

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

Marshall here. Welcome back to The Realignment.

Today's guest, Bethany McLean, is one of my favorite investigative reporters.

She co-authored *The Smartest Guys in the Room*, *The Amazing Rise and Scandalous Fall of Enron*, *The Definitive Story*, one of the biggest corporate collapses in American history, and all the devils are here, the hidden history of the financial crisis.

Now, with her co-author Jo Nocera, she's turned her attention to COVID, the defining issue of the 2020s. The new book is *The Big Fail*, what the pandemic reveals about who America protects and who it leaves behind. I know that some of you may be thinking, geez, another COVID book, another delving into a topic we as a society have decided to move on from.

The relevance of this book and the frame that Bethany really provides is that she's using COVID as a lens and means of analyzing American society. She and Jo argue that America has a deep sickness at its core, that if you look across the issues and areas of preparedness, from hospitals to schools and other parts of our society, COVID revealed a deep inability to handle the challenges we're going to continue to face as a country. As we're thinking about this book and how it's revealed various aspects of American society that are said to be challenged, we understand that the themes that she covers will no doubt play out in the latter half of this decade. I should also note that she hosts a great podcast at the University of Chicago called *Capitalism*. It is actually perfectly within the realignment's interest in post neoliberal economics and other issues, so I definitely recommend you check out that as well. A lot of the guests you all enjoyed on the show have also appeared there as well. Huge thank you to the Foundation for American Innovation for supporting this podcast. Hope you all have a great weekend.

Bethany McLean, welcome to the realignment. Thank you for having me on.

So this book, *The Big Fail*, is clearly about more than just COVID. It's why I'm so interested in chatting with you. This is a broader story of issues that America was running into before COVID even came about and issues that really matter for the future, but a basic question you're going to need to answer for audience members and people who want to buy your book, why another COVID book at this point in the cycle?

I think what Joe and I have always tried to do is to look at what the preexisting conditions are that cause something. So when I wrote a book about Enron, it was what led up to Enron's collapse. It wasn't just the tick tock of the collapse. When we wrote about the global financial crisis in 2008, it was all the decisions that had been made for decades running up to that, that set the seeds for the financial crisis. And so that was our point of view on the pandemic.

And I'd be lying if I said we had it all together when we pitched the book and understood where things were going to go. But our take is always that there's a backstory. And I think when I saw the numbers that the number of deaths was actually higher in the first year of the Biden administration than it was in the Trump administration, I think that was challenging to a lot of people's

assumptions that, oh, if we just had a better president, America wouldn't have been hit so hard by this. All of this would have been, all of this would have been fine. We would have responded so much better. And I think the reality is a response, a response while it was hampered by Trump's lack of leadership, in my view, for sure, a response wasn't easy because of all these preexisting conditions in America leading up to the onset of the pandemic. It would have been hard for any president to have made this okay. So I'd love for you just to list what are some of

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

those pre, we'll go into them in detail, but just what actually going to take a better step out of that question. What's the story that we should tell about pre-COVID America? Because I think if you're Enron Book, the Financial Crisis Book, there's stories that basically coalesced. So what's the story about America in 2019 leading into 2020 that we should really understand? I think it actually is a story in some ways of inequality and inequality that is deeper than we currently think of when we talk about income or wealth inequality, although that's part of it, but also inequality in healthcare. And that helped create a situation in which a lot of Americans with preexisting conditions were hit particularly hard by COVID. And then the hospitals that many underprivileged people were sent to were also at the second tier of a two-tiered healthcare system. And so that to me was a big preexisting condition leading up to it. And I think to me that the bigger story here is that there's this quote I keep coming back to that Lyndon Johnson said when he signed Medicare and Medicaid into existence that everything we do or can do as a people depends upon the health of our people. And I think it's this argument that we are all in it together, even if we may think that we're not. And even if there were a lot of things about pre-COVID America that made us think we weren't in it together and that sort of again predominate, we are all in it together.

I'd love to understand why it was surprising that there were more deaths under Biden than Trump. Because I'm thinking about the timeline, which once again is obviously how the book is written. We spend a decent percentage of Trump's presidency locked down. So if we're all locked at home, obviously, COVID is not going to spread quite in the same way. Lockdowns as a political project, I don't think we're sustainable. So given that framework, it just seems as we navigated the world, there'd be more deaths that second year. So we'll just kind of unpack how you're thinking about that. I think that's probably fair. I think some level of lockdowns did continue into the Biden presidency. So I think I would argue that point a little bit. You could flip it around and say, well, of course, the level of deaths we're going to be higher when COVID first hit our shores than they were on an ongoing basis. I think of it less in a purely scientific way than I do. Just this wasn't that easy to fix. Even with advanced warning, even with understanding what this pandemic was, it wasn't easy. It wasn't that easy to get Americans to stop dying from this. And so it's less, it is not meant as a criticism of the Biden administration so much as it is a comment on this being a difficult issue to fix. No, but it's really well taken. I think a really good place to take the conversation. I'd love to talk about the opening anecdote example in the book, because I think it gets at all the themes that are so difficult here.

Why did you and Joe choose to highlight a study that concluded that I want to be very precise, that mask mandates did not work? Why is that the opening anecdote for the book?

And I want to be clear, it actually, I would clarify your language in one way, which is that there is no evidence that mask mandates worked. It doesn't mean they didn't. The study was that we haven't seen the evidence from this review of all the studies that the authors did.

I think because we were, well, as writers, of course, you want something that's going to get people's attention. But we were struck by, despite the fact that we are all sick of talking about the pandemic, this study was released in early 2023. And it made people incredibly angry.

Brett Stevens in the New York Times wrote a piece about how, I'm trying to recall the headline exactly, but it was that mask mandates didn't work. And there was just this outpouring of rage on all sides. And we thought, oh, this is still an issue. This is still a really big

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

issue that people are really concerned, people are really up in arms about. I think also for us, it just showed that we don't want to do the work. Would rather just believe what we want to believe about this and feel very virtuous in mask wearing or feel very virtuous in not wearing masks, rather than saying, okay, what is the evidence show now? What can we see? And you're right to highlight the word mandates, because one thing the study noted was that there is a distinction between whether mask mandates work for a society and whether a mask worn properly can protect an

individual. Those are actually our two different questions. But I think for us, it was just the share reaction to this and people's inability to say, huh, that's interesting. That's a piece of new information. Let me think about this. And so one of the points of our book is just these ideological divides and just how deep they've become. And what's so interesting about that is, could you kind of articulate how, where the debate around the peace ended? Because as you two articulate in the book, there's a response piece. But even in the response piece, it basically acknowledges that while there are probably certain aspects of the writing and the language that were

a little aggressive, the underlying claim about evidence was probably accurate. Help us understand that. It was probably accurate. The overall claim was that we don't have, if you do this meta review of all these studies, they don't show that mask mandates work. And that was the point, that we need evidence. But people wanted to either take that in one direction and say, oh, now there's proof that wearing a mask doesn't matter. Or people wanted to take it in the other direction and say, all of this is completely wrong. Where mask mandates must work.

Okay, this is where this gets really interesting, though. And this is why we're being precise around language. There's a wide band within mask mandates do not work. So one of the issues that you two get into, obviously, are supply chains and the actual production of masks thereof. There's a world where in March 2020, we all get sent KN95s from the government. They're all there. And there's

a way that we could have assessed whether that was effective versus me half assing a mask for the next year and a half. So it's just so interesting that even within that statement, there's such a wide band that it would be kind of intellectually dishonest to say that, okay, we've concluded forever that as we move forward into a next potential pandemic, we just can't do mask mandates because they didn't work. Right. No, that would be completely intellectually dishonest, but it would also be intellectually dishonest to say, oh, look, mask wearing worked. So our point is, let's look at this. Let's look at this honestly, be willing to hear something that you didn't want to hear. And it also may be per your point that a badly worn cloth mask doesn't touch that we all wore and were told made a difference, which I think was unfortunate, really didn't do much, but a properly worn KN95 might do something. And so there's also there's wiggle room within what's a mask. So I think that all those things are, it's worth understanding it and being willing to look at it rather than having to say, oh, I already know the answer to that. It's not acceptable to say that wearing a mask didn't work because I feel very virtuous with my mask on and I want to continue to feel virtuous. It was a way we could all feel good about ourselves during an otherwise horrible time. And I think people are reluctant to let go of that. I think my last definitional question I'll ask you, what does the word worked mean? Because you just think about that for a second. What does it

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

mean

for masks? I mean, I didn't die. I'm here. I had a pretty good time during COVID. Therefore, it worked in a certain respect. I was able to wear a mask and this is interesting just to kind of hog the mic for a second. One could argue that masks worked in the sense that if you're trying to reopen public schools and you had teachers unions, let's say there were intransigence around reopening,

it's unclear if Chicago public schools could come about if there wasn't a mask mandate, let's per se, which is kind of different than an empirical claim around like health and safety, but it all kind of fits together into like a weird cultural mush. So what do you think about the term worked? It does fit together into a weird cultural mush. I think what I say worked, it does wearing a mask reduce your chances of getting COVID. And if you do get COVID, your severity from having gotten it. So when I say worked, I'd resort to the definition that the people used in that study that we cite, which is does it actually reduce your risk of infection? But whether it works culturally, whether it makes people feel safe and therefore it doesn't, I would still argue that it matters if it works in a technical sense or not because you don't want to lie to people when you don't want to give people a sense of a sense of false safety. I mean, I think it was actually a little bit dangerous to tell people that the whole idea that a cloth mask worked as well as a KN95 does, well, it's not, it doesn't. And I don't know that that's, I don't know that it's helpful to pretend. So I hear what you're asking, I think in some ways sometimes pretending is helpful. And if it makes people feel safer, my view through the pandemic was always, if my wearing a mask makes you feel better, for sure, I'm wearing a mask. What harm does it do to me? And so that's, that would be one side of the argument. And the other side would be, but everything always does harm if it's not actually true. And I don't know where, and it's an interesting thought. I'm not sure where I come out on that.

Yeah. And once again, that's why COVID's kind of like the ultimate wicked problem, because there is both what's true and things that become true, because we think they're true.

That's part of the awkward mixture together. I want to go back, not to the exact details of your, you know, previous two books you referenced, but just as I understand your books, I've got them back here somewhere. Your conclusions around Enron, conclusions around the financial crisis, they're pretty much conventional wisdom now. I'm not saying it was easy to do at the time, but everyone's like, yeah, Enron was crazy. Jeff Skilling, wow, that was, you know, we're doing like documentaries about it. And wow, like we've all, you know, read your book, we've seen the big short, American housing culture was out of control. Like that's all just conventional wisdom. In this case, with this book, I don't think there's ever going to truly be a safe conventional wisdom that you could make widely viewable documentaries and movies about, given the dynamics of partisanship in the book itself and their actual themes. So can you just kind of speak to the differences there? Yeah, I think that is right. I think that's right, although with a few caveats, but yes. And that is part of what made writing this book challenging. The other part is that I think there's this interesting progression from my book about Enron to the financial crisis to this, and that the Enron story was really clear, a company went bankrupt. How did it happen? Here's how you tell the story. The financial crisis was a little more complicated because you could pick and choose among various events or various companies

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

as to how you wanted to tell the story. So it wasn't necessarily like, oh, you have to tell this story through Merrill Lynch, maybe tell it through a city group and such. Anyway, so that was a little bit more of a pick and choose exercise about how you tell the story. And this was, well, wide open. What do you think the story is? So in that sense, it was really challenging. I think we do have some degree of conventional wisdom arising out of this that is still the ownership around it is difficult. I think people understand that keeping children out of school for as long as we did in America has had absolutely devastating consequences. I still don't think many people are willing to look at this and say, yeah, but I advocated for school closures. So therefore, I wasn't pushing to reopen schools. Therefore, I own this. But I think there is a consensus that something went wrong, especially when you look at other countries that managed to open their schools earlier and keep their schools open. And so I think that consensus is emerging. I think the consensus that the pandemic, that lockdowns were a matter of privilege, I think that's emerging too. That in other words, for all of us and us who felt virtuous locking down, being able to continue to earn our living via Zoom, being able to order our goods and food through Amazon and other services without really often thinking about all the quote essential workers who were having to go out into the world in order to do that. Oh, and those of us who were able to school our children because we had jobs that permitted us to work at home instead of jobs where you had to go out and be an essential worker and your kids were left to Zoom school themselves. And so I think people are beginning to realize that some degree of lockdowns were a matter of privilege. And I feel like that's becoming conventional wisdom too. There's a recognition of that.

I think the school example is so interesting because it gets at why I have big fears about the next pandemic because it's easy, once again, not from a writing perspective, but it's easy from a societal perspective to say, yeah, in retrospect, there's no substitute for an actual functioning public school, especially if you're not economically privileged. But that's different from actually looking. And this is why I appreciate the way you two wrote the book, looking at the process that led to those school closures. And with so many of these issues that we now kind of treat as the worst case scenarios in the pandemic, it's unclear to me if next time around there's a far worse iteration of COVID, those processes just don't self-replicate themselves, especially at a state level, at a local level, at a federal level. So I guess my question to you is, to what degree do you think the processes by which these decisions were going to come to, have they changed versus we all agree where we ended up wasn't the right way to do this? I don't think they have really changed because I think there was an unwillingness to actually look at the data, which I think explains why schools in the United States were stayed closed longer than schools in most other, if not all places. And from the very, very beginning, it was clear that COVID was not a big risk for young, healthy people. Kids with preexisting conditions, yes. But for young, healthy people, the data were pretty clear out of Italy who it was that was dying. And it was the elderly and people with preexisting conditions. It was also clear pretty early on that COVID was not influenza. And influenza schools are breeding grounds for transmission. I mean, it is. But in COVID, they were not. And in fact, in most, when schools reopened, the infection rates were sometimes lower than the community infection rates. So it showed that

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

schools weren't this breeding ground. And so the data was there, and we couldn't do anything despite that. And I think that's a broader story of where our priorities as a society actually lie and of an unwillingness to back away from preexisting conclusions and say, this is not what we thought. Something I'm curious about. As someone who hosts, co-hosts a podcast called Capital, isn't you spending a lot of time in the world that I spend in? And I'm sure you know this from all the book pitches you were likely receiving during the early pandemic. There were a lot of books that were claiming COVID is going to be this fundamentally transformative experience economically, sociologically across all these different categories. And it feels like in this moment right now, other than, let's say supply chain discourse, and a couple, I'm actually kind of failing to think of where else there's been a real paradigm shift. And other people are thinking about these things. It feels like we're kind of just receding at every single level, with the exception of the fact that I get to zoom podcast from Austin, which is super nice. Thank you to the Hudson Institute and the University of Texas. That is very much not a 2020, but I guess that goes to your point. That's just me being privileged and getting to work in this specific space. So what was transformative and what is just kind of going back to the normal? It's a really good question. And unfortunately, I don't think much was, well, fortunately and unfortunately, right? I mean, it still remains to be seen how work from home settles out. But I think we went through a period before COVID of everybody saying, we need beautiful big office campuses because collaboration, in-person collaboration is so important. And then when COVID hit, people said, oh, people can work from home. Nothing is lost. There's no productivity loss. Work from home is the new normal. And now we're in this uncertain territory where I think companies are actually realizing that work from home does come with a lot of cultural loss and costs. Companies are trying to get people back into the office and people don't want to go back into the office. And so it remains to be seen how that power balance shakes out. Online shopping exploded in the pandemic and everybody said, oh, we're going to shop online forever, even after the pandemic. It didn't really turn out that way. People went back to shopping and stores. And so you're right, some of these big things that were supposedly pandemic era changes in society have not really shaken out that way. The conventional wisdom has been wrong repeatedly. And that's interesting. And I think there was much more of a sense that the healthcare system was broken and we were going to do something about this. And I think now we're back mired in the same old, same old. And so that will be interesting to see if the lessons from the pandemic have any reverberation. On the subject of my podcast and your work, I do think there's been damage done. And I think it's a continuation of the damage that was done in the financial crisis, which really started to undermine people's faith and capitalism as a system that worked for that worked for everybody. Because the very simple and true take on the financial crisis was that big, wealthy corporations got bailed out, individuals didn't. It was keep yourself alive if you were a small, ordinary person. It was let the government help you if you were a big corporation when push came to shove. And I think that left people, to me, the larger legacy of the financial crisis is an undermining of people's sense that the system is fair. And I think COVID is a perpetuation of that. Because you saw through federal reserve policy, big corporations getting bailed out through access to cheap money and through direct loans from the government. Small companies did get the PPP, but it was doled out,

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

somewhat haphazardly, a lot of restaurants were left to die. The rich got a lot richer in the early years of the pandemic as stock prices soared. The poor were the ones who lost their jobs. Again, government aid stepped in to blunt some of that. But now inflation is taking a bite out of some of those gains that people made. And I worry about this fundamental undermining of capitalism because I still think it's sort of like Winston Churchill's old quote about democracy, the worst system ever, with the possible exception of everything else that's been tried. And so I kind of want capitalists to save capitalism. So I worry about that. I worry about that issue. No, your answer actually just made me change my mind about the question I asked you before, which is, oh, we said COVID was going to be transformational, but everything went back to normal. I think if we looked at the world of 2012-2013, we could have easily said, oh, everyone wrote their economic reset book in 2011 about the financial crisis. But everything's back to normal. President Obama got reelected. Things are pretty straightforward. You'd be able to make everything as good to go. Well, 2015, Brexit, Trump, et cetera, et cetera, et cetera. You have Greece, the Eurozone 2014-2015. So I'm just realizing thank you for tying it back to the financial crisis because it's still too early in the game to actually reduce how transformative this is to just, well, it's been two years and I'm going back to malls again. Therefore, everything's the status quo again. Yeah. I don't think it is. I think the pandemic is part of the younger generations losing their faith in a society here in America that works for everyone. And I think there's reason for that and it worries me. You know, what's interesting as I'm kind of thinking about this, you two were very helpful in the book's introduction, just saying kind of like the thesis to a certain degree very directly, central tenet of the book, we could not have done better. And that gets back to the pre-existing conditions we're discussing here. So I'd love to hear two buckets. Bucket one, things you think we just actually did poorly. So for example, there's no structural reason why schools couldn't have come back earlier. I suspect that's bucket one. But bucket two would be one of those underlying pre-existing conditions that meant that Biden's year two was going to be worse than year one. Even if you shift around the players, add a bunch of credentialism and get rid of like Peter Navarro, which I think are all good things. But at a baseline level, those are the structural changes. So yeah, you could answer the first part about what was kind of up for grabs, but I'm really most interested in the second part, which is the pre-existing conditions. Yeah. So I think on the what was up for grabs, definitely getting schools reopened, being more honest with people about the scientific basis for lockdowns, the lack of scientific basis for it, being more honest about saying, we don't know. We're in uncharted territory because I think there still is this top-down belief that you give people certainty and they'll believe you and trust you. But the problem in a world to wash with information, if you give people certainty and they can look for themselves and see that your certainty might not be right, all you do is create a loss of trust. And so I think that could have been done better. I think President Trump could have been more of a leader. And I don't know how much that would have reduced the death rate, but it for sure would have made us feel more like a unified country as we went through this. So I think there were unforced, there were errors. But as for the pre-existing conditions, I mean, the fact that so much had been outsourced in the name of globalization and that's why we couldn't get PPE, nobody was going to fix that overnight. That was a structural change in the way our economy worked that had been in the works for decades and meant that this was going to be an issue, no matter what,

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

it would have been an issue for any president. The fact that we'd created this two-tiered healthcare system where people don't have equal access to healthcare and that's in part why you see high levels of pre-existing conditions in certain populations and then COVID comes along which preys on people with pre-existing conditions and those people in turn ended up in hospitals that were overcrowded and under-resourced. Well, that wasn't fixable, right? I mean, maybe it could have been fixable if hospitals had come together and said let's share resources or if government had said we're going to force hospitals to share resources so that people with less privilege can get access to treatment. Maybe, maybe, maybe there could have been something that had been done in the moment but that is a crisis in healthcare that has been building for a really long time. Then I think on the financial front, there was a lot of talk in the wake of the 2008 financial crisis about shadow banking and how this had helped cause the 2008 financial crisis and the shadow banking sector got a lot bigger in the run-up to the pandemic and part of what the Fed had to step in with all that money and fix were problems outside of the regulated banking sector that were sort of officially outside of Fed purview and the fact that the Fed had to throw so much money at this helped help spark inflation and so that and the fact that we'd had this decade beforehand of super low interest rates because Congress was kind of unwilling and unable to take action so left it all up to the Fed per the name of Muhammad El-Aryan's great book, *The Only Game in Town*, created a weakness in our financial system in the run-up to the pandemic that again wasn't easily fixable. So I think those things for me go in the bucket of things that would have been difficult for any president to confront. So as a public policy-minded person, the real fear that I have coming out of this book and I think the two of you frame this very well is that these issues became so partisan, cultural, and clearly personally held that the next time there is some form of pandemic or broad societal level threat in the back of our minds, we're not going to ask ourselves, okay, what's the proper response? I'm probably thinking, if I'm a conservative politician, how do I basically stop anything from happening because in certain statements Dr. Fauci overreached? If I'm a center-left or like left politician, I'm probably thinking, okay, we kind of went too far last time. So I'm kind of, I'm leaning towards what this like scientific advisor is advising me, kind of my job here is to pull back and kind of meet in the middle. I worry you'll have a pandemic that is just so bad beyond just what we experienced that both those responses are going to be disastrous. That really feels like the nightmare scenario for me. So what would your advice take away be for how we can actually look at the data, respond, I think, efficiently and properly to tough challenges when they're in front of us? Thank you for proposing a scenario that will keep me up at night. I know, I know. You started it by framing the book the way, because I was like, oh my god, that's the actual clear thing. I have no confidence that the scenario just articulated will not happen, will not just not obviously happen. I agree. And the problem is we as human beings want to play book and we want history to play on repeat in some ways. And so that's why some of the response to this pandemic was influenza like, even though COVID was not influenza. And so you have to be able to be nimble and flexible enough to look at the data and say, what actually is this? I mean, for sure, I have children, if I had looked at the data coming out of Italy and seen that it was young girls between the ages of seven and 15 who were primarily dying from this pandemic would have had an entirely different response to it. So you need to look at the data and see what it's telling you. You need to maintain

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

a kind of flexibility, the idea that there can be a plan in place for a pandemic when you don't know in advance who that pandemic is going to affect is kind of insane. But we like the idea of having a lockdown plan that then that's what you do. I do worry that these positions have become ideologically enshrined in ways that are already difficult to move away from and will become increasingly difficult to move away from. And it is seriously illogical. I mean, why should your view of how we handle a pandemic and your view of whether or not lockdowns were helpful, even your view of masks, have anything to do with how you vote? Why should those two things go together? Why can you not be an absolutely strident Democrat who nonetheless says, I'm not sure lockdowns were a great idea. They shouldn't have anything to do with each other. And yet they've become identified in people's minds and it happened very quickly at the start of the pandemic where if you said you cared about the economy and about jobs and about people's ability to make a living or about anything other than COVID, well, you must be a Trump voter. And if you supported lockdowns and mask wearing, well, then you are a good Democrat. And from the beginning, I didn't understand how those shortcuts were being made because it seemed to me from the beginning that one thing had nothing to do with the other. And I think that that dangerous propensity for shortcuts and ideological divides is hugely problematic. Yeah. And I think it's just, and I think the starting point to kind of respond to your point here is to probably admit our biases. So like let's say an elected official in Texas, my bias in the next pandemic is if a teacher's union comes to me saying, hey, we're not sure about reopening these schools, I will admit I will probably be biased against the teacher's union. I will probably say, well, last time we all know that especially in places like Chicago has kept going too long, so I'm just going to discount your concerns, even if they're entirely valid. And the scientific data is just much more inclined towards their position. So maybe that kind of like that's just like the starting point. If we could just, I think it's actually decently possible to articulate and understand what those biases are. So I now need to know that I need to come to negotiations, discussions in that context and for the right POV, because that'd be an example of over learning from a very specific example. So in this last section, because I really just want to shout out capitalism, I'd love to just kind of like get your thoughts on like five themes that you cover on capitalism that like directly cross over into the realignment. So I recently had, I had Oren Cass on the show last week, you had a recent episode with him. So, and you also had a recent episode with Patrick Dunneen on the conservative critique of capitalism. So I'd love for you just to like not be an interviewer and just discourse to me. What is your reaction to this like post 2020? Oh my gosh, the right is no longer inclined towards the free market and they're interested in labor unions and new economic models. Like what is your reaction to talking with these people? Well, I've long had this theory that things that seem to be on opposite ends of the spectrum actually meet in the middle some way in some ways that many things are a circle. And so this is going to seem like a tangent, but I've argued this with visionaries and fraudsters that they seem to sit on opposite ends of the spectrum, but they actually many of them have a personality traits in common and they actually kind of sit where the ends of the circle meet. And so I'm fascinated by this because this now politics are proving proving the truth of that in some ways, because you have very progressive views on capitalism that are actually now

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

far left skepticism of capitalism that is now actually becoming aligned with the far right skepticism of capitalism. We had so Rob Amari on the show, we just recorded the interview. It's very difficult to decipher his views from those of somebody on the far left. In fact, he would almost agree his views are the same. And so I find that critique of capitalism really interesting and fascinating also a little bit frightening to me because it is growing. And I think that's why I say I want the capitalist to start saving capitalism and to start doing better. And we can come back to what I mean by doing better, but if anybody who is making a great deal of money in our society has a responsibility to help save the system as far as I'm concerned. I think another theme that we get out a lot in capitalism is how capitalism is what a free market actually is because there's this belief in conservative economic circles, I guess is the best way of saying it, that the free market rules and the free market should decide winners and losers.

But when you really start to think about it, there is no such thing as a free market. And my friend Anat Admati at Stanford talks a lot about this. But now it's so to an increasing number of people, which is that the rules that society puts in place dictate what the market is. So the rules of bankruptcy court, the existence of a limited liability corporation, those are all things that government slash society has decided upon that then lay the groundwork for how the market functions. And so I thought of that in a particularly pointed way with healthcare because there is this belief that if a hospital is making money, then it's a good hospital. If a hospital is losing money, well, then according to the dictates of the free market, it's a bad hospital and it should go out of business. Well, A, is that true when it's critical infrastructure that people's health depends on? But B, is it true when it's government reimbursement programs that dictate whether the hospital makes money or the hospital loses money? And so it's not the market. It's not it's not some sort of beautiful view of the free market in which the hospital that offers the best services at the lowest price is the one that's winning. That's not the way this works. And so I think it's just really important to look at the foundation of anything before you call it a market. And that's another theme that has emerged to me from the from doing capitalism. And then I think a lot of people are focusing on. And then I think another question that Luigi and I talk a lot about on the podcast is that of incentives and where people's incentives are. So there are a lot of there are a lot of interesting crossovers.

Something I'm curious about is neoliberalism over and does the question matter? I do. So I'm funded by the Hewitt Foundation. So obviously, I'm going to bring up this question a lot. But I always get audience aggressive audience pushback of like, OK, this is so foofy and overly intellectual just like be direct about what you're talking about. But I actually do incentives aside, insert hopefully my grandkids for do next year. Incentives aside, I think this question does matter. I think political and economic areas do matter. You've covered it so many different times on the podcast, I assume that you probably are synced up with beyond this topic mattering. I'd love to hear kind of your response to the skepticism you may experience from people who think that we're getting overly academic about, let's just say supply chains, the wisdom was wrong. Don't focus on that. Why are you talking about the term neoliberalism? I think neoliberalism is actually a bad word in the sense that a lot of people use it without being precise about what they mean. So actually in the interview we just did yesterday, I always force people to define it what they mean. So for the purposes of our

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

conversation, I'm going to say it's a view in which the market should determine everything and the market determines every aspect of life of the winners and losers of life. And I think it matters a lot because if you have that view that the market is the appropriate determinant of many things in our world, you have a very different view of how society should be structured than if you don't think that that's the right view. And I personally don't think it is the right view for a couple of reasons. One, because as we just talked about, a lot of what people people call the market isn't actually a market. It's a manufactured system where the winners and losers have already been determined by forces that aren't real market forces. And so you have to be really careful if you're letting the market determine outcomes in a system where a free market doesn't really exist. And then I guess I think there are also spaces in life where we probably don't want the outcome to be determined solely by the market where we want some protections for people that are not market based. And I think healthcare is one of those. I don't think we want to live in a world where we're close to living one in America running up to the pandemic where your ability to get good healthcare is dependent on how much money you make. And I think it's problematic not just for the people who are at the mercy of that system, but for all of us. And the last capital is in question before we do our closing one on the broader book would be you, like me, interviewed Vick Ramoswamy before he was presidential candidate for Vick Ramoswamy.

I'm curious how surprised were you? I think Vick is kind of crusted in a couple of different levels for some more complicated structural reasons, but he definitely kind of caught fire for a moment. And when I interviewed him back in 2021, I would have been shocked to know that the ESG corporate governance issue was as effective of an intro issue as it was. He currently pivoted from it in the actual campaign, but it actually was like a very, very effective way of getting initial donor interest, initial voter interest, which kind of in some ways makes the whole conservatives are reimagining the free market thing kind of interesting because this podcast is called The Realignment in 2019 when I'm interviewing Josh Hawley.

I would have said the way that conservatives are actually going to make an impact on these economic debates and the way younger conservatives are coming up to the financial crisis, they're going to use this market skepticism to their advantage when it comes to actual politics. That actually didn't end up happening. And in many ways, like the Vakes are very traditional libertarian who is just kind of framing it kind of a different way. But I'd love to hear like that's my reaction to what's kind of happened. I'd love to hear your reaction to it.

Yeah, I was surprised by Vivek for a different reason. When we had him on the podcast, I actually liked him. He was willing to debate. He was engaged. I thought his book was a little more nuanced and pointed out some important issues that actually overlapped with one's pointed out by Tariq Fancy, who's another podcast guest we had and who's also skeptical of ESG, but from completely the other side. And I was disappointed that Vivek, I thought in his presidential campaign descended into rhetoric and stridency on instead of a reason to approach the things. But that's a little bit off the point of here. That seems to be what the presidential process does to everybody. It seems to bring out people's worst side and not their best side, unfortunately. But yeah, on the ESG front, I think there are two separate issues going on. And one issue is how much of a finger do you want this movement to put on the scales about what companies do and what they don't do? And I actually don't see why it... I don't even see why that's an argument

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

and let me get to the second point because then I'll tell you why it's an argument.

I actually really don't think... If you adopt the viewpoint that all of this is actually really good business and that this is... We want to use fewer resources. We want the world to be sustainable. I don't see why corporations can't make their own decisions about how to proceed and what to embrace. That's the way business is run.

One thing, because I realize we got... This is a great answer. We got a little esoteric a little too quickly. Can you explain what ESG is to give in your answer? The ESG thesis that combines of what you just said then. Environmental, social, and... Oh my God. What's the ESG? Environmental, social goals? Government, government, government. Environmental, social, and governance. So it wraps

and this is where I'm going to get to my skepticism because it wraps a whole bunch of things into one,

some of which don't necessarily go together. But the idea is that companies should embrace environmental goals. They should embrace social goals. They should embrace governance roles.

And if all of those things... If a corporation genuinely believes that all of those things make its business better, I don't see why it's controversial. I mean, that seems to me... That's

the corporation's decision if that's what good business is. Where I do think of ex-criticism

of ESG and it overlaps with Tariq Fancy's criticism, even though they're coming at it from

different angles, is that a lot of this stuff isn't real. A lot of what we label as ESG isn't

really making a damn bit of difference. It's putting... It's maybe a little bit like wearing

a mask. It's putting a fig leaf on things to make us feel better about what we're investing in

and not really fundamentally changing anything. So Vivek had examples in his book of companies

spouting ESG and then going to China and doing horrible things. And so there's an ugly

side to it that does make me skeptical of all of it. And Tariq's criticisms, he ran

essentially ESG at BlackRock, a big investment firm, and just saw inside all the ESG products

that investment firms were rolling out and was like, these don't do anything. This is just...

It's just a way to sell things and it doesn't actually accomplish anything. And so I guess

that does actually bring us full circle to the book that you don't just like the label

because it makes you feel good about yourself. You have to be willing to look underneath it

and say, what is this actually accomplishing? So for the final question then, what unites

your... I actually like your explanation of the smartest guys in the room in the sense of

a company failed. What happened? It's actually... It's a good book pitch. It's pretty straightforward.

But your previous two books, all the devils are here. And then of course, this book and of course

the big fail, you have preexisting conditions in the US financial system and then preexisting

conditions in broader American society at large. In both cases, there are a lot of predictions

that these moments are going to produce revolutionary changes that are going to address

these underlying issues. There's actually been a whole smattering of books kind of exploring

why didn't the 2010s and the early 2020s produce revolution in the way you would have thought

they would. Not just economic, just political revolution giving these changes. What do you

think at a societal level will be necessary to address these preexisting conditions? Is it just

like, do we have to get into a conflict of China over Taiwan? And that's where we're going to force

through the... Because that's basically my thesis at this point, which is that it actually has to be

existential level crisis versus, okay, we're going to sit in 2027 and calmly change the US

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

healthcare system. What do you think about this dilemma?

You know, I've become more cynical in many ways. Maybe that's a natural course of getting older, but I thought when I wrote the Enron book that what happened at Enron was an anomaly, a weird example of capitalism gone wrong. I've started to become much more skeptical of many of the underlying aspects of capitalism. I see it as less a bug than what's the saying. Sorry, I'm just blanking on it. It's a bug, not a feature. Yeah, I've started to see it as more of a feature. Hopefully you can edit this. I've started to see it as more of a feature of the ways we practice capitalism, which is not so much capitalism per se as it is the government's failure to set the right rules for capitalism. Because back to what we've been talking about, it is all dependent. There's no such thing as a free market. It is all dependent on the rules that are set down by society or government. And so that's the... I've come to see that I've become more cynical. And I've become more cynical about the possibilities of real change. I remember in the wake of the financial crisis, I predicted that the silver lining would be that we would finally think about how to finance home ownership and what made the most sense as a stable

stable way of financing home ownership. And here we are, a decade and a half later, and the system has become far less stable with non-banks originating a lot of mortgages and selling them into these structures that had to be bailed out in the pandemic and with Fannie and Freddie still in conservatorship and nobody talking about how we actually set up a stable system. And if we can't even do that, I don't know. Can we get healthcare right? I don't know. That is a... Actually, you ended cynically. Quinn, give me something. That's my fault as an interviewer because we want to move books here. This is a really helpful conversation. Give us something. And I also added in my own cynicism about biases going into the next pandemic if it happens. What is something positive and I think hopeful about our society that came out of the story you're telling here? So I think there are examples through the book of people rising above and really doing the right thing. I think the story of Operation Warp Speed is to me really inspiring because it is people who were not in this for political gain. They weren't trying to help the Trump administration. They weren't even helping themselves. They were doing this at great cost to themselves who stepped in and tried to get vaccines approved and manufactured here in the U.S. in order to do the right thing for the country. And I think it's a great example of a public-private partnership that worked. And so I think that's one thing that is inspirational. There are hospitals like Rush in my hometown, hometown sort of current town of Chicago that took transfer patients and tried to help communities as much as they could. And there are tons of doctors and nurses around the country who just displayed unbelievable heroism

in the face of terrible conditions. So I think we are a society with still an enormous amount going for us. And I just hope that we can look at some of these lessons and try to better path forward. I don't know that we can with the current state of polarization, but I think people are at least recognizing that polarization itself isn't underlying it.

That's actually a great answer because a subtext of a lot of this type of authors and books we engage with in the United States is no longer able to pursue big ambitious projects in timely manners in the comparison. Think of the Hoover Dam or the arsenal of democracy during World War II

[Transcript] The Realignment / 418 | Bethany McLean: How COVID Exposed a Hollowed-Out and Sickly America

or the moonshot with the moon landing, obviously. The example of operation war speed is an example

of how this actually can be done in the worst case. And once again, if you could do a big project during late stage Trump administration, there is genuinely a sign that polarization is at the end all be all. So thank you for indulging me on the positive story we could end there. The book is the big fail. And I hope folks who want to go deeper, check out Bethany's other books as well too, because they're kind of interesting like three part early 21st century history that a person could kind of pick up if they want to indulge in that as well too. So thanks for joining me on the show. Thank you so much for having me on it.

Hope you enjoyed this episode. If you learned something like the sort of mission or want to access our subscriber exclusive Q&A, bonus episodes and more, go to realignment.supercast.com and subscribe to our \$5 a month, \$50 a year or \$500 for lifetime membership rates. See you all next time.