I'm Ezra Klein, this is the Ezra Klein Show.
Go back eight months, six months, and the inflation news was really grim.
Prices were going up and up and up.
The Fed was raising interest rates at a really rapid clip.
A lot of economists were warning about the possibility of stacked inflation,
suggesting we need to have a deeply painful recession to get out of this.
But in recent months, there's been a bit of a phase change.
In January, annual inflation slowed for the seventh straight month.
Unemployment is at 3.4%.
It's the lowest level since 1969.
We are not in a recession.
That doesn't mean we're out of the woods.
Inflation is still uncomfortably high,
and there's debate over what it will take to get it to an acceptable level.
But a lot of the doomsday scenarios that were being thrown around six months ago
or a year ago, they look increasingly unlikely.
A so-called soft landing feels more attainable today than before.
So I want to have my colleague and Nobel Prize-winning economist,
Paul Krugman, on to trace how the story has changed
and what we've learned and what he's seeing in the data.
There's another reason I want to bring him on, which is that inflation has blocked out
basically every other economic policy debate you can imagine for the past year.
But there's a lot else going on with Republicans in a possible debt-sealing crisis,
with the Biden administration's return to industrial policy,
with the decoupling with China, the crackup of globalization.
There's a lot.
And so I wanted to hear Paul on all of it.
As always, my email as a recline show at EmoryTimes.com.
Paul Krugman, always a pleasure.
Always good to be on with you.
So we're talking here.
It's February 14th, which people all over the country celebrate
for the release of the January Consumer Price Index data.
They give each other cards and chocolates.
It's a beautiful day.
What did that data say?
How did you interpret it?
It was telling us not much that we didn't already know,
pretty much consistent with the story.
Lots of problems with data these days.
Say, difficult cases make bad law, crazy economies make bad statistics.
So it's really hard to judge exactly what's going on.
But the basic thing seems to be that inflation is down a lot,

but not down to the Fed's target.
And nothing in the Valentine's Day data release changed that picture.
Tell me a bit about how the inflation story has changed.
Give me sort of the change over the three months,
maybe before today's data came out.
And then there's a little bit, again, of a narrative correction
with inflation hawks saying, see, this proves that we're not out of the woods yet.
So to tell me where things had moved recently,
and then if you think this changes it at all.
OK, so the big news is not actually this release,
but a few days ago, the Bureau of Labor Statistics updated its seasonal adjustments.
Ooh, this is exciting.
Yeah, it sounds like boring as hell,
but it turns out, unfortunately, to be crucial.
Because normally, in common times,
you can look at change over the previous year, in which case, it's not a problem.
You're comparing month to month.
But we've been in a situation where we think that the underlying state of the economy
is changing really rapidly.
So you need to lead looking at shorter periods.
Everybody understands that one month is not enough to draw conclusions.
But a lot of people, me included, have sort of looked at three months
or six months' rates of change.
But those things depend a lot on some prices go up and down,
depending on the weather, depending on the season,
is it Christmas or not.
And the data that you see normally are not raw price numbers.
They're numbers adjusted for the usual annual pattern of prices.
But that pattern changes over time as well,
and has changed probably quite a lot in the COVID era.
So the Bureau of Labor Statistics updates it.
And data update meant that what had been a really dramatic story
of falling inflation over the course of the second half of 2022
has now become only a pretty persuasive story.
It's still there, but numbers that look like,
hey, we're home free, inflation is over,
now look like, well, about two-thirds of the inflation surge seems to have gone away,
but we're still pretty far above where we want to be.
There are a lot of different numbers being thrown around right now.
You hear about the super price index,
there's what gets called core inflation,
there's super core and super duper core, those wages.
What are the numbers?

What are the indicators that you find most useful right now
for tracking the inflation picture?
And the reverse of that, what are the ones you don't find that useful
that you think can be misleading at the moment?
Usually at this point looking at super core, which is inflation taking out food, energy,
shelter and used cars, but turns out the used car prices have been crazy enough
to actually skew the data, and I look at wages,
but trying to look at even that's got problems.
Those are the numbers that I think are the least likely to be given you really full signals.
We have a really big problem, a third of the consumer price index is shelter.
And core inflation, which people have long used,
I've long used to assess some kind of underlying inflation,
which takes out food and energy, that's 40% shelter,
but shelter prices are basically rents.
Many people actually do rent the place they live in,
and even those who don't, the BLS imputes a rental number
based upon what people who do rent are paying.
People typically rent for a year, and so at a measure of average rents,
it's telling you a lot about where the economy was a year ago,
not where it is now, and that's created a crazy situation.
On the one hand, we know from a bunch of data,
including some studies that the government is doing,
but also studies that information from private sources,
we know that rents are flat or falling on new rentals.
And meanwhile, you have the official inflation numbers that came out today
saying that the cost of shelter is rising at almost 10% a year.
And that's not wrong.
That's actually, if we look at what people are actually paying for apartments,
that's probably on average, that's probably about right
because they're still getting their leases renewed at much higher rates.
But if we're asking whether the economy is running too hot,
then as inflationary, that's crazy.
That's not in fact happening.
Our great old standby, core inflation has turned out to be our really, really
misleading number at this point.
One measure here that economists, as far as I can tell,
all seem to agree on the importance of is wages.
So why are wages so important as an indicator of inflation
and where it's going, and what does the wage data say to you
over the past couple of months?
So wages are important really for two reasons.
One is that they are an important part of costs,
and other things equal, favorite economists' phrase,

an increase in wages will tend to get passed on into prices.
Not always, and there are reasons to think that might not fully happen right now,
but it is important.
But also, labor is a very widely traded commodity.
I know it's people, but it's also got a market price.
And so the level of wages is a pretty good indicator
of sort of overall movements in the level of prices generally.
And it's not wildly volatile like the price of oil or eggs.
So wages is kind of a pretty good indicator,
except that if the mix of workers changes,
as it did during the pandemic when a lot of low wage service workers
were laid off and then rehired, wages become a problem as well.
But various wage data.
Wages are rising faster than they were pre-pandemic,
but a lot slower than they were last winter.
And depending upon your various magic eight-ball calculations,
wages are rising between one and two percentage points faster
than would be consistent with the Fed's inflation target,
which kind of matches some of the other data.
So that's probably your best guess,
but it's guess about where we are.
There's something, and I recognize this is not very economist to me,
but there's something very weird about watching so many democratic economists,
people who spend most of their time that I've known them,
thinking about how to get wages higher,
worrying every couple of months the wage data is going to come in too high
and we're going to have overly high wages.
I'm just curious to somebody who worries a lot about labor markets,
how the strange inversion of inflationary periods feels
like this moment where high wages become threatening
as opposed to something to root for.
Yeah, well, one of my, I think, verbal texts is to say
economics is not a morality play.
That things that regard as good in general aren't necessarily good
for the economic situation and vice versa.
And I think it's great if we can have a period
during which wages are rising faster than prices.
That doesn't stop me from saying,
well, if I look at the rate of wage increase out there,
it does kind of point to an economy that is probably still running too hot.
I think it's perfectly reasonable to argue that we don't have to get wage growth
back down to the levels it was during the period of rapidly rising inequality.
We can have faster wage growth than that,

but not probably as fast as what we're seeing right now.
So one thing that I saw in today's data,
particularly in the reaction to today's data,
was that even after that seasonal adjustment had happened,
the new numbers seemed to make people feel even less confident
that we were out of the woods.
So Jason Furman, the former chair of the Council of Economic Advisers,
who's been very, very on the inflation beat,
he said, the inflation picture that had started to look better a month ago,
it turns out that a lot of that was probably a false dawn.
The whole perspective we have on inflation is much worse.
So that's a more radical downward revision in sentiment for Jason
than I'm hearing for you.
How do you think about that?
Yeah, I mean, maybe because I never fully bought into the it's all over position
because like Jason, I mean, I look at pretty much the same numbers.
And often we've disagreed about some stuff,
but basically that seasonal adjustment change was a bit of a shocker.
And there had been numbers out there before that could be read to say it's all over.
But never the wage numbers.
The wage numbers never gave you that answer.
And so now that prop behind a complete victory celebration position
has been knocked away from us.
But I actually did not see anything in today's numbers that really changed that.
I think it was the seasonal adjustment thing that said,
you know, let's hold off a bit on the party.
One thing that has seemed true over the past couple of months
is we're seeing more disinflation with less economic cost
than a lot of people had begun predicting and fearing, right?
There's a lot of talk for a session, a lot of talk of the amount of unemployment
the Fed would need to create in order to get inflation down.
Larry Summers have been saying that we would need five years of unemployment
above 5% to contain inflation.
But it has been coming down quite a bit,
even if not maybe as much as people hoped.
Unemployment is at 3.4%, which is quite low.
We added a lot of jobs in January.
The employment inflation trade-off has seemed to bite at least so far
a little bit less than a lot of people feared.
Why do you think that is and do you think that continues?
Yeah, I would say it's not a little bit less.
It's a lot less.
I mean, the fact that we've seen whatever your preferred measure of inflation is,

that it's come down a lot over the past year with no rise in unemployment whatsoever,
that's a pretty big deal.
And there are actually two possible explanations,
which are not mutually contradictory.
One of them is that a lot of the team transitory arguments
that said all of this is pandemic-related disruptions
and that as supply chains get unkinked and things normalize,
that we'll be seeing inflation come down spontaneously.
A lot of that was true.
A lot of the inflation we were seeing was in fact one-time events,
which were just much broader in scope than anyone had imagined.
I certainly didn't see a surge in rents probably as a consequence of the explosion of work from home,
which in turn was driven by the pandemic.
I didn't see that coming and yet that had a huge impact on the inflation numbers.
The other is that we haven't had an economy that's been running this hot
on a sustained basis for a long time.
And most of what we thought we knew about unemployment and inflation trade-offs
come from periods when the economy probably had a fair bit of slack in it
when it was operating below its capacity.
And so a fair number of people had even predicted in advance
that the trade-offs would get much steeper so that when the economy overheated,
inflation went up much faster than people expected.
But then as the economy probably, at least spending, cooled off a bit,
inflation came down much faster as well.
So it's kind of the combination of the craziness of the period plus
we've been experimenting with running the economy close to and maybe beyond full employment,
which we haven't done for a very long time.
I remember talking to Biden administration economists early in the administration.
And they were saying to me then that the great experiment of this administration
compared to recent eras was they were going to try to run the economy hot.
They were going to try to push a lot of demand into it.
They were going to try to get unemployment much lower.
They were going to try to get wages much higher.
And they did.
I mean, they really got it to run hot.
And then there was a period where the sense was this will be seen
as the big mistake of the Biden administration.
They ran it too hot.
They put too much stimulus in there.
The Fed was too slow to act, which isn't necessarily their fault, but nevertheless.
And now we have this terrible inflation problem.
It's eating back the wage gains, it's going to force the Fed to throw the economy to recession.
Do you think maybe that sort of corrective judgment is now looking a bit wrong too?

And they deserve some real credit for taking the risk to run this hot.
I mean, if we're able to get this down and I don't want to unroll a mission accomplished banner here, but it's not an insignificant thing that unemployment is 3.4 percent, not an insignificant thing that there's a tight labor market.
But it does help people who've been left out for a very long time.
I guess to wrap this into a question, how do you see the Biden administration's macroeconomic policy record at this juncture?
Well, at this point, it's looking pretty good.
It was not a happy thing that inflation shot up to levels that people hadn't seen since the 1980s.
That rattled people quite a lot.
But there's pretty much overwhelming evidence that that did not get entrenched, to use one of those phrases, that people did not start building the expectation of inflation forever into their decisions.
So it was, in fact, a passing phase and whatever other synonyms you can look for for transitory.
It does, in fact, look transitory, although the transit took longer and was bigger than people expected.
And meanwhile, we have had a full recovery of the labor market far, far faster than the last one.
Instead of eight years of elevated unemployment, we've had two years of elevated unemployment, not even.
And it actually looks pretty good.
A lot of the forecasts that reasonable people are making suggest that inflation may well be a number with a two-handle, as something under three by the end of this year.
And unemployment will be something with a three-handle, probably under 4%.
That's a win.
We were hit with a massive, massive economic shock, and we got back to full employment.
And we had a brief period in the rearview mirror, a brief period of high inflation.
That's pretty darn good.
So the Fed is still having to manage this very actively.
What they are going to do is still somewhat uncertain.
You know, wonderful analogy for them or metaphor for them, where you said you often think of the Federal Reserve as operating heavy machinery in a very dark room while wearing mittens.
And I took the point of that as they don't have the delicacy.
They sort of have to turn the dials pretty hard oftentimes in one direction or another, and they don't have all the information they would like to have.
So I want to ask about the Fed this way.
If you're an advisor in Jerome Powell's ear, making the case for him to err on the side of doing too much, and you're an advisor making the case for him to err on the side of doing a bit less, how do you make those cases?
What is your hot case?
What is your dove case to him?
Well, the hot case is that this economy still looks really hot.

And you know, probably that 500,000 job gain that we just saw was not exactly real.
I mean, not that there was anything fake, but that it was probably not representative of how hot the economy is running.
But the economy is still looking like an economy that is running sort of beyond full employment.
What does that mean quickly for people who aren't used to hot and full employment?
What does it mean for an economy to be hot?
Good question.
I mean, the jargon does tend to take over your brain no matter what you do.
We know that the overall level of spending in the economy determines basically what's going to happen.
And if you have an increase in overall spending, consumer spending, government spending, all kinds of spending, that that's going to lead both to more jobs, more production, but also to higher prices.
And the tradeoff, you know, what fraction of it leads to higher prices as opposed to more jobs is one of those big questions that keep on revising our answers to.
But there's clearly some kind of tradeoff there.
And running the economy too hot just basically means that we're spending is so high that we've gone beyond the point where we're willing to accept the faster increase in prices in return for having a lot of jobs out there.
What makes it unacceptable is not so much even the fact that nobody likes inflation as the fact that you do fear that if inflation stays high for a long time, that it will get entrenched in the economy.
And so you don't want that to happen.
And so if I were trying to convince Powell to keep hiking those rates, I'd say, look, we know that inflation expectations have stayed anchored all through, but how much do you want to count on that happening?
And look, the economy is still going gangbusters.
So since you're trying to slow it down, you haven't done enough.
The reverse case is, well, yeah, but inflation expectations are staying anchored.
And we're not sure that the economy will stay this strong.
We may still be seeing some delayed effects of federal aid from two years ago.
It's not clear that there are some oddities about construction where housing starts are down, but employment isn't.
And there is a real risk that at some point, all of a sudden, the effects of those rate hikes really kick in, and the economy starts to go into a serious downturn, a nosedive, although that's probably exaggerating it.
And yes, which of those guys am I?
The answer is I'm probably neither.
It's a very, very hard call to make, because the situation is very confusing.
You've critiqued the inflation indicators the Fed and Powell prefer to look at.
Tell me which ones they seem to like and why you're not convinced those are the ones to follow.
Well, they've chosen, so we now have this range.

We used to just have inflation and core inflation.
In my day, inflation indicators were simple.
That's right.
Now, the Fed has settled on core services, ex-housing, which they are claiming is a measure of underlying
labor cost pressure.
And is that an industry focused on service sector?
Yes, it's all services.
Obviously, there's goods, there's stuff that you can put your hand on.
And there's services, which is somebody doing something for you.
And our economy is mostly services rather than goods.
We had normally, they tend to move in tandem.
Normally goods tend to get cheaper over time relative to services, but at a consistent pace.
But the pandemic did crazy stuff.
All of a sudden, people couldn't eat out, so they bought kitchen equipment.
They couldn't go to the gym, so they bought pelatons.
And so we had this crunch on the supply of goods.
Goods prices went soaring.
Now goods prices are coming back down to earth, and so if you're looking at goods prices, it looks like we're into rapid disinflation, maybe even actually falling prices.
But services are still rising, but then part of that is one of the services is the services provided by housing, which we now know is lagging far behind what's really going on in the rental market.
And so you end up with this services excluding shelter and then trying to exclude some of the stuff that involves energy as well, and it's a pretty narrow category.
And the more you restrict the set, the more what's left is starting to be stuff that is possibly measured with error.
All of this thing, one of the unimportant, but one of the costs of this whole episode for people like me has been I'm learning much more than I ever wanted to about how price indices are constructed.
And there's a lot more necessary, basically educated guesswork than you'd like, and the narrower you make your index, the more guesswork there is.
So that's one problem with it.
The other is it is kind of funny that the Fed is looking at pretty much the only indicator that isn't showing a lot of disinflation.
And you have to wonder, shouldn't we at least be looking at an array of things?
And if 9 out of 10 show that inflation is coming down, should we be relying too much on the 10th, which doesn't agree with all of the others, kind of a minority report approach to inflation.
And there's one more thing, which is that the White House, the Council of Economic Advisers, said, okay, if this is supposed to be an indicator of weight pressure, let's go and directly measure what's happening to wages in this sector that the Fed is focusing on, which they've

done, and it is showing disinflation.
It's still showing wages rising faster than they were before the pandemic, but it's not showing the kind of, it is showing progress.
So they're saying, you know, the Fed has chosen an indirect measure, but we can measure it directly and the direct measure looks are kind of okay.
I understand that one of the reasons they like that measure is a fear that the nature of inflation is shifting that a year ago, it was goods and used cars and things like that.
And as those prices have come down and supply chains have un-kinked, now it's moving over to the service sector and that the secondary fear is that that's a lot harder to bring down without inflicting a lot of economic pain because of how much of the service sector's cost is really wages and labor and people.
Yeah.
Do you think that's true?
I mean, do they have a first point because that's where it is now and second, if that is where it is now, does that make the job harder?
Well, I think that that is, you know, inflation is now a service sector issue, not a good sector issue.
And there's good reason to believe that wages are stickier.
The cost of a worker is much less volatile than the cost of a shipping container.
But as for saying that, if that's your concern, why not just look at wages?
So I am a little bit puzzled that the Fed has chosen to go this route.
I understand their concern, but it does seem like they're trying a really, kind of a Rube Goldberg device approach to something that you could just try to measure directly.
So I'm a little bit puzzled.
I'm not quite sure.
I have an enormous regard for the Fed and the staff at the Fed in particular are terrific.
But they do have this feeling that's, look, people like me who were excessively optimistic, but even at other times when we were actually right, have always been accused of searching through inflation measures and finding the ones that throw out the inflation.
Now there's this slight feel that the Fed is searching through inflation measures and finding the one that throws out the disinflation.
It does seem a little odd that they've managed to hit the one measure out of this large array of possible measures that is not showing any reason for optimism.
So we've talked a bit here about the idea of inflation being above the Fed's target.
The target is 2%.
There's a view, I think you hold this view too, that getting inflation down from 9 to 6, that's easier than getting it down from 6 to 3.
But we look pretty likely to be able to get down to 4, 3.
Getting it down that last small to 2 might be a really big deal, or might cause a lot of suffering is more what I'm saying, they're not to be euphemistic.
Why 2%, why should 2% rather than 3% even be the goal?
Yeah, I've spent a lot of time on this issue from way back and it's one of the few things

out there where you really can say that it's New Zealand's fault because New Zealand was the first central bank to explicitly introduce an inflation target, and they set it at 0 to 2%.
Was the New Zealand contribution to the debate?
But more to the point, 2% long ago, 2% seemed like a perfect compromise between opposing factions.
There were people who wanted true price stability because they thought prices should be stable, money should be, have stable purchasing power.
And there were people who were worried that in the face of a severe recession, interest rates might drop to 0 and that wouldn't be low enough, and that it would be less likely that we would hit that 0 lower bound if inflation was positive.
And circa 1999, which is more or less when all of this gelled, it appeared both that you could make the case that 2% inflation was really 0 if you included technological progress and quality change.
What value did you place on being able to watch TikToks?
And 2% kind of satisfied the stable price people.
And on the other side, it looked given the modeling at the time as if 2% was high enough that being unable to reduce interest rates below 0 would ever be a serious problem.
But of course, that's a long time ago and that second proposition turned out to be totally wrong.
We spent most of the time between the 2008 financial crisis and the pandemic with interest rates at 0.
So in a way, what we've had is this orthodoxy congealed around 2% that was based upon reasonable analysis 25 years ago, but not based on what we now believe to be the truth.
So I've raised this.
I've been in meetings, including closed-door meetings full of people in suits.
And you make the intellectual case for actually making more sense given the data than given what we've experienced then too.
And people get absolutely bonkers at the notion.
I think part of it is the fear somehow that if you loosen up a bit, if you change the target, then suddenly the 1970s will come back, that then people will in fact start to believe, well, if it can go from two to three, then why not three to five and five to 10?
And I don't think it's reasonable, but that's a fear that really weighs on people's minds.
How much of that do you think is economics and how much of that goes to what you described as your verbal tick, which is a tendency of many to treat economics in general, but I think particularly inflation as a morality play?
I think that's a really important thing.
I think it's a funny thing.
If you talk to central bankers, I don't actually talk to Jerome Powell, but talk to people who are in this position.
Many of them in their sort of Walter Mitty fantasies, they see themselves as the next Paul Volcker, the strong, tough man who cured inflation, and very few, I think, see themselves

as the next Ben Bernanke, the guy who's willingness to break with orthodoxy and pour money into the system, save the world from a second Great Depression.
And it's a funny thing.
Actually, if you want to ask me who was the greatest central banker in history, I would actually probably say Mario Draghi, who saved the euro, and he saved the euro by being willing to do more, by being willing to be less tough.
But if you ask central bankers, I'm sure that most of them would answer Paul Volcker.
So there is this sense that you're put in this position to be willing to impose pain, not by being willing to go easy on people.
And so to go back to that question of what's wrong with three, in a recent interview, Jason Furman, who I trust and respect for and has been on the show a number of times, he said, quote, the most likely outcome is what I'd call continued overheating.
The unemployment rate never rises above 4.5%.
The inflation rate on a sustained basis never falls below 3%.
And so we're still grappling with this problem at the end of the year.
If those were the numbers at the end of 2023, would you agree that we are grappling with the problem or that we've reached a good steady state?
I actually very much doubt that we're going to have unemployment of 4.5.
But take the generic, take the qualitative thing, where unemployment is low, the economy is still running pretty hot, but inflation is running at 3%.
I would think that there would be a pretty good case for calling that a win.
Jason's a lot younger than I am.
I remember the late 1980s, I remember Ronald Reagan after he declared mourning in America.
We had 4% inflation at that point, and nobody walked around saying, oh my God, it's terrible.
We have 4% inflation, and people sort of thought that was kind of okay.
So I don't actually think it's a really bad thing unless we see really good reason to believe that we're going to start to develop that stagflationary cycle that so far has been completely absent.
I don't think it's a terrible thing.
My name is Abdi Latif-Dahir, I'm the East Africa correspondent at the New York Times.
In a 100-year-old fig tree in downtown Nairobi, Kenya, standing in the path of a major expressway that is about to be built, funded by China, fig trees are very important for many Kenyans and the young people are trying to defend the environment.
There's an outcry, people rally to divert the highway rather than chop down the tree.
There's a confluence of so many things here, urbanization, tradition, environmental protection, debt, and China in East Africa.
This tree basically gave me the opportunity to help our readers understand the nuanced and complicated issues in this region and how they connect to the world as a whole.
New York Times subscribers keep our journalists reporting from across the map to help you understand the issues shaping our world.
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So I want to take a step back now from inflation, which I think has had this quality of blotting out the entire sun of other economic policy questions for about a year.

We seem to be barreling towards debt ceiling crisis again for those of us around in 2011.
It's funny because I used to talk to this guy, Jay Powell, at the bipartisan policy center about the debt ceiling all the time back in 2010 and 2011.
He was just an economic policy wonk.
He knew all about how to prioritize payments, and now he's a Federal Reserve chair.
It's weird how things work.
But so there can be this feeling of rerunning it.
It's like the same players in some ways and Republicans just took the house.
But you've argued that this is actually quite different because Republican Party itself has changed so much over the last decade.
And so what they're trying to do, if anything at all, has changed quite dramatically.
So tell me how you contrast the debt ceiling fight of 2011 from the debt ceiling fight we seem to be headed towards now.
Yeah, there are actually several ways in which this is quite different, which doesn't mean that I know how it's going to turn out.
But the first thing is, yeah, the Republican Party, in 2011, it was more or less, in terms of economic policy, it was Paul Ryan's party.
And so what the Republican Party wanted was, or the demands they were trying to place were basically cut Medicare and Social Security, which now they're screaming that that's not what they want.
So it's going to be a little bit hard for them to try and make that a negotiating demand, although, in fact, it is what they want, but it's not top of their list.
They're much more at the culture war than any of this stuff now.
And they're also fragmented.
If I negotiate with the Republican Party, it's a bit like the old question, if I want to talk to Europe, who do I call?
I mean, yes, there is a speaker of the House, but nobody actually thinks that he has the ability to tell his members what to do.
So it's not even clear who you're negotiating with if you try.
So the Republicans are very different.
They're really now very much more a culture war party than they are a small government idea, economic ideology party.
The Democrats are different.
Democrats are a lot tougher about this.
Very many fewer Democrats with illusions that if we can just get through this one thing, we can go back to bipartisan governing.
You know, there must be somebody in the Senate who still believes that, but I don't think there's any senior people in the Biden administration who believe that.
And there's a broader environment.
They're kind of, I used to talk about the very serious people all in caps.
There was in 2011, everybody in Washington was all obsessed with deficits.
As you yourself wrote, there seemed to be a rule that all other issues, reporters had to at least pretend to be neutral, but to be anti-deficit, that was considered to be

something you could say in what was supposedly objective reporting.
Now it's not that nearly that much out there.
That whole complex of deficit hawks and or deficit skulls still kind of exists, but it's a shadow of its former self.
So we're in a situation now where there is no consensus that Social Security and Medicare should be cut.
Democrats have no desire to or belief in making a compromise with Republicans and Republicans really don't know what they want.
So it's, although the mechanics look the same, the surrounding context is completely different.
Do you have an answer to the question, what is the Republican Party's economic agenda at this point?
No, because I don't think they have one.
I mean, as I think of it, the leading voices, the people with real political clout now, for the most part, certainly in the House, are culture warriors, ideologues, a lot of white nationalism.
But anyway, whatever it is that they care about, they don't really much care about economics at all.
A lot of the kind of staff, a lot of the people, if they say, write me a bill, the people who are assigned to do that, a lot of them basically grew up inside the hot house environment of right wing think tanks, where they've absorbed all of this magic of tax cuts, evil of government spending, ideology.
But that's almost more of an instinctive reflex than it is a party ideology at this point.
So God knows, I mean, if you were to ask, what does Marjorie Taylor Greene believe constitutes good economic policy?
Does she even know that?
I just find it very hard to figure out what the point is.
I thought it was very striking that the big moment of controversy out of the State of the Union was that Biden said Republicans want to cut, sunset, eliminate social security, et cetera, and Republicans booed at that and felt very offended.
Kevin McCarthy, in the utter opposite of the kind of thing Paul Ryan did, has said that cuts to social security and Medicare are off the table.
Mitch McConnell was clearly very unhappy with Senator Rick Scott's big budget proposal that was full of entitlement cuts and full of things that are scary to median voters, that at the same time, they don't have much of an economic policy, they've quite run away from a lot of what seemed to be the core of what they all said they wanted in 2011.
Yeah, this is representing, well, it's a lot of time, it's gone by, it's a very different cast of characters except for Mitch McConnell, it's still there.
But it's just people who make a point of becoming Republican candidates, people who are running, are not doing it because they want to implement less severe economic policies.
They have a variety of motivations and I'm sure you're talking to other people about all of that, but this just isn't top of the agenda and they don't really have a philosophy anymore.

You wrote an interesting piece about this, I think it was called something like, we're going to miss the era of greed and insincerity, I might have it wrong from memory.
But you make a very interesting point in it that I think is true, which is that for quite a long time, the theory that many people had at the Republican Party was that the culture war side of it was a little bit fake.
They might believe but they don't really care about it and they were just using it to cut taxes for rich people and deregulate and so on.
And that now, if anything, it often seems to be the reverse.
If you think about the Trumpist Republican Party, a lot of the figures who seem to be rising the Republican Party, they'll say almost anything on economics.
What they really care about is whether or not critical race theory is taught in schools and which books are in the library and whether or not drag queens get to do story hour and the culture war increasingly seems to be the beating heart and there's more opportunism on economics in the hopes that you can get into power to vanquish wokeness.
Yeah.
I mean, I think that the theory of the Republican Party as basically the plutocrats using culture war and then putting them back in the closet after the election, that was a pretty valid picture of the party 20 years ago.
I mean, that was the 2004 election.
Bush wins the election, as I like to say by running as the defender of America against gay, married terrorists and then says, and now I'm going to privatize social security.
But what happened is that the people who thought they were using the culture warriors found out that in the end, at this point, they're the ones being used.
They're not in charge anymore.
And now one thing that is a little surprising, we'll say, is that we haven't seen more of the culture warriors being willing to go the whole way and start advocating genuine economic populism.
I mean, one of the things that one might have expected or depending on your politics, I guess, feared would be that they would do something like, a little bit like the former national front in France, forgetting what they call themselves now, but Marine Le Pen, that they would be actually advocating a strong welfare state, but only for the right kind of people, here in folk welfare state to people sometimes say that why don't they just give up on this whole let's cut social security and Medicare thing and ditch these extremely unpopular right wing economic policies.
There are reasons for that, among other things.
They still want the money from the billionaires, but it is remarkable how little the things that we used to think the Republican Party was all about are seem to be hard to even on their scopes these days.
I think this gets to the reverse of something you were saying a minute ago, which is that what economic policy does Marjorie Taylor-Green have not much of one.
And the reason we bring her up is that she controls a lot of attention in the party.
There is clearly a lot of energy from this Trumpist social media oriented side.
But if you go look at who runs committees in the Republican House, who's running energy

and commerce and ways and means and finance and so on, it's not all the newest, most Trumpy figures.
So some of them might, JD Vance's and so on, some of them might have, I don't exactly want to call it populist, but they might be willing or interested in doing different things on economic policy, but whatever they control in terms of attention, they don't still control the governing levers of the party.
I mean, it's still, I think something that is really still quite underrated about the Republican Party is whatever the allegiance it has to Donald Trump, it remains very much in its congressional wing, this party in transition.
I mean, Trump comes in, it's still Paul Ryan's party in the house.
So they end up trying to repeal Obamacare.
They end up passing these very unpopular tax cuts.
Sort of Trump ends up yoked to some degree to the Ryan agenda.
And now the, it's moved much more towards him, but first, he's very incoherent himself, but second, it hasn't lost that whole side of the party.
It just, there isn't unity in the party.
It doesn't, it can't want anything because it isn't even less so than normal parties.
I think at this point, it isn't one thing.
I almost blanched calling it a party at all.
I don't think it acts like a party.
I don't think it has the internal coherence to make decisions.
And so this is weird thing where the sort of attention getters really matter, but they can't pass anything.
The people who run the parts that pass things, they're not connected to the core of the base anymore.
It's just a very weird structure that I think is going to create a whole lot of governing problems because as you were saying, there's nobody to call who can actually control it.
Yeah.
And one of the things is that, this is partly what happened to Trump as well, is that actually turning your ideologies, your preferences or prejudices or whatever into policy is not a trivial matter.
There's a lot of just plain detail grunt work that's involved.
I mean, if you actually, if you read Robert Caro's great biography of Robert Moses, Moses first established his reputation as being the best drafter of legislation in Albany.
He knew how to write a bill that would make something happen in ways that people didn't understand, but he did.
And if you ask who among this current crop of, I mean, among the Fox News class of Republicans, who among them has any idea how to write a bill, the answer I would assume basically none of them.
And the people who do to the extent that anybody in the Republican Party knows how to do that.
Now, there are probably people who basically came up the Paul Ryan route.
They came up through the right wing think tanks and all of that.
But it does mean that there's no real coherent message, there's no coherent policy goal.

It's just a lot of free floating hostility.
Let's talk about that question of writing a bill that does what it says on the tin.
So if you look back over the past couple of years of the Biden administration, they've passed a series of big bills that among other things, a lot of people I think correctly have heralded as a return of what gets called industrial policy.
The government getting interested in supporting, fostering, nurturing particular domestic industries.
And one of the specific things these bills try to do is using both carrots and sticks, locate and build very advanced manufacturing chains in the U.S.
We're trying to onshore a semiconductor manufacturing, onshore a lot of the electric vehicle production
process, onshore a lot of the battery production process.
We're investing a lot of money in that we have these various bi-American provisions which could slow down some of the adoption of things we really care about, but the hope on the Biden administration side is it will actually lead to us building these industries.
How do you think about that?
Do you think we're going to be able to do this?
Well, I think we will be able to make it happen, whether it will actually be efficient, whether the industrial policy aspects are going to make GDP grow faster is very much up in the air.
We really don't know that, but in a way, that's a hope, but it's not the point.
Above all, the Inflation Reduction Act is another one of those.
The name has absolutely nothing to do with what it's really about.
It's primarily a climate change bill, but it tries to fight climate change through industrial policy, not because the drafters necessarily believe that industrial policy was the best way to do it, but because they thought that was the politically feasible way to do it, because by using carrots rather than sticks, by saying, here's a tax credit for buying energy efficient stuff made in America, rather than saying, we're going to tax your carbon emissions, that they had basically the only way that you could get major legislation passed.
And I'm not terribly afraid.
I mean, there's some people who look at industrial policy and say, oh, my God, inefficiency, it'll hurt the economy, yeah, maybe not unlikely to be actually even within the measurement error in terms of the GDP growth rate.
What it does do is it makes it politically possible to do things that we really do need to do, like fight climate change.
Well, for the sake of argument here, let me take the other side of this, which, and not the other side from the conservative perspective, but from the liberal perspective, if you listen to environmental scientists and climate scientists and I do, they say, we got to do this really quick.
The decarbonization timeline to take decarbonization as the example is unbelievably short.
We need to be inventing, manufacturing, deploying, distributing and using this stuff at a speed and a scale unlike anything since the construction of the highway system.
And I don't particularly care about a tenth of a point on GDP from these measures.

But I think the concern that people legitimately have is that they will slow down adoption, that we are not going to be able to do this that fast, that we are losing five years on this stuff or slowing things down when we need them to come out really quickly, really does matter.
And say China is very, very good at creating solar panels and wind turbines and so on at this point.
China's got its problems, but climate change is also a very big problem.
So take it off of the question of GDP.
I think there's a concern.
There's like one hand of the democratic policy body that is all about moving faster.
And then another, like the other hand, is layering on all these standards and ideas about politics, which maybe are good, but are going to slow things down.
And when we keep being told speed is of the essence and then keep being told, well, it's worth it to make this trade-off for speed, there's at least some tension there.
Yeah, although I don't think speed is really going to be the issue.
I don't believe that we're going to lose a lot of time by having, particularly by American provisions, will delay things maybe, I'm not even sure it'll, it'll significantly delay, say the electrification of transportation and the shift to renewables.
I'm not sure it'll delay it at all.
It'll make it more expensive, probably get less bang for the buck in terms of decarbonization.
It's a miracle that we got this at all.
Just a few months before the midterm elections, it looked like the whole agenda had collapsed.
There was going to be nothing, no major action on climate change.
And then miraculously, we get something that at least the environmental modelers, I talked to, they're kind of over the moon.
I think that effectively Biden got 80% of what he was aiming for in terms of climate change policy.
And if he did so at the cost of some inefficiency, well, okay, that's unfortunate.
But it looks to me as if political reality is reality.
And given the political reality, we actually did remarkably well on all of this.
Well, I agree, given the political reality, and I don't want to take the other side of this because I think the IRA is an unbelievable achievement.
And I was so deeply relieved when it passed.
But there's a question of political reality and there's a question of climate reality, I think.
And the thing that has been on my mind a lot, talking to, I think, presumably the same model as you talked to, like people like Jesse Jenkins and others who've been very involved in the climate fight, is they're all terrified, as best I can tell, about deployment.
And I've been trying to dig in more in my own reporting on what it takes to get a next-generation energy project built, or for that matter, I mean, California, just what it takes to get a house built.
And it's tough.
You really do see things get slowed down for, I mean, a year or years.

I've reported a bit on congestion pricing in New York.
And I mean, that's been hell of an, and now it's moving forward, I think, but it really spent a lot of time in environmental review for what's very much a pro-environment policy.
And so, I mean, one of my big themes has been this idea of the supply side and how that interacts with liberal values, because I think that oftentimes Democrats and liberals underestimate how much constraints on supply actually end up foiling or slowing down or reversing sort of things that are intended to achieve both progressive, but more to the point, good and just ends.
Yeah, but that's really not an industrial policy or a bi-American policy question.
It's a question of how much we're going to allow regulatory snarls, nimbyism in the broad sense to hold things up.
And this is a place where we'll see what happens, but there will probably be some cases where it's going to be really important to yell at people who think that they're progressives, but in the name of saving some notion of a place's character, something like I sneer at that, but that's real, but there are things that are more important than saving the planet from catastrophe is more important than that.
And we do kind of need a bit of a wartime mentality where you have to be willing to take some risks of some things that you don't want to see happening in order to get this stuff rolled out.
And so sure, in a way, that's almost a case for industrial policies.
It's saying that if you just provide price incentives, well, then you're going to get people coming up with all kinds of reasons why you can't do things.
And if you say, we have a federal backed project that is going to build a green energy facility here, and we are going to bring the full political weight of the president of the United States on you to make sure that you don't stop it from happening, that may be more likely to get things done.
One of the things I've been kind of tracking in this area is sort of the difficulties of building things in the real world.
And I wrote this piece on the slow and construction productivity that you had a thought an interesting
response to.
Do you want to talk a bit about how you understand the construction productivity puzzle or state of play and some of the arguments you're making there?
Okay, now, construction really is strikingly inefficient in the United States.
I mean, so even leaving aside the question of whether it's really true that we've had no productivity increase for half a century, which I don't think is fully plausible, even though that's what the numbers say, we do know that from the place of things that we can measure, we know that it's immensely slower and more expensive to, say, construct a mile of mass transit in the United States.
So we have a real problem.
We have somehow created in the land that's supposed to be the land of the free market, we've created a situation where building stuff has many, many obstacles, and it's amazingly easy for really quite narrow self-interest groups to block it.

And addressing that is really, really important.
Because a danger, I was just struck because I happened to remember the productivity debates in the 70s when productivity growth slowed down abruptly more or less as we began having significant safety and environmental regulation.
And there it was important to note that actually we got a lot in terms of reduced workplace injuries and improved environment out of those regulations, even if they weren't perfect.
But there's clearly a lot of, you don't have to be a complete regulation as bad guy to think that we have problems of regulations.
On the other hand, you don't have to be a complete regulation is always a mistake person to take the opposite position.
It's clearly, we have a construction problem in America in a way I very much doubt that it is really the case that we've made no productivity gains at all in construction.
It just kind of defies perceptions.
And if you to some extent, if the data are telling you something that really conflicts with what you think you see with your naked eye, or you might really want to ask about the data, but clearly we do have a problem.
And that should be the issue.
One of the really interesting conversations I had in that piece was with this guy, Ed Zarenski, who has been in construction for almost 40 years.
Now he's a sort of consultant and analyst, he's an estimator, he's worked on a lot of job sites.
And he was saying sort of to the point you're making that when he started in the 70s, the safety regulations on the job site were almost unnoticeable.
And now they're quite profound.
And that's a place where I think if it slows things down, it's probably very much for the good.
On the other hand, it's pushed me back, and I think here's how you think about him, because he's such an important figure in your field.
It pushed me back to thinking about this book by Mansar Olson on the rise and decline of nations, which I don't think is a book that's correct in every respect.
And I think that it spends way too much time assuming everybody's selfishly trying to get their piece of the pie and get money for themselves.
But a lot of our growth as a country in recent decades has been in places where you don't have to ask them any permissions before doing something.
I mean, sometimes worryingly so, finance, the internet.
And when you get into areas where you are dealing with a lot of different stakeholders in any one project, a construction is I think a really good example of that.
I mean, to build something, you've got neighbors, you've got emergency access vehicles, you've got safety regulators, you've got people who don't like the noise, you've got a million players.
And sort of I think the Mansar Olson take on a lot of things for us, but also maybe other advanced nations is that as countries get really stable and really rich, they delve all of these different groups who for reasons that are sometimes really good and sometimes

bad are able to have their say and just everything slows down.
And I think his view is almost as irreversible without some kind of crisis, which I don't think is my view.
But I'm curious how you take his work because he's in your field, he's just somebody I've been enjoying reading.
You know, Olson's book, actually the biggest single insight from his book is that political action in general, you know, it's a public good that they're where people can free ride on other people.
So you can have bad outcomes because even though some policy choices are very much against the interest of the general public, no one person has much of an incentive to organize against it.
And on the other hand, there may be some quite small interest group that makes, you know, dominates it back in the days when used to be the kind of thing I worried about.
We used to talk about US had sugary import quotas that raised the cost of food for everybody.
Sugar was two or three times as expensive in the United States as it was on the world market, but nobody knew that because sugar is an all pervasive ingredient and you never see it.
On the other hand, there were really a handful of sugar cane growers in the United States and they were the ones who had the lobbying power.
So that was a powerful insight.
And the idea that it can be a restraint on growth, I think Olson may have been just too cosmic in it.
It was kind of generic and lacking in specifics, but as it happens, the whole housing construction area is one where you can really see that happening.
If we ask, where in America do workers seem to be most productive?
Where do we seem to, you know, do people seem to produce the most, be most, where workers are most needed?
And they tend to be in the Bay Area.
They tend to be in New York.
They tend not always, but by and large, the most productive places are places where you have a big concentration of technology and knowledge, which also for the most part are places that make it almost impossible to build housing so that people who should be productively employed in those places end up moving someplace else, being less productive because they can afford a house.
And when you try to put numbers to what that costs, people have done that, and they're quite large.
The U.S. is probably, I mean, I've seen numbers as high as 10 percent, poorer than it would be if we didn't have this basically nimbyism, if we didn't prevent housing construction in places where there's actually really strong demand for workers.
A lot of the work that you won the Nobel for is in trade economics.
And we've had, I think, a pretty big shift in the politics around trade, and not just where Republicans are on it, but where Democrats are.
There is on and off talk of decoupling with China, certainly, I think, a sense that China

policy over the last few decades was too liberal and too optimistic.
How would you say attitudes towards trade in economics and in politics have changed, and are you comfortable with the changes?
I'm never comfortable with anything.
But look, we have an economic theory, which says free trade is by and large good.
And it's a good theory, and it's very insightful.
We tend to make too much of it.
Democrats tend to celebrate free trade more than their own models, say they should, because it's an insight that economists have that the general public does not.
So we make a big deal out of it more so that the inefficiencies caused by protectionism get far more attention than the inefficiencies caused by dysfunctional health care policy, and yet health care policy is a much, much bigger source of inefficiency in the economy than protectionism is.
So in some sense, we're kind of coming off the high of being all hyped on the virtues of trade.
We also had a political theory, which was that commerce bred peace, in particular, with the breakup of the communist world, there was a lot of hope that integrating former communist countries into the world economy would push them towards becoming democratic, good citizens of the world, Waddle Dordandel, as the Germans would say.
And what's happened now is that we have had some rude awakenings.
We've learned that countries can become deeply integrated in the world economy and get a lot richer and still remain authoritarian and not bring in Western values along with Western technology, and especially between China's backsliding, China is becoming more authoritarian over time, and now it turns out that the era of aggressive wars of conquest isn't over either.
I think a lot of people are willing to say, okay, there's still a lot to be said for global commerce, but defending the openness of world markets has moved down several rungs on our list of priorities.
We seem to be in an era of pretty intense weaponization of economic policy.
You think about the sanctions regime that we've encircled Russia with.
You think of not just the trade stuff that Trump was doing with China, which Joe Biden has mostly kept, but Biden's escalation into trying to lock them out of some advanced semiconductor trade and materials and manufacturing and a clear view that we should try to slow their technological progress on certain frontiers.
How is that read to you?
Do you think these are good moves and they make sense given the geopolitical context?
Do you think that they are sort of washing and falling into a new Cold War mentality that isn't for the best?
How's that all sat with you?
So the stuff that Biden is doing is very serious.
We are explicitly trying to hobble the technological development of a rival power.
That is very, very serious stuff.
That is something I don't think we've seen.

It is the Cold War is going back to trying to prevent technology transfer to the Soviet bloc.
I think it makes sense, unfortunately, that dangers are real.
Actually, a funny story.
I spent a year in the US government in the Reagan administration, which is hard to believe in 82-83, but it was a sub-political staff level.
The guy behind the table passing up notes to his principal, and I sat in on a cabinet level debate about what can we do to stop the Europeans from building gas pipelines to Russia, because the US view was that that would be dangerous, that would create strategic vulnerability, and basically the answer is we couldn't figure out a way to stop them from doing it.
But you know what?
People who were worried about that were right.
In the end, it turns out that becoming dependent on Russian gas was a genuine security risk to Western Europe.
It took a long time for that particular bomb to go off, but it turns out to be real.
We now know that these national security concerns are real.
We know that the age of aggressive governments, authoritarian regimes that pose a threat to the world order is not over.
Yeah, it's tough stuff.
It makes me very nervous, but I don't think we can go back to the kind of innocence that a lot of people had as late as the Obama years.
I think you go back in time, a year, 18 months, there is a sense of China's being this inevitably rising power.
They have the zero COVID policy.
Their economy is weathering lockdown pretty well.
They have all this manufacturing prowess, and increasingly everybody else is jealous of.
It feels like they are rising and we're fading, and a lot of that seems to have reversed in a pretty compressed period of time.
You've written a few things about the aura of China's inevitability shattering.
Tell me about how your assessments of China's arc have changed.
Okay.
The fundamental fact about China is that they are, obviously, they're human beings with all of the usual human capacities, and have in fact shown a lot of flair for entrepreneurship, for industrial development, and the rise of the Chinese economy is one of the great economic miracles of history.
There are a lot of Chinese, so they don't have to be as good at anything as the West to become the world's biggest power.
That was kind of the case for China, but at this point, it turns out that authoritarian governments can move very effectively, but they can also make very big mistakes because nobody can tell the leader that he's getting it wrong.
It turns out that there are a fair number of indications that China is falling into what some economists call the middle income trap, that you can develop very rapidly up

to a point, but getting beyond that point is not that easy, that the full transition
to becoming a complete first world economy is something that only a handful of countries have actually managed, and it's starting to look like China may not be one of them.
And of course, although there are a lot of Chinese, the working age population has been declining.
So, the inevitability of Chinese dominance, well, it doesn't be very inevitable anymore.
It's way too early to know, but it is starting to have a feel that this is a little bit like Japan early 90s, when everybody knew that Japan was going to take over the world, and they didn't.
And so, China is much bigger than Japan, but it's also has never actually achieved anything like Japanese levels of productivity, so maybe not.
Do you at this point think of AI as being a potential significant economic shock for good or for ill, or do you think that the people are missing something about how it will interact with the economy?
No, I think it's quite possibly a significant economic shock.
There's a lot of white-collar employment involves things that could plausibly be taken over by, you know, we're all calling it AI.
It's not entirely clear that it really is, well, we can argue definitions, but certainly the kinds of things that we're now seeing.
And this has been happening, by the way, for a while.
It's been lower key, but we've been seeing a lot of creeping mechanization of things that used to think only human beings could do.
And now it's really accelerating, and it's highly visible, and it could possibly displace quite a lot of jobs.
It's fine when I see people who are worried about this described as Luddites.
The Luddites were actually mostly skilled workers.
They were weavers who suddenly found their skills devalued by the development of the power loom, and they weren't wrong to feel that machinery was hurting them.
And it's not hard to imagine that this could happen to a lot of people.
On the other hand, if you've been in this economics business for a long time, there have been, you know, multiple times when people made predictions that everything's about to change, that it hasn't happened.
So I think we just have to reserve judgment on this one.
The thing that that brings up for me is this seems like a real moment where the technology is moving very fast, and the policy conversation, to the extent that there is any at all, is very slow.
And you obviously want to be careful about trying to think about policy for technologies that we still don't really understand.
But if you are thinking about areas of policy to think about in a world where maybe, you know, the next 10, 15 years are really, really disruptive from this perspective, what kinds of things would you think about?
Well, I wish I was more creative on these things.
When I try to think about how do we deal with rapid change, being a pretty boring kind of

a conventional social democrat who says, look, change happens.
You can't preserve jobs that technology no longer considers necessary.
You can't stop progress, but you can try to cushion people from some of the worst effects.
There's social democratic agenda of strong insurance that makes sure that people aren't impoverished, aren't without healthcare if a machine happens to take their job.
That does a lot.
It doesn't do everything.
It doesn't restore dignity.
If your identity, if your sense of self is bound up with being a, in the past, we had people who were proud of being coal miners, and then suddenly technology said we don't actually really need coal miners anymore because we just blow the tops off mountains.
You can give those people healthcare and give them food stamps.
You can't give them the life they had before.
Now it may be claims adjusters who are suddenly find that what they were doing is no longer necessary, and I don't have great ideas there.
I don't think that we try and try retraining, but that has never actually been hugely successful as a way of coping with economic change.
Probably just need to try a bunch of stuff, hope that some of it works, but mostly what we can do is we can at least limit the amount of misery.
I think it's a good place to end.
So always our final question.
What are the three books you'd recommend to the audience?
Okay.
So first off, Brad DeLong, my friend and economist and historian, has this wonderful book called Slouching Towards Utopia, which is a history of what he calls the long 20th century.
And if you just want to understand how the world changed from, he says that 1870 was the pivot point of history.
You've got to read that book.
I have recently reread How the War Was Won by Phillips O'Brien, who's a military historian.
And it's a book about World War II, but he's become a prolific commentator on the war in Ukraine, and it's mostly, it's this wonderfully unromantic, anti-glory view of war.
It's all about, look, it's really about modern wars, about production and logistics.
The opening sentence is, I think there were no decisive battles in World War II.
And it opened my eyes to thinking about how, both about that history and about how to think about what's happening in Ukraine now.
I just read a fantasy novel by Lee Bardugo called Ninth House, which is set at Yale.
So I was a Yale undergraduate.
And if you know Yale, you know that there are anything about, there are these secret societies that people of a certain type get, can't apply, you just get tapped for them and then become a lifelong member of skull and bones or whatever.
I was never obviously going to be tapped for that.
I was the nerd, the nerd universe at Yale, but the conceit of the book is that the secret societies are in fact evil places that carry out dark satanic rituals.

And it was just so much fun to have my college re-represented as a place of dark and terrible secrets.
I love it.
Paul Krugman.
Thank you very much.
Take care.
The Ezra Clan shows produced by Emma Fagabou, Annie Galvin, Jeff Geld, Roger Karma and Kristen Lin.
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