admiring, which is how worldviews get strengthened and enforced without, without anyone acting as an enforcer.

[00:06:39] And today, our cultural scoreboard tracks consumption and display and flexing and bling and things like square footage and follower counts and brand name clothes and the new flashy boat and the exotic vacation. and I think a lot of us recognize this and kind of cringe at it, but it also points to, perhaps the most hopeful fact in this, this whole video These scoreboards, have existed for a long time and flipped, in human past cultures, and the mechanism of those flips has often been the same: the defection of elites from a certain cultural practice, and then society broadly copies them.

[00:07:34] Very few people in large populations change because they're convinced of something. They change because the people who culture looks up

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to, and who have status changed first. Lots of examples of this, and I should probably have a separate, frankly, just on this topic, but foot binding in China was a thousand-year-old practice, and it collapsed in something like 30 years because elite families formed pledge societies and refused to bind their daughters' feet or to marry their sons to women with bound feet.

[00:08:09] Or dueling to decide disputes. Or in our own lifetimes, wearing fur that came from dead animals and smoking, which went from glamorous to, kind of disapproved in less than a generation, partly as the glamour, and appeal dissipated down the social strata So our gallon of gas at this rung, the best-selling vehicle in the United States has been a full-size pickup truck for over four decades, and a lot of those truck beds are rarely used to haul anything.

[00:08:46] And when you own that truck, you're making a statement about your values, capability, self-reliance, belonging, power. And I'm not dissing trucks. Until recently, I had an F-150, and in my case, I used it almost exclusively for hauling stuff, but it broke down, and I no longer have one. I digress. The point is that the current cultural scoreboard routes many of our values via four hundred horsepower and lots of gasoline.

[00:09:20] But the deeper point is that these scoreboards can be changed and rerouted. Okay, the rules rung, is where values get turned into law. Things like constitutions and property rights, accounting standards, geopolitical security doctrines. Rules are basically value judgments that are frozen in time, outliving the people and the circumstances that initially froze them.

[00:09:58] A great example is fiduciary duty. A financial fund manager, at Templeton or Fidelity or something today is legally bound to maximize financial returns, whatever her personal views about the world her grandchildren, will inherit She or he is executing a value judgment that was made decades before and would face lawsuits, for deviating, from it.

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[00:10:31] So we're effectively running laws today that were written when the superorganism was a child, metaphorically. This was my big insight from researching *The Economist*, the YouTube commenter pointed me to James Buchanan and Gordon Tullock wrote in a book called *The Calculus of Consent* in 1962, that effectively the person at the ballot box, the person at the government desk, and the person at the grocery store cash register are the same creature.

[00:11:09] Nobody suddenly grows a, a halo or has special, differentiating characteristics when, they enter public office. So if you really think about what that means, when markets fail, our reflex is to say, "The government should step in." But the government is made of the same people facing their own versions of the same pressures within the same system.

[00:11:34] So government fails too in its own predictable ways. and there's nobody standing above or outside the whole system whose job it is to fix it. And Buchanan's main point, which he won a Nobel Prize for which seems obvious in retrospect, is that durable change means changing the rules of the game rather than just swapping out the players, because obviously new players will inevitably inherit the same old rules.

[00:12:11] So gasoline at this rung, the Interstate Highway Act of 1956, which enabled a 41,000-mile high-speed interstate system in the United States and all the zoning laws that put our homes miles from our jobs, solidified all subsequent generations' dependence on gasoline-powered cars Not to mention a tax code that has favored drilling, for oil for about a hundred years, and a federal gas tax frozen at eighteen cents since nineteen ninety-three, which is a fraction of what Europeans pay, by the way.

[00:12:55] So the cheapness and the necessity of using gasoline was legislated before the people driving today were even born. Think about that. Okay, below the rules are incentives, and these are the gradients that are created from the

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rules. Rules set up the incentives. So if you change the rules, the gradients below them then change.

[00:13:26] Things like prices and subsidies and quarterly earnings and career ladders and election cycles and such that describe what sort of strategies will allow individuals to both survive and thrive within the system. And on this rung, three things do most of the harm. first is who shows up, and a small group with millions at stake per member will always out-organize a huge group with ten dollars at stake per member because organizing itself is costly and only the concentrated side can afford those costs.

[00:14:11] The carbon pulse is the extreme case of this. The benefits of drawing down the ancient sunlight as rapidly as possible are organized and lobbied, and directed to the present moment of our civilizational gaping maw. And the costs land on, as we know, the global poor, on other species, on the unborn, who have absolutely no votes and fund no super PACs.

[00:14:44] And the meadow in your, community does not have a lobbyist, and neither do orangutans or dolphins. so the who is important. The second key area is where the talent migrates to. Tulloch, outlined what economists call rent-seeking, and past a certain point, more money and more brainpower go towards fighting over the actual pie as opposed to baking a better or a bigger pie.

[00:15:18] And lobbying, I think, is only the visible tip of this And I would argue, and, maybe this is its own frankly someday, that as net energy per capita plateaus now, more and more effort is gonna shift from creating new surplus to fighting over existing claims. Yeah, I think we're seeing this already.

[00:15:42] And the third part, is the timing and the clock. Election horizons run two to six years, which makes political discounting even steeper than financial market discounting. No election cycle is longer than the ecological processes that

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matter most to our future. So a politician planting trees that will shade the next administration would be committing political suicide using the logic in this realm.

[00:16:16] So our gasoline example here, because of incentives built from the past, any politician who presides over rising pump prices loses, full stop. and it's why strategic petroleum reserves get tapped on election timelines instead of emergency ones, a fact we will live to see the consequences of, I expect.

[00:16:39] And notice that nobody in any of this has to be a bad person or malicious or dark triad. Everyone simply responding rationally to their local gradient is enough to lock in the collective outcome. This was a big aha for me because it's the superorganism argument, but arrived at from individual incentives instead of the emergence, in, in nature that I talk about.

[00:17:11] I'm sixty years old, and I'm still learning, so this is, disturbing and depressing stuff, but it's also fascinating to understand, and unravel how our species and our culture are, actually functioning. Okay, second rung from the bottom, information. What gets measured then gets managed, and what doesn't get measured doesn't exist to the system.

[00:17:44] So GDP and stock market prices are reported nightly in every market on Earth Unless you follow Johan Rockström or this podcast or a handful of others, planetary boundaries have never once led a news broadcast. And that asymmetry was decided by the rungs above that I've just described, not by any news editor.

[00:18:10] Simon Kuznets famously built the national income accounts for the United States Congress in the nineteen thirties, of which GDP was the central metric. And in the report, he warned that the welfare of a nation cannot be inferred from a measurement of its national income. So the designer of our

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current cultural metric of success flagged its eventual misuse in advance and was ignored.

[00:18:43] So the same school of economists, had a name for a related problem with information. They called it rational ignorance, and I find this fascinating. Your single vote almost never decides anything, so becoming deeply informed about the issues costs more than the payoff. But staying uninformed is individually, in a game theory way, the rational move.

[00:19:12] This is another for the what a species, file that, I have a long list of observations. So here in, in this rung, information fails twice. It gets filtered on the supply side by the incentives above it, and it goes unwanted on the demand side by rationally ignorant audiences. And this, I think, is the answer to the question, I opened with on information hazards Even true, careful, well-communicated information arrives only here on this rung, which is one of the lowest rungs of the ladder.

[00:19:57] So our gallon of gas here is the price of gas is posted on every street corner in illuminated neon numbers which are several feet tall, updated sometimes more than once a day, but the wide boundary cost appears only as asterisks in appendixes in reports read by people who aren't worried about how much their daily commute is gonna cost them.

[00:20:24] And even still, those wide boundary numbers are nowhere to be found in the national account metrics built by Simon Kuznets. Okay, the bottom rung, behavior and events, are reactions and resulting behavioral choices from things like, our daily news feeds and elections and market moves and global conflicts and product launches, political outrage cycles, and all those things.

[00:20:53] Nearly all of our public attention lives here on this rung, and it catches our attention anew every single morning by design. I showed a graphic recently,

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maybe last year, ranking how our society, not individuals, how our society prioritizes things, AI, military, currency, bonds, energy, the well-being of citizens and the health of the environment, roughly in that order.

[00:21:26] And when I made that graph, it felt accurate to me, but also terribly off that society would rank things that way. But now I understand that ordering wasn't any bad man's decision on some given day. it's just the resulting output from the five rungs above it kind of reimprinted on society fresh every morning.

[00:21:54] In our, gallon of gasoline example, we drive our daily commute. In a few weeks, this is October thirteenth, we're gonna vote, and both of those behaviors were shaped rungs ago by the zoning, the tax code, the pump price, the Ford one fifty truck in the driveway and, such. By the time we turn the ignition key On our commute, most of the choosing is already done.

[00:22:30] Okay, so now put the two arrows on our graphic together. The rungs that are easiest and fastest to act on matter the least, and the rungs that matter the most move the slowest. Unfortunately, today's attention economy even sharpens that trap, further into pretty much common business model, and the bottom rung is engineered now to hold our eyeballs, and it's constantly refresh, which creates kind of a lock-in.

[00:23:06] And the top rung moves over decades or longer, and believe me when I say this, nobody profits from working on that layer. So our attention is saturated exactly where leverage is smallest, and this rhymes with Donella Meadows' classic paper on leverage points in systems and with the iceberg model that systems thinkers like to use.

[00:23:30] Events on the surface, structures and mental models down below. So if you've followed the ladder this far, the conclusion seems obvious. Work at the top, change the worldview, that's where the leverage is. Except the ladder I've

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been showing is missing a rung. Above the worldview, there is biology, ancient reward circuits, dopamine tuned for novelty and unexpected reward, relative status mattering more to us than absolute wellbeing, and a steep discounting of the future, and the tendency of human organisms, all organisms, to use the energy available to them.

[00:24:20] This rung was above our ladder invisibly the entire time, and it differs from all the other rungs below it in precisely one way. It cannot be changed. Now, behavior can shift or be steered, but the human genome doesn't change from some new politician or a new policy input. But it directly touches each of these rungs.

[00:24:48] It is why social status in our species has such staying power, why political discounting is so steep, why our attention gets so easily captured, why more is better keeps beating lagom or enough. An important caveat though, via anthropologist Christopher Boehm, who I also learned about from TGS viewers, biology is set, but how it manifests is not.

[00:25:25] And we carry the status climbing drive for sure, but we also carry along with it an anti-dominance instinct, the coalition behavior that kept our ancestors would-be alphas and silverbacks in check for hundreds of thousands of years. So both of these programs are in everyone, and which one gets expressed is decided at the lower rungs. So the rung is fixed, but it is not, singular, and that changes the conclusion of this entire, frankly, and it's my one central amendment to the leverage points concept, in the literature.

[00:26:12] The highest workable leverage is redirecting human nature, since changing it is, off the table, re-aiming the status drive, at different targets, which means if we look back down the ladder, the pivotal rung was probably values and status singles. Which means if we look back at the ladder, the pivotal rung in these

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times was probably values and status signals all along Foot binding and, smoking are what a successful re-aim looks like in the historical record.

[00:26:55] The drives didn't change, but the scoreboard of those cultures did. So this ladder in this episode, for what it's worth, is also a map of the work we do here at TGS. Many episodes, fall squarely on the information rung, and today's economists are on the rules and incentives rung. Energy blindness, a core theme here, is, a worldview rung sort of project, and the sexual selection and status material lives on the status rung.

[00:27:35] And the daily geopolitics commentary that many viewers email and, ask me, for lives on the bottom rung, which is why I mostly don't do it, because more and more information isn't really going to cut it other than to wake some people up, and see the changing game board. But I think each of us can apply this tool generally in our own lives.

[00:28:02] For any article or argument or any organization or project you're working on, ask a simple question: Which of these rungs is this operating on and trying to change? So where does this leave us? events are gonna keep arriving faster and probably louder, and this ladder suggests that reacting to and focusing on these events is the weakest place to spend time on.

[00:28:34] The real bottlenecks sit at the slower rungs way up above worldview and status, and that's precisely probably why so little effort goes there. No one gets paid, no one gets elected on those generational timescales. The leverage is upstream, the attention is downstream, and that gap is what we're trying to work on, with this platform.

[00:29:02] Before I close, I do wanna ask you all to keep making suggestions and commenting on these videos because this entire episode exists because one of you left a comment, suggesting Buchanan and Tullock that, triggered my

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curiosity. This work, will take a village. I'll talk to you next week hopefully on what is debt and why does it matter if I get my firewood chopped and stacked.

[00:29:29] Have a good weekend