

Loose Transcript (very loose)

Mark Lockwood

Welcome back to the pod, everybody. We have an extremely special episode of The Collator today. We have a special guest. He is an award winning political scientist, author and professor. He's currently teaching at Brown, but he gives talks globally and consults for a number of institutions internationally. He's got one of these bios, which we could spend the next half of the pod reading out. So I hope he forgives me for skipping some of it, but basically he predicted Brexit and Trump back when everyone thought it was never going to happen.

And he's just an amazing guy. And we're very lucky to have him on the pod today. So welcome back.

Mark Blyth

Mark, it's great to be with you.

Mark Lockwood

So Mark, as you know, we've been friends for a while and I left basically the intelligence world, I'd say roughly 12, 13 years ago. You and I, I reached out to you, believe it or not, nearly 10 years ago. And basically, because when I fell out of the intelligence world, I found myself in a world where I didn't realize, why I didn't have a job anymore, because essentially,

I remember the day quite well, Howard came back from a meeting in London and basically said, look, as a knock on effect from financial crisis, the budget's about to get absolutely hammered and everything's going to collapse. it did, basically we lost roughly, measurements vary, but between a third to 40 % of the resource that we had at the time. And so I found myself in this place where, okay, well, why did the financial crash?

What were the series of steps that meant that I would.

Mark

Yeah, how do you get from bankers blowing up to you basically getting your resources gutted? Right, 100%.

Mark Lockwood

Yes. And we weren't, we were doing very important things, right? I mean, my job was tracking down sex offenders or terrorists or bits and pieces. So how, yeah. And so I was trying to basically follow that breadcrumb trail of what exploded, where did it explode? And why is it that the departments and teams that Howard has spent decades setting up and then I'd spent a decade working in just collapsed. And so that basically made me realize that there was a whole part of my education that I skipped.

Mark Blyth

Aye.

Mark Lockwood

and I'm going back 10 years, but I didn't know how the financial world worked, really, to be honest, because we lived in a cell bubble. And then so I got into economics and I reached out to you and basically said, what the hell, what's going on? Yeah, so I guess I'm gonna start with basically.

Mark Blyth

What's what happens right?

Mark Lockwood

I have a sense that basically there's like a two tier world going on and it has been going for quite a while, which basically is, yes, we teach kids to read and write. Some of the rich kids, some of the bright kids, we might see some critical thinking, but when it comes to financial education and that kind of how the stock markets work and how financials work, that seems to be a select doctrine for a select few. And you're either in or you're out.

And that seems to be a bit of a problem for democracies. And I just wonder if it's part of the problem with what's going on there, really.

Mark Blyth

I'd say it's a major driver of it. But it's a great question because you think about it. Why does the British Medical Association control the number of doctors when you've got a doctor shortage? Because you want to keep the price up. Why is economics so complex? Because you want to use a filtering mechanism to make sure only a certain number of people get through. It's all about keeping the price up. So part of what I've been doing for the past almost 30 years now is it turns out if I have one talent, it's simplification. And it's trying to show people that

Take the last book I wrote that just last year, Inflation, Guide for Users and Losers. This stuff isn't that complex. And a lot of the stories that you get told about, for example, it's always and

everywhere a monetary phenomena. Once you scratch into this, I mean, you think about the inflation that happened in 21, 22, 23. America lost all of its stuff that was made in Asia. Prices went up. Europe lost its gas station. Prices went up. Where was the central bank printing too much money?

What's the story that you still get? Well, look at all that money that they spent. And it's the same thing with the financial crisis. I was on a call with a Traders podcast. So these guys are markets guys. And they were like, the deficit, the debt, the deficit, the debt. And I'm like, lads, I've been through this for 40 years. I remember in the 80s when 50 % debt to GDP for the United States was a national crisis.

I remember when it was 60 % when Alan Greenspan said to Bill Clinton, you have to cut the deficit, otherwise it'll get out of control. Then when in 2007 there was a huge financial crisis, suddenly we didn't have money for anything or anyone, but we had billions to bail at the banks. And what we ended up was moving from 60 % to 90 % overnight. Basically, that's where it all came from. Nobody was running around running like drunken sailors.

So rather than you guys having all of the largesse of the state throwing money at you so you can go to conferences and international policing, what happened was when we build out the bankers, that was going to be paid for by basically contractions of spending somewhere else. And you were the spending somewhere else. And so was the city budget for the city of Preston. And so was early childhood education. And so was the quality of education across the United Kingdom.

So yeah, the repercussions of this run really deep. Now, to just close this one out, financial education, it's a weird thing. mean, every year, the Financial Times, which is the only newspaper I read, by the way, for one reason, it costs a lot to subscribe to it. And you cannot lie to the global investor class consistently because they're too important. And they have a sort of like, we need to do more in financial education. And I always think it's like this brilliant buzzword, financial inclusion.

Right, we need to include more people in finance. And I'm like, that's great, but what if they don't have any money? What exactly does it mean to include somebody in finance that doesn't have any? And if your fundamental problem is you don't have any money, your wages are too low, they haven't grown in 20 years while costs have continued to rise, it's not about educating people that they're screwed. The bigger question is why are they screwed?

Mark Lockwood

Yeah, and I think it's important that you raise that because there is kind of like, and I don't mean an insider class in any sort of kind of smoky room way. I just mean I was saying there is a generic elite class that's, and I mean on a macro level globally and every country has one. And I could almost half understand the exclusion to a certain extent if they got it right, but they don't.

And they seem to frequently get it wrong. And this is why sometimes I'm a little bit curious when it comes to economists. I think that word and that discipline, I I spent a lot of time in the last few years hanging out with econ folk from lots of different schools and different places online. And there seems to be two broad camps.

There seems to be basically the econometrists kind of mathematical model of types who think that you can turn the world into a very big mathematical model, despite all evidence to the contrary, or most evidence to the contrary. And then you've got people who, and I would probably put you in this bunch, but I know you're comfortable with both sides, which are kind of like, they're just historians, but they don't want to admit it, really. Do you know what mean?

Mark Blyth

Yeah, think that's a fair divide. I would put it this way. You either think that the world is a programmable system, that with enough information, you can see the world as it really is, and also that there's permanent mean reversion. There's a certain set of processes in the world, and they continue. And occasionally, they get punched in the nuts, whether it's a financial crisis, COVID, or whatever. But there's a return to trend. That was always the assumption.

And Britain's a wonderful example as to why both those assumptions are problematic. Britain has not returned to trend. It really hasn't grown at all since the financial crisis. Productivity has collapsed. And we're talking 200 years of 2 % a year, and then it just stops, right? And obviously, the people who are sitting pretty at the top who talk financial elite stuff and run big institutions, they're not the ones that are hurting in this environment. And for them, London's still lovely. It's all great, et cetera, et cetera.

And then I went back to my hometown of Dundee after the euros in 24. First time I'd been there in 20 years. And I was shocked, absolutely shocked at how far it had fallen. mean, one third of the downtown is boarded up. The richest street in the town that basically used to have banks, building societies, restaurants, now has Turkish barber, Kurdish barber, American sweet shop. As you guys know damn well, they're all tax fronts. They're all money laundering shops, right?

So we don't even have the will or capacity to take those things on. And then at the same time, my class is saying, in general, things are OK. Well, that's that huge disconnect that basically undermines people's credibility right there.

Mark Lockwood

Yeah. And I think for me, it's the discourse, right? It's the case that unfortunately we seem to have the pantomime villains and comedians giving these very simple narratives. It could be it's all the immigrants fault or it's all previous administration's policy A's fault. But as you say, and I've witnessed this, and this is the reason why I reached out to you all those years ago, was what I was seeing from an intel point of view is me and Howard have spent decades basically looking at kind of strategic views and long-term. And we could see like this creeping death.

So the creeping death was, okay, you had the crisis, then yes, everything started to close, but you started seeing the closure of lots of social programs. First of all, was at the periphery, right? Might've been drugs and alcohol, might've been prostitution rehab, might've been rape crisis centers.

First of all, they started to fall away. Then that periphery started to get withdrawn even more. And then suddenly you started seeing things where what you consider core, irreplaceable services were being withdrawn.

Mark Blyth

Yeah. Totally.

Mark Lockwood

And now we are in this strange place, as you say, it's interesting you say economically we're flatlined because we are still reeling from 2008. However, all the blame is being directed at, know, pick your poison, but small boats, kia starmer, whoever, it's all anything, wherever simple narrative suits. But I'm just wondering how that's gonna change, right? Because

Mark Blyth

Yeah, no, absolutely. Whoever it happens to be.

Mark Lockwood

When I watch your lectures online, I watch other Econ folk online, try to get a sense of, or read the FT, you have this twin track world, right? So it's like, okay, you read the FT, world one, then you've got the rest of media, two. Yeah, and you think, okay, well, how do you, how are you supposed to marry those up in a democratic sense? And how are you, it's all right.

Mark Blyth

You go to Asda, World 2. Right.

Mark Blyth

So the way that we talk about it in the US now, and you can do the same thing for the UK, not quite as much, but it's still there, is we talk about the, it used to be the K-shaped recovery, right? So basically the idea was top 20 % is doing well, bottom 80 % struggling, but if the top 20 % are doing well enough, it drags everybody up, right? Rising tide nonsense as usual. And we went from talking about the K-shaped recovery to the K-shaped economy.

that basically we're now in a permanent state whereby top 20 % spends, I think, the last number I saw was 61 % of all spending. And that's actually super concentrated within the 20%. The top 10 % is an even bigger chunk of that, cetera. And then you've got the bottom 80%, which basically is contributing around 40 % of the spending. And if you're in the bottom 20%, things are hard. And if you think about some of the stuff that's gone on over the past two decades, when we introduced and take some British examples,

Zero-hour contracts. When you think about the growth of the platform economy, which is essentially a massive way of hiding unemployment and doing basically subsidies to keep people out of the labor market, you think of all the regulatory changes that have gone on that has continued to shove money up to the top while services deteriorate, the continuing existence of PFI programs that have given you things like Thames Water and all the rest of it. It's not just this sort of creeping death. It's this kind of.

Weird thing whereby you elect a government to do things about obvious things that people would care about, housing, the quality of public services, the water you drink, for goodness sake. And they seem to be utterly unable to address that, instead of which it becomes Rwanda, whatever the distraction of the moment is. And sitting here in the US, we say this about Trump all the time. It's like, what's he going to do this week to disrupt from the Epstein files? He didn't invent this.

This is what they do in large part, right? mean, parliament turned into, particularly after Brexit, a bunch of people that don't govern, don't do legislation, polarize opinion on Twitter, and basically talk shit to each other without actually getting anything done. And the great hope for this administration, the Labor administration, is that they'd come in and be sort of like some kind of restoration of capacity. But you've got a leadership that's so bereft of courage and ideas.

I think what happens is they get a call from the Treasury in the morning that says, well, this is how much you can spend today. And they get a call from the Bank of England at end of the day that says, did a good job there. We'll talk again tomorrow. And there's no actual governance in this, in the middle of it. And that's even more infuriating. So I think all of this has been building for a very long time. And your sense of what's going on is right. But I think there are more layers to the onion of decay, if you want to put it that way.

Mark Lockwood

I mean, so you've been teaching in the States for many years, you're US citizen, you've lived there most of your life. I don't, when we're recording this, there are a lot of things happening right now. We've got Venezuela, we've got Minnesota, we've got Iran, all sorts going on. But I don't want to focus on those things right now because I have the suspicion that they are perhaps symptomatic of a more broad and macro trend going on for a lot longer. And I just want to run this one by you.

What I mean by that is, you have been perfectly placed to see when you, and you often talk about when you first landed in the States and it was like sunny and you got pizza, you started running and all that type of stuff. And it goes to talk quite fondly about when you first landed in the States and why the country's meant so much to you. So I'm just wondering, what was it like when you landed? What was it and how have things changed in kind of macro terms? I mean, very, very broad brushstrokes. And why do you, and where do you think it's going? Because I guess ultimately this is, I'm asking you about your relationship to your country in terms of...

Mark Blyth

Yeah, no, no, it's totally fair. So the quick version of the honeymoon period, shall we put it that way, was I had a middle brother who sadly passed away. But he was living in San Francisco at the time. And I took my first trip to the United States. I was in, I think, fourth year of my undergraduate in Scotland. And I saw something that no Scotsman had ever seen before, which was sunshine in winter.

And I arrived there, long hair, leather jacket, smoking. I think within three weeks, I had a pair of running shoes. It just does something to you. I became convinced that 80 % of American positivity isn't a desire to be really annoying to Europeans. It's literally sunshine. It makes a huge difference. And I just decided that I didn't want to spend the rest of my life in the pub. So I took the chance, and I came over. Now, my experience is very reified. I I came over. got really lucky.

And I mean that sincerely. was the luck of the draw. I ended up going to Columbia University, very prestigious. I shot myself when I got in because I was like, oh my god, it would have been easier going to Oxford. This is the stuff that you get in movies. I'm sitting in seminars with people that literally went to Princeton and Harvard. I went to Strathclyde. After about three weeks, I figured out I think I'm going to be OK. There's a lot of bullshit and bluster in most places.

And it was great. And it was fine. It was good. I lived in New York. Then I lived in Baltimore, which is very different, then Boston, and now Providence. And basically, I went from Columbia to Johns Hopkins to Brown. So I've lived in elite institutions my whole life. I mean, you can't say that I represent the broad brush of American society. But you begin to notice certain things. When I was in New York, I played music. And you'd go to different clubs and stuff like that. And

you would meet a lot of ordinary people.

Right? You have friends who were things like computer guys, cops, that sort of stuff. Right? You actually, you mix. You live cheek to jowl with people who weren't the academically-ified class. And when you went to Baltimore, it was actually even much more like that, because that's a real city. In no way does the university dominate the town. And you began to notice, after the financial crisis and after the beginning of that kind K-shaped economy, you go up to Boston or any of these places are the global growth cities.

And what do you see? Million dollar condos all over the place. There's plenty of housing construction, but none of it's for normal people. And you begin to see the rise of these kind of segregated neighborhoods, but not by the traditional American segregation of race, but by wealth. And you begin to notice that none of your mates send any of their kids to the local comprehensive school. And what used to be sort of a weird, rare thing, private education, becomes exactly what the top 20 % does.

And what's happened is this kind of self-segregation by wealth, whereby the country no longer knows itself. But the top 20 % haven't just split off economically. They've split off socially and culturally. And a large part, I think, the sort of like the reaction, the populist reaction, both in the United Kingdom, United States, is the 80 % basically saying, who the hell are you people? And who are you to tell us how we should live our lives and what we should think and what values we should have? Because you haven't spoken to us in two decades.

And really, mean, I'm grotesquely simplifying. But to answer your question, that's as good a metaphor as I can come up with for what's happened. So I think there has been the of the segregation, which has been really driving a lot of this. And if you take most of the resources with you when you self-reaggregate, we know historically what happens. Eventually, the majority say, we're coming to take it back. Years and years ago, I coined a phrase that some people still quote, which is the Hamptons is not a defensible position. So the Hamptons are a lower lying area on Long Island, basically, well, out in the far end of it, where the super rich have their mansions. And you can be as rich as you want and build a 12-foot wall. if you annoy enough people enough and immiserate enough people enough, they know where you live.

Mark Lockwood

I get what you're saying, but I kind of think how long has this been going on for? Because it feels like that pattern you describe has been going on for decades. And it feels like almost like there's a consolidation. The Hamptons feel like they're distributed not just geographically, in cases they're hard to reach, right? So it's like, how do you, this is in no way an incitement to anything that you described. I'm saying the Bastille approach isn't going to work. And I kind of think in terms of hearts and minds,

Mark Blyth

Mm-hmm. Yeah, yeah.

Mark Lockwood

I find it fascinating what you're talking about the kind of, because a lot of people talk about the British class structure. But from what you describe, there's actually a lot of class structure, perhaps not discussed from the US perspective.

Mark Blyth

Yeah, yeah. It's not discussed in those terms, but it's very, very similar. I mean, I take your Bersteel point, and I don't mean it in terms of physical insurrection. But if you think about what MAGA is, and if you think about what reform is, and you think about what AFD is, and the communities that they draw upon, these are people who feel that there has been a lot of wealth generated. None of it came to us. And we basically want to burn it down because we don't believe any of them.

And that's what I mean by that kind of, to put it in your language, that kind of Bastille moment, right? So if you think about reform could win, particularly in coalition with the conservatives, the conservatives now will do anything to get into power. So what you have is a sort of very Trumpist moment, where it's the whims and fancies of Nigel. That's what's going to determine policy. There's no long-term vision, not in planning. To the extent there is, it's this thing about immigration.

While I understand this in the sense that when I went back to Dundee, it was a very different place ethnically from when I grew up, put it that way. And I can understand why people feel that they're being displaced. I understand why the narrative of replacement really rings for a lot of people. But I can't help but put my economics hat on for a minute and just go, right, lads, here's a simple way to think about this. And it's the one that no one in this people who are creating all these issues want to talk about, right? So what is an economy?

number of people, number of hours they work, and the quality and quantity of stuff they've got to make things with. That's it. There's nothing more to it than that, right? Now, if you have 2.1 kids,

you have positive growth because you are sustaining your labor supply. And if you have less than 2.1 kids and Britain's down to about 1.6, then your economy is going to shrink unless you work more hours to compensate. That's not going to happen, right? Or you have some kind of technological revolution.

It might be AI, but that's probably going to cost a lot of people their jobs, at least in the short term. So we're between a rock and a hard place. There is a solution to this. It's called importing people. But you've decided that's the problem. And it is the problem. And it is problematic. And it's difficult to integrate people, particularly from very different cultures. We all get that. But that's the simple hard math. So unless you want to shrink and become poorer, either you work a lot more hours or you import people. Dead easy.

Now, I've yet to hear anybody across the political spectrum, not to pick on reform, talk about labor the whole lot, just put it in those simple terms. Do you want to have a National Health Service 10 years from now? Do you want to have pensions 20 years from now? You need more people. You didn't have enough kids. And the ones that you got, to the extent that they got skills, we sent them all to a bunch of universities to learn skills that were not really skills. This is why if you want anybody to come and actually repair the electrics in your house, it takes three weeks and costs a bloody fortune, right?

We forgot to train Sparkies. We've got plenty of social scientists. And I say that as one of them myself. And then the other, as well as running down vocational training, all the rest of it, what we got is a whole people that just withdrew from the labor market. I mean, my classic one is the 800,000 people that basically decided after COVID they were a bit stressed and couldn't go back to work. In the UK, 800,000. I'll tell you story about this. I was in, it was either Devon or Cornwall in the summer.

One of those lovely little towns that they've got, know, this sort of stuff. And I saw something, and I just couldn't make head nor tail of it until I said to explain to someone what it was. So I asked someone, and he told me what it was. So I'm in this town. I can't remember which one it was. And the town center is really lovely, and there's a little harbor, and know, it's usual shit you get down there. And a whole bunch of people who are my age, I'm mid-50s, right, show up on the most expensive looking mobility scooters I've ever seen in my life. And the front baskets are filled with the rosé and glasses, and ice.

And they're all tooting down there and pouring the glasses and necking it in the sun. And I'm like, what is this? And I asked somebody about it. And says, that's the thing where you go to the doctor and you basically get some kind of allowance for saying you're a wee bit stressed and you can't really do your job anymore. So what we've got is some form of like we've shrunk the labor market even more. Now you would think with less workers around, you'd get higher wages.

But because we broke the British economy back 20 years ago, you've got a huge number of

small and mid-sized employers that can't afford to pay any wages. can't. Literally, their margins are so small. It's not their fault. It's the structure of the economy. So that then, and people don't get raises. They see people who are scamming the system. They see immigrants. Little wonder they make the conclusions that they do. Where is the responsible government coming in and saying, that's not it? Here's what's going on.

Get rid of the bullshit and this is what we need to do to fix it. And I just, don't know where they are.

Mark Lockwood

I get what you're saying, but sorry, Howard, were you wanting to say something?

Howard Atkin

Yeah, sorry. Not particularly. mean, I'm just basking in Mark's knowledge. I mean, as I've told my Mark, we don't know each other. I have watched your podcasts. I was watching one on China earlier today and from some conference you've done. I love the I stand in awe of your knowledge and your skill set, which is not mine. But what I love is the way that you speak truth to power in simple language and what which we try and do. You know, we are working stiffs trying to deal with complex situations in our world like you are and make it understandable to the majority. And we also recognize a good case of bullshit when we see it, which is 99.9 % of all information globally. So that's the way the world. But the one of the things that really stood out from what you were saying there.

Mark Blyth

Exactly.

Howard Atkin

I agree with everything you've said. There's the real world and there's the world of information where people are trying to exert spheres of influence. The economic trends, I completely agree Britain's become a third world economy where a failing empire, well we're not an empire, we're even a failing third world country and our political leadership have no interest or understanding of how to address that. You're just swapping one shower of shit for another.

I'm not playing party politics here. But what I really don't understand, and America is no different, you know, the globe, the only ones that are different. And I picked this up from one of the things I was watching today, where you were talking about China, and you're explaining the advantage of a big country like China, because of its economic stability, because of its size.

It has a leadership that says, we're in charge. This is how it's going to be for the next year, 10 years, 100 years. They play a long strategic game. They are big enough so that they can afford local failures. They can try things. And if they fuck up, pardon my French, it might affect a few hundred thousand people, but it's not going to... It's perfect research and shall we say study for...

Mark Blyth

Right, and that's good information because it tells you what not to do.

Howard Atkin

...a pilot study of how to get things right or wrong. I love the chat. I hate some of the things that China stands for, but as a business model, this idea of long-term strategic thinking and playing the long game, I give respect. They are eating the world, everything else. I always think of destroyers and the Titanic, we're all the little destroyers and boats.

Mark Blyth

Yeah, totally.

Howard Atkin

Flying around panicking with the icebergs and China is just going, you know, and it might deviate by half a degree, but it's got a destination regardless of what you think of its politics and its morals and that's a different issue.

Mark Blyth

Right through, right. Yeah, absolutely. But that's the thing, exactly. And an important point here for why things are so crap here is we used to have the capacity of the Chinese state. People forget this, right? We used to have a civil service that was actually well regarded, that got shit done. Go back to the 1950s, the main battle line in the 1950 election between labor, 1951, 51, Atlee goes out. So it must be 56, right?

So it's probably Alexander Douglas-Home is running for prime minister at that point in time. His main angle of attack on labor was that we built more council houses than you did. And in one year, they built 180,000 council houses. We can't build 80 over four. Now, we can say it's the planning laws, it's the ecosystem of lawyers, it's all of the above. But we used to have that capacity. And if you have that Chinese capacity and an actual democracy,

That's where I want to be.

Howard Atkin

Yeah, I completely agree. That's exactly my point. Regardless of the politics and the principles, the business model works. If you have leadership, that's why I all the various democratic election cycles with local elections and like we're looking at the midterms in America next year. We spend all our time thinking about fucking elections and not about what are the leaders doing? know, nobody has a policy that last.

If they have something that they don't want to deal with, they kick it in the long grass. yeah, global warming. We'll have a 10 year policy. Why? Because we won't be around when the fucking thing sinks. Sorry, I'm swearing. You know what mean? Donald Trump and the... Sorry, I'm on my soapbox. Trump and the Trump administration. yeah, it's all going to be brilliant in the future. And yet the financial decisions that they've made and political decisions...

Mark Blyth

That's absolutely right.

Howard Atkin

...are likely to sink the US population. They're likely to sink the US globally in terms of its influence. Like you talk about the British Civil Service and Foreign Service, gutting the government of all its expertise and skill set. It's kind of like, we would like to be the appendix of the world. So we're to cut off connection with all their organs and slowly defend.

Mark Blyth

Yeah, exactly. Can I give you a good example of this? In November, I gave a talk at the Bank of England. And at one point, we were talking to the audience. It's quite a big number of people. And they were talking about they brought consultants into the bank. And this, to me, is one of the things. That's when you know the shit's hitting the fan. When they cut your budget and they're paying twice as much for the consultants to come in and tell you why they need to cut the budget, right?

So I can understand someone like Central Bank doesn't have IT expertise. I can understand why you might want to bring in people who do this, right? But they're bringing in consultants everywhere. The British government brings in consultants everywhere. And I said to them, I'm like, all right, so let me get this straight. You've been around since the 1600s. You wrote the manual on how to run a financial crisis and get out of it. You've financed two wars without blowing up the economy or even stoking inflation. You basically were the envy of the world and the model for Central Bank of world.

You're bringing my students in to tell you what to do because they work for some bullshit consultancy. And the whole room kind of just raised their eyes, sniggered, and kind of said no

comment. Because, yeah, that's it. And you know, I go, well.

Howard Atkin

They all know that the whole political class are living on false promises. mean, I watch, I know nothing about the stock market, but a bit like Ed Miliband in the UK with his, this is me eating a banana to me, show that I'm one of the local population. And he's about as human as an alien. It might as well have been ET. The man has, and all politicians are like this.

They try or billionaires to try and show that they have the local link. What I don't understand is everything you say, I agree with in terms of top 20 percents and the elite creating this two or two system and feeding those bullshit to get us to actually allow them to do what they're doing. But when when we come round with the shower of shite globally that we are offered to elect for those of us who have the chance to have any influence rather than autocracies or demagogues running countries. Why is it other than being limited to a certain choice between the devil and the deep blue sea, we keep picking people who are actually like you say, they're not from our class so they don't understand our problems. We pick other people from the top 20%. And I mean, Trump's clearly won, you know, down for the people.

Somebody who started in life with a golden handshake and screwed it up as a businessman has been a disaster. It's all about influence, know, forage, love him or hate him. And I have mixed feelings in lots of ways. The man comes from a financial background. He's not what you might call typical working class like any of we three here. Why do we choose these people as the ones who are going to save us from the system that created them in the first place?

Mark Blyth

Yeah, absolutely right. So for the Brits case, think it's kind of interesting. The Brits have always chosen from that class. mean, essentially, the Conservative Party was, to use the great phrase of Winston Churchill, the natural party of government. They've been in more times than anyone else. If you go back and look at the statistics on it, I mean, it's amazing. The Clarendon schools, the nine top public schools, Rugby, Winchester, Eaton, Harrow, St. Paul's, yada yada, right? And Oxford and Cambridge, that's like 90 % of government ministers, 80 % of MPs from this

tiny selection of the population. And for a long time, it worked. It depends on what you mean by work, right? So 1945, what's happened is you've basically broken down huge amounts of the class barriers of the United Kingdom because of the war. You really were in it together. And there was this recognition that whether it was the blitz or serving together or whatever it was, that we don't live in a separate world from each other. What happens to you matters to me. And when you've got that type of kind of, if you will, political discourse or feeling in the country,

You can build an NHS. You can get the doctors to sign on as civil servants. You can do remarkable things. But you fast forward right to the 1980s when that system that we built in

World War II was starting to come apart. You've got a whole bunch of other people that come in and say, well, there's inflation, and workers are getting too much, all the rest of it. Your unions are too uppity. And about a third of them, a third of the population are by nature, conservatives. It's not a brain disease. It's who we are.

I like to think of them as the people in society that are more attuned to threats. They just have a different way of looking at the world. They're more risk averse, et cetera. And those folks basically said, no, we don't like the way the world is going. We're going to change it. And they took enough in the middle with them, and we went on a different course. And that's the way that we are now, right? Now, why do we keep electing the same ones? Because one of the lessons of the 1980s and 70s was politicians. You can't let them near anything real.

If you allow them to run the economy, they'll just spend all this money. There'll be this inflation. The world will fall apart. So what we did was we basically banned them. We thought, you don't get to do anything. You don't get to spend any real money. You have to talk to economic advisors. We're going to give power to the central bankers. Everything runs through them. And everything will be great. And everything was great for a while, mainly because half a million Chinese joined the global labor supply and prices fell. But we thought that was it. It was all great.

We took all of our jobs and chunked them out somewhere else and blah, blah. Now we're reaping the whirlwind for that. But for a while, it looked good. Now what did that mean? If you were my generation and you were coming out of university in the mid 1980s, if you didn't want to be a bass player or an academic, me, you went into finance. And they are the people that made out like absolute bandits. You didn't even need that much talent. You're talking about interest rates at 10%, going down over time, with financial deregulation so you can keep doubling your bet. It worked all the way to 2008, right? Now, think of the talent diversion that went into finance. What does that say to the talent pool for politics? It gets smaller. And then by the time you get to the 2000s, when it's a shit show and it begins to go bad, 2010, who's going to go into that to clear up that mess? Your talent pool is even more, let's say, skewed, right?

So you've got people that have never had real jobs, that are permanent politicians, that went through the same elite universities and learned the same stories about how the world works that may be applied in the 1990s. And the world confounds them every day. And so in a sense, it's like, it their fault? Is it the quality of people that we're getting? In part. But it's also because we built a system that assumed that the 1990s was normal, and we would always mean revert to that.

And when it started to go wrong, we really didn't know what to do. And we still don't have much of an answer. And the evidence for that isn't just us. Look around. mean, the United States doesn't really have an answer. France doesn't have an answer.

Mark Lockwood

But Mark, can I, I just want to come back to some things you said a little while ago before, before I spoke, because I wanted to push back on a couple of things, which I'm a complete idiot in this field. So forgive me if these are really stupid questions. First thing want to push back on, when you talk about immigration and I'm not qualified to say whether it is the only answer to a particular problem right now. I know it's a answer. It's a way, it's a remedy. Yeah.

Mark Blyth

Yeah, I didn't say it's the only answer. You can choose to be poorer. But I'm saying if you want to have the same level of economy, you need a certain number of people. That's it.

Mark Lockwood

No, I get that, mate. And so, What I'm going to struggle to articulate, bear with me. So basically what I'm saying is the following. So we have an economy that, and correct me if I'm wrong, because I'm going to lay you in stages. So as you've described it, World War II will start from there. We're making our own stuff. Things are going well, all banded together. We still have nationalized industries. We still have a standing. I'm not going to go into Suez or anything like that. But we're still pretty strong power, right?

We start, we go into the seventies, inflation, labor crises, that type of thing. But also you could argue that maybe, like I think you said recently that we thought that the, that that was like a natural progression, but the seventies might've been an aberration due to other inflation shocks and other bits and pieces. Yeah. Yep. Okay. Okay. So then we have this knee jerk, Reagan, Thatcher reaction that says, right, well, the only way to deal with this is to financialize everything.

Mark Blyth

Yeah, I think that's Yep, totally.

Mark Lockwood

We outsource everything and basically make basically we know that the We know that China and India and other countries are going to be able to manufacture and resource gather more cheaply than us In in the next 20 years. So the best thing to do is try and on top of that and become like the money order sat above that Okay, yeah Okay

Mark Blyth

All right, hold on, hold on, hold on. Let's break that down a little bit, right? That jumps too much. The reason that Mrs. Thatcher wanted to end exchange controls and basically free up the banks was genuinely the whole cabinet thought this would cheapen the cost of capital for British industry. And the whole point of the banks was to invest in the real economy. They had no idea that they were going to asset strip the real economy because it's far more profitable than doing long term investment.

Mark Lockwood

Okay, sorry, forgive me.

Mark Blyth

Right? Second thing is the whole China thing, that was a total shock. Basically, the Cold War ends. You've got the uni power moment. Right? And then it's a question of, what do we do next? Well, communism falters in Eastern Europe. Suddenly, you've got all these economies that literally don't have banks. Imagine that, right? Let alone central banks. Their currencies are worthless the whole lot. So immediately, there's this kind of extension of the Bundesbank and the Bank of England's training economists, dumping them in finance ministries that didn't exist five minutes ago. So it's not just sort of like the people in the 1980s decided to do this with finance.

There was a whole series of quite unexpected shit that happened that brought us to that point. And then the big one was China's opening, because China's opening is only important to the extent that two other things happen. The first one is the IT revolution. So you can actually globalize supply chains. And the second one is the rise of the container ship and the end of the longshoremen unions, because then you can do it in volume. And it's those three things coming together, none of which was preordained, plus deregulating banking, kind of led us to where we are that looks like that. But the people in the 80s didn't plan that. That is actually important. No, not enough for a list, but yeah.

Mark Lockwood

Forgive me. Okay, no, fair, fair point. What I'm failing to say is that essentially the deindustrialization of the UK, it's almost like the Glasgow effect at different times, or when you talk about Dundee, when, so basically what happened to Dundee is now happening to different parts of the UK at different times across the 70s, 80s and 90s. And then when you get to 2008, by that point, pretty much deindustrialized, pretty much financialized, everything centered in London.

You've talked about how most of UK get bond transfers from London. So, and at that point, what we've also done is we've also rapidly increased in population as well. And so, what I'm trying to get across is from a political expediency point of view is, so you've got a country that's gone through a few generations of increase in population, but then we start to see massive decreases in goods and services in terms of public goods and services. And you see this kind of parallel, which is

Okay, the only solution is immigration. But we've seen, and I'm not saying these two are causatively linked, but we've seen massive amounts of immigration over a couple of decades. And the thing is in the UK, we politically couldn't talk about immigration because it was just, you're a racist, right? And so it's now we're in this really weird spot where it's like, okay, if the only financial answer is more immigration, I just don't think, if we had the A tier politicians of which we might be dreaming of,

Mark Blyth

No, I know, absolutely, I'm with you, absolutely.

Mark Lockwood

I don't think you'd sell it to people because I think we've been through so much trauma. There's been so much taken away from people. And I just want to push back on the second point, which is your point about people just on long-term sick for... Yeah, I don't think that's representative of the whole at all.

Mark Blyth

I agree. Skiving it, scamming it, right. I don't think it is either. No, Mark, look, I'm the guy who's the biggest defender of the welfare state. But come on, when 800,000 people used to be in the labor market, and there's COVID and 800,000 that are out, a good number of them are definitely playing it. And when I saw those guys on mobility scooters, they could have run faster than me. It was a total joke.

No, no, no, I get that, I get that. No, but what I'm saying is this, right? If you've got a deindustrialization thing going on where basically financial crash has lots of first, second, third order effects, a lot of industries collapsing, you yourself admit to basically lot of place, and essentially the people who have been getting by on certain industries suddenly don't have anywhere to work anymore. Now, yes, obviously the economic pressure is always, if you can't get a job, move.

Mark Lockwood

But a lot of people don't move. obviously, yeah, okay, some people stay. But all I was saying, in the cities in the north of England, I'm just saying that my experiences, I do hang around with, I grew up in a housing estate and I still have many friends who are Amazon shed workers, chefs, cleaners. And don't get me wrong, you've always had people who take the piss. I'm not denying that in the slightest.

But in terms of the government's attitude to people who take the piss, that's gone dramatically in the other direction across the last 20 years. It's quite hostile to people, which I'd to.

Mark Blyth

Yeah. But let's remember how that started. Do you remember the television show Benefit Street? Right. basically, Poverty Pond, right? So Poverty Pond became not just mainstream, it became popular. Remember the Strivers versus the Skyvers? Right? That was the classic move by the Tory party to divide and conquer. And it worked beautifully, right? So where to go with this? In terms of the pushback on both of them, yeah, of course, the vast majority of people who are

Mark Lockwood

Yeah, yeah, absolutely. Poverty porn.

Mark Blyth

In need of benefits who simply cannot work should obviously be paid. I'm just struck by the fact that 800,000 people that were in the labor market before aren't, right? You know, that's it, right? On the immigration one, I hear everything you're saying, but I wonder how much of it would go

like this. If you had industrial jobs and you had immigration, what happened? Let's go back to the 1870s, 1880s, when Italians started to show up in Scotland and in England. We didn't let them in the industrial jobs.

We didn't want them in the shipyards. We didn't like them because they spoke foreign languages, or they were culturally weird, or they ate pasta, or whatever it was, now that we now transfer to some other group. So what did the Italians do? They basically used to get big steel drums and fill them with fat. And then they basically would get the fish. It used to be a luxury product because it was on ice. And they'd take the stuff that nobody would eat, like whiting and haddock that was all bycatch. And then they would basically dip it in flour and water and make a frittata.

Mark Blyth

And that's English fish and chips. And then they integrated slowly over generations. You had a growing economy. You had people that were still building housing. You had a very different, you were industrializing. So we've never liked immigrants. It's always been hard. But when you have a shrinking economy, when you forgot to build housing for normal people for 40 years, when public services have not just been allowed to decay, was active state policy to take these things down, right?

And then you bring in people who are culturally different? Yeah, of course. But here's the counterfactual, not for you, Mark, and I don't mean this personally, I in general for anyone who fixates on this. Throw them all out and see what happens. First thing is your NHS will completely shut down. It's not run by Brits. Your nursing staff and your technical staff and your claim, they're all from other countries. What else happens? all your old age care, that's gone because that's all done by foreigners.

So where do we draw the line on this? Do we shut down every curry house? What exactly is the line on this? I know you're not, but I'm just taking it. I know this is not you, but I'm saying if we're talking about this, Absolutely. how does that solve the problems we're trying to solve for?

Mark Lockwood

Oh, sorry, I'm not advocating no immigrant... Yeah, yeah, yeah, fair one. Go on, Howard. Go on, sorry.

Howard Atkin

Yeah, I agree with both of you. But look at how one politicisation, I agree with what Mark's saying around the moment we start having problems, it's the easy dog whistle of it's somebody else's fault. Who can we blame? It's the unknown, whether it the unknown, be bad, good or indifferent, they're just unknowns, it doesn't make them bad.

Immigration has been a factor for most of our Western communities for many years. The UK, I remember post World War II, those first layers of particularly the Caribbean and the Indian Pakistani nations, those first generations were trekked with the same crap level of opportunity. Even though we wanted them and we had manufacturing jobs for them, they weren't trekked well.

And I suspect that tends to be almost anthropological. Anything coming into a group from the outside has got to, you know, it's not particularly a national problem. It's a problem for all nations and all communities. But those people who came in and took those early jobs that were there, albeit low paid, they have invested in the community. And here we are, second and third generation.

And the immigrants who came off the boat or the plane boat in those days to take the crappy jobs are now politicians. We've had, you know, senior bankers, doctors, lawyers. They have reached every tier of society and good luck to them, individuals within them. So there's this kind of phase of normalization after the shock of them coming in. It happened with the Irish going abroad and you know.

Mark Blyth

The Irish in England. Yeah, totally.

Howard Atkin

family relations. The Scots, yeah, the Irish in England, the Scots, the Welsh to a lesser extent. It's happened with America. It's that melting pot. And it makes me smile listening to the whole the, we make America great again. Well, the very thing that made America great, like what made England great, you could argue, was this community and this diversity of skill set towards a common goal. You know, the Commonwealth.

With all its many flaws and I'm not making a case for empire. There were lots of positives to come out of that in terms of global networking and shipping and supply lines, which you refer to later on with things like AI, shipping networks, globalization. It's just opened up the world. What worries me though is in the UK, I can't speak for America. I can't speak for the countries, but in the UK, we don't have anymore, the government are not making the jobs for people to come to as immigrants to actually contribute to the economy. So I agree with it totally. Our NHS, most of our local low paid services rely on immigrants. It's a factor of life. It's like, you you go to America and all my south of the USA friends from Texas from those areas. yeah, get rid of the Mexicans.

The whole place would shut down. You know, I've been there, I have friends, know, oh yeah, we'll get rid of them. Well, who picks you fruit? Who runs it? Who does all the shit jobs that bring the jobs back? Well, white Americans are like white Englishmen. They don't want to get up and do those jobs, frankly. So what worries me is we still have immigration, but we aren't providing

the opportunities for them to come...

Mark Blyth

Exactly, it's every kitchen in the United States.

Howard Atkin

...and contribute to the economy. And I agree with you and I don't blame this government any more than other governments. It just has a different version of how to fuck up. It's not unique.

Mark Blyth

But I'll give you another one on that, Howard. I totally agree with you. You don't have the jobs that basically allow you to come in and then move from period to period. The richest subgroup in the United Kingdom are Indians. Yeah, I think it's Hindus, in fact, are actually the richest people in the United Kingdom. And that's a three generation effect. So all power to you. The other one is, and this goes back to this discussion of what states can do capacity. States used to have projects.

Right? this was said to me by a guy who's out of your neck of the woods. He's an intelligence community guy. And he said he had a friend who was ex-KGB. And he said this to him once, and it stuck with him. And he told me the story, and it really stuck with me because I think it's profoundly insightful. He says, there's two types of states in this world, and there's two types of people in this world. States that have projects, people who have projects, and states and people who don't have projects.

Now, if you're a state with a project, it can be bonkers. It can be communism. But my god, we went from peasants to rocket ships in 50 years. It can be the Italian one of how do we deal with the South while industrializing the North? Didn't matter which party was in power, that was the job you knew you were doing. If you were the Germans, it was basically about getting industry back up, dealing with the eastern side, the whole sort of thing. If it was France, it was making sure your farmers didn't riot, whatever.

Everybody had to get America. It was run the world and put up spaceships and whatever. Right. And then it all ended. And then we just settled for like the individual solution of worry about everything and shop.

Howard Atkin

It's like we've all retired from planning for a future.

Mark Blyth

Right, not exactly. And I think that this also feeds into the immigration thing. If you have a coherent, of, and real national story, think the Chinese story, about what we're doing, and where we're going, and why we're doing it, you can imagine that you can incorporate immigration into this if it's at all useful at the project. But if you don't have a project, if your project in the current administration is, did we hit the fiscal rule, which nobody even understands what that is.

And it's not a project. It's the complete antithesis of a project. It means that you're not in charge. You're just an accountant. I think that having a project is actually really important, both for people and for states. And it really struck me as one of those simple things that's really profoundly true. Mark's struggling to get in here.

Mark Lockwood

Okay, I'm anxious about asking it really, but I'll go for it anyway. Right. So if we're talking, well, I want to try and stay away from immigration for a second and bring us back into the kind of the, so.

Mark Blyth

Go on then.

Mark Lockwood

I'm sometimes quite doubtful about some of the, and I don't mean you, Mark, you know, I'm a big fan and we're good friends. But with the economics and political science side of things, what concerns me is if any government, we say, we're throwing rocks and saying, you could do X, Y, Z, right?

I would argue that any state, there's a mixture of what the environmental constraints are versus what the kind of the scope of imagination presents them with, if that makes sense. Okay. So they're the two big things to manage.

Okay. And what, you've often said in many of your talks that you study economics as a thing in the world, right? As, as in this, this doctrine that guides that policy making. The problem that I have with economics is that if I look at lots of other different disciplines, if I go to civil engineering, I go to medicine, I go to physicists, they're quite good at A, diagnosing problems and making solutions and we get technology or we get solutions with that.

But it sometimes feels from polsci and from economics, it just feels like the best of decades of all this PhDs, artifice and all this effort, the best we can hope for is managed crises. And that bothers me because essentially you come to me and you say, an economy is this simple thing,

answer immigration. Right, cool. But come on.

Mark Blyth

Unanswered, unanswered. You can choose to work less. It's fine.

Mark Lockwood

Yeah, yeah, you know, I get that. But what I'm saying is that it's a bit like a doctor, you know, goes to the GP and say, look, I've got all these symptoms and this is quite a complicated story. And then they go, yeah, we'll just loosen weight. And that has been said. But like, so I'm just I get it. I find it frustrating that that as a discipline gets so much effect. And you said yourself as well, right, that you walk into a room, say, I'm a psychologist, you don't get the same influence if you're an economist.

Mark Blyth

Yeah, no, absolutely. Absolutely. Well, I think your skepticism is completely warranted. Look, here's the big difference between ec- put political science to the side. Political science is sort of like a much more small scale sort of effort trying to understand things like political parties or whatever, Let's think about what economics tries to do. Now, here's the thing about a physicist. A physicist can look at the universe, and it has no effect whatsoever on the universe.

So he stands apart from the system. If you're an economist, if you're an influential economist, if you're Larry Summers and there's something going on and you come out and say, this is just like the 70s. We need to raise interest rates now and increase unemployment or we'll have runaway inflation. That actually shifts the parameters of the system. You're deeply endogenous to the thing that you're actually looking at. Now, when you do that, the notion that we stand apart from the system as neutral scientists and then look at it, first of all, that's just undermined by that feedback effect.

And the second one is, it's not as if these people don't have preferences. When Larry's talking about people being unemployed because we need to kill inflation, not about his class, he's talking about people way down the food chain. So there's a massive distributional story there that we've been blind to for years. And I think that these two factors, the first one's to do with why theory doesn't track. The second one is very clearly to do with why people are pissed off and don't believe you. It has undermined the credibility of the field.

There was a good book a couple of years ago by a guy called Bin Yan Applebaum called The Economist's Hour. And it's about why and how economics became so powerful. And it starts in the 60s, whatever. And he wrote this book in about 2015 or something. And he said, it's peaked. It's actually now diminishing. And with technologies like AI and all the rest of it emerging, it's going to diminish further because we're going to discover new ways of estimating things and

modeling things and all the rest of it.

So I think that your critique is not wrong. It's quite warranted. There's no reason. In fact, very mainstream people will fully fess up to this one. A good example is the ex-director of the Bank of England, Merv King, gave a speech a couple of weeks ago or a couple of months ago where he said that this whole inflation targeting thing that we've been doing for years doesn't seem to work anymore. Well, 50% applause for the admission. But here's something, Merv. Maybe it never really worked. You just got lucky and it looked like it worked.

So yeah, there's a lot of blame to go around. Now let's say, for example, here's a terrifying possibility for you, Mark. This will scratch your and my libertarian inner core. Imagine that we were really good at this. Imagine we really could see things. Then that would be terrifying, because we would literally be central planning dictators. We could tell you exactly where we should invest and what we should do and what technologies we should have, and then we would become literally the cardinals and we would have the authority of being right. It's not as if like going to the other side is actually the best thing.

Mark Lockwood

So we can aim for it, but we can never deliver it.

Mark Blyth

Mm, it's about like medicine. I mean, if medicine was 100 % right, nobody would be sick and we'd all live forever. That's never going to happen. Or like lawyers. Another way of thinking, I think it's like being good lawyers, right? Essentially, the law is a complex thing. We look at it in different ways. We try different strategies. And certain things work and certain things don't. Very different from engineering. We know if you put a two-ton roof on a half a ton structure, it's not going to stand up.

Mark Lockwood

I bet that's what winds me up the most is that it's that old adage of, I don't know if it's true or not, but like in ancient Rome, engineers used to sleep underneath the bridge that they built. With 2008, and I can throw countless statistics, excess deaths, education, there's been so much avoidable harm caused.

Mark Blyth

Right. Yeah, this is Taleb's point about skin in the game, right? There's another guy who did a book just about 2017. The subtitle is The Harm That Economists Do. mean, people are aware of these things. Taleb puts it brilliantly. He says, nobody counts the error rate. He's got this great example of he's at this conference in 2010, and some IMF guy comes out and says, here's the projection for the next couple of years. And Taleb gets up totally incensed and goes, can I see your projections for 2006 and 2007?

Because obviously, they were massively wrong, and you haven't incorporated any of that into your error rates. So this type of shit goes on all the time. There's a really good newsletter, a sub-stat by a guy called Philippou. He writes on private equity and stuff like this. And he had a post this morning where he was talking about this mythical thing called the Yale rate of return. So let me just explain for a minute what that is. Yale got famous as a university that started off with not much money and ended up with billions.

And it did it because they built their endowment. They were the first one to do it. And they advertised that they had an internal rate of return of 27%. And he says, just do the math on this. Which would mean you could start off with like 10 quid and end up with a couple of billion. I mean, it's just totally ridiculous. And what that also means is it's constant. And it compounds. So 27 then compounds 27. That's an enormous increase. And that means that the financial crisis has no effect on your rate of return, that you've never suffered the downturn.

People must know on some level that this is obviously not just mythical. It's obviously wrong. But everybody wants to believe it. Everybody wants to believe that that's true because it means that they can do it too, right? That's where the fragility in economics gets into it. It's not just incompetence or malfeasance. It's greed and short sightedness and the willing to believe stories that are manifestly not true. Are we going to create God through AI, through scaling? Probably not.

Is this an enormous waste of capital? Yes. Is AI a real thing that's going to transform things? Yes. Do we have any idea how? Nope. So we've got to be humble in what we say that we know before we can say what we know kind of thing.

Mark Lockwood

How we're doing, Mark, how you're doing for time? Do you want me to wind it up there? Okay, okay. I've got one big question I'd like to ask you that's not to do with anything that we've got so far.

Mark Blyth

I'm fine. Yeah, no, keep going.

Go on. Why am I an Everton supporter? Because I enjoy pain. I know. God, absolutely.

Mark Lockwood

Some things defy science and observations. So I'm sorry, Everton. I don't even follow football. don't know I'm talking about. Could be the best team ever.

So Howard, before I go abstract and try and bring us back to what the collators usually do, because we've gone down lots of different streets, we've opened lots of doors today, is there anything you want to ask before I move? Because I'm going to move us quite onto something abstract and not national geopolitics stuff.

Howard

Yes.

Mark Blyth

Cool. Go for it.

Howard Atkin

Yes, please. I love Mark's refreshing approach to this. I think there's a couple to me as a passenger to this conversation. Sorry.

Okay, right, sorry. The commentary that's been made around the impact of economics.

I see a lot of sense in that and what it says to me is there are some professions, farmers produce something, miners produce something, where physics, chemistry, there are laws of the environment that we need to follow to survive. If we don't have food, we die. If we don't have oxygen and clothing, we die. But there are some professions

law, economics, politics that have been created that actually in truth do bugger all. I'm not

saying that's a bad thing. They are artificial constructs. They aren't essential for the basics of survival of human beings as individuals or as races. They may add quality to our life. They may be something that leads to a total lack of survival eventually, but they're not essential. And I'll give you a good example. My wife works in the National Health Service. She fairly low paid job, low grade. Her trust was short of money.

So like you say, with the Bank of England, or we'll call in consultants, that they decided loads of employees of the place should actually reapply for jobs at lower pay grade. So do the same stuff for less money, but they advertised for 10 new managers. And these new managers were business relationship managers. And you read it and you thought, well, hang on a minute. Somebody said to me, the NHS, what does a nurse do? I know what a nurse does, comes and looks after me, changes the bed man, blah, blah, blah. Yeah, I understand cleaner. I understand doctor, consultant. What does this buffoon do?

Mark Blyth

What does a business relationship manager do?

Howard Atkin

Well, what they do is they actually look at the bean counting for how people feel about whether they were well, you know, and you're thinking, well, and these were 100 grand each, that's a million pounds budget for a trust that would have bought 20 or 30 people at my wife's grade who did things that people, the patients needed. So it's this nonsense of self-reinforcing philosophies of we need more of us to less of them.

Mark Blyth

Yeah, absolutely. The other Douglas Adams, guy. Right. So you remember the whole planet died because of a telephone sanitizer. Right. But they're all useful. And they're all useless until you desperately need them. The question is, do you ever need a business relationship manager? Right. But to take that point seriously, right? I agree with you, right? But here's the thing. Once you get past pure survival, I'll give you an example.

So let's say it's a survivalist economy. You're doing yeoman farming. Your life expectancy is 35. Everybody starts having kids at 12, right? It's pretty nasty, brutish, and short. And you get past that. Why do you get past that? Because there's a big thug in the neighborhood, and he's shut down all the other thugs. And so long as you give him a little bit more of your stuff, then you get to have more stuff, kind of. It's not a bad trade-off. It's called feudalism.

And then when you do that, people start to say, well, what's yours and what's mine? And they

go, well, how about we write some stuff down? We'll call them laws, right? You can see how this starts, right? Would it be nice to own your own house? Right, great. Are you born wealthy? Not a problem. You don't have wealth. How are you going to do it? I'm going to have income for 40 years. Yeah, but you know, might not have it forever. the rest of it. It's all right. We'll invent this thing called the mortgage. It's a legal contract. All that, But yeah, but there's

Howard Atkin

Get all that Mark, but what I'm getting at is where along that path of improving the quality of life and the length of life in real terms did we lose the plot?

Mark Lockwood

Well, that's quite a big question in fairness, isn't it?

Mark Blyth

I think there's more than one plot that has been lost, But no, I mean, like I'm with you. like, think about it this way. Every time I buy something online now, I get invited to fill in a survey about how I felt about it, right? It was a jar of chili powder. I don't know. It did the job, right? So yeah.

Howard Atkin

In law enforcement, we had a great one. I'm old fashioned. I'm an old fashioned detective and investigator and I work in the community. My belief is if you want to deal with the problem of crime, you stop crime. So if there's a burglar, you catch the blessed burglar, or she goes to prison and therefore they're not available to commit crime.

Mark Blyth

To do more burglars, right?

Howard Atkin

You know, and later on they realized it was a bad move and hopefully they changed their life and don't burgle again. But we had this whole phase of, no, these days, if your house is burgled, you won't get scenes of crime to your house. You won't get a police officer. You'll get, you might not even get a crime record. They'll just tell you to tell your insurance company. But what they will do, the local community will send what they call reassurance patrols.

So you'll see fat, scruffy uniformed people who are not dressed or look like police officers, you know, they look like the ice bullshit, all this kind of quasi militaristic stuff that's going on in the States where you've no idea who they are or who employs them, walking down the streets for public reassurance and they'll ring you up and say, we're doing a survey. Yeah, we've been as

your neighbor was burgled. We're just ringing to see how you feel about that. And you say, well,

Mark Blyth

Do you feel reassured?

Howard Atkin

I'd feel a lot better if you caught the freaking burglar, you know, and returned the property that's stolen. We've gone for a dopamine hit rather than real food.

Mark Blyth

My favorite example of this is when I've been involved in a couple of government projects, and anybody mentions the words well-being economy, I just start rolling my eyes. And it's like one of those things that particularly people on the left love. It's like, why do we have this focus on consumption?

We should think about well-being and all this sort of stuff. OK, define well-being for me. Because for many people, it means not going to the food bank. And if you had enough jobs, then you're feeling pretty well and your being's OK, right?

Howard Atkin

Yeah, you can put food in your mouth and keep warm in winter.

Mark Blyth

And it is this thing whereby people, when they can't hit the targets that they're meant to, they move the goalposts. So if you were growing at 3 % and you were getting wage rises at 2 % and everything was fine, you wouldn't give a shit about well-being. But because none of those things are happening, you're like, maybe we should look at other indicators because maybe we might do better with those. And nobody likes it when you point that out. It's kind of like being the pork shop at the bar mitzvah.

Howard Atkin

I love that because that brings me to the one thing I wrote down before this podcast.

We are in an information economy where people are manipulating the whole system through the information that's shared to give people the dopamine hits the one whether or not it has any link to reality. Does that make sense? it... Yeah.

Mark Blyth

Do you want to try Venezuela as an example of that? I mean, let's think about this for a minute, right? So what we did was we went in and we snatched one bloke. We murdered 60 people in the process, but snatched one bloke and his wife. Mission accomplished. Well, when we did that with Iraq, you at least occupied the country, and that was a disaster. How exactly are you going to make sure that you run this? This is kind of like, and here's what I'm going to do this month to show that I'm in charge, right?

Howard Atkin

And we're parachuting, well, we're gonna run it with all these senior oil companies. Well, hang on, didn't we try and do that with Iraq with all these subcontractors that were flown in from the States? And look how that turned out.

Mark Lockwood

Something that me and Howard have witnessed in some of the generations that we've been training in Intel is it's not that kids are getting more stupid or more daft, but there's definitely things happening at the attention level. And there's definitely kind of like a burden of technology there. I'm just wondering as an educator, do you think that actually, I mean, our educational systems are never perfect and they're never perfect in the pre-internet world, but in the world we're in right now.

Do you think that something fairly fundamental is happening? And yes, I know we go straight to AI with this, but I think this was happening before AI really.

Mark Blyth

Oh, no, it was, absolutely. Yes, and the answer is yes. The first one is people don't read. So a statistic I discovered recently is that if you go back even 10, 15 years ago, about 20 or 25 % of all books had some kind of impact. That is to say they sold a few copies. People bought them. They read them. There was more of a sort of like a wider distribution of things that were out there.

Now it's like you're the guy who writes the book Sapiens; you get 5 million sales. The publisher says, what do you know about AI? You go, nothing. So it doesn't matter. Just write your book anyway. You still sell another 2 million. And now about only 5 % of books have any impact. And what that means is a lot of these books are being bought because they're the book that you're meant to buy. It's a bit like buying Piketty or buying a brief history of time.

Nobody actually reads these things. And with kids in particular, if you grow up in a house where you don't have any books, it's hard to start.

And once you get to a world of screens intersecting with that, come on. Would you rather read a book or watch a movie, right? I read for a living. You read for a living. We've all done it, But at the end of the day, we'd rather watch Game of Thrones than read the books, right? Right. I mean, what they can do with special effects and all that is probably better than my imagination can do with a book where they go a little bit too long on the description of the guy's dress or whatever it happens to be. So there's a cognitive burden that's relieved with this, right?

Then you get the enshitification or dumbification of the content. Short form video, et cetera, et cetera, like both YouTube and then also TikTok in particular. TikTok in China is completely different. It is all wholesome shit. It's about doing your homework. It's like long form. Meanwhile in America, knock yourselves out. Be as stupid as you want. Just dumb yourselves down. So I think there is a dumbification in it. And there's actually now research that shows

the exposure to these technologies is not just attention span. It's actually making us dumber. So add all that together, and then you get to AI. And AI for education is both an incredible opportunity and a total clusterfuck. Because the clusterfuck goes like this. You're not reading. You've got no attention span. And you are aware of the fact that even in top universities, the number of elite jobs is getting smaller. And AI might make that number even smaller. So for once, they're coming for you. They're not coming for the guy who's a welder.

Now, if that's the case, you have to get A's on everything, or you'll die poor, alone, and homeless. Or at least that's what you'll think. It's complete rubbish, but that's what they think. So it becomes this intense competition, not about actually learning things, but just getting the grade, getting the grade. Become absolutely grade obsessed, right? And when you do this, like across the top schools in the US, 60%, 70 % of grades are A's. So it becomes meaningless. Your transcript becomes meaningless at that point, So.

What else happens with AI is you actually, if you use AI as a tool, I use it all the time. It's fabulous, right? So I had a thing with going to France, I have to get a French visa. And I said, am I better applying for a French visa as a United Kingdom citizen, a United States citizen? And it was amazing. I mean, it just went boom. And I was like, that's the one who'd taken me forever, right? Fantastic. Use it as a tool. It's brilliant, right? But the thing is, you can outsource your brain to it because it can write your answer.

And what happened particularly, and this is just my opinion, to the generation that came to college during COVID is that, first of all, they didn't get socialized because they didn't get to go. They did everything online and we were just making up as we went along. So their education suffered. But then they get, and so they're doing anything they can to keep up. They are the people that get chat GDP the minute it's released. We're not even aware it's there. They have homework to do. They're like, That's It's out, right?

And the way that you're getting this, and I hear this anecdotally, but from employers at these

elite firms and stuff, is that it's not true that AI is replacing the workers. It's that workers who use AI in college can't function as workers because the AI has done all the thinking for them. So if you add all of these trends together, this perception that there's something very different about the current generation, it's right. Now, here's the bit of hope that comes out of this.

These are very, as you said, Mark, they've not got intrinsically stupid, right? If anything, they're actually smarter. But what they've learned is a series of bad habits. They are also smart enough to know when the bad habit is going to get them into trouble, or at least a lot of them are. And they are the ones that are like, OK, I'm going to learn from this. I'm not going to use it as my brain. I'm going to use it as a tool. And I'm actually going to make sure I'm the one who does the work.

Because if there's 100 people in the class and 80 of them are going to be shit, I want to be in the 20 that's good. So there's a way that the system can sort of self-correct. And you begin to see bits of that as well. But that's how it plays out.

Mark Lockwood

That correlates quite strongly to both me and Howard's experience, think. I think the other thing that's deficient is not just attention span. I'd say it's imagination. I'd say that basically, it goes back to your point about reading. I think one thing that reading does is I totally take your point about whether I rather watch Game of Thrones or read it. But I think the act of reading engages that kind of imagination muscle. And what I've seen over recent decades is complete failures in imagination. And I think the tech is sometimes.

Mark Blyth

Right. It does. It deepens the imagination. You're absolutely right.

Mark Lockwood

Do you have a about GPTs, sorry, large language models? Absolutely. It depends how you use it, right? If you use it to kind of, if it's question asked and answered, no further development. But if you're, the brightest kids or the brightest people I know who are using it are the ones who are both nurturing. But I'm also coming across people who they're not letting their kids access any tech until, you know, 12, 13, 14, 15. And I just wondered if you had a view on, I mean.

What is the best? What is the, some people are considering social media bans for under 16s. I'm a little bit on the fence with that one. I'm not sure what's going on, but it's.

Mark Blyth

Um, so it depends. mean, like, you know, generally speaking, at least in some countries, you

don't let kids watch porn. But if a social media ban is effectively, give me that phone because within two strokes, you can get to whatever you want. Right. So, you know, should we have a curated space for under 14? Well, I mean, China does it. They're quite, you know, they don't have a problem with this.

Why do children of whatever age need untrammelled access to the database of all human knowledge and perversity? Exactly. What exactly is the argument for this? They are children. They need guidance, right? So I don't really have a problem with that. I think it should be opened up probably about 14. And then basically baby steps until you're 16. When you're 16 in Scotland, I still think it's the case that that's the legal age of majority.

And if you're old enough to basically get married, volunteer for the armed forces, and commit a crime and be tried as an adult, you can get your phone. But until that point, there should be guardrails on it. And if you don't, you're just abdicating your responsibility.

Mark Lockwood

I think that's very sensible. I remember 12 years ago, I had a senior officer bring his basically his kids to work and I was in charge of a digital forensics unit at the time. And he was like saying, show them, but don't show them. And I had the inevitable task of trying to tell them. And I was member, I was quite nervous. And actually the stuff they were telling me about what they were exposed to at school, like by the age of nine, they knew how to use the proxy to get past the school where school proxy get past the parental blocks. And this is going back. Yeah, it's crazy. Yeah.

Mark Blyth

Yeah.

Mark Blyth

Brilliant. But this is it, right? mean, how do you deal with VPNs, proxies, all the rest of it? Yeah. I mean, they'll find a way around it. But it's more than kind of just signaling displeasure, right? It is saying society as a whole thinks this is how this should be our direction of travel, right? Again, it's about having a project as opposed to the free for all. There was a wonderful, you guys know the great Twitter site, FesHole. Oh, check it out. It's brilliant. It's where people basically fess up. to being an asshole, right?

Howard Atkin

don't do Twitter I hear I just I don't do it

Mark Blyth

It's, I used to do it. I don't do it anymore, really. But you know, blah, blah, blah. But anyway, if you're bored and you're in a queue at an airport, you can scroll it for 15 minutes and have a

good laugh. And one of them, just recently, was a brilliant one. He said, my partner said to me, why is it that our daughter's only two years old and she's so much closer to you than she is to me? And I said to her, well, if you put your phone down and actually looked at her and played with her, it'd be different.

Mark Lockwood

There's definitely something in that my friend I think that's a sign of the times absolutely I think that's probably a good place to start winding it up so Mark thank you for today I really appreciate I hope you come back but Howard is there anything in closing you want to say or

Howard Atkin

No, I've loved every minute Mark's thought process. It's just so refreshing. The one thing that I did wonder that we sort of left, if we accept the point that post-World War II was kind of the driver that brought communities together to start working towards a common goal, and we accept that having a plan and a strategy and a goal is a good thing, are we in the situation now where what we actually need is

Mark Blyth

Right.

Howard Atkin

another world war. Now that for me is the starting point for another podcast.

Mark Blyth

I would just simply say that the insurance costs have gone up so much that you can't go down that road anymore. You just can't. Because you don't get back to the happy place. You just end up dead.

Howard Atkin

You and I know that, but for those people who are financially secure and not exposed, they also happen to be largely physically secure and not exposed. Putin with his 10 planes flying around, I noticed that the Americans have now put into the air at least the one public, shall we say, Trump vessel that flies around. So he's safe from the consequences of his administration's decisions.

I just look at all of this and think well none of the people who are decision makers currently are likely to suffer or the least likely to suffer the consequences of their actions so is that likely to stop them?

Mark Blyth

They may think that, but then they're even stupider than we could possibly imagine. I'd labor at that.

Howard Atkin

Unfortunately we all go off the cliff with them don't we?

Mark Blyth

Exactly.

Mark Lockwood

I keep waiting for the positive beat that I can say, right, that's... It just goes lower and lower and lower.

Howard Atkin

But the positive thing is we're all full of dopamine positive hits thanks to the internet and social media and everything else. The Matrix.

Mark Lockwood

Absolutely.

Mark Blyth

Yeah, but Howard, you know as well as I do, the problem with dopamine is that there's a dopamine threshold. You can only produce so much. And this is why coke heads are the worst people in the world. Because once they've exhausted the dopamine and are still trying to get hit, they just become really annoying and angry.

Mark Lockwood

And on that note, we shall bring it to a close. Mark, thank you ever so much. Yes.

Howard Atkin

Anyway, Happy New Year!

Mark Blyth

And happy new year to you as well. late. Pleasure, mate. Always a pleasure to see you.